



Sweden
Sverige



BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN UNITED ARAB EMIRATES 2022

A REPORT FROM BUSINESS SWEDEN AND THE EMBASSY OF
SWEDEN IN UNITED ARAB EMIRATES

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KEY CONTRIBUTORS TO THIS REPORT

Business Sweden in the United Arab Emirates

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FOREWORDS

Sweden and the United Arab Emirates (UAE) have a long history of strong bilateral relations and fruitful cooperation. The first Swedish companies established in the UAE back in 1960s. Today, the UAE is Sweden's second largest trading partner in the Middle East and North Africa with over 200 Swedish companies present in the market.

In addition to the role as a trading partner, the UAE is also an important regional hub for Swedish companies. Many regional business opportunities are generated in the UAE and a significant part of trade with Swedish products goes through the country. Exports from Sweden to the UAE amounted to 6.8 billion SEK in 2021, which is a decrease from previous year with 24 per cent – largely due to extraordinary specific trade in 2020 and the uncertainty of the market caused by the Covid pandemic's second year. This also indicates decreased exports to the Middle East at large as re-exported products are included in the export figures.

What also connects the two nations is the spirit of innovation. Like Sweden, the UAE ranks high among global leaders within the field of innovation. In 2019, the two nations renewed the Memorandum of Understanding regarding enhanced cooperation on innovation and small and medium sized enterprises to further excel knowledge exchange and facilitate tangible business opportunities – this MoU is expected to be renewed by end of 2022.

With the sharp fall in the price of crude oil in 2014, the UAE's economy has slowed down significantly the past couple of years. Although UAE has the most diversified economy in the Gulf region with the non-oil sector accounting for more than 80 per cent of GDP, it is still heavily exposed to fluctuations in the oil market. Due to these fluctuations and coupled with the pandemic, UAE's economy experienced a protracted economic slowdown beginning with the sharp fall in the price of crude oil in 2014; however, as prices on oil increased significantly recently, forecasts show a strong recovery for 2022 with an increase of 4.3 per cent. Despite the ups and downs, majority of Swedish companies have mostly reported profitability from their UAE operations.

Swedish companies also increasingly rate the business climate in the UAE as 'good', indicating increased easiness of doing business such as improved regulations, infrastructure, and security; however, late payments and non-payments, labour regulations, and intellectual property protection are still some of the key challenges. Nevertheless, the UAE remains an important market for many present Swedish companies, primarily because of its strategic geographic location but also because the UAE is the most liberal economy in the region.

As we write this report, there are still many uncertainties about the future. One thing is certain though, UAE is significantly impacted by events around the globe and was hit hard by both the Covid-19 pandemic, the oil price fluctuations in recent times, and now the war in Ukraine. Sectors that were most affected by the novel Corona virus for example account for over half of the UAE's total GDP. Despite the timing of this survey, we are confident that it provides valuable insights into how Swedish companies perform in the Emirates, what opportunities and challenges they face and how they succeed in this highly competitive market.

Lastly, we would like to extend our most sincere gratitude to the participating companies and respondents which have contributed to this report.



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Ambassador of Sweden to
the United Arab Emirates



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EXECUTIVE SUMMARY



- **61%** of the Swedish companies report profitability in 2021
- **73%** expect their turnover to increase slightly or significantly in 2022
- **52%** of the survey participants plan to slightly or significantly increase their investments in the UAE during the upcoming year
- **66%** see Saudi Arabia as the country with most opportunities and growth for the coming year



- **67%** of the Swedish companies describe the business climate in the UAE as good or very good
- Key **advantages**: personal safety, physical infrastructure, and easy access to distributors
- Main **challenges**: lack of transparency, delayed and unsecured payments, labour regulation, licenses & permits, and intellectual property protection



- Brand awareness is the key ingredient for maintaining competitiveness in the UAE. Sales competence and customer feedback were indicated as the other two most important areas for running a successful business in the UAE, followed by cost efficiency
- **72%** of the Swedish companies agree that the 'Swedish brand' contributes to their business



- **40%** of the Swedish companies say that customers in the UAE consider environmental aspects of a product or service to a little extent; however, this will most likely change moving forward as more focus will be on sustainability aspects
- The UAE is the least corrupted country in the region and places **24th** in least corrupted on corruption index

ABOUT THE SURVEY

Results are based on the answers of 64 Swedish companies

How are the Swedish companies experiencing the business climate in the UAE? Business Sweden carried out the survey that tracks how Swedish companies operating in the Emirates perceive the market conditions and the economic prospects of their business, and if and how the views diverge across company type.

Currently, around 200 Swedish companies are present in the UAE through establishments in the mainland and one of more than 40 country's economic free zones. Conducted in April 2022, this survey seeks to understand the perceptions of economic and market developments and what opportunities and challenges Swedish companies are facing. The total of 64 respondents is in line with the total number of respondents in the 2020 year study. The web-based survey contained 24 questions.

This report is presented in four main sections. First off, we elaborate on the economic situation, including current business performance and Swedish companies' outlook for the upcoming year. We then move on to the UAE market, including respondents' view on the business climate in general and which factors contribute positively and negatively to their commercial success. The third section covers Swedish companies' operations and perceived success factors in the market, and the last section explores sustainability-related aspects and how they are interpreted in the market.

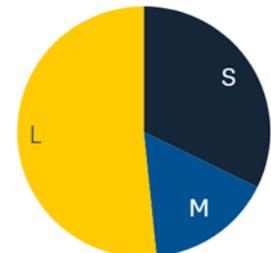
Out of the respondents, 52 per cent are large companies having more than 1000 global employees. 16 per cent of the companies are classified as medium sized with a number of employees between 250-1000. The remaining 32 per cent make up small companies.

The diverse range of business areas represented in this report are grouped into three broad categories: industrial companies (48 per cent), professional services (30 per cent) and consumer companies (six per cent).

Representatives from mature companies, classified as companies established in the UAE prior to 2000, constitute the smallest group of respondents in the 2022 survey together with the 'Newcomer', which are companies established after 2016. The mature companies and the newcomers make up 19 per cent each of the respondents, compared to 62 per cent experienced companies (established during 2001-2015).

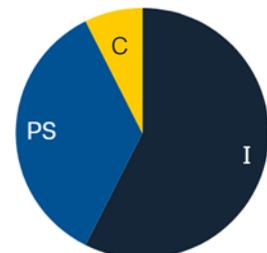
We hope that this report will provide you with valuable insights on how Swedish companies within different industries are affected by changes in the business climate, and what they expect to see in the future.

