

ACCESS

Kuwait, Qatar, U.A.E.



A Guide to Doing Business
in THE GULF STATES



ACCESS GULF STATES: OPEN FOR BUSINESS



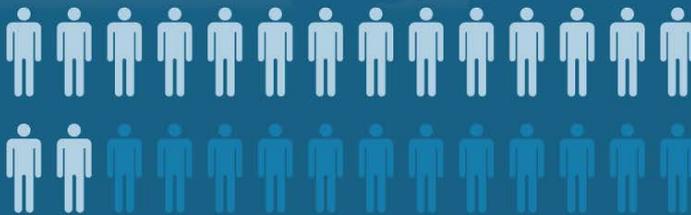
Saudi Arabian 2012 GDP
€577 billion



Qatar 2012 GDP
€173 billion



UAE 2012 GDP
€361 billion



34,455,999
Gulf states population

4,775,982
Irish population

€2.8 Billion

Aggregate total goods and services exports from Ireland

6

The Gulf States are the sixth largest market for exports for Enterprise Ireland client companies

181

Enterprise Ireland client companies selling into the Gulf States in 2012

GROWTH IN THE GULF



Saudi Arabia is the world's second largest oil producer

UAE will host the 2020 World Expo

Qatar has won the rights to stage the 2022 FIFA World Cup

GROWTH SECTORS



CONSTRUCTION



EDUCATION



ICT



FINANCE



LIFE SCIENCES



AVIATION



RETAIL

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1. Introduction

“The opportunities in sectors like construction and in the services industry, and in general for exporting into a market that is very well off, are tremendous. Keep in mind, you’re not moving to another European country, you’re moving to the Middle East, and ways of doing business can be quite different. You need to have a one-year or 18-month approach to getting established. You may be lucky and get a sales contract quite quickly, but the chances are you need to have reasonably deep pockets, have patience and spend time visiting the market directly in person on a regular basis. If you want to get to know the market, you have to visit it.”

Conor Tubridy, Chairman, Irish Qatari Business Council

The story of many Gulf States is inextricably bound up with the discovery of oil and the transformation this has brought about. Rich in natural resources but heavily reliant on imports, and with growing populations allied to plans for significant infrastructural development, the Gulf States represent a significant market opportunity for export-focused Irish companies. A recent economic report commissioned by the Arab-Irish Chamber of Commerce forecasts that Irish exports to the Arab markets have the potential to reach €9 billion over the next two decades.

Why these markets are important

A relatively high number of exports from Enterprise Ireland client companies are to customers in the Gulf States, and 181 companies are currently active in these markets. This report focuses on three of the region’s main markets for Irish businesses: the United Arab Emirates, Qatar and Kuwait. (The Kingdom of Saudi Arabia is the largest market for Irish goods and services in the region, and as such is covered separately in a companion report, *Access: Kingdom of Saudi Arabia*.)

In just a few decades, the United Arab Emirates has transformed itself into the financial gateway to the region and is now a major business and tourism hub for the entire Gulf – principally the emirates of Dubai and Abu Dhabi. Having built an open economy noted for its ease of doing business, the UAE is a magnet for expatriates: of the 5.4 million population living in the seven emirates, close to 80 per cent hail from outside the country. The UAE is a significant consumer of Irish goods and services. While still a strong exporter of oil, the UAE has successfully managed to diversify from relying solely on hydrocarbons, with the result that 70 per cent of its GDP now comes from non-oil activity.

Qatar’s tiny size and a population of fewer than 2 million belies its considerable financial might. It is the region’s fastest growing economy with the highest per-capita income (more than \$90,000) of any country in the world. Qatar is still at a relatively early stage of market development from an Irish perspective, but already there have been initiatives to strengthen the Irish presence in this Gulf State. Qatar’s ambitious development plans for its non-energy sector is creating a broad range of opportunities in infrastructure, education and health. Considered to be one of the more progressive states in the region, Qatar’s profile has been boosted significantly by winning the rights to host the 2022 World Cup which alone will cost an estimated \$200 billion-plus to stage.

Kuwait may be similarly small in geographical terms, with a population 2.4 million, but with a GDP of almost \$150 billion it is an important market and a significant consumer of Irish exports in the region. The Kuwaiti Government is in the middle of a \$125 billion economic development programme which focuses heavily on mega projects using a public-private partnership model.

Purpose of the report

The objective of *Access: Gulf States* is to give practical and up-to-date information on the market for Irish companies. In this guide, you will find useful advice, presented in an easy-to-digest format, on the key aspects of doing business in the Gulf for companies at all levels in their business development within the country. This guide covers:

- the business culture and how it significantly differs from Ireland
- how to get started for early-stage exporters
- routes to market
- key legal issues, tax and visa considerations
- how to sell to the Government.

How it was compiled

This report is based on the practical experience and knowledge of successful people in the market, and by specialists in areas such as business culture, taxation, law and marketing. It is also informed by the lessons learned by the many Irish business people who have succeeded in the market. The report also includes direct commentary from a number of these people. It also refers to information gathered from a number of publications, research data as well as a range of other online sources.

Access: Gulf States is intended to be of use to a wide audience; from companies thinking of entering the market for the first time, to those already selling in those markets and looking to examine strategic options for further growth. Researched and written during November and December 2013, this report is up-to-date with the latest available economic and business data.

A note on regional definitions

In both this guide to the Gulf States and its companion report, *Access: Kingdom of Saudi Arabia*, Enterprise Ireland uses the following terms to denote these markets: “the Gulf States” refers to United Arab Emirates, Qatar and Kuwait; “Saudi Arabia” or “KSA” refer to the Kingdom of Saudi Arabia only; and “the Gulf” refers to the Kingdom of Saudi Arabia and the Gulf States.

2. Critical Success Factors

“From a business point of view, it’s a lot easier to do business as they do in the Gulf. You have an opportunity to build a relationship with your customer quicker, and you can identify the level of trust and cooperation that’s required.”

Fergal Lynam, CEO, I.O. Systems

Introduction

In the Gulf, Islamic principles and social customs are widely observed, with some divergence in religious observance and customs between the different States. Irish businesspeople should approach the Gulf market with respect for that culture, and a clear understanding that it is different to that of the West. Arabs won’t expect first-time visitors to understand fully all of the nuances, and the differences shouldn’t be seen as intimidating. Respect and patience will take you far, and in many ways the Arab style of doing business is closer to Irish than you might think. The ability to strike up a personal rapport and build a relationship is a key part of doing business in the Gulf.

Business culture

In the Arab world, personal relationships are valued above all in business. Conducting yourself properly and in a formal manner will help you to make progress, as will showing a healthy inquisitiveness about your opposite number’s culture. Given the importance of relationships, regular presence in the market by senior members of a company’s management is essential to winning business in the Gulf. In Arab countries, you establish a friendship first – business comes later.

- Arabs are very sociable people, known for their hospitality and with a well-developed sense of humour
- Family is very important in the region. Many successful big businesses are owned by a family and various members would have roles in different subsidiaries
- It is normal in the Arab world that you may be asked about your family. They want to know who you are first, then they will ask about your business in time
- Many Arab-owned businesses are hierarchical in structure, so it may take time to get access to decision-makers at the top of the organisation
- The notion of ‘face’ is very important in Arab culture – be extremely careful in situations that could lead to a loss of reputation on either side
- Natural Arab politeness and a reluctance to offend may mean that you often won’t hear a ‘no’ – try to observe the signals and judge whether you are making progress
- In the UAE and Qatar, the working week is Sunday to Thursday; Friday and Saturday are the weekend
- In Kuwait, the working week is Saturday to Wednesday; Thursday and Friday are the weekend
- Business hours in the UAE are generally from 7:30 to 7pm. Banking hours are from 8am to 7pm
- Business hours in Qatar are 6am to 2pm, Sunday to Thursday while banks are open from 7.30am to 1pm on the same days
- In Kuwait, Government offices open between 7am and 2pm, Saturday to Wednesday but banks operate from 8am to 1pm, Sunday to Thursday.

There are five calls to prayer during the day in the Gulf, although strict observance varies. Ideally try to schedule meetings around prayer calls when meeting Gulf Arabs but if this is unavoidable, be aware your meeting may be interrupted to allow your host to pray – you will be expected to wait, unless instructed otherwise.

- You may not need to observe the prayer times when meeting with expatriates

- During the month of Ramadan, working hours are reduced
- Avoid scheduling meetings after the 10th day of Ramadan, which varies by year – always check well in advance on www.islamicfinder.org
- The second festival period is 'Eid Al-Adha' which is typically a ten-day holiday usually extending from the fifth to the fifteenth day of the month of 'Thul-Hijja'.

In many business sectors around the Gulf States, you are likely to encounter expatriates in key positions; in Qatar, for example, they outnumber nationals by more than three to one. Such people are likely to be accustomed to Western business styles, and consequently meetings are held and decisions made in a manner that's more familiar to the Irish approach.



NEED TO KNOW

Doing business in the Gulf can be rewarding but the pace of business is appreciably slower than what you may be used to, so it's important to set your expectations with this fact in mind. You may also have to deal with several layers of an organisation before reaching the decision-maker. In the Gulf, patience is definitely a virtue: there will be times when progress appears to be slow. Innovative or unique products will often help to fast-track the sales process but in the Gulf, decision making tends to take time. Eight to ten months of business development is standard, and in some sectors it's not uncommon for it to take longer still before many meetings finally conclude in a deal.

Business meetings in the Gulf

Arabs prefer face-to-face meetings over communicating by email, phone or letter, and at the start these encounters are about establishing a rapport and gauging mutual trust.

- Expect the early part of the conversation to be dominated by small talk as your Arab host gets to know you better – he may only get around to business at the very end of the discussion
- Arabs like to be addressed by their official title – this may be 'doctor' or 'engineer'
- If someone has an elevated position such as ambassador, or head of a government department, you would address them as 'Excellency'
- Avoid slang or casual manners – keep your language formal and polite
- Many Gulf Arabs have a relaxed approach to timekeeping. While you may be kept waiting, however, you should make a point of always arriving for meetings on time
- Meetings with Arabs in the Gulf can be unstructured. When you arrive, it's not uncommon to find other people in the room at the same time
- Meetings generally take longer than in Ireland and may be interrupted by phone calls or drop-ins. This is considered normal
- Arabs don't like to be cornered or to have to make a decision on the spot
- It's good practice to make follow-up calls after a meeting, just to ask about the person, without bringing up the subject you planned to discuss. This is important in building the relationship
- If you are making follow-up phone calls, avoid doing so at prayer time. Prayer times are printed in the daily newspapers and online.



