

United Arab Emirates

World's 10th-largest FDI destination -- strategic gateway bridging Middle East, Africa, and South Asia

Investment Cooperation Guide -- United Arab Emirates (2026 Edition) | Published by AERI

Executive Summary

The UAE has risen to become the world's 10th-largest foreign direct investment (FDI) destination, attracting USD 45.6 billion in 2024 (up 48.5% year-on-year). Dubai has ranked first globally for greenfield investment project numbers for eight consecutive half-years. China has been the UAE's largest trading partner for multiple years, with non-oil bilateral trade exceeding USD 100 billion for the first time in 2025, reaching USD 111.5 billion (up 24.5% year-on-year). The UAE offers Chinese enterprises exceptional opportunities in economic diversification, digital economy, and green transition.

Part 1: UAE Country Overview

1.1 Basic Information

- Capital: Abu Dhabi (federal capital); Dubai (commercial capital)
- Area: 83,600 km²
- Population: Approximately 10.2 million (2024), with expatriates comprising approximately 88%
- Official language: Arabic; English widely used in business
- Currency: UAE Dirham (AED), pegged to USD at 3.6725 AED/USD
 - Political system: Federation of seven emirates -- Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain, Ras Al Khaimah, and Fujairah

1.2 Economic Overview

- GDP (2024): Approximately USD 530 billion
- GDP growth: 4.0% in 2024
- Non-oil GDP share: Over 70%, reflecting successful economic diversification
 - Key sectors: Financial services, real estate, tourism, logistics, trade, manufacturing, renewable energy

1.3 China-UAE Relations

China and the UAE established a comprehensive strategic partnership in 2018. Key milestones include:

- UAE was among the first countries to support the Belt and Road Initiative (BRI)
- Bilateral non-oil trade exceeded USD 111.5 billion in 2025
- Over 6,000 Chinese companies operate in the UAE

- The UAE serves as a key re-export hub for Chinese goods to the Middle East, Africa, and Europe

Part 2: Investment Environment and Policies

2.1 Business Environment

The UAE consistently ranks among the top globally for ease of doing business:

- 100% foreign ownership permitted in most sectors (since 2021)
- No personal income tax; corporate tax introduced at 9% (effective June 2023) with a high threshold
- Free zones offer 0% corporate tax, full repatriation of profits, and no customs duties
- Over 45 free zones with sector-specific advantages

2.2 Key Free Zones

- Dubai International Financial Centre (DIFC): Financial services hub with English common law jurisdiction
- Jebel Ali Free Zone (JAFZA): Largest free zone in the Middle East, integrated with Jebel Ali Port
- Dubai Multi Commodities Centre (DMCC): Global commodity trading hub
- Abu Dhabi Global Market (ADGM): Financial center with direct application of English common law
- Dubai Internet City / Dubai Silicon Oasis: Technology and innovation hubs

2.3 Investment Incentives

- Free zone benefits: 0% corporate tax, 100% foreign ownership, no currency restrictions, no export duties
- Mainland benefits: Access to domestic market; 100% foreign ownership now permitted
- Golden Visa: 10-year residency for investors, entrepreneurs, and highly skilled professionals
- No withholding tax on dividends, interest, or royalties
- Double taxation agreements with over 100 countries

Part 3: Chinese Enterprise Investment

Major Chinese Investments

- Chinese state-owned enterprises: Major presence in energy, construction, and infrastructure
- Technology companies: Huawei, ZTE, and others operating regional HQs
- E-commerce: Alibaba, SHEIN, and other platforms using UAE as regional hub
- New energy: Multiple Chinese companies in solar and clean energy projects
- Real estate: Significant Chinese investment in Dubai property market

Investment Sectors

- New energy & green technology: Solar power, green hydrogen, EV infrastructure
- Digital economy: AI, fintech, e-commerce, smart city solutions

- Logistics & trade: Using UAE as hub for Middle East and Africa distribution
- Manufacturing: Industrial zones in Abu Dhabi and Dubai
- Financial services: Regional treasury centers, payment platforms

Part 4: Corporate Financing and Financial Services

Banking System

The UAE has a sophisticated banking sector with 22 local banks and 38 foreign bank branches. Major banks include Emirates NBD, First Abu Dhabi Bank (FAB), and Dubai Islamic Bank.

Capital Markets

- Dubai Financial Market (DFM) and Abu Dhabi Securities Exchange (ADX) are the two main stock exchanges
- Active bond and Sukuk markets
- Growing venture capital and private equity ecosystem

Islamic Finance

The UAE is a global hub for Islamic finance, offering Sharia-compliant banking, insurance (Takaful), and investment products.

Part 5: Compliance and Legal Guide

Company Registration

- Free zone companies: Registration through respective free zone authority
- Mainland companies: Registration through Department of Economic Development (DED)
- Foreign companies can establish branches or representative offices

Key Regulatory Considerations

- Commercial Companies Law: Governs corporate structures and operations
- Anti-Money Laundering (AML): Strict compliance requirements
- Data Protection: Federal Decree-Law No. 45 of 2021 on data protection
- Employment Law: Federal Decree-Law No. 33 of 2021 governs employment relationships
- VAT: 5% value-added tax since 2018

Part 6: Living and Working Information

Climate

Desert climate with extremely hot summers (40-50degC) and mild winters (15-25degC).

Cost of Living

Dubai and Abu Dhabi are relatively expensive compared to other Middle Eastern cities but competitive with major global hubs.

Item | Monthly Cost (AED)

Apartment rent (1BR, city center) | 5,000-10,000

Meals (mid-range restaurant) | 50-100 per meal

Groceries | 2,000-4,000

International school tuition | 40,000-100,000/year

Education

World-class international schools following British, American, and IB curricula. Major universities have campuses in the UAE.

Healthcare

High-quality healthcare system with both public and private hospitals. Mandatory health insurance for all residents.

Visa Options

- Employment Visa: Sponsored by employer
- Golden Visa: 10-year residency for investors (minimum AED 2 million investment), entrepreneurs, and exceptional talents
- Green Visa: 5-year residency for freelancers and self-employed individuals

AERI Assessment

The UAE represents one of the most accessible and investor-friendly markets for Chinese enterprises expanding overseas. Key advantages include:

- Strategic gateway: Bridging Middle East, Africa, and South Asian markets
- World-class infrastructure: Airports, ports, digital connectivity
- Progressive regulatory environment: 100% foreign ownership, free zones, Golden Visa
- Zero personal income tax and competitive corporate tax regime
- Strong China-UAE relations: Comprehensive strategic partnership and growing bilateral trade

AERI recommends the UAE as a priority destination for Chinese enterprises in new energy, digital economy, logistics, and financial services sectors.

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