



## Dubai Expo 2020: A high stakes event

Dubai Expo 2020 should be hugely beneficial – provided that residents' expectations are managed carefully over the next six years



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Nigel Sillitoe

Since the announcement late last year of Dubai Expo 2020, excitement has been widespread and justified. We believe that we are the first researchers to look in a disciplined way at a most crucial question: what do United Arab Emirates (UAE) residents really think about the event, which is still some six years away?

Several factors mean that the question is particularly relevant. Unlike all other cities and countries who have hosted World Expos in the past, Dubai and the UAE are totally dependent on expatriate labour. The announcement of Dubai Expo 2020 has taken place at a time that the economy is already growing strongly and inflation is perceived to be high.

As we have found, general optimism about Dubai Expo 2020 remains high. However, many residents have concerns about the impact on rents and housing prices: most think that the event has elevated the risk of another housing bubble in the city. In addition, there are a range of views as to who will benefit the most from Dubai Expo 2020.

The governments of Dubai and the UAE are to be congratulated for the winning of the event. They now face the challenge of managing residents' expectations and perceptions over the next six years. Whether they succeed or fail will have substantial repercussions. For this reason, Dubai Expo 2020 is a high stakes event.

**Nigel Sillitoe**  
Chief Executive Officer  
Insight Discovery

## Insight Discovery's Dubai Expo 2020 research study raises US \$5,000 for the Typhoon Haiyan Fund

In the immediate aftermath of the Typhoon Haiyan in November 2013, Islamic Relief reached over 134,000 people in the Bantayan, Leyte and the Camotes islands with food, water, tarpaulins, tents and shelter reconstruction kits. However around four million people remain displaced in the Philippines, with many still living in makeshift shelters amidst their ruined homes.

As part of their determination to help the people of the Philippines to 'build back better', Islamic Relief are pushing for longer-term recovery intervention; constructing 270 permanent shelters with storm-resistant materials and

supporting communities to re-build schools to withstand future storms. Thanks to our survey respondents and the joint pledge between Insight Discovery and our partner Grant Thornton to donate US \$5 on behalf of each of the first 1,000 respondents of our survey, we are proud to honour our target of US \$5,000 as raised funds towards the Typhoon Haiyan Fund led by Islamic Relief.

**For more information on Islamic Relief's work in the Philippines, and on other emergencies around the world, visit [www.islamic-relief.org.uk](http://www.islamic-relief.org.uk)**

## Synopsis

Dubai Expo 2020 is not like other World Expos. It is the first to be held in the Middle East. It is the first to be held in a country that depends totally on expatriate labour (which comes mainly from South Asia). Construction of facilities for Dubai Expo 2020 will take place at a time that the economy is already growing strongly, with limited spare capacity. The new building will require additional expatriate workers, who will need to be housed somewhere.

Thus far, the promoters of Dubai Expo 2020 have done a very good job in promoting the general concept. Nevertheless, most residents expect that the event will exacerbate inflation - in particular, by increasing rents and housing prices from what are already seen to be high levels. There are a number of other concerns - not least because residents are not certain

that the benefits of Dubai Expo 2020 will last long after the event or be widely spread. Most worryingly, many residents have doubts that the governments of Dubai and the United Arab Emirates (UAE), and the (mainly large) businesses with whom they work, are able to ensure that development takes place in a sustainable way.

It therefore seems that the stakes are higher for Dubai and the UAE than other countries and cities who have hosted World Expos in the past. If the construction and development proceeds smoothly, and in a way that is not seen to be inflationary, the benefits for the city and the country will be enormous. Conversely, if large numbers of residents are disappointed, and see costs as being greatly in excess of the benefits, the outcomes could be very damaging.