NEED TO KNOW

In the Arab world, there is often a more fluid approach to business appointments than the one taken in Europe. The man you intended to see may be called away at short notice to attend to another matter – possibly a family event. In some cases you might not find out about this until you arrive for your meeting. If this happens, it's important not to make a fuss. Firstly, it's understood in the Gulf that family concerns come above all others, so the person you were due to meet considers this behaviour acceptable. Moreover, some believe this approach to meetings is closely related to religion. A good Muslim doesn't presume to know what will occur in the future and consequently a commitment to a meeting in two weeks' time may not be binding. To the Muslim, only Allah can know what happens tomorrow (you will frequently hear an Arab pepper his conversation with "Insha'Allah" – not unlike the Irish idiom, 'please God'). Be flexible; no offence is meant but you must be aware of the possibility this could happen. Equally, when you are in the country it's possible you may be asked to meet at short notice. Build in sufficient time to adapt to last-minute changes. Best practice is to not to fill your diary with appointments; four per day is the average. It's worth noting that many Arab businesspeople will happily facilitate meetings in the evening outside of regular working hours.

Negotiating in the Gulf

- Negotiations are likely to take several meetings to resolve
- In the beginning, the person asking all the questions may not be the final decision-maker
- Map out your negotiating strategy well in advance, and be aware you are likely to be asked for discounts or changes at all turns – potentially by different people
- Don't be too pushy – saying 'I need this or the deal is finished' is considered highly rude and may stop your progress
- Price isn't your only bargaining tool. If your counterpart insists on a lower discount than you had in mind, politely and respectfully suggest alternatives such as different features or support terms.



NEED TO KNOW

Negotiating with an Arab is where the fun begins. Haggling is an innate part of their culture that dates from Bedouin times. An Arab enjoys the negotiating process and will always look to get the best deal for himself. It's not uncommon to see some theatrical behaviour as the Arab seeks to gain an advantage either in price or service. Play along with the banter by all means, but don't overstep the mark. If it appears your offer is being refused, always remain respectful, and be careful not to cause offence. Politely suggest ways any obstacles might be overcome. Tailor your strategy in case you have yet to speak with the key decision maker. If this happens, his input (which may only be at the conclusion of a deal) will probably involve you having to give an additional discount or offer some other concession. This is sometimes known as the 'chairman's share'. In Arab culture, the man who obtains better terms on a deal gains respect among his peers.

Integrating Arabic into your business

Many businesspeople in the Gulf States speak English, and many Irish businesspeople who have been visiting the region for many years say they have never been to meetings where Arabic was spoken. That being said, the best way to ensure your meeting makes a strong impression with a prospect in the Gulf is to have supporting materials translated into Arabic – whether that's double-sided business cards, brochures, even your PowerPoint slides. If you intend to use video in your presentation, it's worth considering adding Arabic subtitles to help your message to resonate better.

Going to the effort of having correctly translated marketing collateral will also be well received as a sign that you are committed to the market.

- Don't just translate your English-language marketing material directly into Arabic, as you may need to use different phrases as certain words have a different meaning in an Arab context
- It is highly advisable to have your documents translated into Arabic by a native speaker
- You may also want to consider altering the design to a more Arab-friendly format. As Arabs read right to left, you could produce a brochure that has one side in Arabic and the other in English
- Enterprise Ireland recommends setting up your revised website in English first, seeing any potential snags and then having it translated after that
- Check your marketing material to ensure any imagery adheres to modesty codes.



NEED TO KNOW

Doing business in Saudi Arabia can be rewarding but the pace of business is appreciably slower than what you may be used to, so it's important to set your expectations with this fact in mind. You may also have to deal with several layers of an organisation before reaching the decision-maker. In the Gulf, patience is definitely a virtue: there will be times when progress appears to be slow. Innovative or unique products will often help to fast-track the sales process but, as a rule, decision-making tends to take time. Eight to ten months of business development is standard, and in some sectors – the Saudi public sector in particular – it's not uncommon for it to take longer still before many meetings finally conclude in a deal.

CASE STUDY: Early-stage market development in Qatar

Robert O'Malley, Director, Klondike Innovations

A start-up founded in 2012, Klondike Innovations develops high-tech battery and rack cooling systems for hardware used in the broadcast and telecoms sectors. While still in pre-sales phase, the Dublin firm wanted to validate its technology in warm climates and identified Qatar: home to the Al Jazeera TV network and large telecoms operators like Ooredoo and Vodafone.

www.klondikeinnovations.com

What have been your early experiences of the market?

“New technology is very welcome in the Gulf so if you have a solution that helps resolve a real issue then you'll find that traction may come easy. Properly identifying the requirement for your product and getting your sales pitch right helps speed up the process. To date, we have been focusing our efforts on one market: Qatar as an entry point to the region. Getting our technology validated took a six-twelve month period, it was important to have our product operate through the hot summer months. My first trip to Qatar was in November 2012, and in early February 2013 we had all the paperwork cleared to get our products installed and start the validation process.

How was your experience on the ground the first time?

The culture in the Gulf is different to Ireland. Anybody considering doing business there should be aware of that and should educate themselves on these differences. For example, it is considered to be particularly rude and impolite to be seen to rush people. Everything is about face time, and being comfortable in spending time in each other's presence. Therefore, do not set yourself an overly tight schedule.

It can sometimes be difficult to schedule meetings in advance but I've also been called at 10pm and asked to meet in the hotel lobby in half an hour. The likes of procurement people might be busy during the day, but where it suits their calendar they may have a late-night coffee with you. Therefore it is important to be on the ground regularly and available to meet people when the opportunity arises.

When on the ground ensure that you don't just stay in your hotel room – go to the museums and galleries, of which there are many to enhance your understanding of region and its people. Make the best use of the time while you're there. It gives you material for a very nice conversation which can at any stage turn into a proactive business meeting. You can go from niceties to cutting-edge business questions very quickly. Finally, traffic at rush hour in Doha can be quite bad so again if you have a tight schedule you may run into difficulties.

How did you go about telling whether a prospect is genuinely interested in what you're selling?

If you have a product that you feel the client can benefit from, outline in the first or second meeting that you'd like to demonstrate the product to them. The concept of a quick sale will generally not work. If the opportunity arises, take a tour of the facility where your product would be installed and engage with the client; ask them relevant questions that can give you an insight to their operation. Qataris are very hospitable people. While you are meeting them they consider you as their guest and, as such, they are unlikely to bluntly say 'no' to you, face to face. However, viewing their infrastructure and understanding their specific needs demonstrates a working relationship from the beginning. Talking to their pertinent people allows you to build up a picture of where your product could fit into their operation and the benefits they could accrue from that. You will then know the business case for your product in your own mind and once you explain that correctly, you can more accurately gauge the level of interest. But if you're trying to sell them something they don't need, that's not going to work – the same as any other client anywhere in the world.

What advice would you give to others?

Don't be deterred if someone cancels a meeting even at short notice, or maybe there's a genuine no-show: it shouldn't be taken personally nor as a negative signal. They simply may have been called away.

Don't let the distance interfere with your relationship. If a client wants to meet you again in a few days time but you are due to fly home, have the flexibility to be able to extend your trip if necessary. It will be appreciated. It also means you don't have to do another trip immediately.

Further to this, it is absolutely vital that an appropriate budget is allocated because you will probably need that amount, and then some. To counter balance that, make sure you've implemented some concrete deliverables so you can measure the success of what you spend. In our case, it's probably at least six - twelve months per client, between first meeting and point of sale, however the quality of client warrants the investment. ”

CASE STUDY: Making an accelerated start in the UAE

Fergal Lynam, Managing Director, I.O. Systems

Operating from a 26,000 sq ft manufacturing facility in Athlone, I.O. Systems specialises in materials handling solutions: conveyor systems, automated logistical systems and maintenance. The company recently completed a €20 million award-winning project to provide a tray return system for 116 security lanes into Dubai International Airport, and has since won a separate contract to provide the same machines into the new terminal at Dubai World Central airport.

www.iosystems.ie

How did you identify the opportunities in the market for your business?

“The first thing I did was research who was on the ground there – the local suppliers and the foreign competition with either a local presence or a local partnership arrangement. We were able to establish the areas that we were looking to target and the airports became an immediate target. Dubai Airport was trying to grow as a transport hub and to do that, they needed to deliver a better customer service.

A lot of I.O. Systems products are unique in the sense that we fill the gaps that exist on standard product ranges around the world: we identify areas within automation that need improvement, and we focus then on developing innovative systems. The foundation of my strategy was not to go to the marketplace with a standard product range, where it would be a price war and to be about who knows

who, as opposed to the quality. I needed to bring something to the market that was unique and in a growing airport, it was something that they wanted to invest in – something innovative that would give them a distinct advantage over other hubs. So, my approach was a little calculated: we knew that we had unique offerings and innovative solutions and most importantly we had established good, on the ground relationships. And those relationships weren't established for a one-hit wonder; they were established for the long term. If a door was closed due to an incumbent supplier or a relationship with a particular customer, other doors would open for you.

How did you go about establishing those relationships?

Enterprise Ireland's Business Accelerator Programme, for me, was the fundamental difference between success and failure: it's not an exaggeration to say that. We engaged with a local Irish consultant who had been based in the Middle East for a number of years, who was very familiar with the cultural differences in doing business there, and who was very familiar with the influential expat community. We networked through him to those people and got familiar with the landscape and we were pointed in the right direction and in turn were introduced to influential emiratis.

For me, the mistake a lot of companies make it to try to establish themselves with a local emirati partner immediately. Selecting the right people is important. When you're doing business in the Middle East, they want to see you having a local presence. By having an Irish consultant on the ground, as far as they're concerned, that person is Irish, therefore he's working for you. A consultant can go to a meeting on your behalf if one is called at very short notice, which means you didn't have to get on a plane for an hour's meeting. If he's at the meeting representing you, you could be conferenced into to a call. Sometimes meetings are called for issues you could clarify by email, but that's not how they do their business.

The consultant made it clear to me that I, as principal of the company, needed to be on the ground for meetings and discussions. You could be on the ground for a week and no meetings occur. One thing I did establish very early on, you don't establish meetings unless you're on the ground because they don't see that you have to travel from Ireland. As far as they're concerned, if you ask for a meeting they have a tendency to invite you that day. 80 per cent of meetings were rearranged or cancelled. So, there was a considerable investment of my time and money. Realistically speaking, you're looking at expense, flights, accommodation: about €2,000-€2,500 a week per person, on average. That's not inclusive of cost of time or anything like that. And you need to be there every four to six weeks.

From a business point of view, it's a lot easier to do business as they do in the Gulf. You have an opportunity to build a relationship with your customer quicker, and you can identify the level of trust and cooperation that's required. Yes, it's more difficult physically and there are more demands on your time. Without fail, it's tougher for your family. But if you want to improve your bottom line, you have to be prepared to travel as the principal of the company. People do business with people. Relationships, in my mind, last longer if business is done between people rather than companies.

What other differences have you noticed about the market?