SIZE OF COMPANIES



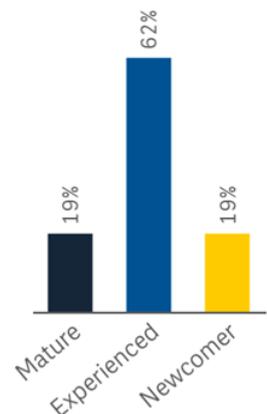
NOTE:
Global employees.
Large >1000
Medium 250-1000
Small 0-249

MAIN INDUSTRY



NOTE:
Industrial 48%
Professional services 30%
Consumer 6%

AGE OF COMPANIES



NOTE:
Mature (-2000)
Experienced (2001-2015)
Newcomer (2016-)

ECONOMIC OUTLOOK

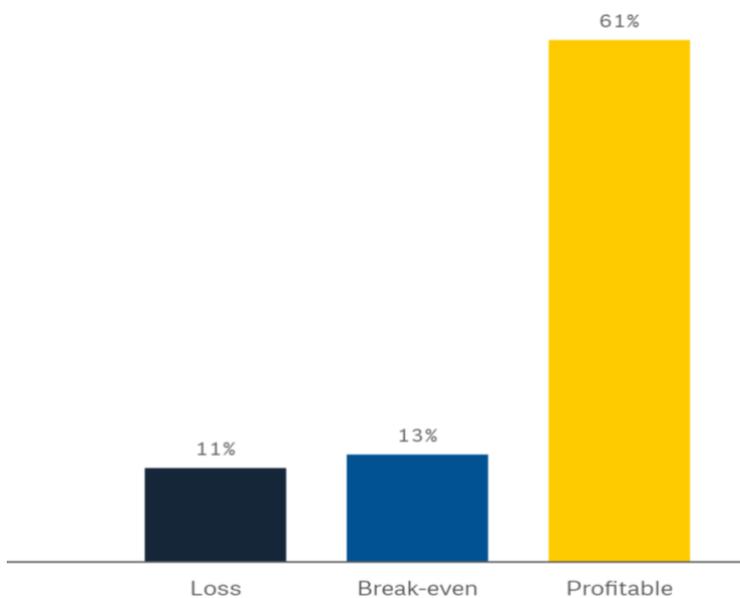
Majority of the Companies report profitability

With the discovery of oil in the late 1950s, the seven emirates that currently comprise the UAE and back then were known as the Trucial States, transitioned from one of the poorest nations in the world into one of the richest. Today the UAE holds the world's sixth largest proven crude oil reserves, the country's per capita gross domestic product (GDP) ranks in the top globally, it is the second largest Arab economy after Saudi Arabia and the most competitive economy in the Middle East and North Africa.

The UAE is especially dependent on exports which amounted to more than 90 per cent of GDP in 2020. Such a high export-to-GDP ratio is caused by the UAE acting as a re-export hub for other countries in the region, a regional hub extremely important for Swedish companies in reaching other parts of the Middle East.

However, exports from Sweden to the UAE saw a decrease of 24 per cent in 2021, which can be explained by the extraordinary specific trade and uncertainty of the market following the pandemic. Nevertheless, Swedish business is doing well in the country and 61 per cent of the Swedish companies report that their financial performance in the UAE in 2021 is profitable, and this result spans across all business areas.

HOW WOULD YOU DESCRIBE YOUR COMPANY'S FINANCIAL PERFORMANCE IN THE UAE IN 2021?



NOTE: The number of respondents for this question was 64. "Don't know/Not applicable" responses are included but not shown in figure.

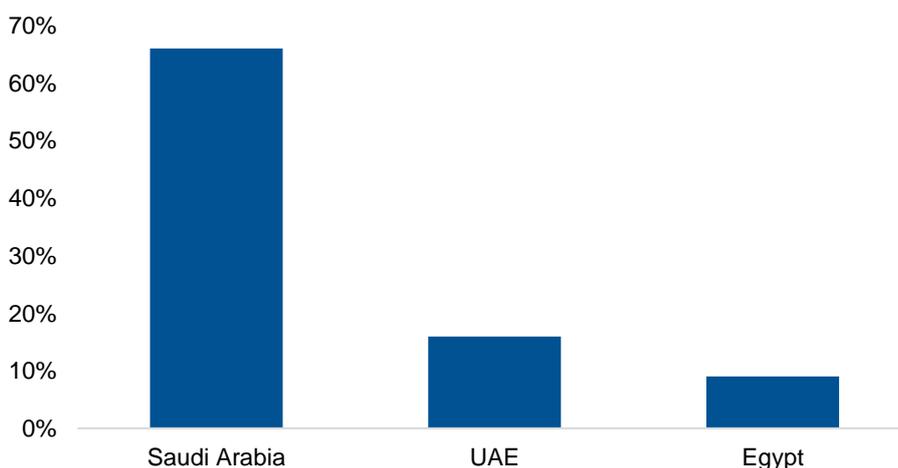
SOURCE: Business Climate Survey for Swedish Companies in the UAE 2022.

The UAE acts as regional hub headquarters for most of the Swedish companies. The coverage of their operations from the UAE offices spreads across a wide geography: primarily other Gulf Cooperation Council (GCC) countries – Oman, Kuwait, Saudi Arabia, Bahrain, and Qatar but also Egypt, Iran, Turkey, India, the whole continent of Africa, Pakistan, Lebanon, Jordan, Palestine, Yemen, Syria, Iraq.

The Middle East has a reputation of being a troubled region, plagued by wars, geopolitical and economic instability. The region is home to three pressurised states – Yemen ranks first, Syria third and Iraq 19th in the Fragile States Index 2021. Lebanon is torn by political crisis which has led to the country's economic collapse; Iraq is in a fragile situation with persistent political and social turmoil; Iran's economy is strangled by the US-imposed sanctions. In this chaotic setting, the Gulf countries stand out as the safe haven for businesses with the UAE coming out as the most preferred choice.

However, Saudi Arabia is the champion of the Swedish companies' expectations for growth in 2022 – 66 per cent of the survey respondents anticipate the biggest growth in the Kingdom. Since 2017, the Arab World's largest economy is undergoing an economic overhaul as Crown Prince Mohammed Bin Salman, who oversees the Kingdom's economic policy, rolled out reforms to cut the country's dependence on oil under the overarching Vision 2030 agenda. Introduced measures include partial privatisation of state-owned entities such as Saudi Aramco, the world's top oil exporting company, mega-projects like Neom, a city of the future on the Red Sea coast with a total investment requirement of USD 500 billion, opening up of the tourism and entertainment sectors, and social changes granting greater freedoms for women. In 2019, Saudi Arabia made an impressive jump in the World Bank's Ease of Doing Business Index 2020 moving up by 30 positions and landing 63rd. Saudi Arabia is followed by the UAE with 16 per cent of the Swedish companies anticipating their biggest growth in 2022 in the Emirates, and Egypt (nine per cent).