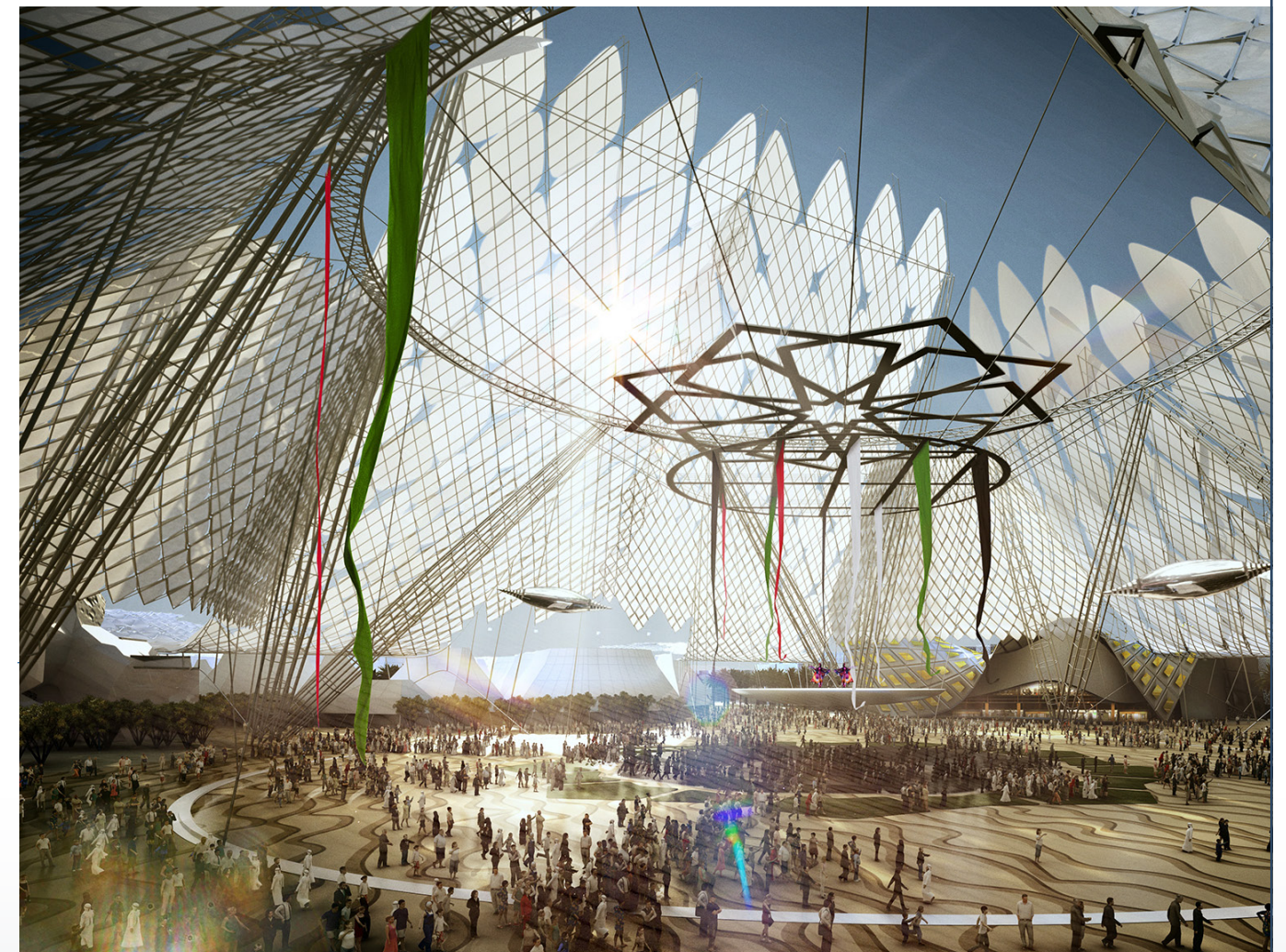


Image courtesy of Dubai Expo 2020





Image courtesy of Dubai Expo 2020

# Key Insights

1. Dubai Expo 2020 is a landmark event for the city and for the United Arab Emirates (UAE). It is far more significant than the various other world class events for which the city is justly famous.
2. Dubai Expo 2020 is the first World Expo to be held in the Middle East. What is much more important is that it is the first World Expo to be held in a country which depends totally on expatriate labour – at all levels of seniority. It is also noteworthy that the economic growth model of the UAE emphasises private sector actors, including conglomerates that are owned by wealthy local families.
3. To date, the promoters of Dubai Expo 2020 have done a very good job in explaining, and engendering support for, the general concept. This achievement is even more remarkable because the (vast) majority of residents are expatriates. Predominantly from South Asia, these people are not citizens of the UAE, although most are committed to living in the country for the long-term.
4. Dubai Expo 2020 is very widely seen as being beneficial for many different sectors of the UAE economy, and for Emirates other than Dubai. Some sectors, such as communications/events, will derive most of the benefits in 2018-20. However, expectations about particular sectors such as tourism and (broadly defined) financial services are nuanced. In relation to tourism, for instance, nearly one-third of residents think

that the boost will come principally because much of the infrastructure is already in place. In relation to financial services, a majority of residents think that the impact for local banks will be moderate, because 70% of the visitors to Dubai Expo 2020 are expected to come from outside the UAE.

5. While the benefits are expected to be considerable, they are not expected to be shared evenly. Almost all residents think that commercial organisations which employ 500 or more people will be the main beneficiaries. If this is true, few benefits will accrue to small and medium-sized enterprises (SMEs): indeed, a small but significant minority of SME owners believe that they will be disadvantaged by Dubai Expo 2020. Although Dubai Expo 2020 is expected to be good for the tourism sector, there are varying views on the details.

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Dubai Expo 2020 will be widely spread. In particular, the governments will have to deal with perceptions that Dubai Expo 2020 is contributing to inflation of housing and other costs in a city which is already widely regarded as being expensive.

6. UAE residents can identify specific benefits that will come from Dubai Expo 2020. These include the projection of a positive image of the city and the country, and a further boost to the economy. In addition, they think that the new infrastructure development to support the event will be (very) positive.
7. Nevertheless, there are significant areas of concern. Four-fifths of residents think that Dubai Expo 2020 will boost trade in goods and services throughout the UAE, but note that this may increase the vulnerability of the economy to crime. Dubai Expo 2020 is seen as being likely to add to traffic congestion. Most crucially, there is near unanimity that Dubai Expo 2020 will cause the overall cost of living to rise more than it would otherwise.
8. In short, challenges arise because Dubai Expo 2020 is another huge infrastructure project which is beginning at a time that the economy is already growing strongly: there is no spare capacity. The construction will require more workers, who will have to be accommodated. Very widely expected outcomes from Dubai Expo 2020 include an increase in construction activity and further increases in rents and housing prices in a city that already has a reputation for being extremely expensive. Almost all residents agree with the proposition that Dubai Expo 2020 could produce another housing bubble. A majority of residents have some reservations about whether Dubai Expo 2020 will deliver benefits long after it is over.
9. More worryingly, there are widespread doubts about the ability of the Dubai and UAE governments – and the (predominantly large) businesses involved – to manage the new development that is associated with Dubai Expo 2020. Some 11% of residents (strongly) disagree with the proposition that the governments and businesses can be relied upon to ensure that development (and the increase in population that is entailed) takes place in a sustainable way. An additional 51% of residents have some doubts on this issue.
10. There is, therefore, significant scope for many – possibly a majority – of UAE residents to become very disenchanted with Dubai Expo 2020 over the next seven years. The governments of Dubai and the UAE will have to work assiduously to manage perceptions and to minimise disappointment among expatriate residents – not all of whom expect that the benefits of





## Introduction: *one question that really matters*

At the end of November 2013, Dubai was chosen to be the host city of the World Expo 2020. Dubai is the first Middle Eastern city to host an Expo. Official comments from the governments of Dubai and the United Arab Emirates (UAE), and almost all coverage in the mainstream media has been overwhelmingly positive. However, one of the most important questions can only be answered with research that is proprietary, original and systematic. It is: what do the people who live and work in the UAE really think about Dubai Expo 2020?

In the days following the announcement, Insight Discovery interviewed over 1,000 UAE residents via an online survey and computer assisted telephone interviews (CATI). Reflecting the peculiar nature of the UAE economy, the vast majority of survey respondents are expatriates, working across diverse sectors and industries.



## Who are the survey respondents?

The six Gulf Cooperation Council (GCC) countries – the UAE, Saudi Arabia, Qatar, Bahrain, Kuwait and Oman – are unusual in global terms in that their economies depend very heavily on expatriate workers – at all levels of seniority. In different ways and to different extents, the various governments are encouraging diversification of the economies away from production and export of hydrocarbons. However, in all six, development is being driven primarily by private sector actors. Many of the larger local companies are conglomerates that are owned by (very) wealthy local families.

