GCC Market for Doors and Windows

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I. Introduction

Building construction sector in the GCC is expected to exhibit favorable growth prospects in the coming years. Substantial government spending is expected to propel the building construction in the region. In this backdrop, the report focuses on the demand and opportunities for windows and doors market in GCC countries. The report also provides an overview of the current and expected growth of the GCC building construction sector. The report also highlights the green building concepts emerging in doors and windows segment in GCC market.

II. GCC Buildings Construction Sector Overview

Saudi Arabia and UAE are driving the GCC building construction sector in the region. Total project value of projects awarded till date in Saudi Arabia stood at USD 724,309 million followed by UAE at USD 672,959 million. Kuwait and Qatar also have a significant share of the projects in the region. The below table illustrates the value of building sector projects in the GCC Countries.

<table>
<thead>
<tr>
<th>Country</th>
<th>Project Value (US$ Million)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>KSA</td>
<td>724,309</td>
<td>40%</td>
</tr>
<tr>
<td>UAE</td>
<td>672,959</td>
<td>38%</td>
</tr>
<tr>
<td>Kuwait</td>
<td>151,739</td>
<td>8%</td>
</tr>
<tr>
<td>Qatar</td>
<td>138,235</td>
<td>8%</td>
</tr>
<tr>
<td>Oman</td>
<td>63,017</td>
<td>4%</td>
</tr>
<tr>
<td>Bahrain</td>
<td>43,704</td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: Ventures Onsite
Note: The project value includes projects under all status including on hold. Buildings sector includes residential, commercial, shopping center, educational facilities, sports facilities, hotels, hospitals, mixed use, airports, recreational facilities, industrial parks and others. The value includes projects in the following stages – concept, study, tender for consultancy, design, tender for construction, under construction and projects on hold.

Total Project Contracts Awarded in GCC (2012-2015):

GCC building projects awards is witnessing an increase over the last few years. Total GCC building contracts awarded were worth USD 52,303 million in 2012 and it is expect to surge to USD 91,516 million by 2015. Riding on the successful bid to host events such as Expo 2020 in UAE and World Cup in Qatar, the GCC building construction sector is beaconing promising growth. The below chart illustrates
the value of building construction contracts awarded to main contractors during 2012 and 2013 and the value of construction contracts expected to be awarded by end of 2014 and 2015.

![GCC Building Contracts Awarded US$ Million, 2012-2015](chart.png)

*Source: Ventures Onsite*

Saudi Arabia and UAE are expected to spearhead the growth of GCC building construction sector. The projects in UAE are expected to grow at a rapid pace till 2020. The below table provides country-wise value of building construction contracts awarded to main contractors for the period 2012-2015.

### GCC Building Contractor Awards by Country (US$ Million)

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAE</td>
<td>13,804</td>
<td>21,088</td>
<td>28,348</td>
<td>36,869</td>
</tr>
<tr>
<td>KSA</td>
<td>22,917</td>
<td>24,567</td>
<td>27,760</td>
<td>29,479</td>
</tr>
<tr>
<td>Qatar</td>
<td>8,540</td>
<td>12,200</td>
<td>13,500</td>
<td>14,100</td>
</tr>
<tr>
<td>Bahrain</td>
<td>1,743</td>
<td>1,777</td>
<td>2,022</td>
<td>2,197</td>
</tr>
<tr>
<td>Kuwait</td>
<td>3,429</td>
<td>3,486</td>
<td>6,792</td>
<td>4,419</td>
</tr>
<tr>
<td>Oman</td>
<td>1,870</td>
<td>2,640</td>
<td>3,867</td>
<td>4,452</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>52,303</strong></td>
<td><strong>65,758</strong></td>
<td><strong>82,289</strong></td>
<td><strong>91,516</strong></td>
</tr>
</tbody>
</table>

*Source: Ventures Onsite*
## Major Ongoing/Planned Building Projects in GCC:

