



International
Business
& Trade

Doing Business in the Middle East: opportunities for Italian firms in the UAE - with a focus on renewable energy

Group 9

Presented By



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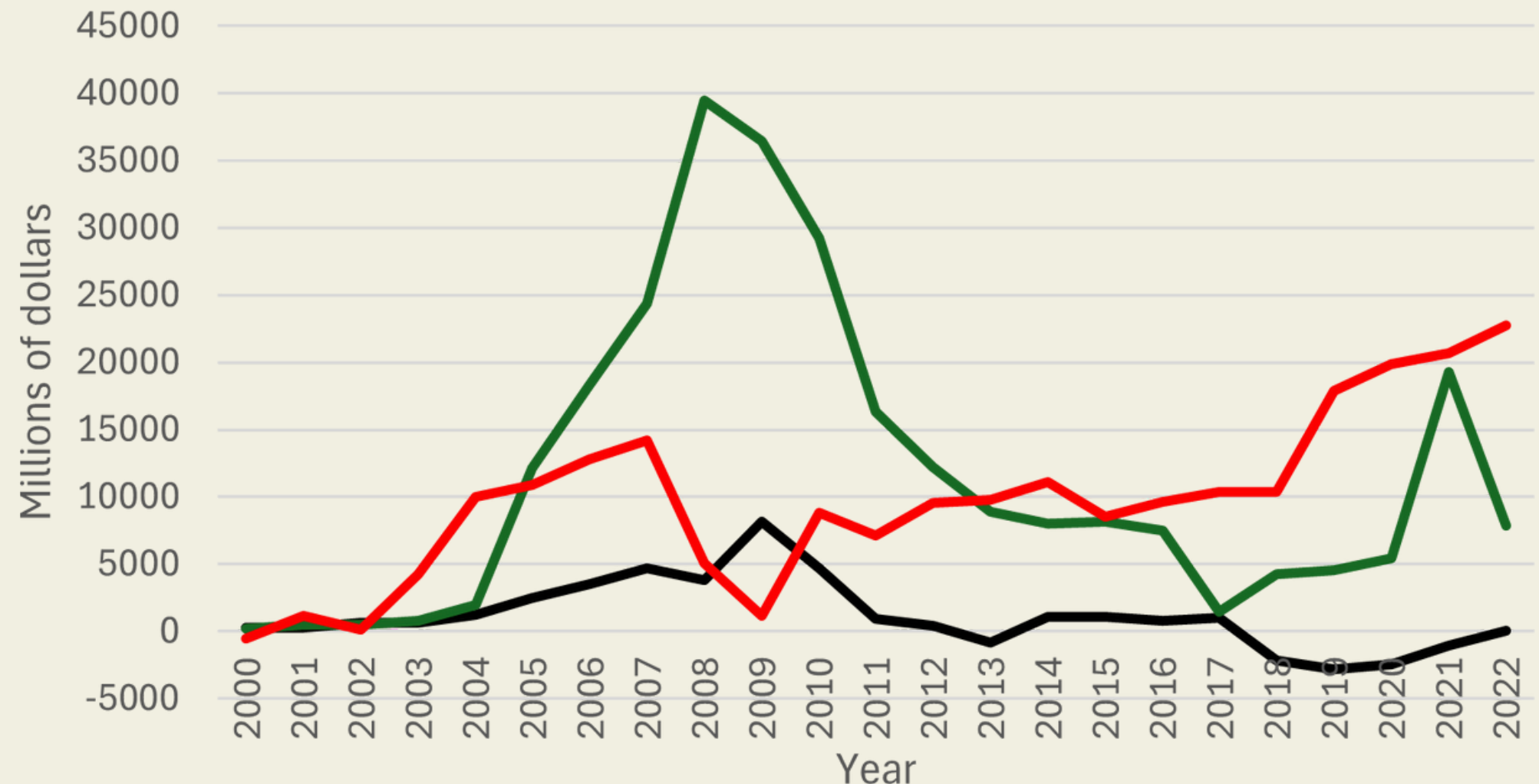
Presentation Topics

- UAE - Country overview
- Business Environment
- Reasons for Italian firms. to invest in UAE
- Italian Export towards UAE - Current situation and opportunities
- Renewable Energy in the UAE
- The Enel Case
- Managerial Implications & Conclusions
- Bibliography & Scientific Articles

