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BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN THE UNITED ARAB EMIRATES 2025

A REPORT FROM TEAM SWEDEN IN THE UNITED ARAB EMIRATES

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KEY CONTRIBUTORS TO THIS REPORT

Business Sweden in the United Arab Emirates

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FOREWORD

Sweden and the United Arab Emirates (UAE) have a long-standing history of strong bilateral relations and fruitful cooperation. The first Swedish companies established operations in the UAE in the 1960s, and today, around 200 Swedish companies are present in the market.

The UAE is the second-largest economy in the Arab world and one of the wealthiest globally in terms of GDP per capita. In recent years, economic growth has been notably high. In 2024, GDP is estimated to have increased by 6.2 per cent compared to the previous year. This increase has been primarily driven by strong population growth and a robust non-oil economy, which recorded 4.5 per cent growth during the first nine months of 2024 and now accounts for 74.6 per cent of total GDP. This trajectory steadily reduces the country's dependence on oil and strengthens its economic resilience. Additionally, the UAE was the top foreign direct investment (FDI) recipient in the MENA region in 2023, attracting USD 30.7 billion. FDI outflows from the country totalled USD 22.3 billion in the same year. The UAE's leadership attributes this progress to long-term economic diversification strategies and recent efforts to deepen trade relations through the conclusion of a number of free trade agreements.

Swedish direct investment flows to the UAE remained relatively stable between 2018 and 2022, ranging from USD 280 to 370 million (SEK 3-4 billion) annually before rising sharply to USD 618 million (SEK 6 billion) in 2023. Trade ties between the UAE and Sweden are expected to strengthen further after the UAE Federation of Chambers of Commerce and Industry and the Swedish Trade and Investment Council signed a Memorandum of Understanding in the spring of 2025. The agreement is intended to enhance business and investment opportunities between the two countries.

In addition to its role as a direct trading partner, the UAE also serves as a key regional hub for Swedish companies. Many regional business opportunities originate in the UAE, and a significant share of regional trade in Swedish products passes through the country. Today, the UAE is Sweden's largest trading partner in the MENA region. Bilateral trade in goods has continued to expand, with Swedish exports reaching USD 1.6 billion (SEK 16 billion) in 2024 – a 33 per cent increase from 2023. Data from the OECD suggests that the bilateral trade in services is also substantial. The Swedish commercial footprint in the UAE is likely larger than official trade statistics suggest, given the volume of goods and services handled by the more than 200 Swedish-affiliated companies established in the country.

This survey was created by and for the Swedish business community in the UAE, and we extend our sincere gratitude to all participating companies and respondents who contributed to this report. When analysing a market, we often turn to forecasts and macroeconomic indicators. However, this report offers a vital complement, containing firsthand insights from the companies with direct local experience.

We hope the findings will provide valuable insights for both companies already operating in the UAE and those considering entering the market. As always, we stand ready to support all Swedish businesses with an interest in the Middle East.



H.E. Fredrik Florén
Ambassador of Sweden to
the United Arab Emirates



Maha Bouzeid
Vice President of Middle East
and Africa, Business Sweden

46 respondents in the UAE

Current business climate

71%

of Swedish companies view the business climate as good or very good

Industry turnover

67%

of Swedish companies expect their industry turnover to increase

Future investments

50%

of Swedish companies plan to increase their investments slightly or significantly in the next 12 months

Most valued success factors in the UAE

1. Partnerships and relationships
2. Sales competence
3. Cost efficiency

Brand Sweden

87%

of Swedish companies in the UAE consider Brand Sweden beneficial for business

Local conditions with high satisfaction

1. Personal safety
2. Infrastructure
3. Distributors

Local conditions with least satisfaction

1. Transparency
2. Labour market regulation
3. Licences, permits, and approvals

Environmental considerations

27%

of respondents believe environmental considerations are factors in their customers' purchasing decisions

Corruption

0

of the respondents reported corruption, such as fraud or attempts of bribery from public bodies & internal counterparts

Human rights violations and labour rights abuse

7%

of respondents are aware of exposure to human or labour rights violations

ABOUT THE SURVEY

Results are derived from 46 Swedish companies

Business Sweden in the United Arab Emirates carried out this survey, which tracks how Swedish companies operating in the UAE perceive market conditions and their business’s economic prospects. The survey also tracks whether and how perceptions diverge across company types.