<table>
<thead>
<tr>
<th>Sl</th>
<th>Project Name</th>
<th>Country</th>
<th>Client</th>
<th>Consultant</th>
<th>Contractor</th>
<th>Est. Value in US$ Mn</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>King Abdullah City of Atomic and Renewable Energy</td>
<td>Saudi Arabia</td>
<td>King Abdullah City of Atomic and Renewable Energy</td>
<td>Snohetta International</td>
<td>-</td>
<td>100,250</td>
</tr>
<tr>
<td>2</td>
<td>King Abdullah Economic City</td>
<td>Saudi Arabia</td>
<td>Emaar Economic City</td>
<td>Multiple Consultants</td>
<td>Multiple Contractors</td>
<td>100,000</td>
</tr>
<tr>
<td>3</td>
<td>500,000 Housing Units in Different Areas</td>
<td>Saudi Arabia</td>
<td>Ministry of Housing, Saudi Arabia</td>
<td>Parsons International</td>
<td>-</td>
<td>68,000</td>
</tr>
<tr>
<td>4</td>
<td>Mohammed Bin Rashid City</td>
<td>UAE</td>
<td>Dubai Holding / Emaar Properties, Dubai</td>
<td>Multiple Consultants</td>
<td>Sobha Contracting</td>
<td>64,724</td>
</tr>
<tr>
<td>5</td>
<td>Jeddah Kingdom City</td>
<td>Saudi Arabia</td>
<td>Kingdom Holding Company</td>
<td>Pickard Chilton Architects / Omrania &amp; Associates</td>
<td>Saudi Binladin Group</td>
<td>27,000</td>
</tr>
<tr>
<td>6</td>
<td>Ras Al Khair Minerals Industrial City</td>
<td>Saudi Arabia</td>
<td>Royal Commission for Jubail and Yanbu (RCJY)</td>
<td>Atkins</td>
<td>-</td>
<td>25,000</td>
</tr>
<tr>
<td>7</td>
<td>South Obhur Project</td>
<td>Saudi Arabia</td>
<td>Rayadah Investment Company</td>
<td>Sulaiman Al Khorashi Office</td>
<td>-</td>
<td>15,000</td>
</tr>
<tr>
<td>9</td>
<td>Qasr Khozam</td>
<td>Saudi Arabia</td>
<td>Dar Al Arkan Development / Jeddah Development and Urban Regeneration Company (JDURC) / Khozam Development</td>
<td>Dar Al Handasah Consultants (Shair and Partners)</td>
<td>-</td>
<td>13,331</td>
</tr>
<tr>
<td>10</td>
<td>Expansion of Makkah Holy Haram</td>
<td>Saudi Arabia</td>
<td>General Presidency of Holy Mosques Affairs</td>
<td>-</td>
<td>Saudi Binladin Group</td>
<td>11,000</td>
</tr>
<tr>
<td>11</td>
<td>Lulu Island Development</td>
<td>UAE</td>
<td>ALDAR Properties</td>
<td>Martha Schwartz Partners (USA)</td>
<td>-</td>
<td>11,000</td>
</tr>
<tr>
<td>12</td>
<td>Airport City Project</td>
<td>Qatar</td>
<td>NDIA Steering Committee</td>
<td>-</td>
<td>-</td>
<td>10,000</td>
</tr>
<tr>
<td>13</td>
<td>King Abdullah Financial District (KAFD)</td>
<td>Saudi Arabia</td>
<td>Public Pension Agency (PPA) / Rayadah Investment Company</td>
<td>Multiple Consultants</td>
<td>Multiple Contractors</td>
<td>10,000</td>
</tr>
<tr>
<td>14</td>
<td>Ghantoot Green City</td>
<td>UAE</td>
<td>International Capital Trading LLC</td>
<td>KEO International Consultants</td>
<td>-</td>
<td>10,000</td>
</tr>
<tr>
<td>15</td>
<td>Nebras Aviation</td>
<td>UAE</td>
<td>Strata</td>
<td>AECOM, Abu</td>
<td>-</td>
<td>10,000</td>
</tr>
</tbody>
</table>
With a young, affluent and rapidly growing population, the fast diversifying Gulf Cooperation Council (GCC) have achieved rapid growth across their non-hydrocarbon sectors, paying off their decade long sustained investments by their governments of their rich hydrocarbon surpluses into 2014. While concern continues on their dwindling oil resources, the rapid expansion and diversification of these economies have helped them build a growth model that is not only likely to sustain them after they have finished riding the high oil price led growth, but also likely to generate employment at levels that cannot be matched anywhere else in the world over the next few years.

