



Dear Friends and Clients,

We had the great pleasure of welcoming Dr. Gordian Gaeta at our office event on February 23rd.

He was kind enough to hold a speech for our guests about the economic outlook worldwide and especially in the Middle East region.

I only want to summarize a very few points of this speech:

We are moving into a prosperous year. The Middle East had respectable growth potential despite the oil price slump. Paying taxes will be unavoidable, but can at least be expected to be moderate. The UAE economy looks fine. The Emirates NBD Purchasing Managers' Index (PMI) rose to 55.0 in December, a five-month high. Output has increased at the fastest rate since August 2015, more than a third of firms are reporting higher output. New and export orders have increased for the first time in six months.

The Euro is undervalued and it seems recommendable to invest in Euro securities. Brexit will not be as disastrous for the UK as reported. Everyone worries for 2017 and beyond; Yet this isn't necessary for anyone from a developed economy with a home and some income.

Why? The economic world and its key parts - the EU, the US, core Asia and probably Japan are in better economic shape than they have been in many, many years, if not decades. Risks are significantly reduced and overall, we can be optimistic about relatively stable economic developments.

Economically speaking, the EU is performing better than it has in a long while. For the first time since 2007, all 28 of the union's member economies are growing at the same time, and on an annual basis. Of course, the Eurozone champion is Germany. Germany announced record-breaking surpluses in its trade and current accounts. So huge was its surplus that, in 2016, it exceeded that of China—a mind-blowing feat considering Germany's economy is about a third the size of China's.

So we can confidently look into the start of this year and make the best of it.

Yours,
Theodor Strohal

2017 is the Year of Giving

The agenda of the giving retreat highlighted six areas for the Year of Giving; corporate social responsibility, volunteering, serving the nation, the role of the media, developing a legislative system to achieve objectives, and the growth of the development sector and humanitarian organizations. Each area will be led by a minister in a related field, who will work on coordinating between federal and local authorities for major initiatives, following up on progress and achievements.

New Office Security Deposit Policy at RAKIA

In order to conform to the standard leasing practices in the industry, RAKIA has introduced a Security Deposit Policy for the leasing of physical facilities, such as standard, executive, shell and core offices, warehouses, retail shops and land plots. The policy has been applied to newly registered companies since 1 January 2017, and will be applicable to all the existing companies whose licenses will expire on 1 March 2017 and onward.

Regarding companies which have paid security deposits previously, an adjustment will be made according to the following criteria:

- Upgrade of facility (additional deposit)
- Downsize of facility (adjustment with open invoices)

Below are the applicable rates according to facility type:

Type of Facility	Security Deposit Amount
Standard and Executive Offices*	5% of the annual rent
Shell & Core Offices, Warehouses, Land Plots and Retail Shops	10% of the annual rent
Staff & Labour Accommodation	20% of annual rent

*No Security Deposit will be taken for Flexi Facilities (ie: Flexi Desks & Flexi Offices).

RAK Customs – Returning of Security Deposit

Ras Al Khaimah Investment Authority (RAKIA) has received an official letter from Ras Al Khaimah Customs Department regarding the implementation of the Federal Customs Authority's (FCA) agreed mechanism on goods moving from one free zone to another within the UAE.

The FCA has confirmed that it will be monitoring all customs procedures to ensure correct implementation, including the commitment to levy the customs duty of 5% of value of goods in accordance with the Unified Customs Tariff and the commitment of Dubai Customs to return the Security Deposit for commercial or industrial goods.

For any further clarifications, please feel free to contact the Customs Department directly:

RAK Customs Department - Head Office
Phone: 0097172333733
E-mail: info@customs.rak.ae

Southern Free Zone Custom
Phone: 0097172445251
E-mail: info.southfz@customs.rak.ae

Dubai's Property Market - Location Makes All the Difference

Dubai is stretching further southward and eastward, specifically towards the Expo site and the region between Shaikh Zayed Road and Emirates Road.