United Arab Emirates (UAE) - Country Overview



Surface: 83.600 kmq
Population: 9.99 milioni
Pop. desity: 112,7 ab/kmq
Language: English and Arab
Currency: Arab Emirates Dirham (AED)
Capital city: Abu Dhabi
Institutional Form: Confederation of seven Emirates.
Member of: GCC, OCI, ONU, WTO e OPEC
Religion: Islam



FDI in Qatar, Saudi Arabia and UAE 2000-2022

— Qatar
 — Saudi Arabia
 — United Arab Emirates

GDP

\$507 billions
(29th)

GDP growth

7.9% (annual)
(33rd)

GDP per capita

\$53.708
(24th)

Unemployment

3.0%
(33rd)

Business Environment



RELIGIOUS VALUES

- ✓ Risk aversion
- ✓ Regional vs international approach
- ✓ Networking Strategies
- ✓ Regulatory Environment
- ✓ Proactiveness and hard work



LEGITIMACY

- ✓ Culture Integration
- ✓ Localization
- ✓ Institutional pressure
- ✓ Balancing efficiency and legitimacy

Reasons for Italian firms to invest in UAE



TAXATION

Currently, the UAE does not have a federal corporate income tax system. Taxation is regulated locally by each individual Emirate. income tax can be applied to all companies at rates of up to 55 percent. VAT was introduced starting in 2018 at 5 percent for standard goods,



SIMPLIFIED CONSTITUTION PROCESS

The new law also allows a much more streamlined bureaucratic process for the incorporation of foreign companies and removes the requirement for joint stock companies to have an Emirati president and majority of the board of directors.



FREE TRADE ZONES

Companies can be wholly owned by foreign investors, benefiting from tax exemption for a period of between 15 and 50 years. There is no exposure to any tax burden on dividends distributed to shareholders, natural or legal persons. Moreover, there are also no corporate taxes for no less than 15 years, and no currency restrictions or customs duties.



VISA REFORM

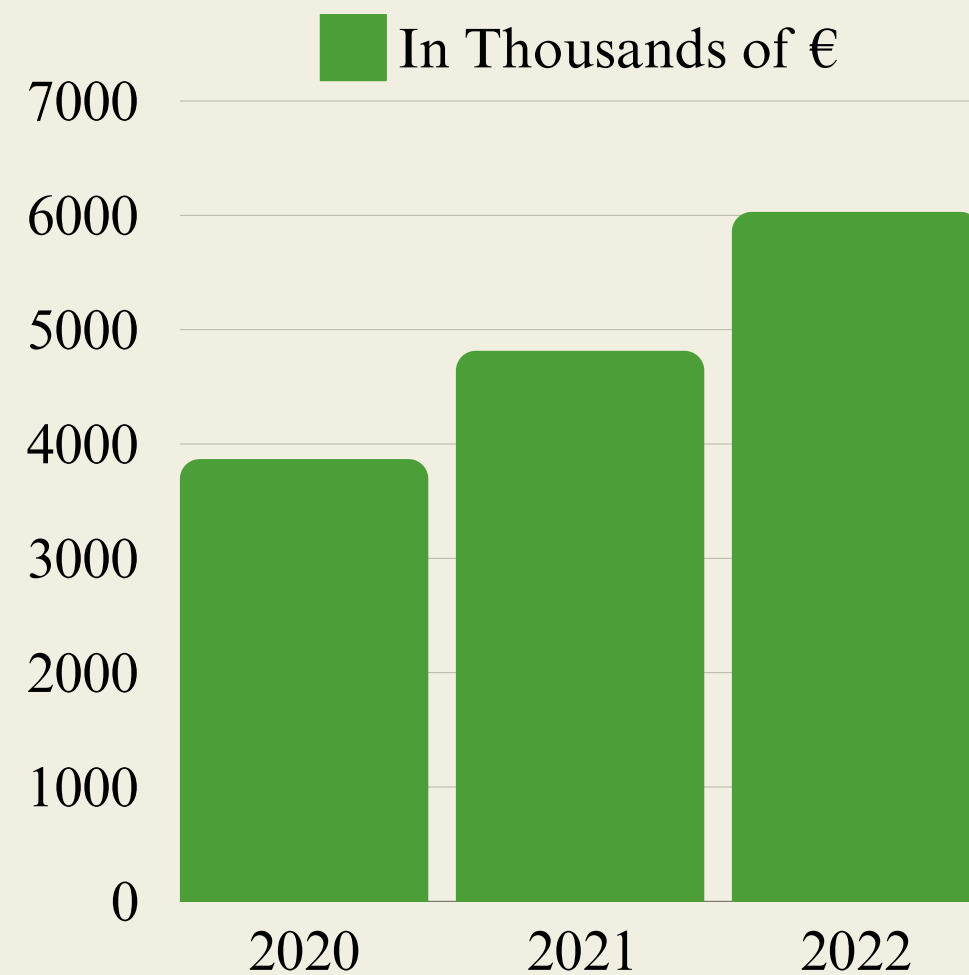
This is based on the issuance of the new "Green Visa," aimed at qualified professionals, investors, and entrepreneurs. They will be able to sponsor themselves even in the absence of a relationship of dependence on a company, and the issuance of the "Freelancers Visa" dedicated to the self-employed in niche sectors (e.g., artificial intelligence, blockchain, fintech).