Leading the construction boom, are three of the bigger economies of the GCC- the Kingdom of Saudi Arabia, the United Arab Emirates (UAE), and Qatar- each vying with the other to attract foreign investment.
investments, in a bid to boost growth. While Bahrain and Kuwait remained late starters in the growth trajectory due to internal and regional unrest following the Arab Spring affecting them more than the other economies, strong government stimulus and heavy social spending helped the GCC economies uniformly combat the slowdown and keep social unrest from hampering its growth. The newfound interest in upgrading their social infrastructure in a bid to appease its domestic population also helped provide valuable focus to sectors such as education, healthcare, social housing, and utilities and spur construction growth across these sectors in each of the GCC economies. However, in these sectors demand continues to outpace supply despite government efforts to bridge the gap.

Tourism remains another cornerstone of the diversification programmes of the GCC governments, with Oman, the UAE, Qatar and KSA focusing on various aspects of tourism such as nature and recreational tourism for Oman which is well endowed with a number of natural attractions, shopping and recreational tourism for the UAE, the leading global destination for luxury retailers, sports and business tourism for Qatar and religious tourism for the KSA. Each nation has invested heavily in upgrading the necessary infrastructure to boost tourism including transportation such as roads, railways, metro, airports and ports as a part of this endeavor apart from hosting a number of prestigious international events in an endeavor to attract tourists and investors from world over.

The growing demands placed by construction and expansions across sectors on the energy and utilities sectors have also forced the GCC economies to anticipate the surge in demand and invest in expansion of these services alongside and gradually begin focusing on areas not taken seriously before such as investment in non-hydrocarbon based fuels and sources of renewable energy such as solar, wind and nuclear energies.

Events such as the hosting of the World Cup 2022 by Qatar and the World Expo in 2020 by the UAE are also likely to give a boost to not only the construction industries of these two economies, but also the surrounding GCC nations due to spillovers and better connectivity among these economies. Ambitious projects such as the common GCC power grid and the GCC rail network are likely to help fuel this trend.

Concerns on oversupply in the building construction sector affecting prices and rentals and the likelihood of inflation as the heavy construction demand continues to exert pressure on the cost and availability of materials and labor across the GCC countries are however becoming more real as careful policy intervention and planning help these economies keep it at bay in the medium term.

However, overall these economies have continued to fare much better than most of the emerging economies across parameters of growth and the ease of doing business, despite having a long way to go to bring about greater transparency and simplicity across their borders and opening up to the international investors with restrictive policies such as localization requirements and tough entry laws.

Transformation to a self-sustained economy with lesser dependence on hydrocarbons continues to be a gradual process across the GCC, though setting an example for economies across the world to emulate in the future.
III. Windows and Doors – Demand & Opportunities

Importance of Windows and Doors in GCC Construction:

Windows and doors have begun to assume greater significance in GCC market in recent times because of their essential requirement in construction-related activity. The Middle East market gives high preferences to aesthetic value of building structures which has led to a sizable increase in demand of windows and curtain walls in the GCC countries. These products are no longer just viewed as functional exits and entrances or safety devices, but incorporate a variety of artistic and innovative techniques and designs depending on their particular usage. The influence of modern thought has also encouraged the use of metal, glass, plastic and other materials in addition to the traditional wooden frames, giving rise to a wider choice of designs.

The market for windows and doors is largely dependent on the building construction market, both new buildings and the repair, maintenance and improvement sectors and with the high emphasis on superior architecture and modern designs across building projects. Moreover, with the emphasis on environmental and energy ratings, safety and climatic conditions adding to the complexity of windows and door manufacturing, the windows and doors market has carved for itself an important niche in the GCC construction market.

GCC Windows and Doors Market Size:

The demand for windows and doors in GCC is estimated to be USD 5.4 billion in 2012. This accounts to around 3.4 percent of the global demand.