IN WHICH MARKETS IN THE MIDDLE EAST AND NORTH AFRICA DO YOU SEE THE MOST GROWTH POTENTIAL IN THE COMING 12 MONTHS?

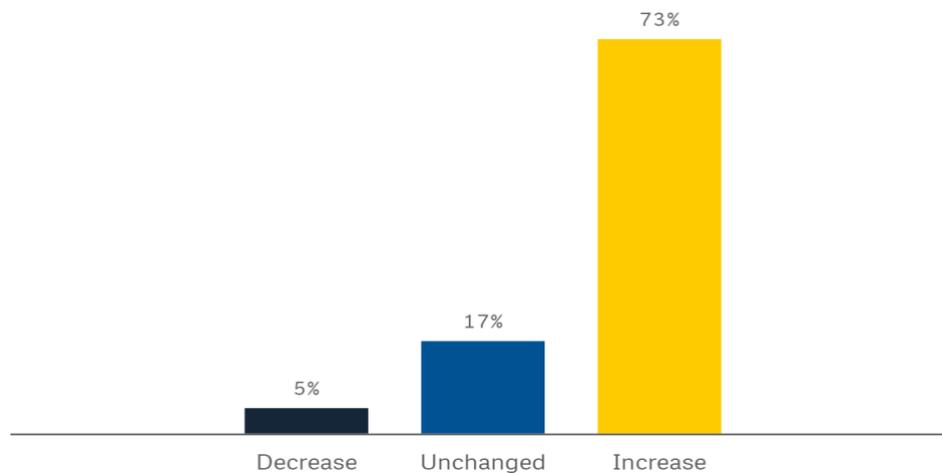


NOTE: The number of respondents for this question was 64. "Don't know/Not applicable" responses are included.
SOURCE: Business Climate Survey for Swedish Companies in the UAE 2022

Positive expectations of future performance

When asked to evaluate their expectations for the turnover in the UAE during the upcoming year, 73 per cent of respondents expressed optimistic view, anticipating their turnover to increase. Positive sentiments were dominant across all sizes of businesses, small, medium, and large corporates. Looking at industry segments, professional services hold the same outlook, whereas 50 per cent respondents within the consumer segment believe it will remain unchanged.

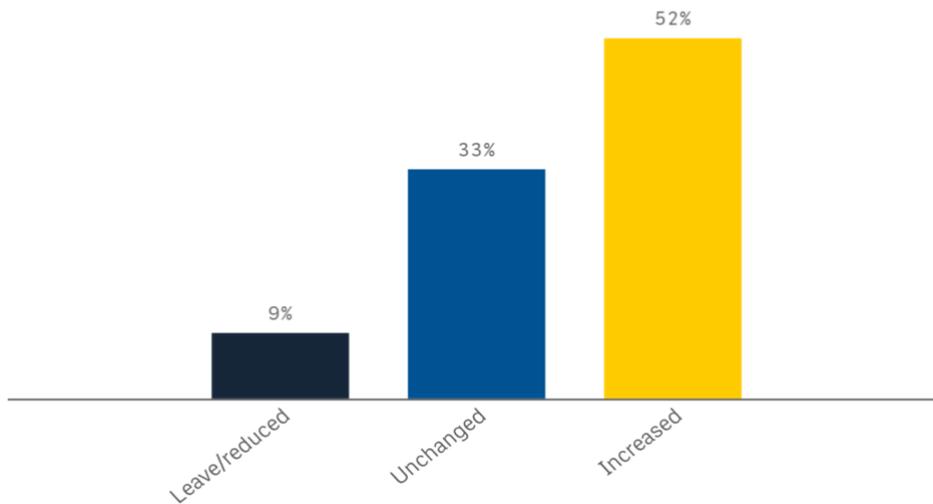
COMPARED TO THE DEVELOPMENT IN THE PAST 12 MONTHS, WHAT ARE YOUR EXPECTATIONS FOR THE COMING 12 MONTHS FOR YOUR INDUSTRY IN THE UAE REGARDING TURNOVER?



NOTE: The number of respondents for this question was 64. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the UAE 2022.

WHAT ARE YOUR COMPANY'S INVESTMENT PLANS FOR THE COMING 12 MONTHS IN THE UAE, COMPARED TO THE PAST 12 MONTHS?



NOTE: The number of respondents for this question was 64. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the UAE 2022.

Accordingly, the majority of the companies will increase their investments. 52 per cent of respondents plan to increase investments during the upcoming 12 months as compared to last year's investment plan. These are mainly large-sized companies. 33 per cent of Swedish businesses have indicated that they have no plan of neither decreasing nor increase their investment activities, whereas nine per cent plan to either leave the market or reduce their investments. This view is largely common among medium-sized companies within the consumer segment.

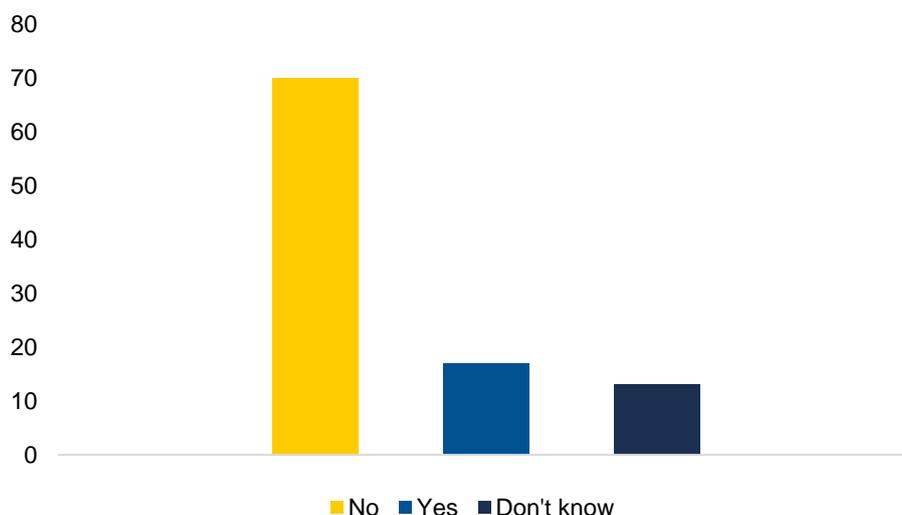
No direct impact of Expo 2020

There has been a big hype around the Expo 2020 which ended in March 2022. For the past few years Dubai's economy was heavily driven by infrastructure and real estate projects in conjunction to the most renowned exhibition in the world. Hosting the Expo was not just about reinforcing Dubai's reputation as an international business hub, it was also about large financial opportunities. More than 24 million visits were reported and according to the Dubai authorities, the Expo 2020 is anticipated to provide a total of USD 33.4 billion boost to the local economy between 2013 to 2031.