NEW LAW ON FDI

Reform granting foreign investors the ability to hold up to 100 percent ownership of local businesses

Italian Export towards UAE - Current situation and opportunities

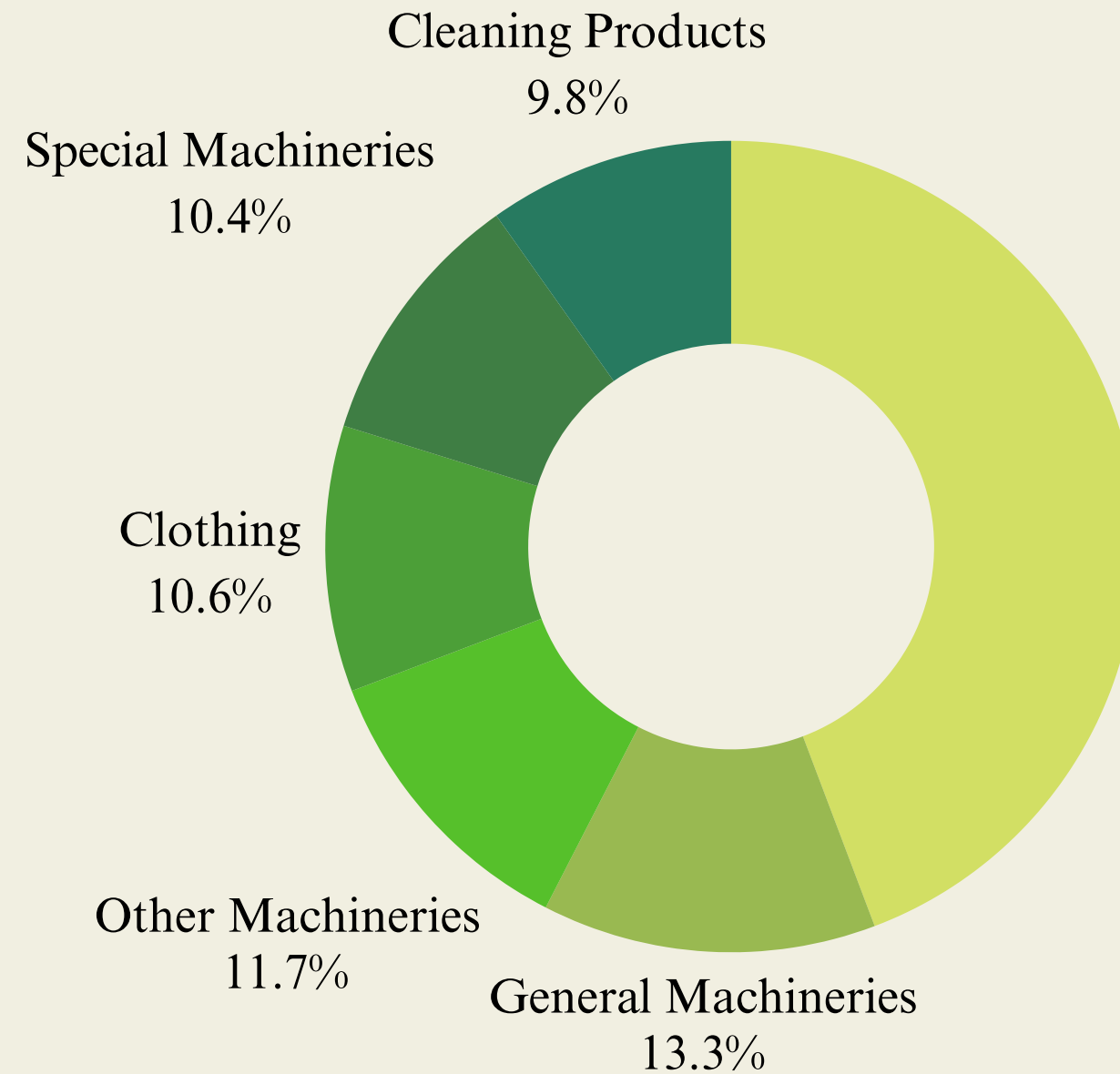


24th

Destination of Italian Export

1st

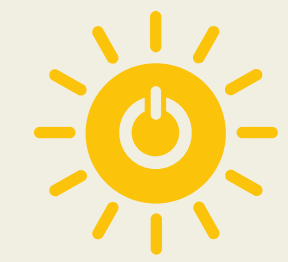