GCC windows market size:

The demand for windows is estimated to be USD 4.6 billion in 2013 growing at a CAGR of 4.4 percent between 2010 and 2013. With the construction market resuming its momentum since 2011, 2013 registered the beginning of a high growth period for the windows market. The following figure depicts the market demand for windows between 2010 and 2013 across the GCC.
GCC doors market size:

The GCC market for doors, as is the case with windows, is very highly dependent on the new construction market. The market for doors grew at a CAGR of 4.4 percent from 2010 to 2013, to reach USD 1.15 billion. The doors market is set for an upward trend boosted by the new growth phase in the construction sector in the GCC from government spending on social infrastructure to combat the global economic slowdown and prevent the spread of social unrest such as the Arab spring plaguing the rest of the Gulf region. The following figure provides the demand for doors across the GCC between 2010 and 2013:
Saudi Arabia followed by UAE and Qatar hold the largest shares of the lucrative windows pie with the maximum number of projects lined up under their respective government led expansion and diversification program. The following figure provides the estimated split of the GCC windows market by country in 2012. The Kingdom of Saudi Arabia, with its massive infrastructure and social housing schemes and the plans to boost tourism and consequently stepping up to construction across the hospitality sector, is undoubtedly the largest market for windows. UAE, the all-time favorite for investors for construction, is second with its ambitious yet cautious revival of construction projects picking up momentum in 2011 and 2012. Qatar follows UAE closely on the back of the projects aimed toward hosting the 2022 World Cup football event. The following figure provides the market shares by country for the GCC Windows and Doors market in 2012.

**GCC Market Share for Windows and Doors by Country (%), 2012**

- **UAE**: 25%
- **Saudi Arabia**: 51%
- **Qatar**: 13%
- **Oman**: 4%
- **Kuwait**: 6%
- **Bahrain**: 1%

*Source: Ventures Onsite*

**Demand Split by Materials in GCC**

Windows mainly comprises of two major components, the glass and the frame; the glass of a window use different kinds of material such as heat resistant glass, tempered glass, laminated glass and double glazed glass among the most common varieties. The most commonly used framing material for windows in GCC is aluminium, which accounts to around 80% of the usage. Aluminum is locally produced and is completely recyclable across GCC applications and is therefore gaining popularity in the region as a sustainable option. Easy maintenance is also a key benefit of aluminium windows as windows mostly undergo a process called anodization that helps protect them from rust, pitting and other elements that shorten their lifespan. PVC usage in windows is driven by its advantages such as chemical and biological resistance and low cost. Other framing materials include steel which is fire rated, and wood.
Doors vary according to the usage and application, and different materials are used across the GCC market. While wooden doors are undoubtedly the most commonly used, especially across the residential markets, accounting for nearly 60 percent of the market for doors in the GCC, aluminum also has a sizeable market, mainly in commercial buildings. Others include doors made of steel and PVC.
World Windows and Doors Market Demand

World demand for window and doors totaled USD 158 billion dollars in 2012. It is expected that the demand will grow at a compound annual growth rate (CAGR) of 7.1 percent to touch USD 223 billion dollars in 2017. This growth rate is significantly higher than the growth in demand during 2007-2012 which was around 3.5 percent. Escalating building construction activities across the world is the key driver for window and doors demand. Increasing awareness on using energy efficient products also boosts up the demand for the segment.

**World Windows and Doors Demand (US$ Billions)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>37</td>
<td>28</td>
<td>43.2</td>
<td>-5.4</td>
<td>9.1</td>
</tr>
<tr>
<td>Western Europe</td>
<td>35.2</td>
<td>31.9</td>
<td>39.8</td>
<td>-1.9</td>
<td>4.5</td>
</tr>
<tr>
<td>Asia/Pacific</td>
<td>46.4</td>
<td>80.9</td>
<td>117.2</td>
<td>11.8</td>
<td>7.7</td>
</tr>
<tr>
<td>Other Regions</td>
<td>14.3</td>
<td>17</td>
<td>22.4</td>
<td>3.5</td>
<td>5.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>132.9</td>
<td>157.8</td>
<td>222.6</td>
<td>3.5</td>
<td>7.1</td>
</tr>
</tbody>
</table>