Currently, smaller apartments and villas are in higher demand, selling and renting much faster than larger homes. Now property owners can make significant sums with just a small investment if they choose the right location. For example, the first two communities in Dubai South's Dh25 billion residential district started selling in September and prices were as low as Dh280,000 for studio units and Dh480,000 for one-bedroom apartments.

Long-term investors in Dubai can make solid gains by choosing areas with a potential to develop, especially with a holding period of 7 to 10 years. It is important to visit the developer's office and project site and compare various offerings. A reputable and transparent real estate agent can be of great value when it comes to weighing up different options and understanding local regulations. Finally, decide whether it's rental yield or capital appreciation that you're aiming for, as you're much more likely to be satisfied with the returns when you know exactly what you're after.

Dubai Schools Can Increase Fees Up to 4.8%

Dubai's private schools can hike fees ranging from 2.4 per cent to 4.8 per cent in the next academic year (2017-18), depending on their inspection rating.

The Knowledge and Human Development Authority (KHDA) said the Dubai Statistics Centre (DSC) has set the new annual Education Cost Index (ECI) at 2.4 per cent.

According to KHDA's Fees Framework, outstanding schools will be eligible for an "adjustment" of up to double the ECI; very good schools are eligible for up to 1.75 times the amount; good schools are eligible for 1.5 times the amount; and the rest are allowed an increase equivalent to their ECI.

Maximum School rating fee hike:
Outstanding - 4.8 per cent
Very Good - 4.2 per cent
Good - 3.6 per cent
Acceptable - 2.4 per cent
Weak - 2.4 per cent
Very Weak - 2.4 per cent

Take a Ride in Dubai's Flying Car from July 2017

Dubai's Roads and Transport Authority (RTA) announced at the World Government Summit that it had successfully carried out the test run of an Autonomous Aerial Vehicle (AAV) capable of carrying a human up in the air and this 'flying car' will begin operations in July 2017.

The AAV, branded as EHANG184, manufactured by the Chinese company EHANG, is in line with Dubai's Self-driving Transport Strategy "aimed at transforming 25 per cent of the total individual trips in Dubai into self-driving trips using various modes of transport by 2030."

The one-seater AAV can carry a load of up to 100 kg. It has advanced navigation systems. It weighs about 250 kg (350-360kg with a passenger) and is designed to fly for a maximum 30 minutes and at a standard speed of 100 km/h. Inside there is a touchscreen where a passenger can select from preset routes and destination. There is no need for a key ignition as the AAV will start automatically and cruise to the set destination before descending and landing in a specific spot.

The RTA partnered with Dubai Civil Aviation Authority in running the trials, issuing the permits for trial and inspecting the AAV while Etisalat served as the network provider. The communication between the AAV and the ground control center will run under 4G data network.

Online Immigration File Registration Fees for Onshore Companies in RAK

Onshore Companies in Ras Al Khaimah (Mainland Companies, LLCs, etc.) have to be registered online with FAWRI STYSTEMS for visa proceedings. Therefore, the immigration will ask for a registration fee of 2,000 AED and a Security Deposit of 5,000 AED. Before the recent implementation of this new rule, only companies with more than 10 employees had to be registered online. Now every company needs to be in the FAWRI STYSTEM to apply, cancel or renew any visas. This rule does not apply for Free Zone Companies.

UAE's Big 5 banks: Liquid and strong

The solid performance of the five banks - Emirates NBD, National Bank of Abu Dhabi, Abu Dhabi Commercial Bank, First Gulf Bank and Dubai Islamic Bank - was underpinned by a stable core income from a higher fee and commission income from retail and corporate lending services. The "core profitability" of the five largest banks in the UAE, which posted a combined net profit of Dh6.8 billion in the fourth quarter of 2016, will remain solid over the next 12-18 months, a representative of Moody's Investors Service said.

Combined deposits at the five banks grew by two per cent to Dh991 billion relative to the third quarter of 2016, while their combined Tier 1 capital ratio increased to 17.3 per cent from 16.9 per cent the previous quarter. As of December 2016, these five banks accounted for a combined 62 per cent of the UAE banking system by total assets.

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