Currently, around 200 Swedish companies are present in the UAE through establishments in the mainland or in one of the country’s more than 40 economic free zones.¹ Conducted during February and March of 2025, this survey aims to understand perceptions of economic and market developments, as well as the opportunities and challenges Swedish companies face in the UAE. This year, 46 respondents participated in the web-based survey, answering 22 questions. While the responses provide valuable insights into the experiences of Swedish companies in the UAE, the sample size is not large enough to be considered statistically representative of the full population. The results should be interpreted as indicative rather than conclusive.

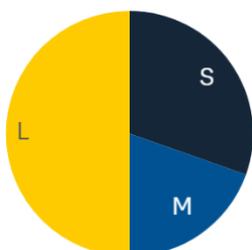
This report is divided into four main sections. First, the report elaborates on the economic situation, including current business performance and Swedish companies’ outlook for the upcoming year. The following section focuses on the UAE market, including respondents’ views on the business climate in general and which factors contribute positively and negatively to their commercial success. The third section covers Swedish companies’ operations and perceived success factors in the market, and the last section explores sustainability-related aspects of doing business in the market.

Out of the respondents, 50 per cent are large companies with more than 1,000 global employees, while 20 per cent of the companies are classified as medium-sized, with 250-1,000 employees. The remaining 30 per cent are small companies with at most 249 employees.

The diverse range of business areas represented in this report is grouped into three broad categories: industrial companies (56 per cent of respondents), professional services (36 per cent), and consumer companies (eight per cent).

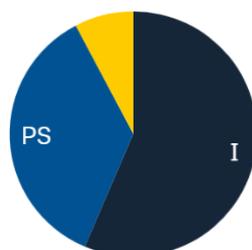
Representatives from mature companies, classified as companies established in the UAE before 2003, constitute 20 per cent of the respondents. ‘Newcomer’ is defined as a company established after 2020 and constitutes 17 per cent of the respondents. Finally, the majority of respondents, 63 per cent, are those established during 2004-2019, defined as experienced companies.

SIZE OF COMPANIES



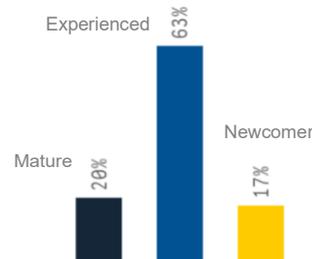
NOTE: Global employees. Large >1000. Medium 250-1000. Small 0-249.

MAIN INDUSTRY



NOTE: Industrial 56%. Professional services 36%. Consumer 8%.

AGE OF COMPANIES



NOTE: Mature (<2003). Experienced (2004-2019). Newcomer (2020-).

¹ More information on economic free zones can be found in the chapter ‘The Market’.

ECONOMIC OUTLOOK

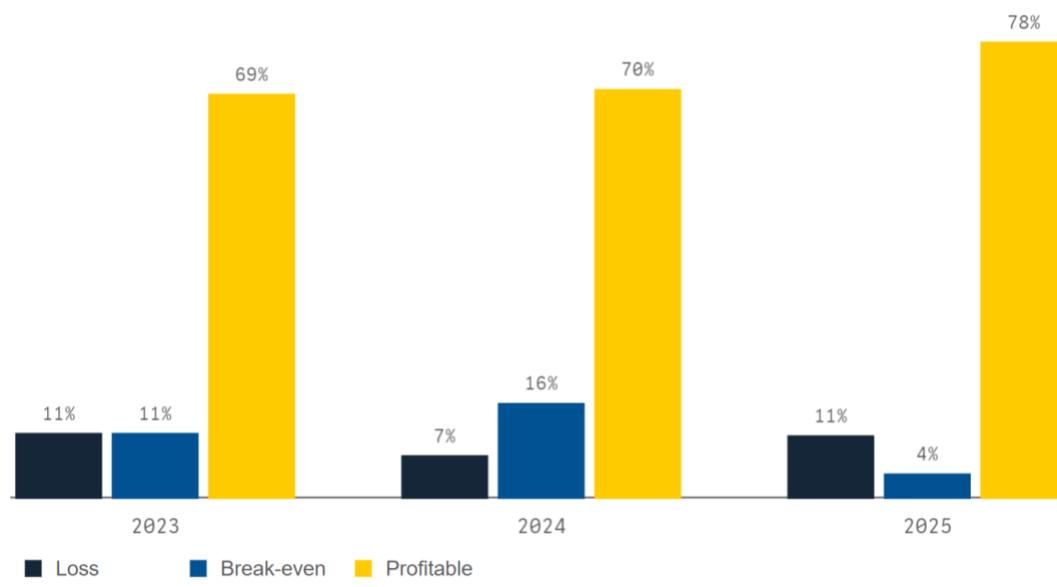
Most Swedish companies report profitability

With the discovery of oil in the late 1950s, the seven emirates that comprise the UAE, then known as the Trucial States, transitioned from being one of the poorest nations in the world into one of the richest. In 2023, the UAE held the world's eighth-largest proven crude oil reserves, and today, the country's GDP per capita is among the highest globally.