However, 70 per cent of the respondents could not see any direct impact of Expo 2020 in the short-term, with only 17 per cent saying that they could see any impact on their business for the coming year.

DID YOU FEEL A DIRECT BUSINESS IMPACT AS AN OUTCOME OF EXPO 2020?



THE MARKET

Diversity of Swedish Companies

To regulate foreign direct investment (FDI) and to keep certain sectors under national control, the UAE has long maintained restrictions on the level of foreign ownership of the UAE based companies – a maximum of 49 per cent shareholding for the foreign investor, and a minimum of 51 per cent for the UAE national shareholder. Faced with inevitability to wean-away from oil, in recent years the UAE passed several laws to facilitate FDI and thus support the country's efforts in diversifying its economy.

In 2019, Abu Dhabi launched Investment Office under the Ghadan 21 programme, a broad-based initiative to enhance the commercial eco-system, and in April 2020, the UAE Cabinet took a historic step by approving the positive list for the FDI that paves the way for 100 per cent foreign ownership in 122 economic activities across 13 sectors. Furthermore, UAE Centennial 2071, a long-term plan laid out for the five decades following 2021 and which was complemented with "The Project of the 50", addresses the development of the Country going forward and its aim to become a significant hub within all sectors, attracting talent and foreign investors. Some of the key areas covered in "The Project of the 50" are business, entrepreneurship, AI, digital economy, aerospace, and advanced technology.

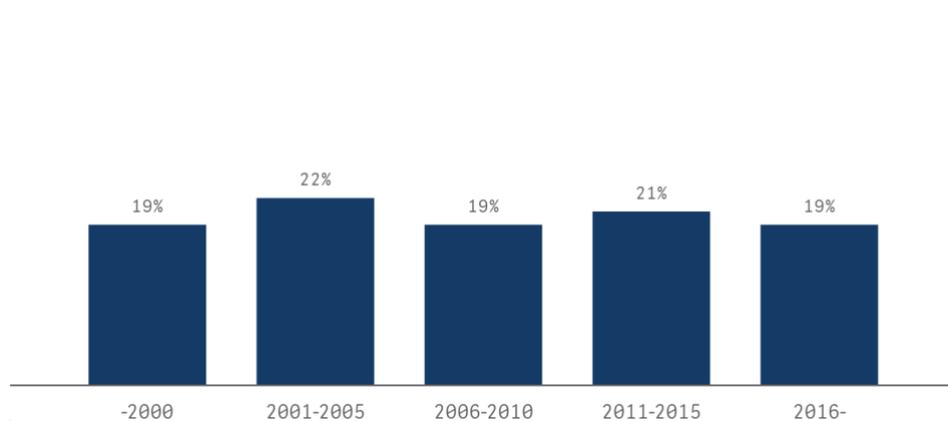
In the past, government incentives coupled with political and economic stability have attracted foreign investors fleeing from less stable countries in the region. FDI inflow into the UAE jumped by 11 per cent to USD 20 billion in 2020 as compared to USD 18 billion in the previous year. The UAE accounted for 40 per cent of the total FDI inflows to the MENA region 2020. Furthermore, the UAE is 15th globally in attracting FDI in 2020. The bulk of FDI is concentrated in the sectors of real estate, finance and insurance,

▶ Sweden ranks among the top-50 foreign investors in the UAE

manufacture, and construction. The United Kingdom, India, the United States, France, Iran, and Saudi Arabia are the largest foreign investors in the country.

Sweden ranks among the top-50 foreign investors and the early Swedish entrants set their footprint in the UAE in the late 1960s and 1970s. These were large multinationals with global reach.

IN WHAT YEAR DID YOUR COMPANY ESTABLISH OPERATIONS IN THE UAE?



NOTE: The number of respondents for this question was 64. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the UAE 2022.

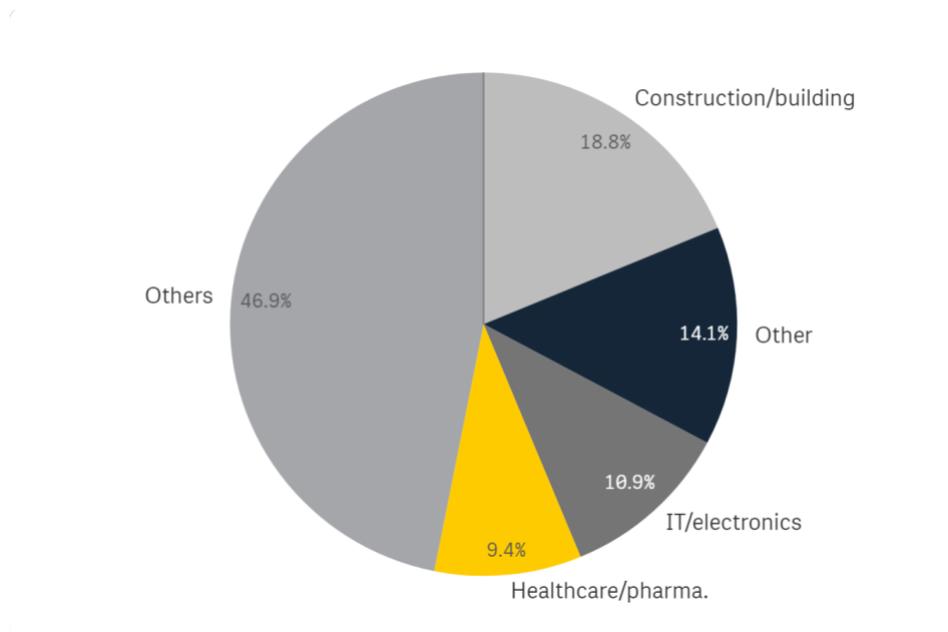
The pace of the Swedish establishments between 1960s–2000 was rather limited, with only a few new-comers entering the UAE every few years. The establishment pace started picking-up in 2005, slowed down in response to the 2008 Global Financial Crisis and took-off again in 2015. In the years between 2016–2022, establishments slightly slowed down once again due to the slump in crude prices and now recently the pandemic lockdowns. Companies with a more recent footprint operate in a diverse field of sectors and are generally small businesses.