### The peculiarities of the UAE's economy are reflected in the 1,087 survey respondents:

1. They are in gainful employment. Some 65% are employees of private companies. Another 12% work for government agencies, while 9% are themselves business owners. Some 6% are between jobs, while just 1% are retired.
2. The survey respondents are evenly divided between senior/top management roles (32%), middle management (33%) and junior/non-management roles (35%) in the organisations for which they work.
3. In terms of the sectors for which the survey respondents work, broadly defined financial services (banking, insurance and other) appears to be the most important. Some 16% of survey respondents say that they work in these areas. Other relatively important areas include retailing (11%), real estate (10%), tourism/hospitality (9%), and media/advertising (8%). Communications/events and telecommunications each employ 3% of survey respondents. However, no fewer than 40% of survey respondents work in 'other' sectors.
4. They are typically between 30 and 49 years of age. Accounting for 41% of survey respondents, the 30-39 years age cohort is the largest. Another 25% are aged between 40 and 49 years. Some 23% of survey respondents are under 30; just 11%, 50 and over.
5. Only 9% of survey respondents are UAE nationals. Some 46% come from India, while another 10% come from Pakistan. The next four most important nationalities are UK (5%), Egypt (5%), Lebanon (4%) and the Philippines (4%). Some 2% of survey respondents

come from each of Jordan and Syria. About 1% of survey respondents come from each of Sri Lanka, the United States, Australia, Canada and Japan. Some 9% of survey respondents come from elsewhere.

6. Almost all of the survey respondents come from three of the seven Emirates that make up the UAE. Dubai residents account for 51% of survey respondents. Another 25% come from Abu Dhabi, while 20% come from Sharjah. Some 4% of survey respondents are residents of Ajman, while Ras al-Khaimah and Fujairah each account for less than 1% of respondents. No residents of Umm al-Quwain responded to the survey.
7. The vast majority of survey respondents see themselves as long term residents of the UAE. Only 14% plan to live in the country for five years or less. Meanwhile, 23% expect to stay for five to 10 years, while 37% expect to stay indefinitely, 'subject to the local rules' governing residency. No fewer than 27% of survey respondents lack a clear view on how long they are likely to remain in the country.
8. Of the 150 or so survey respondents who work in (broadly defined) financial services, a sizeable minority (39%) are employed by companies that are based in the Dubai International Financial Centre (DIFC). Another 36% work for banks outside the DIFC, while some 9% are employed by insurance companies. Some 16% work for 'other' financial services operations. Of the 59 survey respondents who replied to the question, 80% said that they are employed by organisations that are regulated.
9. Survey respondents were in part reached via campaigns organised by DIFC and Thomson Reuters. Blue collar workers would, therefore, be under-represented among the survey respondents. However, they are not totally absent from the sample, as they would have been reached by telephone interviewers. Blue collar workers will be well represented in further surveys that are undertaken in coming months.



## Dubai Expo 2020 on the mind...

The promoters of Dubai Expo 2020 appear to have done a good job in explaining the concept and in arousing the curiosity of UAE residents. Survey respondents were asked if they strongly/somewhat agreed/disagreed with particular sentences.

- 40% strongly agree that they fully understand what Dubai Expo 2020 involves, another 49% somewhat agree. Of the 11% or so remaining, only 2% strongly disagree.
- 95% of respondents agree that they are interested in Dubai Expo 2020, 62% of these, strongly.
- 52% of respondents strongly agree that Dubai Expo 2020 will have a positive impact on their lives, another 36% somewhat agree.
- 58% of respondents strongly agree that they would like to know more about Dubai Expo 2020, another 33% somewhat agree.

## Bricks and mortar

One way in which Dubai Expo 2020 can have an impact on the daily lives of all residents is through its impact on rents and housing prices. The UAE has a reputation for being an expensive place to live. Dubai is globally famous for successive booms and busts in real estate prices. Accordingly, it made sense to ask the survey respondents for their views. Some 93% of survey respondents think that rental and housing costs will rise 'significantly' due to Dubai Expo 2020: this includes 55% who strongly agree with the proposition.

A small majority – 53% – believe that Dubai Expo will contribute to a real estate boom that has a very positive impact. Another 39% believe that the resulting boom will be positive. Only 8% think that the boom will have a (very) negative effect. According to the survey respondents, there is a high likelihood that Dubai Expo 2020 will produce a housing bubble in that Emirate. Some 50% of survey respondents strongly agree.

## More work and more workers

Assuming that the survey respondents are right, and Dubai Expo 2020 causes a rise in rents and housing prices, this will be because Dubai Expo 2020 boosts employment. More employment implies more (overwhelmingly expatriate) workers, all of whom need to be housed somewhere. Collectively, the survey respondents are very bullish about the likely impact of Dubai Expo 2020 on the labour market. Some 57% think that Dubai Expo 2020 will have a very positive effect in terms of job opportunities, while another 40% expect that it will have a positive impact. Very similar numbers strongly agree and somewhat agree, respectively, with the proposition that Dubai Expo 2020 will significantly boost employment.

## So, who will benefit the most?

The survey respondents are far from unanimous about which organisations and sectors will benefit from Dubai Expo 2020. Some 44% of survey respondents agree with the proposition that small and medium-sized enterprises (SMEs) will be the main beneficiaries, while another 29% strongly agree. Conversely, 19% of survey respondents somewhat disagree with this proposition, while another 8% strongly disagree. Put another way, well over one quarter of survey respondents do not think that SMEs will be the main beneficiaries of Dubai Expo 2020: indeed, 90% of all respondents believe that organisations which employ more than 500 will benefit the most.

## What do SME owners think?

Some 82 of the 1,087 survey respondents are identifiably owners of their own SME business. Of these SME organisations, 42% have between one and nine employees, while another 35% have between 10 and 24. None have over 500 employees. Some 16% of SME business owners think that the winning of Dubai Expo 2020 will have a negative impact in the short-term. Some 10% think that there will be a negative impact in the medium term, while 6% think that this will be the case over the long term. Conversely, the numbers who think that the impact will be positive are smaller in the short term (42%) than in the medium (68%) or long term (89%). Looking forward, 71% of SME business owners think that the numbers of SMEs in Dubai will increase. Some 10% think that the number will not increase: the remainder believes that it is too early to say.