The UAE ranks as the second-largest economy in the Middle East after Saudi Arabia and holds a notable position in the Middle East and North Africa (MENA) as one of the most competitive economies. The country is highly trade-dependent, with trade amounting to 261 per cent of the UAE's USD 546 billion GDP in 2024. For comparison, the world average in the same year was 31 per cent. The UAE also has a high export-to-GDP percentage, 143 per cent in 2024, and this is partially caused by the country serving as a re-export hub for other countries in the Middle East region and beyond.

This is also why the UAE, with its favourable geographic position, plays a crucial role as a trade partner for Swedish companies seeking access to other parts of the region. Approximately 70 per cent of Sweden's exports to the MENA region go to Saudi Arabia, the UAE, and Egypt. In 2024, Swedish exports to the UAE continued a trend of growth and made an impressive jump of 33 per cent compared to the year before, reaching USD 1.6 billion (SEK 16 billion). On the other hand, imports from the UAE decreased by 28 per cent to USD 90 million (SEK 900 million). This increase in exports reflects the fact that Swedish businesses continue to perform well in the UAE. In fact, 78 per cent of Swedish companies reported their financial performance in 2024 to be profitable – up 17 percentage points from 2021 (as reported in 2022).

HOW WOULD YOU DESCRIBE YOUR COMPANY'S FINANCIAL PERFORMANCE IN THE UAE IN 2024?



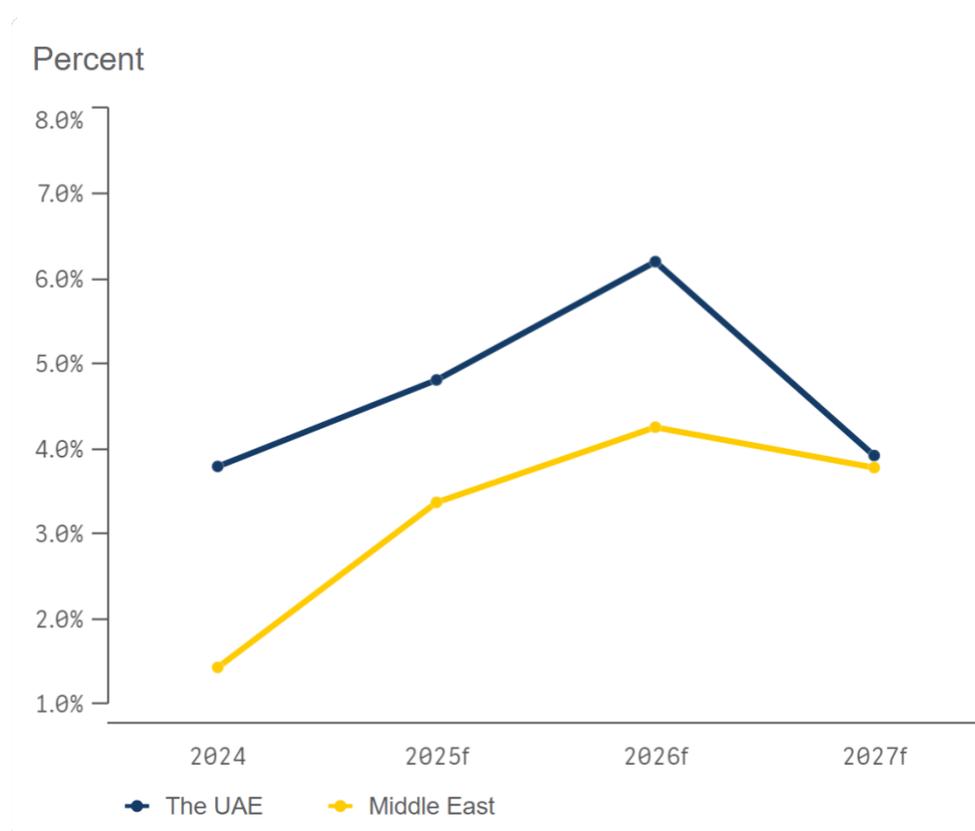
NOTE: The number of respondents for this question was 46. "Don't know/Not applicable" responses are included but not shown in this figure. SOURCE: Business Climate Survey for Swedish companies in the UAE 2025.

