

# THE MINISTRY OF ECONOMY UNLEASHES THE “POSITIVE” LIST OF THE UAE FOREIGN DIRECT INVESTMENT LAW

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Following to our market's alert on the promulgation of the new Foreign Direct Investment Law ("**FDI Law**") (*see link below*), we are delighted to share with you our second market's alert on the FDI Law.

Last week, the UAE Ministry of Economy unleashed the details of the official positive list of business activities ("**Positive List**") that will be eligible for the incentives provided for under the FDI Law. As noted in our initial market's alert, the FDI Law provides a plain statement that the benefits and incentives will apply to "*all business sectors and activities in which up to hundred per cent. (100%) foreign ownership is allowed.* The newly announced Positive List add more color to the generality of the provisions of the FDI Law. The Positive List covers a total of 122 business activities including 19 activities in Agriculture, 50 activities in

Manufacturing, and 52 activities in Services. The major sectors that are now eligible for the incentives of the FDI Law in respect of the hundred per cent. (100%) foreign ownership include, *inter alia*, Healthcare, Education, Transport, and Consultancies.

As predicted in our initial market's alert, the Positive List sets out minimum capital requirements, maximum foreign ownership percentage of each sector and imposes additional conditions on some of these sectors.

For applicants to apply for a license to carry out one or more of the business activities set out the Positive List, the competent federal or local administrative authority must first grant an "in-principle" approval to the applicant and the activity(ies) in question.

Applicants who aim to practice activities outside the scope of the Positive List still have a chance to benefit from the FDI Law. In this case, applications will be reviewed and may either be: (i) approved; (ii) rejected;

or (iii) referred to the FDI affiliated to the competent Department of Economic Development (“**DED**”) committee for further analysis and reconsideration. The Ministry of Economy will then refer the application in question to the UAE Council of Ministers for final approval.

We genuinely believe that the business activities set out in the Positive List are carefully selected. The selected business sectors are one of the main pillars of the UAE economy, and foreign direct investments in these business sectors is paramount. The enactment of the FDI Law, followed by the announcement of the Positive List, will have a major contribution to the enhancement of the general investment climate in the UAE, and will boost investors’ confidence in the UAE market. As the UAE continues to promulgate further rules to implement the broad guidance under the FDI, the specific implementation rules will empower the UAE to continue to foster and develop a more open and transparent foreign investment environment it intends.

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#### About Matouk Bassiouny & Ibrahim

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We have the most active local equity capital markets team in the region in terms of number of IPOs the team advised on. For more information, please contact Ahmed Ibrahim – Managing Partner at [ahmed.ibrahim@matoukbassiouny.com](mailto:ahmed.ibrahim@matoukbassiouny.com).