Destination for Italian Export in MENA



Machineries



Infrastructures



Renewable energy



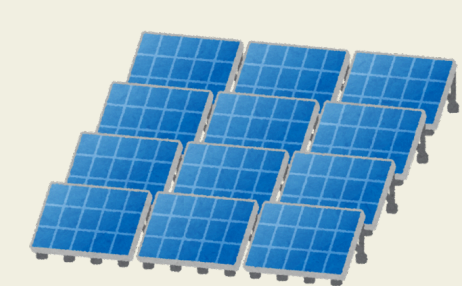
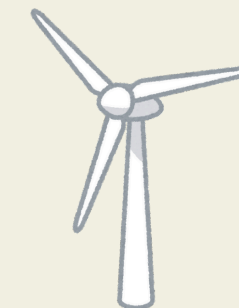
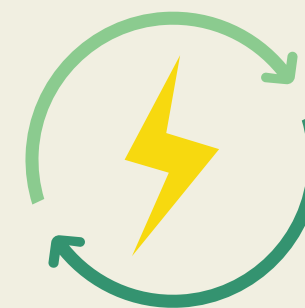
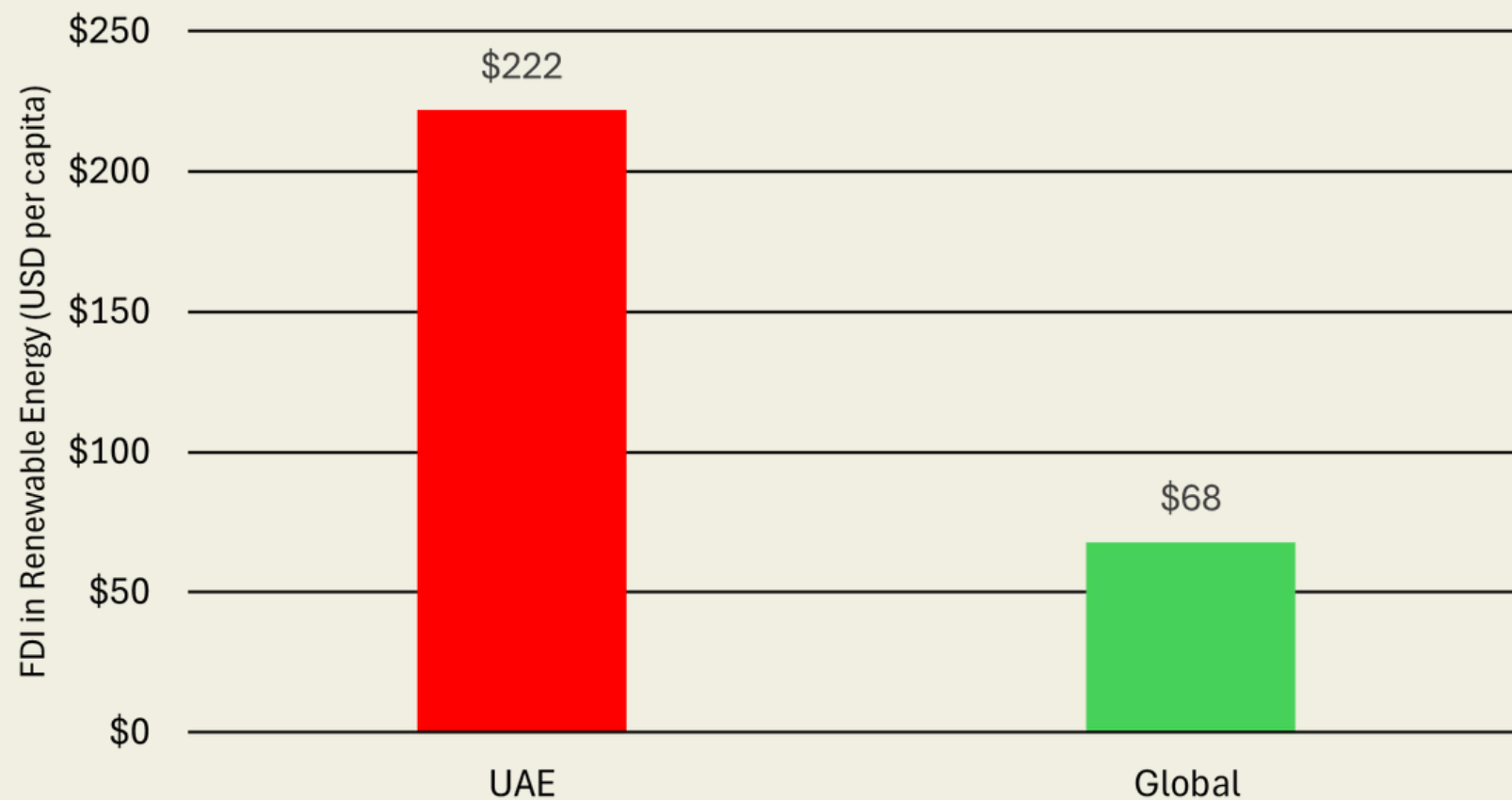
THE GLOBAL GOALS