They like to see, touch and feel the product. Unlike here, where it's not a practice to take a product on a trial basis, in the Middle East it's very much standard – and that you do it for free. You need to be prepared to give not just your time, but your product. Another is the length of time to get to a sale. From a process of engaging with the customer, identifying a need within the airport, delivering a prototype for trials, the customer then developed a tender process, went out to tender and we successfully won the contract. That whole process took two years.

One important point, if you are going to sell to a particular company or a Government agency in the UAE, you need to establish if there is a requirement for a tender bond, and are you in a position to finance that. You need a bond of 5 per cent of the potential value of the bid in order to submit a tender. But the key here is, it's not a tender bond from a European bank: it needs to be submitted from a local bank. So, because you have no credit history in the region, they require cash in the bank before you get the bond. Without the bond, you can't bid for the tender. Say you have a project worth €10 million, you need to put up a tender bond of 5 per cent, which is €500,000. That has to be 100 per cent cash-backed. The tender bond must remain in place until the customer selects a preferred supplier, and that could be up to two years. You may lose the tender but the bond may remain in place. You're tying up

cash – if you have it – or you’re tying up facilities, if you’re lucky enough to get them. You need to budget for that finance being tied up for the length of the process.”

CASE STUDY: Negotiating in the Gulf States

Martin Dolan, CEO, CR2

In 2000, the banking software provider CR2 acquired a British software company called Interlink that was already operating in the Gulf through a representative office in Dubai. CR2’s founders all had significant experience in doing business in the Middle East. Today the company employs 25 people throughout the Gulf States in sales, support and implementation roles.

www.cr2.com

How significant is your operation in the Gulf?

“I’m located in Dubai as the CEO, and our sales director is based here. We took the view that you can’t do business and not be based there. Kuwait is an hour away, Jordan is three hours away. We wanted to be near to our market and wanted to know what’s happening. The markets are changing too quickly to be sitting in your office and reading about it. You have to be out there feeling it. Overall, probably about 30 per cent of our business comes from the Middle East. We are in the self-service banking market which is really coming of age. Our biggest critical mass is in Jordan where we deal with six banks, and eight in Dubai. We also have customers in Kuwait, in Oman and in Bahrain. The issue is, you have to go to where your customers are. I’ve heard of people doing huge business dealing with the Saudi market but who are based in Dubai. However that means they need visas every time. You have to decide: are you out here to do business or are you out here for a lifestyle. If you’re providing a mission-critical application, no-one is going to engage with you seriously unless you are there on the ground. It’s a very high overhead to have a local office if you haven’t done business there, but you can create the optics by travelling regularly. The culture is about regular contact and building up a relationship – it’s a Bedouin culture. They want to know who you are first of all and what you’re like to deal with. The Arab way is to understand you as a person.

How have you found the differences in the business culture?

There’s amazing commonality between Arabic and Irish. Think of hello: it’s ‘Salaam aleikum’, and in Irish we say ‘Dia duit’. Our language is formed around a religion, as is theirs; I spend more time talking to them about Islam and Christianity – it’s kind of refreshing. I find the issue is, the Arabs like to have a conversation, and they get to the business when they’re ready. People don’t expect you to have a rulebook of cultures – they expect you to be sensitive about their culture. That’s it.

What can Irish businesspeople expect to find in negotiating with companies in the Gulf States?

If you are negotiating and you get to the final discussion with the senior person, you’d better hold something back for him. It’s about being canny, knowing this is coming and not giving everything away before meeting the man at the top. It means having to adjust your negotiation through the intermediaries. It isn’t an effort to wring the last bid out of you; it’s just a cultural need for the senior guy to get a better deal than anyone else. They’re not trying to make the deal unprofitable for you or wrestle you to ground, It doesn’t matter what discounts you have agreed to up until then; the culture is, he will ask for a deal. so have your negotiating position well mapped out in advance.”

CASE STUDY: Business culture in the Gulf States

Professor Cathal Kelly, CEO, Royal College of Surgeons in Ireland

RSCI has an extensive network of alumni in Saudi Arabia, Jordan, Kuwait, Oman, Qatar and Bahrain. It runs training programmes in Jordan, Egypt, Qatar and Kuwait and its postgraduate faculty of radiology and dentistry runs extensive training programmes in Kuwait and in Abu Dhabi.

www.rcsi.ie

Why did you consider the Gulf States as a market?

“RSCI is headquartered in Dublin but we see ourselves as an international health sciences institution, built on an international network of colleges. We have close to 3,200 students in Ireland, and about 900 fulltime equivalent staff. In 2003 we signed a charter to establish a medical university in Bahrain, and the first students graduated from a six year med and nursing programme in 2010. We now have 1,020 students there: a combination of medical undergraduate nursing and postgraduates – mainly for the Masters in Healthcare Management, some ethics and medical law. Our next phase of growth will be developing PhD study. We also have a training campus in Dubai, run by our Institute of Leadership.

We're active in most countries in the Middle East. Despite the Western media broad-brush-stroke approach to the Middle East, what strikes me is the increasing sophistication of society there. The governments have invested a huge amount in infrastructure, education and healthcare provision.

What characteristics have you noticed about the business style in the Gulf?

Obviously, personal relationships are hugely important. Flying in and flying out is not productive; having a presence on the ground is important. You need to be sensitive to the norms of relationships and the religious differences. If you come from a point of view that you're respectful of and interested in other people's cultures, that will carry you a long way. Your hosts will be understanding of that.

How important is it to have a partner in the market?

I think having a local trusted partner is invaluable – someone who speaks the language, understands the nuances and is on your side. That will get you wherever you need to go. That said, it is incredibly difficult to find a partner. When you go there first you will meet lots of people who are not good partners, and separating them out is the single most challenging thing. Our alumni network that we know a long time has been a help. The local Enterprise Ireland office and the Irish Embassy can help. I would suggest at first keeping the relationship loose, doing some small projects and gradually build up the work. Another test is to see the level of contacts that that person can get you to meet, and how far up the food chain can they get to.

We have found that the more of the value chain you control, the better. Our university in Bahrain is a wholly-owned subsidiary of RCSI, and it's the same in Dubai. With every business and certainly ours, the quality of business and the quality of delivery has to be exemplary standard. Overall, I think the Gulf markets are worthwhile. There's great wealth there obviously, and there's a great level of ambition to build infrastructure so I think there are enormous opportunities for Irish companies with compelling propositions to bring to the Gulf. I don't think Irish companies can afford to ignore the Gulf market.”

STARTING IN THE GULF STATES



3. Starting in the market

“If you don’t travel, you won’t get the work. Face-to-face contact is the only way you’ll get the deals.”

Frank Burke, Head of Sales, Dublin Aerospace

Introduction

In the Gulf, frequent travel is a must at the early stages of business development, in order to forge relationships that are a key part of the culture: ideally, visits should be every month or six weeks, for up to a week or more at a time. In Arab business culture, the preference is almost always for a meeting, however short, instead of a phone call or email. In the experience of many Irish businesspeople, those meetings are often called or changed at short notice, and for that reason it’s a good idea to keep your travel plans as flexible as possible.



Geography

The United Arab Emirates are situated between the Kingdom of Saudi Arabia and Oman, where the Persian Gulf narrows to the Straits of Hormuz. The two key emirates, Dubai and Abu Dhabi, are separated by 120km of good roads which are easily travelled by car. Qatar is a peninsula jutting into the Gulf, slightly to the north of the UAE, occupying just 11,586 sq km. To the North-East of the Kingdom of Saudi Arabia, Kuwait is slightly larger than Qatar, with a landmass of 17,818 sq km. The Qatar and Kuwait are three hours ahead of Irish time; the UAE is four hours ahead.

Getting there

Travel to the Gulf States from Ireland has become much easier in recent years, thanks to direct flights from Dublin through several carriers including [Emirates](#), [Etihad](#) and [Turkish Airlines](#). All told, there are 17 flights per week from Dublin to the UAE and more are planned. The UAE, Qatar and Kuwait are served by daily flights from Dublin, direct to Dubai and Abu Dhabi and usually onward to Doha or Kuwait City with stopovers. Once there, all of the Gulf States are within easy reach of one another. Flights from Dubai to Doha, the Qatari capital, take just over an hour, while it's a 90 minute-trip between Dubai and Kuwait City. Flights between the States are very frequent and not overly expensive, but nonetheless travel and hotel charges will add to your costs, especially since frequent personal contact is such an important part of doing business in the region.

Where to go

The UAE is a hub for imports into the region thanks to its well developed air and sea infrastructure. Further investment looks set to expand this capability further in advance of Dubai hosting the 2020 World Expo. Think of where your business is best placed to win a sales reference site in the region. Existing business relationships with multinationals that are also operating in the region could also determine your location. Advance market research, along with assistance from Enterprise Ireland offices, can help you making a decision. Uniquely among Gulf countries, the UAE has Free Zones where 100 per cent foreign ownership is allowed. Outside of these areas, and like the rest of the region, you must have a local sponsor (citizen) or go through agents/distributors (*for more, see chapter 4, routes to market*).

Early-stage market research

In markets like the Gulf States where a high proportion of products are imported and competition is strong, gaining good competitive intelligence is essential. Some useful business-centric websites to consult for background information are [Zawya](#), which is part of the Thomson Reuters group. It's a pan-regional business news site operating out of Dubai with close to one million unique viewers. It also lists all of the major trade shows in the region, with a facility for setting up email alerts and personalised news feeds. [MEED](#) is one of the pre-eminent news sources in the Gulf, and its site offers a range of news and analysis, special reports and paid research. It's very strong on providing information about project tenders throughout the region. A sister site, [Meedprojects](#), focuses specifically on construction and infrastructure; it identifies and tracks more than 12,000 projects in over 50 sectors and subsectors. Other news sites include [Gulfnews.com](#), [Arabianbusiness.com](#) and [AMEinfo](#). If your company doesn't have a local marketing or PR representation, the latter site lets you submit your own press releases or event listing directly to the site for free. Some of the most active sectors such as construction, have their own dedicated sites like [Construction Week Online](#), featuring news as well as details of tenders and contracts.

[Al Jazeera](#)

One of the most prominent news agencies in recent years, Al Jazeera is based out of Qatar and gives a Gulf perspective on news and events throughout the region and worldwide. It's especially strong on current affairs with both written and video content. Its service is also available as a free app for smartphones.

[UAE Central Bank](#)

The Central Bank of United Arab Emirates has an English-language site with information, data and analysis on the bank's functions, organisation and activities, along with details relating to banks and other financial institutions that fall under its supervision.

[Dubai.ae](#)

The official portal of the Dubai government has information for both general visitors and plenty of business-specific content, along with links to various Government entities. From prayer times and weather forecasts to investment opportunities and setup costs, there's a wealth of useful material here.

[Abudhabi.ae](#)

This is the Abu Dhabi e-Government portal, mostly focused around citizen services but also with links to information about work and employment, as well as personal documents required.

[Qatar Government Portal](#)

Hukoomi is the official gateway site to information and services about working and living in Qatar. Its business-focused links include details about residence and exit permits, work visas and labour recruitment applications. There are links to other regional e-government portals and information about doing business with the Government, along with a news section.