Due to the cap on foreign ownership of companies in the UAE – which is being liberalised – businesses often chose to establish in one of approximately 40 economic free zones – geographical areas in the Emirates that allowed 100 per cent foreign ownership, 100 per cent repatriation of capital and profits and 100 per cent corporate and personal income tax exemptions. Free zones are outside the UAE territory, thus free zone companies are subject to certain restrictions, e.g. they are not permitted to operate in the UAE 'onshore' and can only sell to mainland through appointed third-party logistics provider or distributor. However, with recent reforms on company ownership within certain sectors in which there now can be full foreign ownership, the UAE is looking to attract more businesses in an attempt to further diversify its economy, particularly small- and mid-sized companies.

Majority of the Swedish companies operate in the UAE through free zone establishments. This year's survey edition did not raise a question on the respondents' establishment form. In 2018, 74 per cent of the survey participants indicated operating in the UAE from free zones.

Swedish companies are active in a wide range of operations. Companies within healthcare and pharmaceuticals, industrial equipment and construction and building constitute the largest individual category, however in terms of sales the largest companies are within automotive and industrial equipment.

WHAT IS YOUR COMPANY'S MAIN INDUSTRY IN THE UAE?

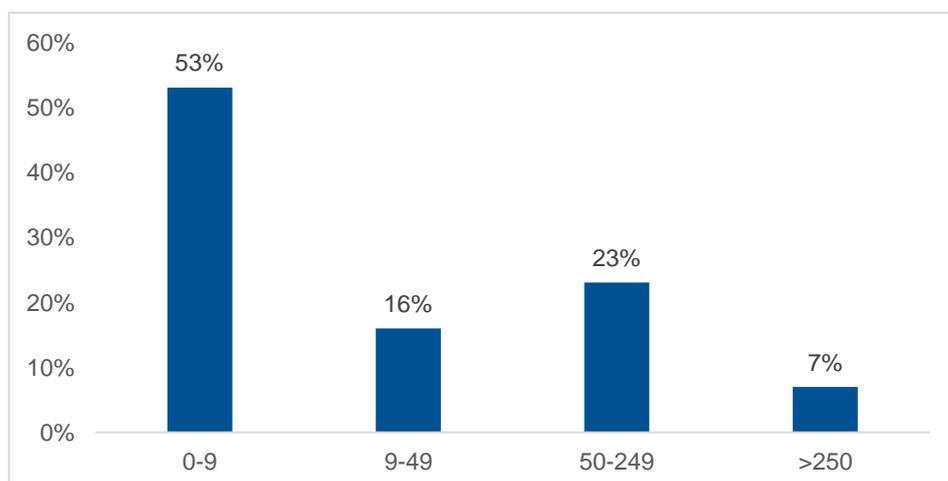


NOTE: The number of respondents for this question was 64. "Don't know/Not applicable" responses are included but not shown in figure.

The category 'Others' is the group for all other industries that have less than nine per cent representation, whereas the group 'Other' are businesses that did not identify their industry in the long list presented to them.

SOURCE: Business Climate Survey for Swedish Companies in the UAE 2022.

SWEDISH FIRMS' LOCAL NUMBER OF EMPLOYEES IN THE UAE IN 2022



NOTE: The number of respondents for this question was 63. "Don't know/Not applicable" responses are included but not shown in figure.

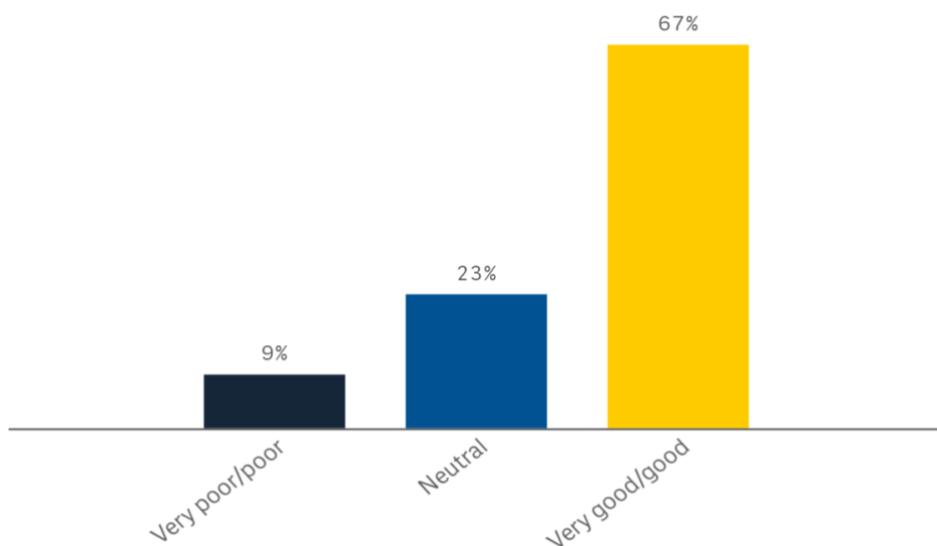
SOURCE: Business Climate Survey for Swedish Companies in the UAE 2022.

With the focus on 'in-country value' in the UAE moving forward, a governmental program that aims to boost the national economy and support local industries, the employment of UAE nationals will be an important criterion when evaluating companies bidding for governmental contracts. The majority of the Swedish companies fall into the lower bracket of 0-9 for local employees, but many will also not have problems fulfilling this criterion since 46 per cent of the Swedish companies already have a workforce including more than nine local employees.

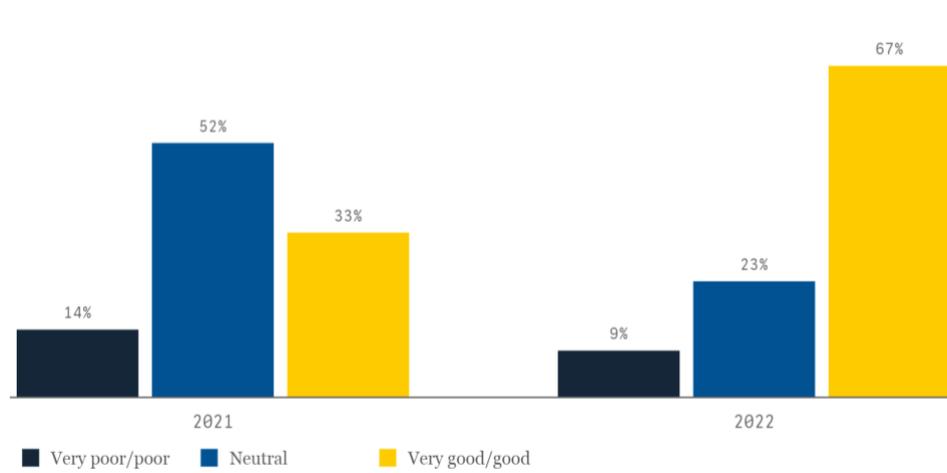
Swedish companies view business climate as good

The majority of the respondents (67 per cent) indicated that they perceive the business climate in the UAE as good or very good, this is a shift from previous study where neutral was dominating view, Negative sentiments on the business environment are mainly prevalent among medium-sized companies within the industrial segment and that have been established in the UAE prior to 2001. More optimistic towards the UAE business environment are Swedish companies established in the market after 2016, i.e. Newcomers, independently of their size and industry. These findings somewhat show that the country’s efforts in attracting start-ups and creating a hub for such is perceived well.

HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN THE UAE?



NOTE: The number of respondents for this question was 64. “Don’t know/Not applicable” responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in the UAE 2022.



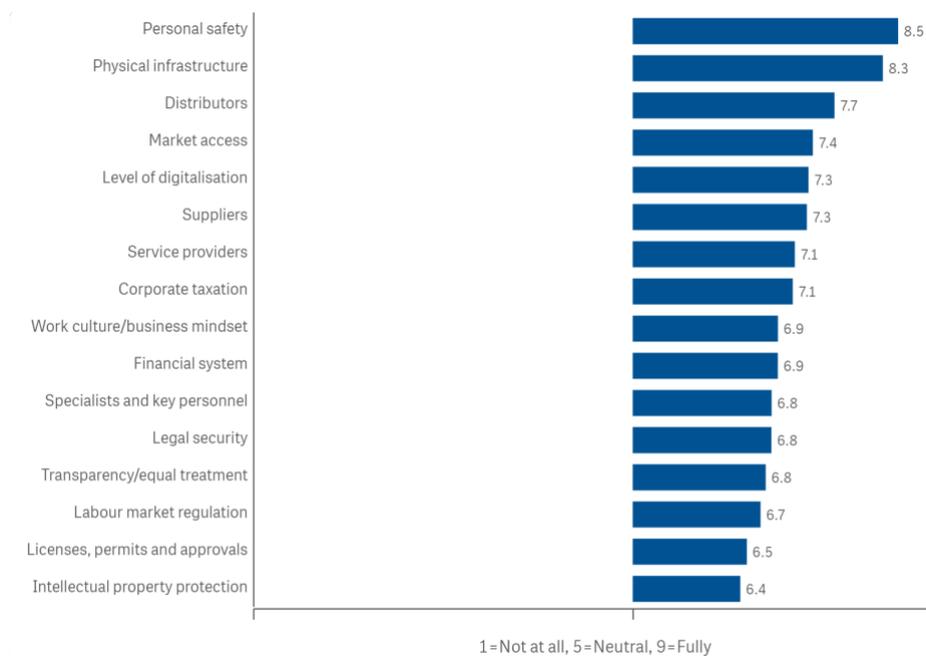
Companies appreciate personal safety, infrastructure, and access to distributors

Overall, the survey respondents positively or neutrally evaluated a variety of conditions for conducting business in the UAE – not a single criterion scored negative. Swedish companies highly appreciate physical infrastructure, personal safety, and access to distributors in the Emirates. The UAE has up to now not charged any corporate tax and has thus often been perceived as a ‘tax haven’; this will however change as the country will introduce corporate taxes by June 2023. The country has been under the European Union (EU) radar: in 2017 the Emirates were included in the EU ‘blacklist’ of non-cooperative jurisdictions for tax purposes but were subsequently removed from it in 2019 after implementing Economic Substance requirements. In June 2023 however, UAE was again put on the FATF grey list.

The World Bank highlights that during the past two years, the UAE has launched several initiatives to improve businesses environment. The country made starting a business less expensive by reducing the fees for business incorporation; made dealing with construction permits easier by using a risk-based approach to reduce the number of inspections; increased minority investor protections by providing for disqualification of directors in cases of prejudicial conflicts of interest; made trading across borders easier by reducing the time to export by fully digitising certificates of origin and the cost to import by issuing certificates of conformity that cover multiple shipments.

As major areas of improvement, respondents indicated that there was a wide gap in transparency between different government entities as well as major gaps between Dubai and Abu Dhabi. Delayed and unsecured payments, intellectual property protection as well as the hassle of dealing with licenses, permits and approvals particularly for Newcomers remain an issue. Labour market regulations also scored relatively low and it directly relates to another major Swedish companies’ concern – unequal treatment of employees based on their nationality.

HOW WELL DO THE FOLLOWING CONDITIONS MEET THE NEEDS OF YOUR COMPANY IN THE UAE?



NOTE: The number of respondents for this question was 64.

SOURCE: Business Climate Survey for Swedish Companies in the UAE 2022.

HOW SWEDISH COMPANIES SUCCEED IN THE UAE

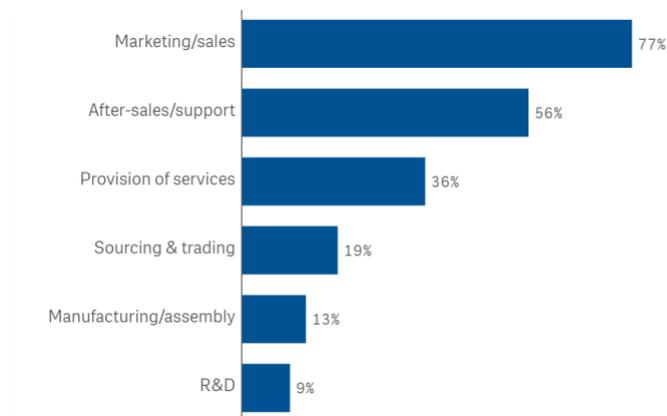
Local establishment – increasingly important

This is especially true for small and medium businesses. Indirect presence in the market requires least investment and offers the lowest risk, however rewards might also be limited. Before entering into a partnership agreement with a local distributor, Swedish companies are highly recommended to conduct due diligence with the support of local expertise. Successful cooperation with a local partner requires constant communication, coaching and often – direct sales and marketing support.

After testing the waters, Swedish companies proceed with establishing marketing and sales offices in the UAE. These activities allow establishment in a free zone and hence – 100 per cent ownership of the company. The survey results confirm that marketing and sales operations are typically characteristic for Newcomers.