The survey respondents were asked to identify the sectors that are likely to be the main beneficiaries of Dubai Expo 2020. They were asked to consider the question in relation to four discrete periods: between now and the end of 2015;

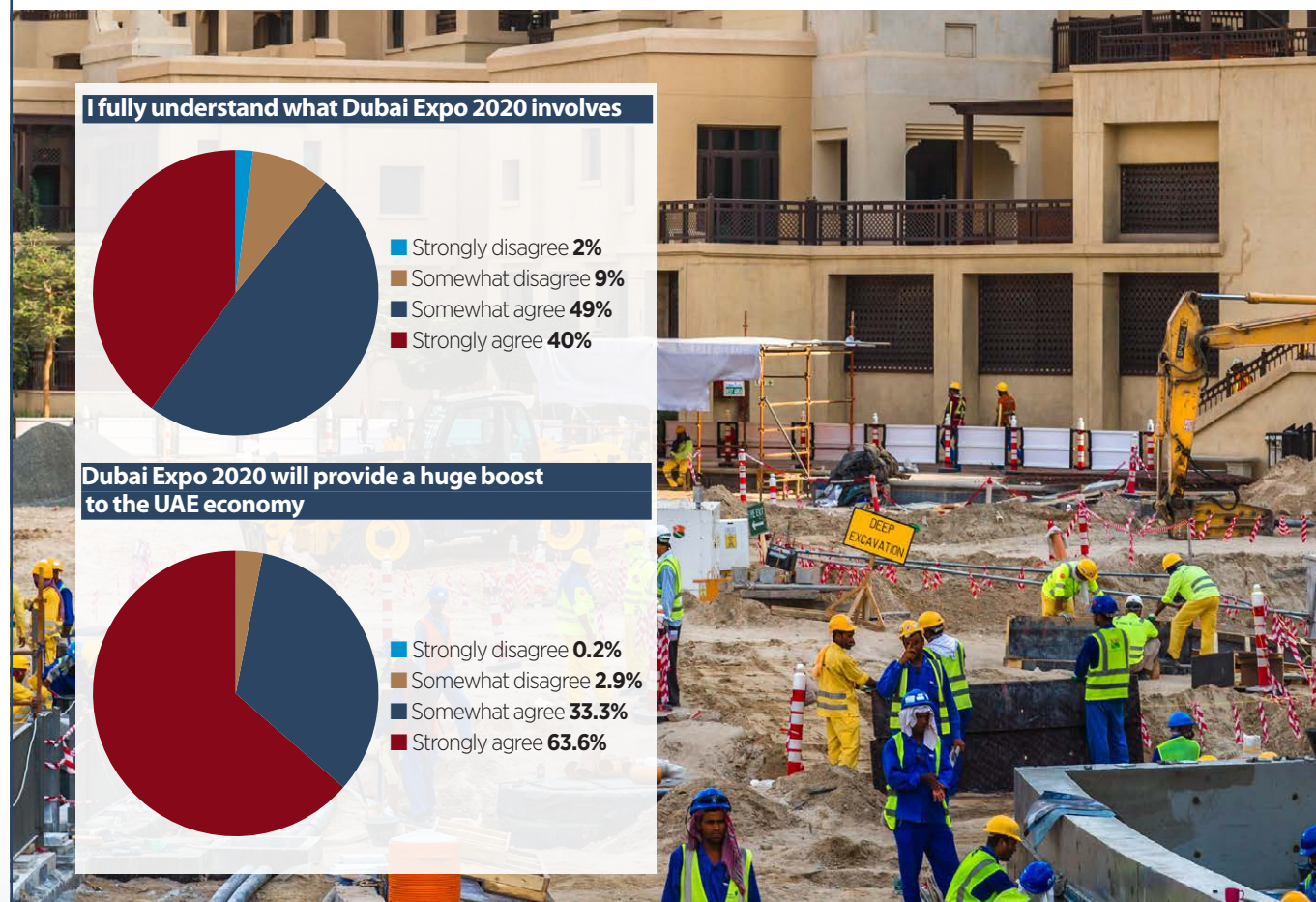
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2016-2018; 2018-2020; and, over the whole period from now to 2020. Survey respondents were allowed to mention more than one sector. In general, each of the various sectors received similar numbers of mentions in each of the four periods. Communications/events was a notable exception, in that it received considerably more mentions in relation to 2018-2020 (45% of all respondents) than in the other three periods (27-34%).

Unsurprisingly, tourism, mentioned by over 60% of respondents in relation to 2018-20, but by 33% and 40% in the earlier periods, was another. Real estate was mentioned by about 55% of respondents in each of the four periods. The views of survey respondents in relation to the financial services sector were nuanced.

## Dubai Expo 2020 and the financial sector

Real estate and tourism are two sectors of the economy which are obvious likely beneficiaries of Dubai Expo 2020. What about financial services, which is a crucial part of the UAE economy, yet whose linkages to Dubai Expo 2020 are less clear? Some 40% of survey respondents identified the broadly defined financial services sector as an area of the economy that could be one of the main beneficiaries of Dubai Expo 2020 over the next seven years. Half of survey respondents think that the sector will be a beneficiary in 2018-2020. However, only 28% of survey respondents think the financial services sector will benefit significantly: further, another 12% or so think that the event will have a neutral impact on the sector. Some 54% of survey respondents thought that the UAE's financial services sector will cope easily with the opportunities and challenges that arise from Dubai Expo 2020. Around 19% believe that the sector will cope very easily, while a similar number have a neutral view. Similarly, some 57% of survey respondents think that the impact of the event on local banks will only be moderate, given that nearly three quarters of the 25 million visitors to Dubai Expo 2020 will come from outside the UAE.





# SURVEY RESULTS



Unsurprisingly, a number of survey respondents think that the companies which employ them will grow dramatically between now and 2020. Of the 93 respondents who answered the question, some 37% expect that their company will have more than doubled in size in terms of revenues; 25%, in terms of staff. Virtually no-one believes that their companies will be the same size in 2020 as they are today.