[The World Bank](#)

Information on ease of doing business in [the UAE](#), [Qatar](#) and [Kuwait](#), among others is available from the World Bank, with high levels of detail. Each country profile page includes a downloadable economic summary for that country.

[Google.ae](#) / [Google.qa](#) / [Google.kw](#)

Rather than using the Irish version of the search page, visit Google's Emirati, Qatari or Kuwaiti homepages to get more relevant, focused results for your research. A good tip is to combine it with Google's Translate tool: find out how to say your important terms in Arabic, and then use those to refine your search.



NEED TO KNOW

A great source of market intelligence is Enterprise Ireland's Market Research Centre, which offers client companies access to company, sector, market, and country information to explore opportunities and compete in international markets. Much of this information is not readily available elsewhere. Please visit www.enterprise-ireland.com/en/Export-Assistance/Market-Research-Centre/ for more information on the market research facilities available, and for a database of sector-specific information that will indicate whether there is research available for the market you wish to target.

Networking in the Gulf States

There is an active Irish diaspora throughout the Gulf States, with Irish societies and GAA clubs active in Bahrain, Kuwait, Qatar, Oman, Saudi Arabia and the United Arab Emirates. The [Irish Embassy website](#) has links to many of these groups. Connections through these networks can be valuable in becoming known in the market, or simply to learn from the experiences of other members. Individuals and companies that have been active in the market for a long time are often willing to share their learning. Enterprise Ireland can make relevant introductions for you if you are interested in exploring this further. There are many Irish-born executives in senior positions who have been based in the region for several years, and many of them are involved in the Irish Business Networks in Dubai, Doha or Muscat, the capital of Oman, which are aimed at helping Irish companies grow in the respective countries.

Some of the main business networks are listed below. If you're looking to sell into a particular industry sector, it's also worth checking to see what chapters of international associations or clubs are active in the region which can be valuable in establishing connections with key decision makers in a new market.

[Arab-Irish Chamber of Commerce](#)

With an office in Dublin and links to all 19 Arab countries, the chamber provides a range of services to Irish exporters looking to do business in the Middle East. A non-profit group open to members, the AICC can facilitate high-level introductions to senior personnel at embassies, state organisations, trade associations and commercial enterprises. It also assists companies with obtaining the necessary documentation for exporting to any of the 19 Arab countries, each of which has its own regulations around importing, taxes and legislation. The AICC publishes a quarterly journal about Arab-Irish trade and also runs group events for members during Arab trade delegations. Recently it commissioned a major economic forecast by consultants DKM into the future opportunities for Irish firms in Arab markets, available free to download [here](#).

[Irish Business Network](#)

A networking and educational platform for Irish professionals based in Dubai, the group hosts regular meetings including a monthly business breakfast featuring a keynote speaker and slots for 'elevator pitches' where members can promote their products and services. It also organises informal industry gatherings focusing on a specific industry such as construction and engineering, finance, health, property and SMEs.

[Irish Qatari Business Council](#)

Formed in 2012 to promote business and trade between Irish and Qatari entities, this non-profit group provides introductions, referrals, marketing and networking opportunities as well as business intelligence. The group organises regular networking events



NEED TO KNOW

Engaging with Irish networks in the Gulf can often be very positive, as many Irish people in the region are in senior positions and are well connected. However it's advisable not just to join these groups and look to tap them for contacts and introductions; they are run on a voluntary basis and it's a sign of your commitment to the market by getting involved as an active member, such as becoming a member of subgroup, or sponsoring an event.

Building market presence

Arriving fresh to the UAE, Qatar or Kuwait, your company or brand may be unknown in the marketplace. This potentially means having to spend more on marketing than your competitors. However there are smart ways to market your company cost-effectively using new inbound marketing techniques or social media. Video is a good way to explain your product or service simply in a short, catchy format. This can be backed up with other material such as brochures for when you attend trade shows or meet new clients in person.

The UAE, Qatar and Kuwait are members of the World Trade Organisation and welcome foreign-owned businesses seeking to trade in their countries. The wealth of these countries has not made them any less price-sensitive, however; in fact, some Irish exporters say it's still a major component in winning business. To give yourself the best chance of success throughout the Gulf, you must offer a proposition your customer can't readily obtain for themselves: a compelling ROI case, innovative technology or expertise in a key area will strengthen your case considerably.

- Me-too products that compete purely on price are unlikely to be well received
- Irish companies should look to differentiate on quality, professional service, better support services and more innovative products
- Be clear on what your proposition is
- Make your pitch brief, and practice it repeatedly in case an opportunity presents itself
- Frame your offer in a way that shows you understand your customer's need rather than focusing on its features and benefits.

Marketing and communications

Good ways for Irish companies to market themselves in the region are to:

- Attend or exhibit at trade shows
- Avail of guest speaking spots
- Get an elevator pitch slot at a sector-specific networking event
- Sponsor events
- Use business-focused social media
- Use traditional media and the web, with localised content
- Undertake traditional PR activities
- Attend trade missions.

Building awareness for consumer brands works much as it does in the Irish market, with ample opportunities for advertising via newspapers, display and TV. For business-to-business products, there are many trade journals and other platforms for communicating your message. Your local partner may offer to coordinate your PR and marketing activity. One possible option is to work with the local Chamber of Commerce who will send out an invitation on your behalf to present your product at a seminar in a hotel room. However that is considered low-grade marketing because you won't be able to gauge the level of seniority of visitors. A good partner should know the important people in your sector and be familiar with the relationships between them. Enterprise Ireland can work with you on researching the most efficient and cost-effective sales channel for your product or service.

Communicating your business proposition

The following may help you to prepare a presentation for the Gulf market:

- Always customise the presentation for each prospect
- Consider including their company logo in your demo to show the fit between your company and your client's business
- Listen for and understand your client's problems: where are the pain points you can address?
- Give people a reason to buy from you – what's your competitive advantage?
- Emphasise the business case and the return on investment
- Use short case studies to show where you have solved similar issues for other clients – preferably of other work you have carried out in the region, if possible
- Be clear about how you work, bearing in mind that in Arab culture this could well be a point of negotiation
- Don't rely on PowerPoint – keep the formal part of the presentation brief, backed up with points and graphics.

Hard copy

Corporate marketing material is important in establishing your credentials for prospects in the Gulf States, and they are a useful sales tool at events such as trade fairs which are likely to play some role in your initial market building. Your copy should focus on the benefit to the customer rather than the features of your offer. As outlined in Chapter 2, it is highly advisable to have your documents translated into Arabic. Strong presentation is also a must; your material should be well produced and slick, as Arab consumers are very brand-conscious.

Company website

Maintaining an up-to-date website allows you to contact potential customers before leaving Ireland, reach customers cost-effectively and introduce, promote or demonstrate new products. Having a landing page that is tailored for the market, and better still, translated into Arabic, shows a level of cultural awareness as well as commitment to the market.

- Choosing a domain name is important; in the UAE, for example, the country-specific .ae suffix is better received than a standard .com address.
- Make sure any translated materials have been proofread by an Arabic speaker beforehand

- Enterprise Ireland recommends setting up your revised website in English first, seeing any potential snags and then having it translated after that
- If you intend to sell online, consider putting an Arab-specific number on your site so that you can track the number of visitors to this site and who follow through to make a call
- If your phone number is listed on your website, ensure it is staffed at the appropriate times, as Arabs will want to call it they need assistance.

Social media

[LinkedIn](#) is fast becoming popular in the Gulf and it's not uncommon to find invitations to connect waiting in your inbox upon returning from a meeting or networking event in the region. In some cases, local websites are more informative than multinational websites, and it may even be possible to find direct-dial numbers for decision-makers posted on their company's site. Though sometimes controversial, the microblogging service [Twitter](#) is also gaining a strong following throughout the Middle East. [Facebook](#) is also popular; in the UAE, for example, 61 per cent of internet users – equivalent to 43 per cent of the population – have accounts with this social network.

Trade shows

Trade shows and conventions are an excellent opportunity to build on your desk research, allowing you to assess customers and competition up close, to validate early assumptions about the market and to build a sales pipeline. The key is to be focused as to which events to attend, and prepare a schedule in advance. If possible, obtain the exhibitor list and use it to plan who you intend to see; then set targets accordingly – whether they are prospects or potential rivals. Many of the regional news sites listed above contain details of the main conferences and events taking place throughout the Gulf.

Financial resources

As outlined in chapter 2, it takes extra time to build relationships and win business in the Gulf. This is critical to forming your investment strategy for the market. If you start with a realistic sales forecast and work backwards, you should determine a budget for your business development needs in the Gulf for the short and long term. Based on the experience of other Irish companies in the region, you are likely to need a minimum of €100,000, and possibly more than that depending on the length of your stays and the frequency of visits. Factor in regular flights, accommodation, taxis, and meals, as well as less tangible costs such as management time away from the office. Include ancillary costs: for example, one Irish businessman who has been selling successfully in the Gulf for many years has a mobile phone bill of €300 per month, from keeping in contact with prospects and customers in the region when back in Ireland.

CASE STUDY: Researching the market and reaching decision makers

Frank Burke, Head of Sales, Dublin Aerospace

Based from Dublin airport, Dublin Aerospace operates a four-bay base maintenance facility that can presently handle close to 70 aircraft per year, an APU [auxiliary power unit] overhaul centre that can handle 400 APU's a year and a Landing Gear services centre that has capacity for 250 legs annually.
www.dublinaerospace.com

What have been your impressions of the market?

“Our biggest contract in the Gulf has been with DHL in Bahrain and our business in the region has been organic to date. We're now tendering for work with Etihad, Emirates and Qatar Airways. You can do great presentations and they'll bring you out for dinner ... but our competitors are extremely fierce, and they might buy the work. Clients in the Gulf are very tough on cost and they focus on price. It's in the Arab culture to barter – they do drive a hard bargain, they are very smart people. You can't fool them in any way. To be fair, the last couple of times I've negotiated in Kuwait ... that was tough. You kind of have to sit back and let them do it. The guy at the top will come in like a bull, and you let him fire away, and you deal with it. It's called the chairman's share, you get that every so often, if you're not willing to come down a few percentage points of a discount.

How do you deal with the negotiating style?

One thing the Irish people have going for them is that they are easy to deal with. The hard sell is not a good idea, don't drive it: go easy. You have to take your time, it takes a long time to get an agreement. Decisions don't get made quickly and you have to build the relationship. If they trust you, you'll get the business – and don't mess up when you get the contract. It took us about a year to sign DHL. We were dealing with ex-pats but the person who took the decision at the top was Emirati.

They're generally very nice people: some of the people I've met have been very nice, so be nice back. The hard sell is not a good idea. When you're giving presentations, don't dumb it down. They're smart people and they know what they're talking about, but just slow it down, because Irish people have a tendency to speak really quickly. I'm from Galway so I speak really quickly, but you have to remember who you're talking to: slow it down, and speak clearly or you could find they're nodding and agreeing but they haven't understood.