Finally, after years of learning Swedish companies tend to expand into other types of operations – the second most common type being after-sales and/or support function, followed by provision of services and sourcing and trading.

OPERATIONS OF SWEDISH FIRMS IN THE MARKET



NOTE: The number of respondents for this question was 64. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the UAE 2022.

Moving forward however, it will be increasingly important for Swedish companies to focus on operations not as focused on today such as R&D, manufacturing/assembly, etc. in order to compete in government tenders. The UAE government has launched The In-Country Value Program, which aims to boost economic performance and support local industries by redirecting higher portions of public spending into the national economy.

The UAE government want to incentivise companies to focus investments and efforts to the country, by doing this it aims to see more of the local population employed in the private sector, localise supply chains, attract more industrial investments and in the long run a more highly diversified GDP.

ICV will be implemented in every governmental procurement and tender process, where the bidding company with an ICV certificate and the highest ICV-score will be rewarded the contract.

Staying ahead

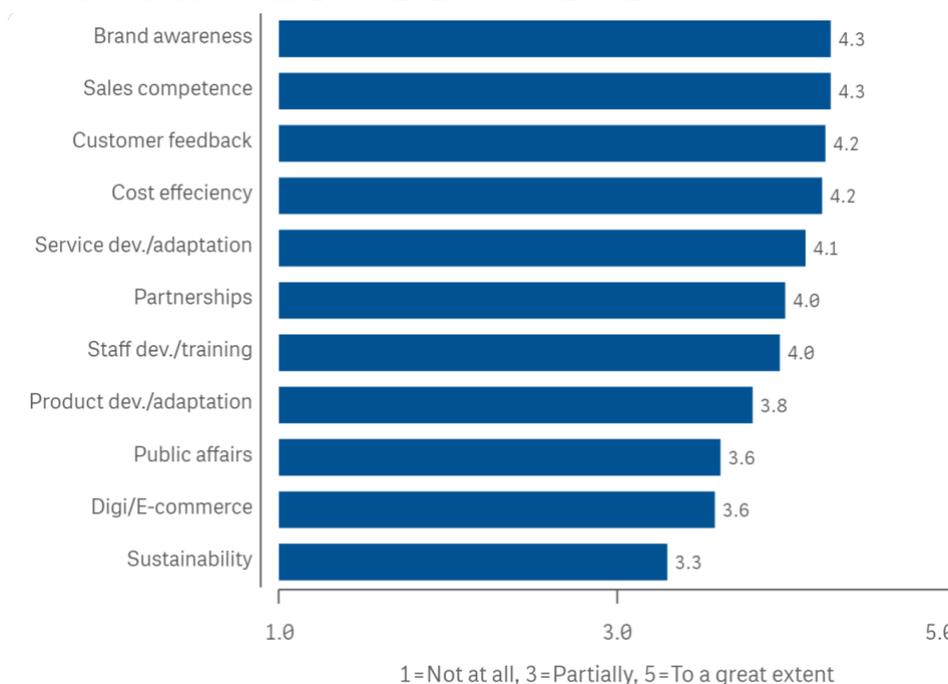
Competition in the UAE is tough across different verticals, and it is extremely fierce within the consumer segment. In 2018, Dubai overtook London as the most important global shopping destination as the city now hosts more international brands than anywhere else in the world and remains the most attractive market in the region for retailers, with many using the emirate as a ‘launch pad’ for regional expansion.

Overall, Swedish companies, independently of their size and industry, agree – brand awareness is the key ingredient for maintaining competitiveness in the UAE. Sales competence and customer feedback were indicated as the other two most important areas for running a successful business in the UAE, followed by cost efficiency. The ‘Swedish brand’ is also believed to enhance the perception – 72 per cent of the survey respondents said that the ‘Swedish brand’ contributed to their business in the UAE. However, this is a decrease from years before; in the larger study conducted in 2018, 96 per cent of survey participants shared the same view. Sweden is often associated with sustainability and in times of crises such as the Corona pandemic, these aspects tend to be deprioritised on the market. From the survey, sustainability is the area believed to have contributed the least to the businesses.

Among other important aspects to consider – service and product development and adaptation to meet specific market needs. When possible, connect your offering with technology and propose end-to-end solutions with aim to transfer of knowledge and co-creation. Several respondents have also indicated cost efficiency as important areas of focus for maintaining competitiveness in the UAE.

▶ **72 per cent** of the respondents think that the “Swedish brand” contributes to their business in the UAE

TO DATE, WHICH OF THE FOLLOWING AREAS HAVE BEEN IMPORTANT IN MAINTAINING COMPETITIVENESS IN THE UAE?



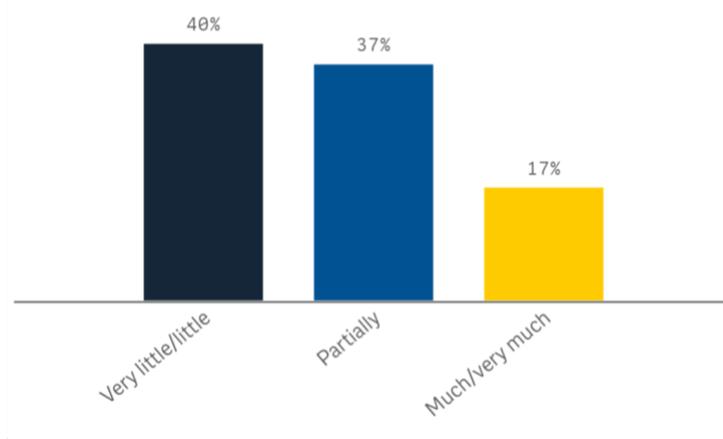
NOTE: The number of respondents for this question was 64. “Don’t know/Not applicable” responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in the UAE 2022.

ACTING SUSTAINABLY

Environment for the future

Environmental aspects in times of crisis are often de-prioritised for more business-critical aspects. Businesses were completely halted and many struggled to survive when the UAE went into strict lockdowns during the Corona pandemic – even when restrictions were eased, uncertainty has held many companies back from scaling up again. Companies of all sizes were significantly impacted by the lockdowns, but particularly smaller firms were affected to the extent that many had to shut down their businesses. Thus, in times like these, considering environmental aspects in purchasing decisions is of less importance for many actors, which was affirmed by 40 per cent of the respondents, saying that environmental aspects had little or very little weight for their customers, this is true particularly for smaller- and medium-sized firms within the professional service & industrial segment. However, the environmental aspect is not completely neglected by all actors. 54 per cent see its impact on their customers decisions when purchasing their products or services – this comes from mainly larger firms and within the consumer segment. As times improve and businesses go back to normal, sustainability and environmental aspects will increase in importance. In addition, the UAE’s ambition to work towards a more sustainability society will also emphasise these aspects when doing business going forward.