The UAE acts as headquarters for most Swedish companies in the region. The coverage of their operations from the UAE offices spreads across a wide geography: primarily other Gulf Cooperation Council (GCC) countries – Oman, Kuwait, Saudi Arabia, Bahrain, and Qatar – but also Egypt, Iran, Turkey, India, the whole continent of Africa, Pakistan, Lebanon, Jordan, Palestine, Yemen, Syria, and Iraq.

Continued positive outlooks on future performance

The Middle East is a rapidly expanding export market for Sweden. The UAE, in particular, is forecasted by Oxford Economics to experience a higher growth rate than the broader Middle East region, underscoring its role as a significant economic hub. This trend presents promising opportunities for Swedish firms operating in the UAE.

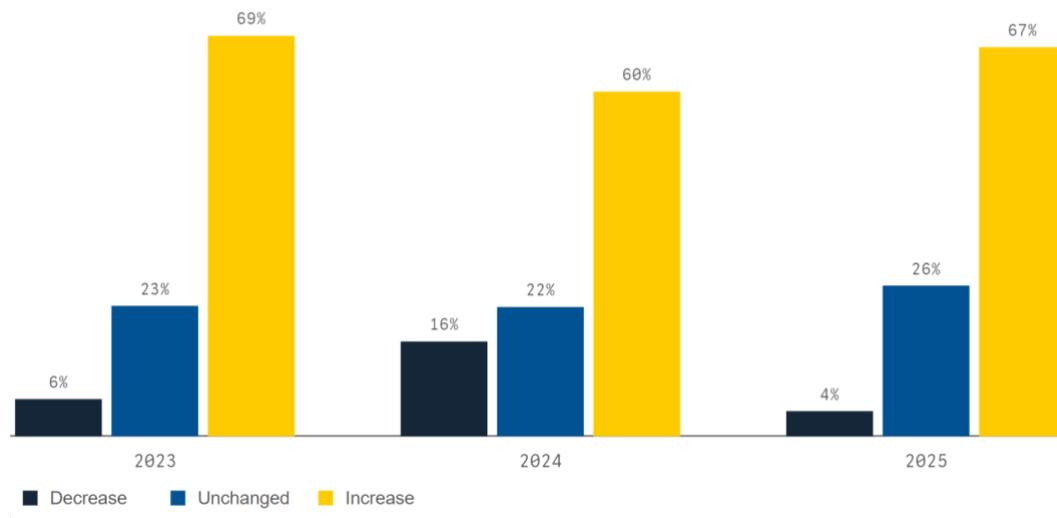
PROJECTED GDP GROWTH IN THE UAE



NOTE: GDP, constant prices and exchange rate, US\$. SOURCE: Oxford Economics 11 March 2025.

When asked to evaluate turnover expectations in the UAE for the coming year, 67 per cent of companies expressed an optimistic view, anticipating their turnover to increase. Positive sentiments are dominant across all sizes of businesses, small, medium, and large corporations. Looking at industry segments, the industrial segment is the most optimistic, with 68 per cent of the segment expecting an increase in turnover. The professional services sector is the least optimistic regarding the expected increase. However, 50 per cent of the professional services segment still anticipates their turnover to increase. The professional services segment also represents the largest portion, 14 per cent, of companies expecting a decrease in turnover.

COMPARED TO THE DEVELOPMENT IN THE PAST 12 MONTHS, WHAT ARE YOUR EXPECTATIONS FOR THE COMING 12 MONTHS FOR YOUR INDUSTRY IN THE UAE REGARDING TURNOVER?