*Source: The Freedonia Group Inc.*

China is the world’s largest market for window and doors owing to the swift economic growth and industrialization. The country’s market share in global demand is expected to grow to surpass all other major regional markets. USA market for windows and doors is expected to be optimistic in the coming years with the anticipated residential market recovery in the country. The market demand in US is projected to reach USD 43 billion by 2017 from USD 28 billion in 2012 at a CAGR of 9.1 percent. Similarly, Western Europe is also likely to recover from the declining window and doors demand during 2007-2012 period. The demand is estimated to rise to USD 39.8 billion in 2017 from USD 31.9 billion in 2012 at a CAGR of 4.5 percent.

**Project Case Studies – Windows and Doors in GCC**

The windows and doors market in GCC comprise of a number of local and international players. Local manufacturers include Reem Emirates Aluminum, Façade Solutions etc. International brands are also prominent in GCC market such as Dorma, Halspan, Hufcor, Aluflam etc. The following table provides major project references of GCC and non GCC manufacturers of doors and windows in the market.
<table>
<thead>
<tr>
<th>GCC Window and Door Manufacturers</th>
<th>Key Projects in GCC</th>
</tr>
</thead>
</table>
| **Reem Emirates Aluminum (REA)**   | 1. Al Reem Island Development Block D (UAE)  
2. The Gate District Towers (UAE)  
3. City of Lights, Marina Club (UAE)  
4. Emirati Housing Community (UAE)  
5. Al Raha Beach Hotel Extension (UAE) |
| **Facade Solutions**              | 1. Masdar Institute of Science and Technology (UAE)  
2. Dubai Metro Jabal Ali Depot (UAE)  
3. Crown Plaza Hotel - Yas Island (UAE)  
4. King Fahad National Library (KSA)  
5. Dewa Aweer Ph-111 (UAE) |

*Source: Company Websites, VME Research*

<table>
<thead>
<tr>
<th>Non GCC Window and Door Brands</th>
<th>Key Projects in GCC</th>
</tr>
</thead>
</table>
| **Dorma**                      | 1. King Abdullah Financial District (KSA)  
2. Dubai International Airport Terminal 4 (UAE)  
3. Doha International Airport (Qatar)  
4. Qatar Convention Centre (Qatar)  
5. Mall of Arabia (KSA), Burj Al Arab (UAE)  
6. Emirates Palace Hotel (UAE)  
7. Burj Khalifa (UAE)  
8. Abu Dhabi Convention Centre (UAE)  
9. Dubai Metro (UAE)  
10. Meydan Racecourse (UAE)  
11. Faisaliyah Tower (KSA)  
12. Al Hamra Tower (Kuwait)  
13. Kempinski Hotel-Mall of the Emirates (UAE) |
| **Halspan**                     | 1. Conference and Palace Hotel (UAE)  
2. National Command Centre (Qatar)  
3. Qalaa Residences and Towers (KSA)  
4. Palm Island (UAE)  
5. The Manhattan (UAE)  
6. Emirates Garden (UAE)  
7. EMAAR Tower Apartments (UAE)  
8. Burj-Al-Arab (UAE)  
9. Marriot Hotel (Qatar)  
10. Park Hyatt (UAE)  
11. JW Marriott Resort and Spa (UAE)  
12. Crowne Plaza (Qatar)  
13. Emirates Tower (UAE) |
| Hufcor | 1. ADNEC Al Ain Convention Centre (UAE)  
|       | 2. Madinat Jumeirah Resort-Convention Centre (UAE)  
|       | 3. Sharjah World Trade & Expo Centre (UAE)  
|       | 4. Ajman University of Science and Technology (UAE)  
|       | 5. KV Conference Hall-Knowledge Village (UAE)  
|       | 6. Kingdom Trade Centre (KSA)  
|       | 7. Jeddah Hilton Conference & Convention (KSA)  
|       | 8. Marina Hotel-Multi Purpose Conference Hall  
|       | 9. Movenpick Convention Centre (KSA)  
|       | 10. Bahrain International Exhibition Centre-Convention Hall (Bahrain)  
|       | 11. Shangrila Barr Al Jissah Resort-Conference Hall (Oman) |
| Aluflam | UAE University-Al Ain (Phase 1 & Phase 2) - The project delivered is about 150 pieces fire rated aluminium & glass constructions with variations of hinged doors, sliding doors, fixed frames, glass walls, curtain walls & facades.