## What will change?

Although the vast majority of survey respondents are (very) upbeat about Dubai Expo 2020, there is widespread recognition that not all of the outcomes will be desirable. Almost all survey respondents think that Dubai Expo 2020 will project a positive image of Dubai and the UAE: this includes 69% who think that the image will be very positive.

Broadly similar numbers think that the infrastructure development which will take place to support Dubai Expo 2020 will be (very) positive. Meanwhile, some 81% of survey respondents think that the other six Emirates will benefit from Dubai Expo 2020: this includes 23% who expect that the other Emirates will benefit significantly. Fewer than 4% of survey respondents believe that no benefits will accrue to the other Emirates.

So, what are the areas of concern? Nearly 80% of survey respondents think that Dubai Expo 2020 will boost trade in goods and services through the UAE - but note that this

may significantly increase the vulnerability of the economy to crime. Some 11% of survey respondents do not think that the benefits of Dubai Expo 2020 will be widely spread. A similar percentage disagree with the proposition that government and businesses can be relied upon to ensure that the UAE develops in an entirely sustainable way. More importantly, 51% – a small majority – only partially agree with the proposition.

Meanwhile, 91% of survey respondents (strongly) believe that Dubai Expo 2020 will cause the general cost of living to rise more than it would otherwise, while a similar number (strongly) expect that Dubai Expo 2020 will add to traffic congestion. Finally, some 16% doubt that Dubai Expo 2020 will be delivering benefits long after it is over, while 43% have some reservations on this issue. Even in relation to the tourism sector, which is very widely perceived to be a beneficiary of Dubai Expo 2020, there is disagreement over details.

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# SURVEY RESULTS

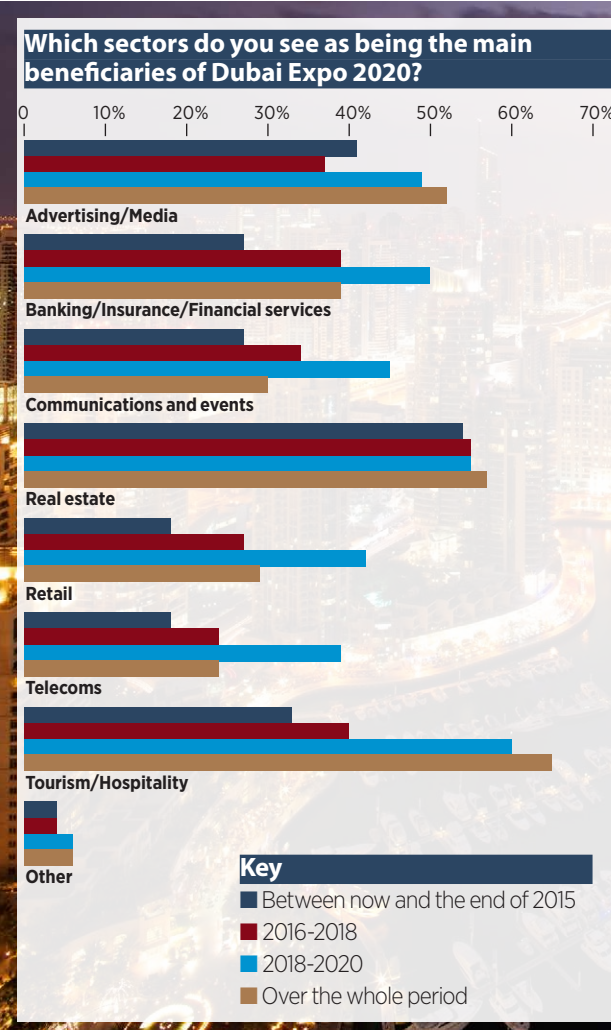
## Provoking responses on tourism

Survey respondents were asked to identify which of four different statements in relation to the UAE's tourism sector they agreed with most. Some 61% support the proposition that 'Dubai Expo 2020 will provide a huge boost to tourism, because it is expected to attract 25mn visitors'. Another 30% agree that it 'will provide a significant boost to tourism, as much of the infrastructure is already in place.' Conversely, 7% consider that 'Dubai Expo 2020 will have a limited impact on tourism because expectations of visitor numbers are exaggerated.' Finally, 2% think that there will actually be no impact on tourism: 'Dubai Expo 2020 is merely another one of the many world class events for which the city is justly famous.'

In short, Dubai Expo 2020 is seen as imposing benefits, but also costs, on almost all residents. Interestingly, the

survey respondents reject the proposition that the federal government of the UAE should consider a special tax, levied on all residents, to ensure that funding of Dubai Expo 2020 is on a sound footing. Some 60% of survey respondents strongly disagreed with this idea, while another 18% partially disagreed with it. Of the remainder, only 6% strongly agreed with the proposition.

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## Q&A with Jeffrey H. Singer, CEO of DIFC Authority

### The Impact of Dubai Expo 2020 on the Regional Financial Services Industry

#### 1. What do you expect will be the impact specifically on DIFC?

The International Monetary Fund estimates the UAE's GDP to grow by 3.7% in 2014 and 3.8% in 2015. As a result of the UAE's free market economy which has minimum restrictions on private sector activities, encourages international trade and capital movements, the UAE's economy has remained resilient and will do so for many more years to come.

Dubai Expo 2020 will undoubtedly attract a wide portfolio of international and regional companies which will bring with them a varied range of business expertise to the region. It has already been widely documented that Dubai and the UAE has pledged to spend approximately 30 billion dirhams (US \$8.1bn) in Expo-related infrastructure. This new wave of investments by the government will be in surplus to the US \$705bn worth of projects already under way in the Emirate over the next 10 years. In addition, Dubai Chamber data shows that Dubai Expo 2020 is expected to boost the economy by between 1 and 2% from 2016 to 2020 and create 277,000 jobs. We believe that the UAE is set to experience exponential growth in all aspects of the economy.

In terms of direct impact on the Centre, we expect this to be two fold in nature. Firstly, in the lead up to Dubai Expo 2020 where we anticipate an influx of foreign and infrastructural investment, DIFC will serve as a vehicle to channel those investments in safe and secure manner as a result of its legal and regulatory framework. As Dubai Expo 2020 brings



in an inflow of investment to the region, this will not only be a boost for the growth of the regional markets, but DIFC will serve as the means by which these asset managers can channel their investments.