TO WHAT EXTENT DO CUSTOMERS IN YOUR INDUSTRY CONSIDER ENVIRONMENTAL ASPECTS OF A PRODUCT OR SERVICE IN THEIR PURCHASING DECISIONS IN THE UAE?



“The market is still driven by price. Few realize the long-term value of sustainability; such activities need to be pushed by the government.”

- Survey Respondent

UN 2030 Agenda on the agenda

The UAE’s development priorities are aligned with the concept of global sustainable development. The UAE was one of the contributors to the United Nation’s (UN) Agenda 2030 during the ‘Rio+20’ conference in 2012. It also became one of the 30 members of the UN’s Open Working Group to develop a set of 17 Sustainable Development Goals (SDGs) in 2015. To further show its commitment, the UAE will be hosting COP28 in 2023, the UN Climate Summit.

The UAE ranks 71st out of 162 nations according to SDG Index 2021 and has achieved an index score of 70.2, indicating that it is 70.2 per cent of the way to achieving the best outcome across SDGs. The MENA region's average score is 65.9 per cent. In comparison, Sweden has an index score of 85.61 and ranks 2nd globally.

To address the challenges and in line with its sustainable development, the UAE targets to achieve 50 per cent of clean energy by 2050. The country aims to reduce carbon footprint of power generation by 70 per cent and to increase consumption efficiency of individuals and corporates by 40 per cent. Achievement of these targets is reinforced by a number of mega-projects. In 2019, the world's largest e-waste recycling facility, the Recycling Hub, was opened in Dubai. The Hub has a processing capacity of 100,000 tonnes of total integrated waste per year, of which 39,000 tonnes is e-waste.

In March 2020, the Barakah Nuclear Energy Plant started operations and the UAE became the first Arab nation to deliver peaceful nuclear energy. The Barakah is said to prevent the release of 21 million tons of carbon emissions annually.

There have been positive developments in increasing gender equality in the UAE. Almost 200 women stood in the Federal National Council (FNC) elections in 2019, more than double the number in the previous elections. This followed a decree by the former President Khalifa bin Zayed Al Nahyan calling for women to make up half of the FNC. Seven women were elected and 13 were appointed to the 40-member FNC. However, the country still faces challenges in protecting women from sexual and domestic violence.

Least corrupt country in the region

The UAE has been rated least corrupt country in MENA by the Transparency International's Corruption Perception Index (CPI) 2021. Globally, the country retained its 24th place in the ranking, scoring 69 points. The UAE is a leader among the Arab countries as the least corrupt nation since 2014. This is a result of the UAE's anti-corruption commitments and introduced measures, including but not limited to: Extended anti-bribery legislation to the private sector; Extended territorial reach of the UAE anti-bribery legislation; Expanded scope of public sector bribery; A new Dubai economic security "super-regulator" to monitor and combat corruption, aimed at the Dubai financial services sector; Increased cap on fines to private companies tenfold.

The region faces significant corruption challenges that highlight a lack of political integrity. Regionally, the UAE is followed by Qatar, Saudi Arabia, Oman, Jordan, Bahrain, and Kuwait. At the bottom of the region, Syria scores 13, followed by Yemen with a score of 15. Both countries are significant decliners on the CPI, with Yemen dropping eight points since 2012 and Syria dropping 13 points during the same period.

Corruption versus Wasta

Wasta originated in the Middle Eastern culture and historically was the way for Bedouin families and tribes to resolve conflict, cooperate and gain loyalty. *Wasta* is an integral part of a high-power distance culture where the inherent authority is generally regarded as natural and proper.² In Western countries often viewed as nepotism and corruption, *Wasta* is deeply embedded in Arab culture and refers to the advantage and benefits one gains from being part of a particular group or having connections socially (either within or outside the family). The root of the Arabic word refers to the 'middle' and translates as 'connections' or 'influence'. *Wasta* is said to facilitate the search of job opportunities,

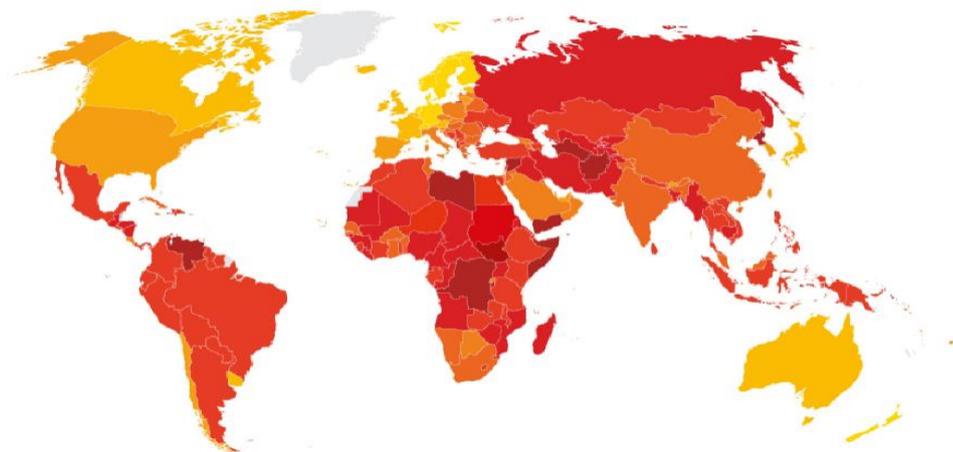
approval of licences or contracts, obtain favourable rulings, cut through red tape and otherwise circumvent obstacles that other perceives as challenging.

John Hooker of Carnegie Mellon University argues that in itself *Wasta* is not corruption, because traditional checks and balances on power are in place. Contrary to corruption where the interests of an individual are placed over the interests of a company or the whole, *Wasta* is meant to forward and align the interests of the individual and contribute to the better of the whole.

Many practices referred to as *Wasta* until today preserve the roots in the responsible leadership, and to the extent that an authority figure performs this function, *Wasta* can be positive, morally acceptable and make a salutary contribution.³ This is an important consideration for Swedish companies when doing business in the Middle East.

There are certainly bad forms of *Wasta*, mainly when it is used to gain economic benefits on expense of the whole, and when intermediaries are motivated by individual gain rather than loyalty to the extended family or aims to receive favours that would not be granted otherwise in a responsible system.

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NOTE: The UAE ranks 24th in the CPI 2021, scoring 69 points.
SOURCE: Transparency International.