*Source: Company Websites, VME Research*

### Commercial Buyer Trends in the GCC

GCC windows market is primarily driven by green construction codes and energy ratings. The energy performance of the windows is an important factor driving sales in the construction market. Energy performance of windows is driven primarily by two main components: glass (including glazing) and frame construction.

#### Glass

In UAE, and particularly in Dubai, it is mandatory to use double glazed glass for curtain walls and windows. Double glazing is the glazing process in which a window is formed by two panes of glass with a space between the panes. Double Glazed Glass with its high insulating properties is mainly used in the GCC due to its significant cost reductions in cooling costs and consequently energy savings.

In addition to double glazed glass, low emission (low-E) glass is highly preferred for windows and curtain walls. This glass differs from normal clear glass as one of its sides has a special metal coating, known as Low E coating. The high temperatures in the GCC make this type of glass a highly preferred type of glass across most installations in the region. Another new technology used across GCC construction confirming to green building codes is the Double Skin Facade. It comprises of two glass skins placed in such a way that air flows in the intermediate cavity. Such technologies are being promoted by suppliers such as Reem Emirates Aluminum and Emirates Glass in the UAE. The production of glazing is also subject to International Building Codes (IBC) due to the complex nature of the product and the life safety specifications required in producing it.

With GCC construction focusing on high rise projects with lots of glass and chrome, there is a growing demand for glass cleaning. Emirates Glass has introduced the product that is coated with titanium dioxide on the outer surface of the glass. The glass cleans itself in two stages with the first stage...
involving the action of light on the surface of the glass, driving away the dirt on the surface and in the second step any water that falls on the surface forms sheets and washes away dirt uniformly.

GCC windows suppliers are adopting better technologies to improve the insulation properties of glass, reduce wastage and recycle material, thus reducing the need for virgin materials. These practices also earn the installation more LEED points and help lower project costs. Such practices are being adopted by suppliers such as Al Abbar Glass (AAG) in UAE. Suppliers are also trying to procure raw materials from within a radius of 500 miles of the project site to promote sustainable initiatives.

**Frame construction**

Apart from glass, GCC windows market also focuses on profiles for curtain walls. Most window profiles in the GCC are made of aluminium, a raw material that is readily available locally and completely recyclable. However, in addition to aluminium profiles used in window frames, PVC also performs extremely well in terms of sustainability. PVC is extremely resource-efficient in its manufacturing and creates windows that offer excellent thermal performance over a long lifetime. In addition, when PVC frames are eventually replaced, they are easier to collect and recycle compared with other materials.

**New technologies in doors**

Advanced technologies such as automated drafting tools, integrated design, prototyping software and project management applications are used in manufacturing doors. Such technologies help in complete designing and manufacturing the product, minimize waste and reduce the overall production time.

Geze Middle East, one of the leading manufacturers of construction systems for doors and windows in the region adopts such advanced technologies. The company provides advanced manual as well as automatic doors movement detectors, presence detectors, combined detector, programme switches and smoke detectors. These features provide added convenience and also provide high level of security in event of fire or other emergencies.

Another example of innovation is by Dorma, which has come up with a low energy swing door power operator. It involves a special feature to regulate the speed at which doors are opened to ensure safety and ease of operation for children, elderly and people with cargo such that even the heaviest doors using the technology can be easily and safely opened. The energy saving attributes of this innovative door is also attractive enough to leave the smallest carbon footprint in the industry with a blow-open feature for smoke ventilation (per NFPA code 92B), permanent hold-open, and an onboard power supply delivering 1.5 amps @ 24-volt DC (eliminating the need for a secondary power supply).
IV. Trade Analysis

Plastic Doors and Windows Trade Data

Plastic doors and windows imports to GCC achieved USD 9,279,120 in 2012. Plastic doors and windows exports of GCC achieved a value of USD 88,038 in 2012.