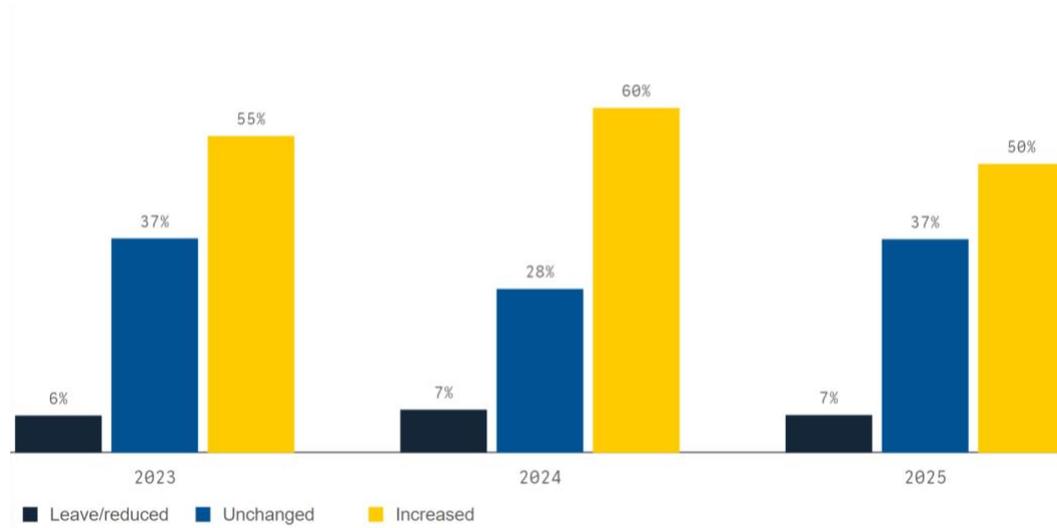


NOTE: The number of respondents for this question was 46. "Don't know/Not applicable" responses are included but not shown in this figure. SOURCE: Business Climate Survey for Swedish companies in the UAE 2025.

Investment plans mirror optimism for turnover

Fifty per cent of the respondents plan to increase their investments in the UAE in the upcoming 12 months compared to the previous year. This is a 10 per cent decrease in comparison to last year's report. Among large-sized companies, 57 per cent plan to increase their investments. In contrast, only seven per cent plan to either leave the market or reduce their investments, a view mainly held by companies in the professional services segment. Finally, 37 per cent of Swedish businesses have indicated no plan to increase or decrease their investment activities.

WHAT ARE YOUR COMPANY'S INVESTMENT PLANS FOR THE COMING 12 MONTHS IN THE UAE, COMPARED TO THE PAST 12 MONTHS?



NOTE: The number of respondents for this question was 46. "Don't know/Not applicable" responses are included but not shown in this figure. SOURCE: Business Climate Survey for Swedish companies in the UAE 2025.

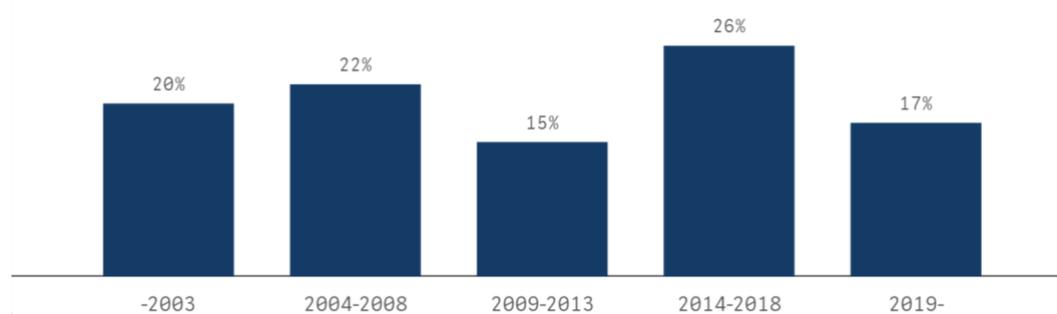
THE MARKET

Continued diversity in Swedish companies

To regulate foreign direct investment (FDI) and to keep specific sectors under national control, the UAE has long maintained restrictions on the level of foreign ownership of UAE-based companies – a maximum of 49 per cent shareholding for the foreign investor and a minimum of 51 per cent for shareholders that are UAE nationals. To diversify the economy away from oil dependence, the UAE has, in recent years, passed several laws to facilitate FDI and thus support the country's efforts in diversifying its economy. In April 2020, the UAE Cabinet took a historic step by approving the FDI Positive List that paved the way for 100 per cent foreign ownership in 122 economic activities across 13 sectors. Furthermore, UAE Centennial 2071, a long-term plan laid out for the five decades following 2021 and complemented with 'The Project of the 50', addresses the development of the UAE going forward. The plan aims to make the UAE a significant hub within all sectors, attracting talent and foreign investors from all around the world. Key areas covered in 'The Project of the 50' are business, entrepreneurship, AI, digital economy, aerospace, and advanced technology.