Renewable Energy in the UAE

- Total of \$36 billion FDI in green energy (2022)
- Key projects: Mohammed bin Rashid Al Maktoum Solar Park, Masdar City, Al Dharfa PV2
- High per capita impact due to significant projects
- Cop28 has positioned the UAE as the top investment destination for energy (The National, 2024)
- Strategic Initiatives: The UAE's significant investments in renewables are part of its strategy to diversify its energy mix and reduce dependence on fossil fuels
- Leadership Role: As a leader in renewable energy adoption in the Middle East, the UAE is setting a precedent for other countries in the region to follow

per capita FDI in renewable energy





- Enel is an Italian leading global energy company with a strong focus on renewable energy
- 2024-2026 strategic plan
 - Enel is focused on expanding its renewable energy capacity and enhancing grid infrastructure
- In the UAE, Enel has been targeting solar energy projects, leveraging the region's abundant solar resources
- contribute to the UAE's ambitious goals for renewable energy deployment
- Investing significantly in solar and wind energy projects
- Enel targets mainly solar projects in the UAE



Enel's Renewable Projects in the UAE

- Al Dhafra Solar Project:
 - Location: 35km south of Abu Dhabi.
 - Capacity: 2GW, one of the world's largest single-site solar plants.



"Our commitment to renewable energy in the UAE underscores our dedication to fostering sustainable development and supporting the region's ambitious energy transition goals." Francesco Starace, former CEO of Enel

Managerial Implications & Conclusions



UAE: THE BEST CHOICE

- Visa and FDI reforms
- Favorable taxation
- Government incentives



THE ROLE OF RENEWABLE ENERGY

- Intensely growing market
- Many opportunities in the region



THE IMPORTANCE OF STRATEGIC ALIGNMENT

- Enhance the relationship with local stakeholders
- Gain support from the government



ENTRY MODE: A GRADUAL APPROACH

- Peculiarities of a religious environment
- Importance to respect the local business cultures and norms

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