How did you research the market and identify prospects?

We buy an information package for airlines, called ACAS, costing around €6,000 a year to buy it. It's not just a sales tool; our company uses it for tracking aircraft. It identifies every aircraft in the world, who's got the contract for maintenance on APUs for instance. For example, we contacted Emirates through this package, and we found a person. You basically email them every couple of months and if you get a bite, you make a phone call, then arrange to fly down to meet them. And now we're bidding for a huge contract as a result of that. You have to be opportunistic in this game. I was going to Riyadh for a meeting recently, and on hearing from customers I said I would also go to Dubai and Kuwait. I met two prospects in Dubai, one in Riyadh and two in Kuwait. Even if there's nothing on the table, the information that you gather from the customers is invaluable. You're in their mind then, and if they have a need, you'll be called. By going to meet Fly Dubai, just for a cup of coffee, we're now on the tender list. They know who we are – I've met them three or four times in last three or four years. I always say, 'just give me ten or fifteen minutes of someone's time'.

How easy or difficult was it to reach decision makers in your target customers?

You have to go through a lot of gatekeepers. If it's a smaller company there's not as many, but in the larger organisations, you're going to have to go through five or six layers. It can be difficult to find out who's making the decision. But if you bypass somebody and it goes wrong, it's bad because you will have gone over their head and they will hold that against you. You need to work your way up and eventually over time, the next time you go to tender, you know the people who are making the decisions. It's a long road: we've been working at this for four years.

We have signed airlines that traditionally would have never signed with a company here in Dublin – the likes of Finnair. It's very important to have customers from the region: a big airline there needs to know you can do what you say. It took a long time to sign our first contract because people didn't know who we were, but we're now signing contracts worldwide on a weekly basis because of our reputation.

How have you handled the distance from the market?

We have a sales team for the market and we fly in and out as we need to – we're only seven hours away. With the number of flights now to the Gulf, it's very easy to get there. Our sales have been effective from Dublin at the present time. We always look at options, but we're doing well without having someone there. In our business, you can't do the job down there: the work has to come to Dublin, so having someone down there isn't really an advantage. I'm meeting someone who emailed the previous Friday; I said to them that I'll be there on Monday week. He doesn't need me there straight away. It can be expensive for sure to travel there, and I see a lot of people fly business class, but I think seven hours is manageable in economy. And, if you book in advance, the tickets are reasonably cheap: you might be talking about €900. But if you don't travel, you won't get the work. Face-to-face contact is the only way you'll get the deals.”

Human resources

In the longer term, keep in mind that if you choose to base a member of your team on the ground, this carries an additional expense. It's also likely to affect how they work; there is a time difference (two or three hours ahead of Ireland depending on the time of year) as well as the clash of working weeks. Friday and Saturday are the weekend in Qatar and the UAE, which is more in line with international financial markets; however Kuwait's weekend is Thursday and Friday. All of this means that it's common for Irish ex-pats to work long hours over six days or more in order to stay in touch with headquarters in Ireland. For anyone who is to be re-located to the Gulf, you should also factor in sufficient holiday time to avoid burnout. Experts suggest extended leave periods are important during multi-year contracts in the region. In many countries around the Gulf region, foreign 'guest workers' make up large parts of the private sector workforce. Check beforehand whether the Government has incentive programmes to boost recruitment of nationals, as this could affect ability to obtain working visas for staff who are re-locating from Ireland.

ROUTES TO MARKET



4. Routes to Market

“Having a local trusted partner is invaluable – someone who speaks the language, understands the nuances and is on your side.”

Professor Cathal Kelly, CEO, RCSI

Introduction

In this section, we look at the options for serving the Gulf market. It's important to emphasise that, as an Irish company, your main route of entry to the Gulf will most likely be through a local partner or agent. In most cases, only early business development or post-sales customer service can be carried out from Ireland.

Direct from Ireland

Keeping in touch with the market remotely offers several challenges, although these can be overcome provided you are willing to be flexible. The time difference of three hours in Qatar and Kuwait, and four in Abu Dhabi and Dubai, should be factored in to dealings between locals and your Irish base. More importantly, you should be aware that there will be an overlap in weekends when organisations in the Gulf will be out of contact. This is on Fridays and Saturdays in Qatar and the UAE, with Kuwait among the countries preferring the more traditional Arabic Thursday-Friday weekend. That cuts both ways: stories are not uncommon of customers in the Gulf looking to reach their Irish suppliers on a Sunday morning. For most Irish companies, supplying directly from Ireland is not a practical option and you will need to work with a local partner. At the very least, a senior member of your team should be making regular visits to the market.

Working with partners

Throughout the Gulf countries, working with a local partner is compulsory when dealing with Government contracts, as the various States still retain control over most sectors. Even where you are selling to a family-run private business, a local agent is often required to facilitate the deal. The advantage to this arrangement is that the distance from Ireland and the cultural differences mean your business can benefit from an experienced partner who knows the territory and has the right contacts. That's particularly important if you sell in a sector where your potential customers come from a large group, or in a company where the decision-makers are not so easily accessible without the right introduction. Partners can also assist with obtaining visas and work permits where necessary.

In the Gulf States, it can be difficult and expensive to dissolve agreements, either written or implied. This makes it essential to ensure you are working with someone you can trust and one who can deliver what they promise. There are anecdotes about Irish businesspeople being whisked through airport security checks and collected in a top-of-the-range Mercedes; in reality, this admittedly impressive welcome is widely available as a paid service and doesn't indicate any great influence or reputation on the part of the donor.

In sectors where there are fewer potential customers that are consequently easy to identify, it may be possible to meet with the decision-maker in that organisation as part of the business development stage. You could respectfully ask if they have a preferred partner who could work with your company on the contract. This kind of 'reverse engineering' allows you to comply with local regulations and may fast-track your own progress. However, you should always follow up any recommendations with checks of your own.

When appointing a partner:

- Don't rely on your impressions from one meeting
- Find out whether the partner can provide the levels of access to customers that they claim
- Do your due diligence properly, know who you're doing business with
- Seek out the advice of multinationals, locally based professional services firms, or trusted business colleagues who may recommend a company for you
- Don't sign any legal agreements, even if your initial feeling is good
- Suggest a short-term engagement so you can more closely gauge the partner's effectiveness
- Clearly define roles and responsibilities of each party before working together
- Beware of using terms like 'exclusive' in contracts
- Regional exclusivity is not recommended as family or tribal networks are a key part of conducting business in the Gulf.



NEED TO KNOW

Thorough due diligence is essential before working with a new partner in the market. You will meet many potential partners in the early stages and you should conduct background checks in parallel with forming the relationships. Ask the hard questions before doing a deal. There is no equivalent to the CRO in the Gulf to allow you to carry out background checks. Enterprise Ireland can connect you with potential partners in your sector or advise you about people you may have met, or projects which may be of interest. It's also advisable to check with local law firms to do background checks on possible partners. Another option is to consult with members of Irish business networks in the region who may be able to guide you.

- Where you are required to do business through a partner or agent, this should preferably be a local who is well connected
- Don't sign agreements with anybody until you are sure they are someone you can trust and you can do business with, as extricating yourself from a contract can be difficult and expensive
- Don't give exclusive rights for all business activity on an ongoing basis
- Instead, try short trial periods with measurable outcomes to test the working relationship
- If you are entering into an agreement for one project, very carefully identify the collaboration for that specific activity and that specific contract.

Enterprise Ireland's office in Dubai can provide lists and can contact possible agents or representatives in the market. It can also broker contacts with [business accelerators](#) – experienced consultants with contacts and expertise in a particular sector who now provide their services to companies looking to sell into the region, or a subset of it. Some funding may be available to retain the services of a business accelerator. However, this is usually for a fixed term and you should set aside sufficient funding to continue working with this consultant beyond the initial contract in order to keep up momentum in the market.

Third-party distribution

Signing with an agent or distributor in the Gulf is not significantly more complex than other international business agreements, but it can be much more difficult to terminate. When doing so however, you should get the advice of a locally-based law firm to vet what you are doing, so you are covered in the context of domestic law. It's also wise to check that the distributor does not have other agreements with similar companies in your sector as well, as this could have an impact on how effective your sales presence is.

The key parts of the contract should have:

- a defined term
- a defined territory
- a performance related component (such as sales targets)
- right of termination
- a 'no competitor' clause
- a right of continuity option (an agent or distributor will probably seek to include this type of clause, subject to meeting certain targets).



NEED TO KNOW

If the contract is signed under local law, it is good practice to ensure you have an arbitration clause. This applies whether it is a supply contract or an agency agreement and is useful in the event of a dispute.

CASE STUDY: A local Irish partner in the Gulf

Douglas Collins, MENA President of Business Development, Gabriel Scientific

Gabriel Scientific has developed anti-MRSA pillows which have a unique patented bacteriological filter technology and are sold under the SleepAngel brand products. The company is represented in the market by Douglas Collins, who held senior positions in healthcare providers in Ireland for many years and now works in the UAE, using his high-level network of contacts in the market to build sales for Irish companies in this sector.

www.sleepangelworld.com

How did you start working for Gabriel Scientific?

“Gabriel Scientific’s product was presented to me and immediately I recognised its healthcare benefit and the research that had gone into it. Based on the network I had built up, I was able to take a presentation of the product and some marketing material, and start presenting it to individuals in the healthcare system where I thought there was a potential opportunity. The product itself was suitable for the retail market, the pharmacy market and the healthcare market. The first contract in the market was with one of the wealthiest pharmacy companies in region: Planet Pharmacy and that contract was for distribution of 15,000 units year one and 20,000 units after that. It’s worth about \$3 million to Gabriel Scientific. We also signed a manufacturing and distribution licencing agreement with Al Abbass, a long-standing Emirati group company with a bedding specialist in the region. That contract is worth \$10 million. Gabriel Scientific got early traction because the product was so good. You need to create right level of expectation within your company. When Gabriel Scientific engaged in the market, they assigned a budget, arranged a number of trips there and they created a strategy.

What routes to market are open to Irish companies, and what advice would you give about choosing the right one?

If you’re not you here you can’t win business. Leaning on resellers or distributors with no connection to your business is a mistake. The difference between success and failure in the Gulf is being present, understanding the culture, knowing that it’s different than doing business in Ireland or the US. It’s slower, and you have to build trust. There’s a subtlety to it. This is where local knowledge comes in. Having me on the ground, chasing these target markets – to arrive off the plane and do what I did, two years would very quickly be consumed up.