Government incentives coupled with political and economic stability in the UAE have attracted foreign investors who are leaving less stable countries in the region. According to the World Investment Report 2024 issued by the United Nations Conference on Trade and Development (UNCTAD), FDI inflow into the UAE increased by 35 per cent, reaching USD 31 billion in 2023, compared to USD 23 billion in 2022. As a result, the UAE surpasses all other countries in the GCC and ranks number one in the MENA region. Furthermore, the UAE placed 11th globally in attracting FDI in 2023, moving up five spots compared to the year before. The bulk of FDI is concentrated in real estate, finance and insurance, manufacturing, and construction. The United Kingdom, India, the United States, France, and Saudi Arabia are some of the largest foreign investors in the country. Moreover, the country actively aims to attract more FDI and has announced a series of programs intended to attract USD 150 billion in FDI by 2030.

IN WHAT YEAR DID YOUR COMPANY ESTABLISH OPERATIONS IN THE UAE?



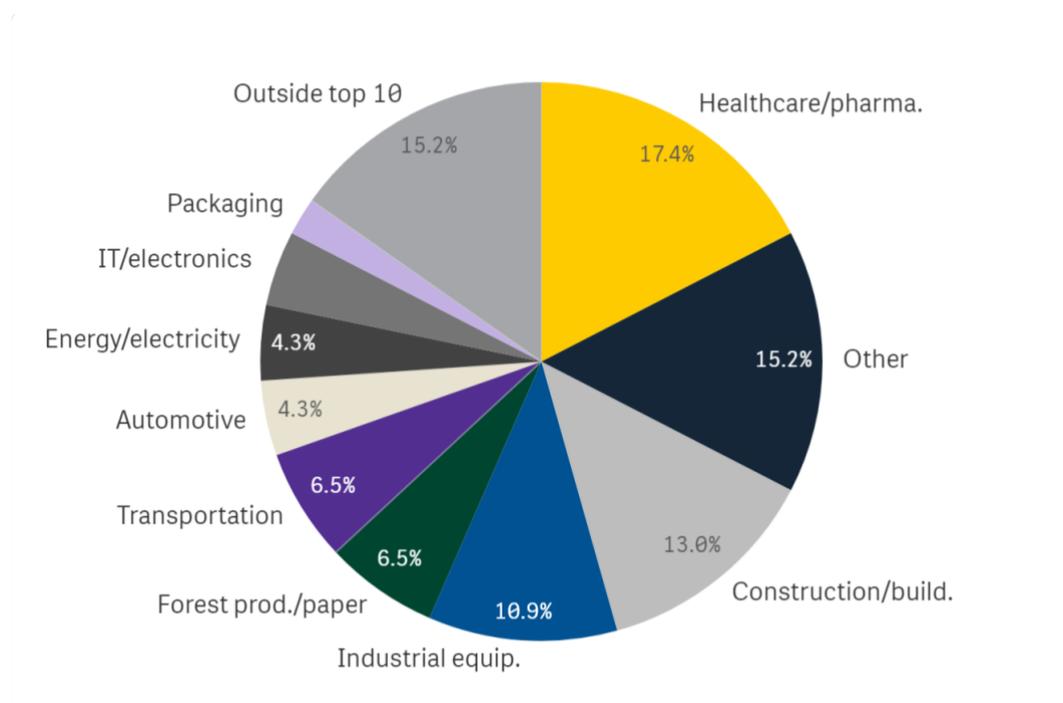
NOTE: The number of respondents for this question was 46. "Don't know/Not applicable" responses are included but not shown in this figure. SOURCE: Business Climate Survey for Swedish companies in the UAE 2025.

The footprint of Swedish company presence in the country precedes the formation of the UAE in 1971. In the late 1960s and early 1970s, large Swedish multinational companies with global reach established themselves in the UAE. The pace of Swedish establishments between the 1960s-2000 was somewhat limited, with only a few newcomers entering the UAE every few years. The establishment pace started picking up in 2005, slowed down in response to the 2008 global financial crisis, and took off again with worldwide economic recovery. In the years between 2017-2023, establishments slightly slowed down. The companies with a more recent footprint operate in diverse sectors and are generally small businesses.