Corresponding to the huge infrastructure investments, there will also be a need to manage risks efficiently and effectively. This would lead to an increase in capacity for reinsurance from the Centre.

Secondly, with the number visitors to the UAE estimated to be in the millions, this will create an immense opportunity for registered investment banks, consultants, accounting and legal advisors based in DIFC to provide advice and sector knowledge to those coming to the region.

#### 2. What will the impact on the region be?

High profile events on an international scale have a ripple effect not only on host nations but also their neighbours.

This is the first time the World Expo is going to be held in the Middle East and although Dubai is the host, we believe this will have a massive positive impact on the entire region.

In Dubai alone, authorities estimate that the event will generate approximately US \$23bn of GDP (25% of Dubai's current GDP) over the next seven years and attract 25 million visitors. The Emirate's GDP is expected to rise by 2% over the next few years. In addition of the 25 million people expected to visit Dubai Expo 2020, 70% will come from outside the UAE. When Qatar won the right to host the World Cup, the country's stock exchange jumped 9% within a week's time. The combination of both events taking place relatively close to each other will result in significant growth for the UAE, and the GCC.

The world has witnessed what a major catalyst the Expo 2010 event held in Shanghai has been for accelerating infrastructural transformations in China. Shanghai was elevated to an international platform and the event earned an operating profit of over US \$160m. In addition, the Expo also had more intangible impacts such as lifting the image of the city and country with regards to their international profile and put Shanghai on the map. If Shanghai is indicative of what is to come, then the growth trajectory looks very positive for the UAE and wider region.

It is expected that increased activity in the UAE as a result of the Expo will lead to spillover economic benefit for the rest of the region.



### 3. Which sectors in particular do you see benefiting the most from Dubai Expo 2020?

A number of sectors are going to benefit including real estate, construction, transportation, IT and banks. The insurance sector is also set to benefit along with hospitality business and the aviation sector.

Over the past decade, DIFC and Dubai has successfully positioned itself as an international financial hub and a gateway to emerging markets across the MEASA region. Dubai Expo 2020 will play a crucial role in highlighting the Centre's legal and regulatory infrastructure to a global audience helping and showcasing the UAE's value proposition. Subsequently, we believe this will lead to further development by attracting international investors and key market players to the region, further strengthening the UAE's financial system.

Taking into account the UAE's proven track record of hosting very high profile event, we believe that Dubai will raise its standing as an attractive tourist destination, generate job opportunities and see growth in both retail and hospitality sectors. The event will be an economic catalyst and create a long-term boost to the economy.

In the aviation sector, before the Expo bid was even secured, Emirates Airline ordered 50 Airbus A380s at a list price of US \$20bn, to take its total order for A380s to 140. This sign of confidence shows that the authorities will pull all the levers to achieve the target of 25 million visitors by the end of the decade.

### 4. How do you see the regulatory landscape evolving in the lead-up to Expo 2020?

The regulatory landscape in the UAE is never stagnant and is constantly changing. Our aim together with the DFSA is to introduce simple and

straightforward regulation that will enable the equity capital markets to flourish with fewer unintended consequences. This will subsequently enable the financial services market to flourish, create jobs and maintain the security of markets.

As a consequence of hosting the Expo, Dubai and the UAE will need to serve a wider community than what it is currently catering for. As Dubai and UAE attracts even more foreign investments to the region, there must be a well-established investment law, bankruptcy law and a carefully planned company law in place. In terms of regulation, the region needs to come together to improve the current landscape. We need to focus on aligning the judicial system's legislation with the needs of the international business community and for that we need to come together.

In 2013, the Dubai Financial Services Associations signed agreements with 27 European states including the United Kingdom, Norway and France. This move enables the regulators to help each other supervise fund managers operating in Europe and DIFC in order to facilitate investment flows that will benefit the hedge funds industry and investors.

The new agreements will allow wealth managers in the DIFC to market alternative investments, such as hedge funds, private equity funds and real estate funds to European investors, potentially allowing them to tap into a much bigger pool of capital.

In addition, DIFC has strengthened ties with other financial and regulatory authorities around the globe, through Memoranda of Understanding with the Toronto Financial Services Authority (TFSA) and UK Information Commissioner's Office. The Centre also hosted a number of high-profile international delegations over the course of the year, including representatives

from the Shanghai Municipal People's Government and the Shanghai Municipal Foreign Affairs Office, as well as the former Lord Mayor of the City of London, Alderman Roger Gifford.

Last year His Highness Sheikh Mohammed bin Rashid Al Maktoum enacted the DIFC Laws Amendment Law. The enactment of the DIFC Laws Amendment Law, DIFC Law No. 1 of 2013, will facilitate amendments to the Companies Law of 2009, General Partnership Law of 2004, Limited Partnership Law of 2006, Limited Liability Partnership Law of 2004, Arbitration Law of 2008, and Non-Incorporated Organizations Law of 2012.

### 5. Between now and 2020, which geographical markets do you expect to receive interest from in setting up offices in DIFC?

As we continue to expand our global reach, we will continue to focus our international expansion plans and expect key growth from the UK, US, China, India, Middle East and Levant region. We believe that the immense opportunity for business centres which can link East and the West will remain.

As a gateway between the continents, DIFC is ideally suited as a conduit between the regions. In terms of strategic location therefore, we see much opportunity for further growth as companies look to expand in the region.

Heading into our second decade of operation, we see growth coming from Asia as well as European and US markets in terms of geography. We are also targeting companies in high growth markets, such as Asia and Africa, which are either looking at deploying wealth into the MEASA region or looking to this region as a source of access to capital. In addition to attracting new firms to the region, we will also focus on registered companies to grow in scale.



### Expo 2020: What does it mean for SMEs?

**The optimists are right. Expo 2020, Connecting Minds, Creating The Future, will highlight how the United Arab Emirates (UAE) is an important country in global terms. The event will reinforce the country's status as a regional business hub – serving the Middle East and North Africa (MENA) region, as well as Sub-Saharan Africa and South Asia.**



Not only will this be a first for the UAE, but this is also the first time that the World Expo will be hosted by a country in the MENASA region, therefore being a remarkable win and providing endless opportunities for the present and future population of the UAE.

Expo 2020 will create endless opportunities, attract inbound investment, alongside further endorsing pivotal sectors such as leisure & hospitality, real estate & construction and transportation to name a few.