Distributors and agents generally have no real interest in the product or the emotion behind it, whereas I select the Irish companies and represent them, so I’m very much involved. A distributor will look for a high-volume, small margin product, see if there’s a space in the market to generate money

and when the next product comes along, they'll shift their sales team onto that. If you plan to work with a distributor, one of the big mistakes is to sign up for exclusivity where the term might be at least a year, but then no products are moving off the shelf. Write up a deal for a probationary period and while the first six months is difficult because you're looking at early market development, you could give yourself an exit clause after six months. Also, by having a second distributor doing similar work, you can compare like with like and you can see if it's your product that's wrong, is the pricing too high, or is it the other company that's the wrong fit.

How can Irish companies prepare for selling in the Gulf?

You have to have a unique value proposition associated with your product; it has to be distinctive, and solve a problem that's relevant to the Middle East market. They're simple questions, but they're critical to the market. The next point to ask is, are you export-ready? What I mean is, do you have sophisticated marketing material – and that should include brochures which are English and Arabic – a sophisticated website, very powerful PowerPoint presentations that capture the innovation associated with your product and the problem it solves, and do you have a very believable ROI model. The reason I emphasise that is, of all the territories I've worked in, decision-making is very much from the top down in the Gulf. A CEO won't even pass it down the food chain unless it has strong ROI. In the case of Gabriel Scientific, the product is three times more expensive than a regular pillow but it lasts five times longer, never needs to be laundered and it solves a HAI [hospital-acquired infection] problem.

And the ROI also forces the company to look at what is the price that the market can suffer. A simple example is, a regular pillow might be \$10, whereas ours is \$30, so why would anyone want to sell it? Only because you can show them it lasts longer. Also, you need to understand the pricing in the market: have you done research in similar competitive products and where they pitch themselves. The illusion of the Middle East is that it's flowing with money, but in fact the health authorities are on tight budgets, and the private hospitals are about making money.

What other advice would you give about the market?

The other big thing, which isn't often discussed, is that this is a hugely brand-driven culture. What drives brand is visibility and marketing, so your marketing material has to be top-notch. It was something Gabriel Scientific were very good at. You have to create an illusion about your product being the best in the world. They worked with an advertising professional who worked with good design houses and co-ordinated the whole effort to develop their adverts and marketing material. They spent a lot of money on a photo-shoot in Greece.

Bear in mind, some photography you might use in Europe may not be suitable for the Arab market. Using marketing material that's culturally sensitive is important. In Dubai, we ended up using an image of a mother with her two children – a nice, simple, soft image, shot very well. And we use a different image for the Saudi market. Even marketing material needs to be handled differently. I would say there's a respectfulness to have it translated into Arabic. My advice would be, put the budget into really high-impact material, and get the right team in to produce it. You have a short attention span with big decision-makers, so you have got to create that 'wow' factor quickly. ”

Establishing a local presence

There may come a time when the level of your business in the region warrants a more permanent base. The regulations governing foreign investment into Gulf countries typically require you to set up a company structure that is 51 per cent owned by citizens of that country – with the exception of Free Zones in the UAE where 100 per cent foreign ownership is permitted. (See Chapter 5, *Legal issues in the Gulf States*, for more information.)

Once you make the decision to set up a base of operations in the region, you have a lot of choice. In theory it's possible to base yourself in one location in the Gulf and commute as business needs dictate. In the UAE and Qatar, you can obtain a visa on arrival with your Irish passport and this allows you to travel within many Gulf countries, including Kuwait, Lebanon or Jordan, without difficulty. However you need to apply well in advance for a separate visa if you intend to visit the Kingdom of Saudi Arabia – even from another Gulf country.

LEGAL ISSUES IN THE GULF STATES



5. Legal issues in the Gulf States

Introduction

The legal systems in many of the Gulf States have traditionally been based on Islamic law, also called Shari'ah, and this remains the guiding principle for law throughout the region. As the Gulf has opened to international trade, various States have added legislation specifically to deal with commercial issues. Before entering into any legal agreement in a Gulf State, you should seek the advice of a locally-based law firm.

Key principles of Shari'ah Law

- **Freedom of Contract** Parties are generally free to negotiate their own terms of contracts. An exception will be where the activities are expressly prohibited
- **Fairness and Good Faith** Contracting parties must observe and maintain principles of fairness and equity in their dealings
- **Uncertainty** There should be no element of deception or excessive uncertainty in the contract
- **Agreements to Agree** Agreements that envisage the future consummation of an agreement or a material obligation may be considered uncertain and unenforceable
- **Speculation** A contract that involves speculation on a future outcome will generally not be permitted and considered void
- **Unjust Enrichment** Contracts where one party gains unjustly at the expense of another will be void
- **Interest** Under Islamic Law, contracts including clauses which provide for payment or receipt of interest will generally not be enforceable.

Setting up a business

If you intend to establish a company when your business reaches sufficient scale, the law in the region usually requires 51 per cent ownership by nationals of the state in which you plan to incorporate. The exception to this is in the UAE's Free Zones where 100 per cent foreign ownership is permitted.

The World Bank ranks the UAE 23rd and Qatar 48th for ease of setting up a business, and the former's position has improved slightly over recent years. Kuwait is in 104th place. Different entity structures encounter different legal requirements. In general, you should consider the following key areas:

- Best practice for when you first arrive in the Gulf is to set up a representative office as you enter the market
- Don't commit to a permanent presence until you obtain signed contracts for work
- Only at that point should you move on to a more permanent footing through a project branch office or setting up a LLC
- In certain countries such as Qatar, a representative office can only act as a 'shop window' or marketing function – this option is best used where much of the contract can be performed outside the country
- A branch office does not have a separate legal entity – it simply carries out business under your company's name
- In the UAE, you must have a service agent who is a UAE citizen
- The agent will provide services like obtaining licences, visas and other permits, and run the business of the office without assuming any financial obligation
- After that, the more permanent entity is a limited liability company (LLC)
- A LLC requires the involvement of a local partner who holds 51pc of the share capital
- All your staff will need to have residence and work permits
- In the UAE, it is possible to have 100pc foreign ownership in certain areas such as free zones.

CASE STUDY: Working with a joint venture in the Qatari market

Michael Looby, Managing Director Europe & MENA, and Rachel Kouyoumdjis, Business Development Manager, Byrne Looby Partners

Byrne Looby Partners is an international engineering services provider, delivering solutions for the water, marine, infrastructure and energy sectors. The company has been active throughout the Gulf for over 4 years building its presence in the market. Byrne Looby's turnover in the Gulf has grown to over €2 million as a result of commissions from Qatar Petroleum, the Royal Commission in Saudi Arabia and work on the prestigious STEP project in Abu Dhabi.

www.blpge.com

How did the company get started in Qatar?

“Following initial market research, the company decided that the Qatari market was attractive and market entry would be commercially viable for Byrne Looby. It was evident from the research that Qatar had significant wealth as a nation through hydrocarbon resources and was using this to invest in world-class infrastructure, providing significant opportunities for engineering services. Byrne Looby's team on the ground in Qatar was initially Sam Murdock, Director of Water Services, and Business Development Manager Rachel Kouyoumdjis, supported by administration and engineering teams in Ireland. Rachel came to Byrne Looby through Enterprise Ireland's Graduate for International Growth Programme, and moved to Qatar in September 2011. Initially Sam and Rachel focused on networking and meetings with clients, amassing contacts in the engineering sector. Company owner Michael Looby was also active in the initial market entry and spent a lot of time meeting clients in the region. The team focused on understanding client's problems and pitching their services. In early 2012, Byrne Looby started pricing projects in Qatar and developed contacts with ASCO, a local engineering company. ASCO was interested in Byrne Looby's service offering and awarded it a number of small commissions initially.

Why choose a joint venture for the market?

From past experience in other markets, we were aware of the challenges in identifying an appropriate local partner. Michael Looby explains: “My advice to anyone entering the Middle East market is not to be in a rush to partner, you need to be sure that the companies are compatible and that you can work together effectively. Building trust takes time but is very important.”

Initially, Byrne Looby worked with ASCO on a project-by-project basis. As the relationship between ASCO and Byrne Looby developed it was evident that there were compatibilities between the two companies. Rachel explains: “ASCO were very busy due to the large volume of work coming on-stream in Qatar. Our engineering capabilities complimented theirs and together we were able to deliver projects that neither of us could have delivered alone, so the relationship was mutually beneficial. We needed ASCO because it is not possible to undertake engineering services for the public authorities unless you are either an ‘International Consultant’, or a local registered consultant. They needed us to assist with expanding their range of services and providing extra capability to better take advantage of market opportunities.”

ASCO holds a licence as a Grade A Engineering Consultancy in Qatar and have excellent contacts in the market and a good reputation, which provided Byrne Looby with access to the market which would otherwise have taken years to develop. Following the delivery of a number of projects with ASCO the companies decided to form a joint venture in June 2012 which saw Byrne Looby's local staff move into ASCO's offices in Doha.

What are the advantages of this arrangement?

There are many advantages in setting up a joint venture with a local company for foreign companies in Qatar. Rachel explains: “To set up a JV company in Qatar, you usually need a vehicle where you have minimum 51 per cent Qatari ownership and 49 per cent ownership by the foreign company. That's probably one of the easiest ways to set up. You could set up an international office but that would take much longer and there are more requirements, such as having four branches other than the head office. We consulted with a number of law firms to see the most viable option with least risk.”

ASCO has good contacts with other contractors and important clients such as Government authorities. Byrne Looby has observed that in Qatar the local authorities are cautious and prefer to appoint projects to proven companies with local experience and with whom they are familiar. Working with ASCO, which has over 40 years' experience in the Qatari market, is very beneficial. ASCO also has local knowledge of clients and their credit histories, which significantly reduces risk and exposure for Byrne Looby. Bad debts coupled with initial start-up costs can easily end a company's chances in a new market. Partnering with ASCO has allowed Byrne Looby to maximise its focus on engineering delivery and reduce the time spent on administration and company set-up in Qatar – facilitating better returns and reducing working capital requirements through realisation of early revenue streams.

In what ways is the market different to Ireland?

Rachel notes that there are cultural differences in Qatar compared to Ireland. "Seniority is important on both sides, when you meet the Qataris you need to bring your senior team and decisions are only made by senior staff in the Qatari company, so you need to be careful that you're speaking to the right person. Mobile numbers are important in Qatar as secretaries and switchboards are hugely difficult to navigate." Rachel is Lebanese, and speaks Arabic, noting: "speaking Arabic is not essential but can be helpful where you have meetings with Arabic nationals who aren't confident about their English. However the majority of people in Qatar speak English." Although the engineering industry is male dominated Rachel doesn't find it difficult as a woman in Qatar. "Sometimes it can even be helpful because people tend to be more likely to remember you."

Local presence is very important; it shows commitment to the market, Rachel adds. "It's important to show you're not just here to make money and leave but that you're here to help and will be here for a long time. Picking the right companies to do business with is important also, do your research and develop an understanding of the market; Enterprise Ireland advisors can assist you in that."