Due to the past cap on foreign ownership of companies in the UAE – which has recently been liberalised – businesses in the UAE often chose to establish themselves in one of approximately 40 ‘economic free zones’. The free zones are geographical areas in the Emirates that allow 100 per cent foreign ownership, 100 per cent repatriation of capital and profits, and historically 100 per cent corporate and personal income tax exemptions.² Free zones are legally considered outside the UAE territory – thus, free zone companies are subject to certain restrictions. For example, they are not permitted to operate in the UAE ‘onshore’ and can only sell to the UAE ‘mainland’ through appointed third-party logistics providers or distributors. However, with recent reforms on company ownership, the UAE is looking to attract more businesses in both free zones and the mainland, particularly small- and mid-sized companies, to diversify its economy further.

Swedish companies are active in a wide range of operations. The largest individual categories are healthcare and pharmaceuticals, construction and building, and industrial equipment. In terms of sales, the largest companies are in the automotive and industrial equipment sectors.

WHAT IS YOUR COMPANY’S MAIN INDUSTRY IN THE UAE?

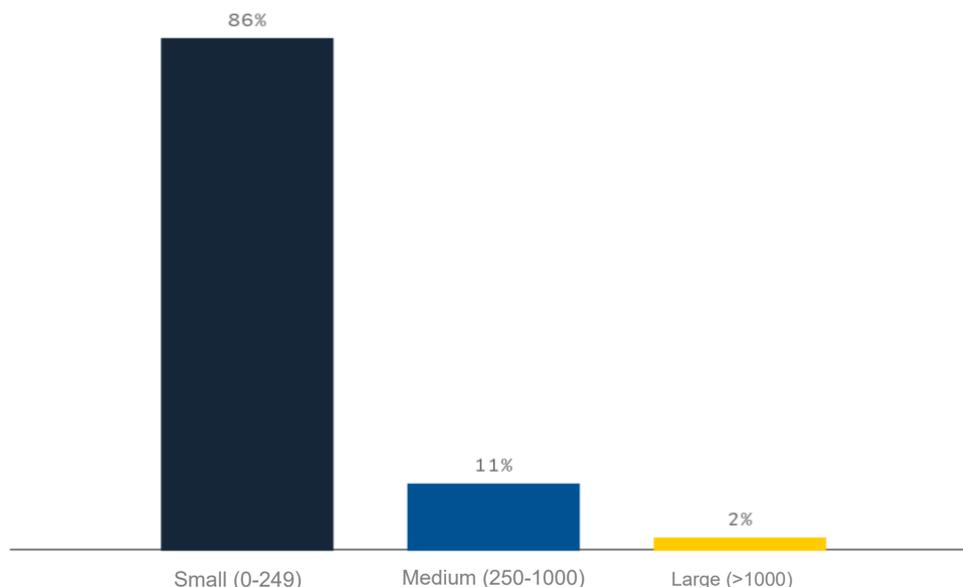


NOTE: The number of respondents for this question was 46. “Don’t know/Not applicable” responses are included but not shown in this figure. SOURCE: Business Climate Survey for Swedish companies in the UAE 2025.

To boost the national economy and support local industries, the UAE has established a governmental program called ‘In-Country Value’ (ICV). Among other agenda points, the program promotes the employment of UAE nationals among international actors. Thus, the number of UAE nationals in a company’s workforce will become an increasingly important criterion when evaluating companies bidding for governmental contracts.

² See more on the new corporate tax regime on page 14.