Source: GOIC
Note: HS Code: 392520-Doors, windows and their frames and thresholds for doors, of plastics

Aluminum Doors and Windows Trade Data

Aluminum doors and windows imports to GCC reached USD 74,149,101 in 2012. Aluminum doors and windows exports of GCC achieved a value of USD 10,772,231. The largest exporter is Saudi Arabia as of 2012 with an export value of USD 10,002,136.

Source: GOIC
Note: HS Code: 761010-Doors, windows and their frames and thresholds for doors of aluminium
Steel Doors and Windows Trade Data

Steel doors and windows imports to GCC amounted to USD 77,349,109 in 2012. Steel doors and windows exports of GCC achieved a value of USD 5,803,962.

Source: GOIC

Note: HS Code: 730830-Doors, windows & their frames & thresholds for doors of iron or steel
V. Ease of Doing Business in the GCC

The legal systems of GCC countries have undergone fundamental changes over the years. These changes have been very advantageous to foreign investors by decreasing risk and providing more conventional legal protections.

Forms of doing business for foreign companies in GCC

No presence or representative: A certain amount of business may be done without opening an office or appointing an agent in the country. This includes doing sales from outside directly to buyers, providing services through agreement with a local company.

Selling products through commercial agents: A commercial agency can be established with a local individual or company for the distribution and sale of the products. All commercial agencies must be registered with a central authority, usually the Ministry of Commerce, and in each of the GCC countries commercial agencies are limited to national citizens, and only in Bahrain, Kuwait and Oman may local companies which are not 100 percent locally owned be commercial agents (51% local ownership being required).

Branch Offices: Foreign companies may establish permanent operating branch offices in Bahrain, Qatar and the UAE but except in certain special exempted situations (normally professional firms or firms having government contracts) the sponsorship of local citizens is required.

Subsidiaries: Each of the GCC states has enacted companies law providing for the organization of a number of different kinds of entities, most of which provide for foreign parties.

Establishing a Company in UAE

Foreign investors can choose between several types of cooperation and partnerships for conducting business in UAE. Companies can also conduct business via a UAE branch office. Furthermore, Limited Liability Companies (LLCs) are more commonly used by the foreign investors. The Federal company Law stipulates a total local equity of not less than 51% in any commercial company and defines seven categories of business organization, which can be established in the UAE. It sets out the requirements in terms of shareholders, directors and incorporation procedures.

The seven categories of business organization defined by the law are:

1. General Partnerships: Formed by two or more partners who will be jointly liable to the extent of all their assets for the company liabilities

2. Limited Partnerships: Formed by one or more general partners liable for the company liabilities to the extent of all their assets, and one or more limited partners liable for the company liabilities to the extent of their respective shares in the capital only.
3. **Joint Venture**: A company concluded between two or more partners to share the profits or losses of one or more commercial businesses being performed by one of the partners in his own name. Local equity participation must be at least 51%.

4. **Public Joint Stock**: Any company whose capital is divided into equal value negotiable shares shall be considered a public joint stock company and a partner therein shall only be liable to the extent of his share in the capital.

5. **Private Joint Stock**: A number of not less than three founder members may incorporate amongst them a private joint stock company whose shares are not offered for public subscription. The founder members will fully subscribe to the capital, which must not be less than two million Dirhams.

6. **Limited Liability Company (LLC)**: LLC can be formed by a minimum of two and a maximum of 50 persons whose liability is limited to their shares in the Company's capital. 51% participation by UAE nationals is the general requirement for the LLC. No minimum capital requirement for establishing a company. While foreign equity in the Company may not exceed 49%, profit and loss distribution can be mutually agreed.

7. **Share Partnerships**: A company formed by general partners who are jointly liable to the extent of all their assets for the company liabilities and participating partners who are liable only to the extent of their shares in the capital.

*Source: www.uaeim.ae*

**Taxation Considerations in UAE**

Currently there is no federal corporate or income tax levied in the UAE (except on oil companies and foreign banks). While Individual emirates have issued corporate income tax decrees, such legislations are not implemented till date. In addition, free zone entities benefit from exemption in tariff on imports and re-exports that do not leave the zones. The UAE has tax treaties with various countries through which UAE nationals and locally incorporated entities can benefit from. In addition, there exists no personal income tax, capital gains tax, withholding tax, VAT or sales tax.