Physical presence is important too, even for the shortest meetings. Having a person based in Qatar who can quickly attend a meeting when required can't be underestimated. The clients really want to be assured that you are here in Qatar working on their project. In one case I was asked to visit a perspective client an hour after a phone call with them, in that instance if we weren't able to visit, we probably wouldn't have been awarded the project.

Connecting with other Irish businesses in the Gulf can be very beneficial. The Irish diaspora is significantly growing in Qatar and throughout the Gulf. Michael Looby is on the Irish Saudi Arabian Business Council and Rachel is a member of the Irish Qatari Business Council. Events organised by these groups can provide excellent networking opportunities and allow for shared learning from experiences in the region. ”

Regulations for importers

Companies looking to export goods to anywhere throughout the Gulf Co-Operation Council member states must complete a Certificate of Origin and provide this along with a signed invoice. [The Arab-Irish Chamber of Commerce](#) can help with this. The document effectively acts as a passport for goods entering the region and they apply to almost all products, with some exceptions such as software and services. The necessary certificates (a sample is available in the Appendix) must be obtained from and certified by the AICC in Dublin and if required, the Chamber can organise legalisation through the appropriate Embassy. For now, this is mostly a paper process although there are moves to introduce electronic documents. The AICC will advise and help you follow the procedures that will help your goods make their way through customs more efficiently, as it can be an expensive process if your goods are held in customs because your documents are not filled out correctly. Supply of goods and equipment to anywhere in the GCC region is subject to a 5 per cent customs duty.

Tax

A common misconception about the Gulf is that it is a tax-free environment, but this is not always the case. Qatar, Kuwait and Oman all have tax systems; however, the UAE and Bahrain do not. There are Double Taxation Agreements in place between Ireland and the UAE and with Bahrain. Agreements have been signed with Kuwait and Qatar but are not yet ratified. Here are some general points to

consider. More details can be found at Ernst & Young's online Corporate Tax Guide which has pages for the [UAE](#), [Qatar](#) and [Kuwait](#).

- The [federal government of the United Arab Emirates](#) imposes no taxes
- Several of the Emirates have free zones which offer tax and business incentives aimed at making the UAE a global financial and commercial centre
- The free zones include the Dubai Airport free zone, Dubai International Financial Centre, Dubai Internet city, Dubai media city, Jebel Ali free zone. There are around 30 free zones located in Dubai alone
- The incentives usually include tax exemptions for a guaranteed period, the possibility of 100 per cent foreign ownership, absence of customs duty within the free zone, and a 'one-stop shop' for administration services
- In Qatar, income is subject to tax at a standard rate of 10 per cent. The capital gains tax rate in Qatar is 10 per cent
- Within 30 days of beginning a taxable activity in Qatar, a taxpayer must register with the [Qatar tax authorities](#) and obtain a tax card
- Withholding tax in Qatar is at two rates: royalties and technical fees (5 per cent) and interest payment, directors' fees, brokerage, commissions and other payments with respect to contracts for services conducted partially in Qatar (7 per cent)
- Dividends in Qatar are not taxed
- Kuwait levies no personal income taxes but does levy corporate income tax on foreign incorporated bodies
- Kuwait has an effective corporate tax rate of 15 per cent
- [The Kuwaiti Government](#) has also provided several other tax benefits to new and existing foreign capital investment projects
- Capital gains on the sale of assets and shares by foreign shareholders are treated as normal business profits and are subject to tax in Kuwait



NEED TO KNOW

Once you trade in the Gulf States, particularly if you are supplying goods or equipment and then installing and servicing those goods, for tax planning purposes you may want to make a distinction between supply revenues and service/installation revenues. In this case, you may be able to ensure supply revenues would be exempt from tax, subject to your contracts being structured so as to identify them separately. In cases where customers do not wish to deal with two contracts, you should include a very strict separation of fees in the appendix of the contract, describing the scope of work, and identifying the revenues pertaining to each part.

Exchange controls

Exchange controls

There are no exchange controls in the UAE, Qatar or Kuwait.



NEED TO KNOW

You can remit any income you earn back to Ireland from the Gulf States, and there is no risk of trapped currencies. You can buy all currencies, convert into euro and any funds you hold in the region can be remitted to Ireland without any barriers.

Immigration/Visa

Many of the Gulf countries including the UAE and Qatar provide Irish or EU passport holders with a visa on arrival in the airport, but you should check beforehand whether you require an invitation from a sponsor company to visit – this may be the case in Kuwait and you will need it if you intend to travel to Saudi Arabia, even from within the Gulf. Enterprise Ireland or the AICC can assist you with this process.

- The Department of Foreign Affairs and Trade strongly recommends that you obtain comprehensive travel insurance to cover all overseas medical costs before travelling to the Gulf
- Check any exclusions, and that your policy covers you for the activities you want to undertake
- Travellers should ensure their passport is valid for at least six months from their intended date of departure
- Your passport must not contain any reference to travel to Israel
- Ensure you have two blank pages in your passport to leave space for your visitor visa if you intend to visit the Kingdom of Saudi Arabia when travelling from other Gulf States.



NEED TO KNOW

While many markets in the Gulf are heavily reliant on expatriate workers, many Governments throughout the region are making broad moves to create more employment opportunities for nationals. Inform yourself about the situation that pertains in the country where you intend to do business. Some of the incentives may not be as strict as in the Kingdom of Saudi Arabia where the Saudisation process obliges international companies to show they have specialist skills that aren't otherwise available in the market, but you may encounter them elsewhere in the Gulf. The upside to this is that, for Irish companies trading on their subject matter expertise, including a 'knowledge transfer' component in your offer that involves training or up-skilling nationals can make it more attractive to the customer.

6. Growth Sectors

Introduction

A theme across much of the Gulf States in the years to come will be one of reducing dependence on oil and gas as sources of revenue. To that end, many Gulf States that have traditionally relied on these natural resources are now instigating programmes aimed at diversifying their economies – and are putting serious investment towards that goal. Even as these initiatives take shape, the nature of these markets means they must still import much of what they consume. At the same time, the population across the Arab world is rising much higher than the average rate of worldwide growth. By 2050, it's estimated that there will be 120 million more consumers throughout the Arab markets than there are in the EU, creating demand for a wide range of products and services.

To indicate the scale of the opportunity, the United Arab Emirates' GDP was €360 billion in 2012 – an increase of 4.9 per cent from the previous year. Moodys Investors Service is forecasting a non-oil GDP rise of 4.8 per cent in 2014. This is a strong recovery from the crash experienced by Dubai in 2008, and the city has been boosted by trade, logistics and tourism. Abu Dhabi, the more oil-rich of the two, was better insulated against the effects of this crisis.

In the first half of 2013, official statistics show Dubai's economy grew 4.9 per cent. The emirate's housing and infrastructure markets are also expected to see a lift thanks to the emirate winning the 2020 World Expo. The Government has set aside €7 billion to pay for exhibition-related infrastructure, and some forecasts anticipate the lift could translate to an additional €28.8 billion in the local economy and the creation of 277,000 jobs.

As for Qatar, Morgan Stanley Capital International recently upgraded the State (2012 GDP: \$173 billion) from frontier-market to emerging-market status. Observers say this is likely to bring further foreign capital into the emirate. The awarding of the rights to host the Football World Cup in 2022 – which itself is creating large-scale construction projects – is also imposing a deadline on several other infrastructure initiatives such as new and revamped roads, an airport and deep-water seaport, in addition to a national rail network and metro. Qatar expects to spend close to 10 per cent of its \$173 billion GDP on infrastructure between 2012 and 2016. In October 2012, the Qatar Foundation launched the Qatar National Research Strategy (QNRS) to transform the country into an international centre for R&D excellence and innovation. Though small geographically, Kuwait holds around 10 per cent of the world's oil reserves. It too is developing its infrastructure. This chapter focuses primarily on the opportunities for Irish companies in the UAE and Qatar.

ICT

Throughout the Gulf States, telecoms and ICT infrastructures are expanding as Governments have invested in their development, increased market liberalisation and eased restrictions on foreign company entry. Almost all of the countries throughout the Gulf now allow public access to the Internet, and the late start is being compensated for with phenomenal rates of growth – typically averaging 10 per cent per month. The rapid rise of Internet use has translated directly into increased demand for both regular telephone and special broadband infrastructure. The UAE's ICT industry is growing at a faster pace than in other Gulf States, thanks to the openness and liberalisation of its market. The UAE also has the advantages of competitive labour costs and good infrastructure: Dubai Internet City and Silicon Oasis in Dubai have world-class infrastructure and are among the most attractive ICT hubs in the entire Middle East region. Qatar is currently fourth in ICT penetration rates among the Gulf States, behind Bahrain, the United Arab Emirates and Kuwait.

- ICT spending throughout the wider Middle East region is projected to reach \$192 billion in 2013 – a 5.5 per cent increase from 2012, according to Gartner
- In the UAE alone, 2013 ICT sector spending is predicted to be \$14.8 billion
- Mobile device sales are forecast to grow 64 per cent between 2013 and 2016, reaching \$32.7bn
- In 2013, Middle East software spending was expected to rise by 7.1 per cent over 2012
- The UAE's telecoms market has grown from \$8.2 billion in 2005 to \$13.6 billion in 2012: a 20 per cent rate of annual growth

- The IT services sector in UAE is expected to generate revenue of \$2.3 billion in 2013.

Opportunities for Irish companies

Analysts say the region's software market is being driven by areas such as security and storage management. What's more, strong IT demand is expected from vertical industries such as banking and Government in 2013, and as Gulf States continue to develop the non-oil GDP part of their economies, increased reliance on IT will happen to spur this growth. Major sub-sectors of IT services include systems integration services, software support and installation, hardware support and installation, and outsourcing. The Government as well as the finance, construction, agriculture and mining sectors use IT services in the country. The prominent and growing ICT areas include mobile, video and data services.

There are around 300 providers of telecoms solutions in Ireland, of which just 60 are currently active in the Gulf markets. Enterprise Ireland plans are to double the number of Irish technology companies selling into the Gulf States by 2015. There is a growing number of Irish companies selling to sectors such as energy, travel and tourism, mobile marketing, advertising and education. Software providers using cloud computing and Open Source technology are at an advantage because the cost for them to serve international markets is much lower. Other opportunities exist for specialists in information security, e-health, transport management, machine-to-machine communication and gaming software.

Aviation

The Gulf States are one of the world's leading aviation markets, owing to the presence of some of the world's fastest-growing airlines including Emirates, Etihad, Qatar Airways, Air Arabia, Royal Jordanian and Gulf Air. For example, it is estimated that the UAE's twin national carriers Etihad and Emirates between them operate close to 1,000 flights per week to Africa. The infrastructure needed to serve these rapidly expanding airlines is also being put in place to cope with tens of millions of passengers every year. As the UAE focuses on tourism to the region, allied to Qatar's expansion, this growth looks set to continue.