The UAE has consistently achieved rapid growth since the country's foundation in December 1971, which is due to the dynamism of its entrepreneurs and visionary leaders. Small and medium-sized enterprises (SMEs) have played a key role in the

development of the UAE and will be central to the success of Expo 2020. The event will provide opportunities on which SMEs will be able to capitalise on, however one implication is that SMEs will need access to greater amounts of finance for new investment and working capital. Among much else, there will be pressure on governments to strengthen regulatory systems.

Furthermore, financial standards will need to be reviewed in order to boost transparency and to promote global best practices; rules and regulations pertaining to mergers & acquisitions will need further clarification and many entrepreneurs will have to do deals in order to maximise the probability of success of the projects which they undertake for Expo 2020. As a result, the sophistication of

corporate risk management in the UAE will also rise dramatically.

The emergence of start up's is expected to bring a level of increased competition into the local market, which will drive the need for dynamic approaches, embracing new channels of customer acquisition and retention and keeping ahead of the technological innovation which could lead to competitive advantage.

In summary, we believe that Expo 2020 will be much more than another internationally recognised event for which the UAE is already famous. It will profoundly change the business environment in which the country's dynamic SMEs operate. The benefits for the country will therefore be far more significant than most commentators are currently suggesting, leaving a lasting mark for generations to come.





What is the biggest risk to the success of Dubai Expo 2020?

Some of the largest claims we see at Zurich arise from lack of communications between partners in large and complex projects. Poor communication can result in major delays and set-backs, accidents, breakdowns in important corporate relationships and higher insurance premiums in the future.

In fact, we see lack of communications as the largest single risk to the successful delivery of Dubai Expo 2020. Breakdowns in communications can happen in a number of ways. However, they are entirely avoidable. As risk managers, we can help our clients minimize the likelihood of this problem.

Poor understanding of cultural differences can have disastrous implications in a country like the United Arab Emirates where project designers and contractors come from numerous countries that have different operational procedures and standards.

For instance, on one construction project in the Middle East for which Zurich was providing cover, our risk engineer was shocked to find Arabic-speaking employees working from designs that were written in Chinese. Obviously, there was huge scope for important messages to be 'lost in translation'.

Lack of proper collaboration can happen within large firms. On a site visit at a large European project, our risk engineer was told of delays. These had arisen because of a lack of communication between teams from two different divisions of the same multinational corporation. Our risk engineer was advised to contact the multinational's head office – in another country – in order to seek a solution. Unfortunately, the key people in the head office were poorly placed to provide advice and the delays continued.

'Project Creep' can also give rise to serious problems, when the changes are not properly documented by the parties involved. Zurich was involved in a Middle Eastern project that was delayed for years when the owner asked the electrical engineers to modify the power system across the entire development.

It later transpired that the new system did not comply with building regulations and would have to be replaced. The engineers claimed that the owner had requested the changes: however, the engineers had absolutely no paperwork to support this.



What is the biggest challenge arising from a successful Dubai Expo 2020?

Zurich hopes and expects that Dubai Expo 2020 will be an enormous success. Among much else, it should provide a further economic boost to the city and, indeed, the entire United Arab Emirates.

That means that employers will have to work harder in order to attract and retain the right people. This problem is made more challenging because, for the majority of expatriate workers in the Gulf Co-operation Council (GCC) countries, the occupational retirement savings schemes found in western countries do not exist. Instead, employers are obliged to make a lump-sum payment known as the End of Service Benefit (EOSB).

The size of each EOSB payment depends on the length of employment and final salary. Consultants Towers Watson have calculated that the combined EOSB liability across the GCC countries amounted about US \$17bn in 2010 and could rise to more than US \$75bn by 2020. This money is typically not separated by employers from their working capital, even if it is theoretically earmarked for EOSB liabilities to employees.

So, what are the problems? Under this system, a company that faces a crisis and which wants to make numerous redundancies will have to find the cash to pay out the departing employees: the timing could not be worse. In any event, a 5% pay rise will, from the point of view of the employer, cost a lot more because of the final salary element of the EOSB liability. The employees are effectively providing their employer with interest free funding for working capital. The employees' asset may be at risk if their employer has financial difficulties. At Zurich, we think that there has to be a better way of attracting and retaining employees. Employers could work with

life insurers and other companies that are involved with organized savings to develop a system that offers:

- **Investment flexibility**, with access to a range of underlying funds covering all major asset classes and regions.
- **Cost effectiveness**, giving employees access to investments at 'institutional' rather than the higher 'retail' prices.
- **Transparency**, so that employees can see that contributions are being made on their behalf and/or make changes to the underlying funds/investments.
- **Separation**, in that the money for the

EOSB liability is held separately from the employer's assets.

- **Portability**, so that assets can be maintained in a structure which protects them from tax and which continues to provide access to institutional pricing.

There would be advantages for the employer as well. The employer would have access to investment vehicles that would help them to meet their EOSB obligations by building up the asset on an ongoing basis. The employer could much more easily set eligibility and contribution rules as a part of an overall benefits package.







About Commercial Bank of Dubai



Commercial Bank of Dubai (CBD) is a leading provider of high-quality banking and financial solutions which prides itself on the loyalty of its customers and has maintained close relations with its valued clients for more than four decades despite increased competition in the market place. It is also proud of the vital role it plays in the country's economic prosperity. CBD has 25 conventional branches, five Attijari Al Islami branches, two Cash Offices, 170 Automated Teller Machines and 43 Cash/ Cheque Deposit Machines throughout the UAE. The Attijari phone banking (IVR) and 24 hour Contact Centre, Attijari online (internet) banking, Attijari SMS banking and the all-new Mobile banking services complement the continuously upgraded integrated delivery channels.

About Dubai International Financial Centre (DIFC) Authority



The Dubai International Financial Centre (DIFC) is the financial and business hub connecting the region's emerging markets with the developed markets of Europe, Asia and the Americas. Since its launch in 2004, DIFC, a purposely built financial free zone, has been committed to encouraging economic growth and development in the region through its strong financial and business infrastructure. Currently, DIFC's client base comprises over 1,000 active registered firms, including 21 of the world's top 25 banks, 11 of the top 20 money managers, 6 of the world's 10 largest insurers, and 6 out of 10 top law firms in the world. Around 15,000 employees operate in an open environment complemented by international legal and regulatory standards.