**Foreign Direct Investment Law in UAE**

There are mainly four major laws affecting foreign investment in the UAE which are the Federal Companies Law, the Commercial Agencies Law, the Federal Industry Law, and the Government Tenders Law. The federal companies law is applicable to all commercial companies established in UAE and to branch offices of foreign companies operating in the UAE. Companies established in the UAE are required to have a minimum of 51 percent UAE national ownership. Meanwhile, profits may be allocated differently and often are agreed at fixed amounts. Branch offices of foreign companies are mandatory to have a national agent unless the foreign company has established its office based on
agreement with the federal or an emirate government. The Commercial Agencies Law mandates that foreign principals distribute their products in the UAE only through exclusive commercial agents that are either UAE nationals or companies wholly owned by UAE nationals. The federal industry law specifies that industrial projects must have 51 percent UAE national ownership. The law also stipulates that projects either be managed by a UAE national or have a board of directors with a majority of UAE nationals.

**Free Trade Zones in UAE**

Establishing a business entity in UAE’s Free Trade Zones (FTZs) emerges as an attractive option for foreign investors. The major advantages of setting up an entity in a free zone are the following:

- 100 per cent foreign ownership of the enterprise
- 100 per cent import and export tax exemptions
- 100 per cent repatriation of capital and profits
- No corporate taxes for 15 years, renewable for an additional 15 years
- No personal income taxes
- Assistance with labor recruitment and additional support services, such as sponsorship and housing.

There are three types of licenses for companies approved for operation in the Free Zones:

- Trading License: Granted to locally incorporated companies and to companies incorporated outside the UAE. Trading licenses are also issued to Free Zone Establishments (FZE) and Free Zone Companies (FZCo’s).
- Industrial Licenses: Issued to companies incorporated outside the UAE, FZE’s and FZCo’s. Service licenses are only granted to companies holding a UAE license.
- National Industrial Licenses: Issued to industrial companies registered within or outside the UAE, provided they meet the conditions of having at least 51% GCC equity and their local production accounts for at least 40% value added. The exports of such companies to GCC states are exempt from custom duties. Companies holding Free Zone licenses are also allowed to operate outside the UAE.

**Product Licensing and Registration in UAE**

The bureaucratic and legal procedures to be initiated by entrepreneurs wishing to incorporate and register a new firm in UAE are as follows.

1. Reserve a company name and apply for registration at the Department of Economic Development (DED)
2. Notarize the company’s Memorandum of Association (MOA) at DED
3. File company documents with the DED; obtain trade license and Register for membership at the Dubai Chamber of Commerce and Industry (DCCI)
4. Apply for the establishment card at the Ministry of Labor
5. Register native workers with the Ministry of Labor
6. Register native workers with the General Authority for Pension and Social Security

Environmental Laws and Considerations in GCC

Green building initiatives are gaining momentum in the GCC region, which is a step towards building a future in harmony with the environment. The governments in the region have realized the environmental, social and economic benefits associated with the initiative. Increasing awareness has resulted in many projects across the GCC, as well as new laws that oblige developers to adopt more environmentally friendly measures in their developments. Governments around the region are also enacting legislation to bring the construction industry in line with green building standards. The Leadership in Energy and Environmental Design (LEED) standard, developed by the U.S. Green Building Council (USGBC), is the most well-known standard in the world. Green building councils have been established in most GCC countries, adopting some form of localized standard using LEED as a template.

UAE established Emirates Green Building Council (EmiratesGBC) in 2006 with the goal of advancing green building principles for protecting the environment and ensuring sustainability. Estidama, which means sustainability, is an initiative developed by the Abu Dhabi Urban Planning Council and is the first program of its kind that is tailored to the Middle East region. Estidama has launched its Pearl Rating System which aims to demonstrate the sustainability of a given development throughout its lifecycle from design to construction and operation. Dubai Municipality and Dubai Electricity and Water Authority (DEWA) have launched green building regulations & specifications applying the specifications of green buildings to all the buildings and premises in Dubai.