- The UAE is the region's largest aviation market
- Emirates and Etihad share more than 5 per cent of the world's large commercial aircraft orders between them
- Passenger traffic growth in the UAE is expected to average better than 10 per cent annually over the next two years, behind only China and Brazil
- Dubai Airport aims to be the world's largest in terms of international passengers by 2015, aiming at close to 100 million passengers per year by 2020
- Boeing projects the Gulf region will need 36,000 new commercial pilots to fly 2,500 new aircraft over the next 20 years
- All of the major regional aviation Trade Exhibitions take place in Dubai, including the Dubai Air Show, AIME, MRO, ATM and MEBA.

Opportunities for Irish companies

The Gulf States are a priority market for sales from Ireland's aviation sector which comprises more than 150 companies. As a market, aviation is divided into four key areas: maintenance, repair and overhaul (MRO) services for airlines and repair shops; buyer furnished equipment for airlines and technology for airlines. The opportunities range from engineering work, through to travel technology systems for airlines, business and consumer services that cover recruitment and training, and financial services such as payment processing systems. Irish companies in this space can further strengthen their case by offering a co-ordinated one-stop shop approach that looks at the entire market comprising both airlines and airports. Providers are also encouraged to leverage Ireland's strong reputation in low-cost flying, aircraft leasing, duty free retailing and engineering.

Financial services

The United Arab Emirates is the dominant player in financial services in the Gulf, thanks to the presence of the Dubai International Financial Centre which has acted as a magnet for infrastructure, services and skilled staff. The UAE's banking sector is stable, with an asset-to-deposit ratio of close to 70 per cent. There are 46 commercial banks operating in UAE; a mix of local and international players.

The market is competitive, with many international banks, investment and legal firms operating there. In addition, a large number of solution providers and vendors have Middle East hubs in the UAE.

- The total Gulf Co-Operation Countries investment pool has been estimated at \$2.9 trillion
- There are 50 Ultra High Net Worth Arab Families in GCC, representing \$251.87 billion in investable assets
- Abu Dhabi's financial district is now operational and competes for asset management services with DIFC in Dubai
- The two biggest local banks are Emirates NBD and National Bank of Abu Dhabi
- There are 25 financial investment companies, and sovereign wealth funds such as ADIA
- Qatar's banking sector consists of 15 commercial banks, including seven locally-owned banks that account for around 80 per cent of the sector's total assets
- Qatar plans to compete with Bahrain and the UAE for financial services in the next five years.

Opportunities for Irish companies

The UAE is the main region of focus for Irish companies looking to do business in the Gulf. This is mainly concentrated on financial software for banks and investment institutions, along with payment systems. Local banks in the UAE are growing rapidly. They have the budget and need for technology and service solutions around mobile banking, information and data security, offerings in governance, risk and compliance, anti-money laundering and 'know your customer' systems as well as cash payment, and payments technology.

Life sciences

Healthcare investment is increasing throughout the Gulf region as a whole, with some estimates projecting triple current spending to \$143 billion by 2018. The UAE itself is facing new healthcare challenges, beyond the issues of providing sufficient hospital and primary care facilities, state-of-the-art technology and universal free care, at least for its own nationals. Qatar is one of the region's leading spenders on healthcare per capita. Its National Health Strategy takes a multi-pronged approach; first, to deliver a world-class health system, to introduce an integrated high-quality and affordable healthcare system accessible to all, a national health policy that sets and monitors healthcare standards, a skilled national workforce in the sector and high-calibre research to improve the effectiveness of healthcare.

- In the UAE, childhood obesity is a growing problem, and is likely to accelerate the rise in cardiovascular disease and diabetes in the adult population in the future
- By 2030, the WHO estimates that almost 20 per cent of the UAE population is expected to be diabetic
- The UAE is facing a serious shortfall of doctors and medical staff, according to RNCOS
- The low ratio of doctors to patients in the UAE means 13,000 new doctors will be needed within the next two years
- The UAE healthcare's industry is currently expanding at a CAGR of more than 16 per cent and is expected to reach a total value of \$14.6 billion by the end of 2014
- According to Qatar's Supreme Council of Health, healthcare expenditure in the State increased from \$2.6bn in 2010 to \$3.3bn in 2011, with the Government funding 84 per cent.

Opportunities for Irish companies

Ireland's life sciences sector is seen as one of the most dynamic and vibrant sectors in Europe and it is one of the leading exporters from this country. The sector is also a steady source of start-up activity. Across the sub-sectors, there are companies which have very strong potential to export to the Gulf States, ranging from medical device providers to health IT specialists, and diagnostics companies. The opportunity also crosses over into construction, as the levels of investment required for various Gulf States' healthcare systems call for many new hospitals and medical facilities. Irish engineering and project management expertise are well matched to such complex developments.

Cleantech

Investment in water production, energy efficiency and alternative sources throughout the Gulf region is now at an historical high due to a rapidly rising population – twice the global average growth rate – a trend towards urbanisation and the realisation that natural resources must be conserved for future generations.

- Water consumption in the region is the third highest per capita in the world
- Abu Dhabi has the highest per capita consumption of water in the world in a region where water availability is forecast to halve between now and 2030
- Abu Dhabi is the regional leader in terms of pursuing alternative energy options
- Construction of a \$20bn nuclear plant is under way and its first 100mw of solar capacity came on stream in 2012
- Dubai Electricity and Water Authority's first 10mw solar project commenced in 2012, costing \$33m, and the entire project will require a total investment of \$3.5 billion
- Kuwait is planning to develop a 280MW concentrated solar power plant in Al-Abdaliya, at a cost of €3.3 billion.

Opportunities for Irish companies

Cleantech is a sectoral opportunity under active development in the UAE. There is a need for expertise in this area, particularly involving water, given its scarcity in much of the Gulf region and its growing population. Experts expect water availability to halve due to population growth and urbanisation. This is driving investment in infrastructure and the capability to treat water, recycle it and manage it efficiently.

SELLING TO THE GOVERNMENT IN THE GULF STATES



7. Selling to the Government in the Gulf States

Introduction

For now, many of the Gulf States' economies remain under Government control, although there are moves to liberalise certain sectors. As such, many Irish companies doing business there may find themselves dealing with the State at some point. In this section, we briefly outline the Government structures in some of the Gulf States and offer advice on successfully working with their public procurement systems.

Frameworks

In Kuwait, tendering procedures work as follows: the Government department with responsibility for a project draws up the tender specifications. Notices are published in the Official Gazette (Kuwait al-Yaum) and online at the [State's eGovernment portal](#), with a short description of the project and invitation to contractors to pre-qualify.

Frameworks

UAE

Independent since 1971, the [UAE](#) is a federation of seven constitutional monarchies, each governed by an Emir which is a hereditary post. The [Cabinet of the United Arab Emirates](#) is also called the Council of Ministers, which is headed by the Prime Minister. There are some differences in local Government which vary by emirate, and each has some autonomy.

[Dubai](#) manages its entire procurement process online, through its official procurement portal [eSupply](#). All suppliers working with the Government can use this site as a single point of contact with the Government – covering 35 departments and more than 1,000 procurement professionals. By signing up to this channel, you can receive email alerts on new tenders, access tender documentation online and bid for contracts.

In [Abu Dhabi](#), the Government offers both public and restricted tenders. Public tenders are based on principles of openness, equal opportunity and freedom of competition. Public tenders can be global – widely advertised and open to all. In restricted tenders, bids are only sent to registered suppliers and contractors.

To qualify to work with any Government entity in Abu Dhabi, contractors and suppliers must register with the suppliers and contractors registry at the appropriate department by completing a pre-qualification application form and submitting it to the procurement department. Before doing so, they must have obtained all necessary licences from the [Department of Economic Development](#) (DED) or the [Abu Dhabi Chamber of Commerce and Industry](#) (ADCCI).

Qatar

[Qatar](#) is an absolute monarchy. The Emir of Qatar is both Head of State and Head of Government. Elections had been due to take place in 2013 but were indefinitely postponed after ruler Sheikh Hamad bin Khalifa al-Thani instead abdicated in favour of his son, Crown Prince Tamim.

In recent years, the Qatari Government has passed legislation aimed at reducing the red tape for businesses looking to apply for contracts and tenders. Qatar's [Central Tenders Committee](#), under the control of the Minister of Finance, manages a significant portion of Government tenders and contracts. [Ashghal](#) is the public works authority, managing the planning, design, procurement, construction, delivery, and asset management of all infrastructure projects and public buildings in Qatar. This investment is expected to exceed €100 billion over the next five to seven years.

Kuwait

[Kuwait](#) is a constitutional emirate. Its Head of State is the Emir or Sheikh which is a hereditary office. The Prime Minister is assisted by a cabinet. Key ministries include Business & Trade, Defence, Economy, Education, Endowments & Islamic Affairs, Environment, Finance, Interior, Justice, Labour, Municipal Affairs & Urban Planning, and Public Health.

Tips for exporters

- Local partners are mandatory for working with the Government in the Gulf
- Personal relationships are key to doing business in the Gulf
- Bidding for work at a National Government level can be a slow process
- You may deal with several layers of Government before meeting the key decision-maker.

HOW ENTERPRISE IRELAND CAN HELP YOU SUCCEED IN THE GULF STATES



8. How Enterprise Ireland can help you succeed in the Gulf States

Enterprise Ireland is committed to assisting and supporting our clients in entering new markets and expanding in your current markets. Our team of experienced marketing professionals in our network of overseas offices is ready to help you. An overview of our service offering is listed below:

Pre-visit support

Enterprise Ireland can provide:

- A sector overview
- A validation of the opportunity for your product/service
- An evaluation of your market entry strategy
- Suggested channels to market
- Competitor analysis
- Relevant contacts/suggested itinerary
- Summary of relevant market information resources.

In-market support

Services available include:

- Introductions to buyers and decision makers
- Identification of potential partners
- Facilitating buyer visits to Ireland
- Assistance with product launches/workshops
- Securing reference sites.

International trade events programme

Every year, Enterprise Ireland organises an extensive programme of events to support your business abroad. These include:

- Inward buyers missions to Ireland
- Group stands at important international trade fairs
- Overseas trade missions
- Study visits to gain knowledge of overseas markets
- Client knowledge events including seminars and workshops
- Networking events to build and enhance relationships with market contacts.

Further information is available at: www.enterprise-ireland.com/events

International market contacts

Enterprise Ireland has built up an excellent network of individuals in the Gulf States who are available to work with Irish client companies on developing their business. This includes market and sector specialists, [business accelerators](#) and members of Irish business associations.

Additional supports

We can offer additional supports in the following areas:

- Access to translation and interpreting services
- Introductions to specialist expertise such as legal, recruitment, public relations and taxation
- Access to mentors.

For further information on the services of Enterprise Ireland overseas, please go to www.enterprise-ireland.com/export.

Contacts in the Gulf States

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While every effort has been made to ensure the accuracy of the information contained in this publication, Enterprise Ireland accepts no responsibility for errors or omissions.

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