DIFC offers its member companies benefits such as 100 per cent foreign ownership, zero per cent tax rate, with no restriction on capital convertibility or profit repatriation. DIFC has its own independent financial and ancillary services regulatory body, the Dubai Financial Services Authority (DFSA). It also has the DIFC Courts, which is an independent common law judiciary based in DIFC with jurisdiction over civil and commercial disputes in or relating to the Centre. DIFC is built upon a modern legal, regulatory and physical infrastructure, which makes it the destination of choice for Financial Services firms establishing a presence in the region.

About Grant Thornton UAE



Grant Thornton UAE is a member firm of Grant Thornton International Ltd. Grant Thornton UAE has been providing assurance and advisory services to growth oriented, entrepreneurial companies which are based in all markets and industries since 1966. The extensive local and regional knowledge gained through the years has supported the development of the firm's reputation for providing a distinctive client service to its local, national and international clients.

With over 38,000 people in 120 countries servicing some of the most dynamic clients around the world including 65% of Forbes global 100, we pride ourselves on making a difference to the clients, people and the communities which we serve.

Dynamic organisations know they need to apply both reason and instinct to decision making. At Grant Thornton UAE, this is how we advise our clients every day. We combine award-winning technical expertise with the intuition, insight and confidence gained from our extensive sector experience and a deeper understanding of our clients.

Through empowered client service teams, approachable partners and shorter decision making chains, we provide a wider point of view and operate in a way that's as fast and agile as our clients. The real benefit for dynamic organisations is more meaningful and forward-looking advice that can help to unlock their potential for growth.



## About SWAT



SWAT is a leading market research firm that focuses on the Arab world, operations started in 2007. Based in Sharjah, United Arab Emirates, we have field offices in Saudi Arabia, Egypt, Sudan and elsewhere. Our staff includes over 200 trained interviewers, including 40 business-to-business (B2B) interviewers. We have collaborate with Insight Discovery since 2009.

SWAT stands for the Science of What Arabs Think. RFF stands for Research Field Force. Together, the two acronyms - SWAT RFF - capture the essence of our company. We apply rigorous discipline to what we do. We work with our clients to generate commercially valuable insights about the Arab world - a series of regions that are far too large and economically important to ignore, yet which are very complex and dynamic. With our proprietary research field force, we are able to ensure the efficient delivery of excellent solutions for our clients.

SWAT RFF surveys consumers and businesses across the Arab world. We cover all six Gulf Cooperation Council (GCC) countries - Saudi Arabia, United Arab Emirates, Kuwait, Bahrain, Qatar and Oman - as well as Yemen. In the Levant, we conduct surveys in Lebanon, Syria, Jordan, Palestine, Iraq and elsewhere. Across North Africa, we are active in Egypt, Sudan, Morocco, Algeria and Tunisia.

## About Thomson Reuters



Thomson Reuters is the world's leading source of intelligent information for businesses and professionals. We combine industry expertise with innovative technology to deliver critical information to leading decision makers in the financial and risk, legal, tax and accounting, intellectual property and science and media markets, powered by the world's most trusted news organization. Thomson Reuters shares are listed on the Toronto and New York Stock Exchanges (symbol: TRI). For more information, go to [www.thomsonreuters.com](http://www.thomsonreuters.com).

## About Zurich Insurance Group



Zurich Insurance Group is a leading multi-line insurer that serves its customers in global and local markets. With more than 55,000 employees, it provides a wide range of general insurance and life insurance products and services. Zurich's customers include individuals, small businesses, and mid-sized and large companies, including multinational corporations, in more than 170 countries. The Group is headquartered in Zurich, Switzerland, where it was founded in 1872.

Zurich has been serving customers in the Middle East for more than 25 years and our commitment to the region has seen us develop our business in Qatar, Oman, Kuwait, Lebanon, Bahrain and the United Arab Emirates. We currently offer both Life Insurance solutions and General Insurance solutions in the region.

Zurich's Life Insurance business provides individual customers with solutions to their investment, retirement, savings and protection needs, and supports corporate customers with their organizational protection, savings and retirement needs. We work exclusively with a range of professional intermediaries who advise and service our mutual customers across the region.

Zurich's General Insurance business provides motor, home and travel insurance to personal customers, as well as commercial products such as motor fleet, property, casualty and marine insurance to small and medium-sized businesses, and large corporate customers.

## About Insight Discovery

Founded in 2007, Insight Discovery is a strategic research company which specialises in stakeholder engagement and leadership insights. Existing clients are mainly from the financial services sector and include regional banks, investment banks, asset management companies, insurance companies and private equity companies.

Insight Discovery is behind the Middle East Investment Panorama report, the definitive guide to financial services in MENA. Since 2011, Insight Discovery has published five Leadership Roundtable reports, covering topical subjects such as Beyond the End of Service Benefit and The Role of Women in the Financial Services Sector.

Insight Discovery adheres to ESOMAR's code of conduct (the international organisation of market researchers). Insight Discovery works closely with Universal Copywriters, a consultancy that works with global investment managers, private banks, institutional banks and publishers of corporate intelligence. It provides a wide variety of commercial writing/ editing and research solutions, [www.uniwriters.com](http://www.uniwriters.com).

**5 P O W E R** During 2012 Insight Discovery was recognised as one of the top 50 service providers within the Middle East by MENA Fund Manager. Only two research companies appeared in the Power 50 list.

Further details are available at [www.insight-discovery.com](http://www.insight-discovery.com), general email address [info@insight-discovery.com](mailto:info@insight-discovery.com)

## About Universal Copywriters

Founded in 1998, Universal Copywriters is a consultancy that works with global investment managers, private banks, institutional banks and publishers of corporate intelligence. It provides a wide variety of commercial writing/ editing and research solutions.

Further details are available at [www.uniwriters.com](http://www.uniwriters.com).



## Insight Discovery

T +9714 3132811

F + 9714 3132817

✉ info@insight-discovery.com

🐦 @Insight\_Discov

🌐 www.insight-discovery.com

**Design and production:** [www.pascaldon.com](http://www.pascaldon.com) | **email:** [pascal.don@mac.com](mailto:pascal.don@mac.com)

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