SWEDISH FIRMS' LOCAL NUMBER OF EMPLOYEES IN THE UAE IN 2025

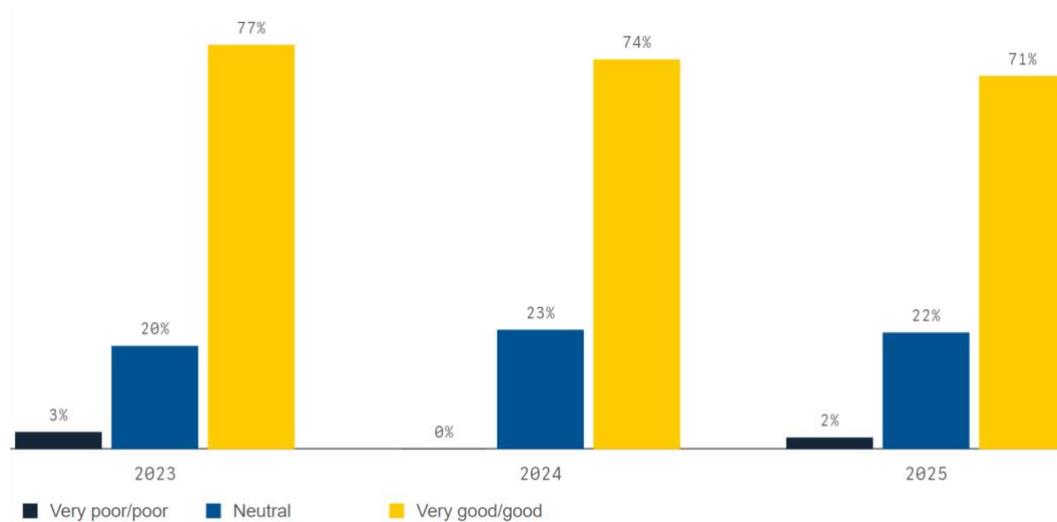


NOTE: The number of respondents for this question was 44. "Don't know/Not applicable" responses are included but not shown in this figure. SOURCE: Business Climate Survey for Swedish companies in the UAE 2025.

Swedish companies view the business climate as good

An encouraging 71 per cent of Swedish companies perceive the business climate in the UAE as good or very good, reflecting a positive view of the operating environment. The result is only slightly below last year's 74 per cent. Moreover, only two per cent of companies rate the business climate as very poor or poor, marking a clear improvement over recent years, whereas in 2022, nine per cent of the responding companies held this perception. Most optimistic toward the UAE business environment are mature Swedish companies established in the market before 2003 and medium-sized companies. Neutral sentiments on the business environment are mainly prevalent among small-sized companies and newcomers.

HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN THE UAE?



NOTE: The number of respondents for this question was 45. "Don't know/Not applicable" responses are included but not shown in this figure. SOURCE: Business Climate Survey for Swedish companies in the UAE 2025.

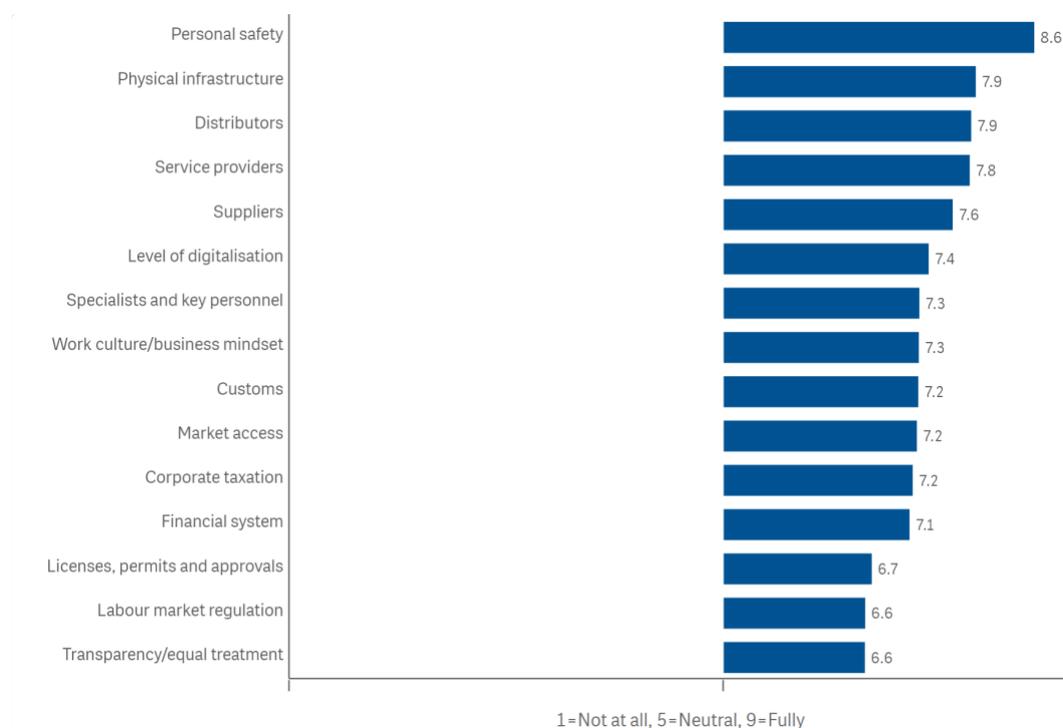
Companies appreciate personal safety, infrastructure, and quality distributors

Overall, Swedish companies hold positive views on many conditions for conducting business in the UAE. Not a single criterion from the list included in the survey scored negatively (i.e., below five). Swedish companies highly appreciate personal safety, physical infrastructure, and access to quality distributors and service providers in the Emirates.

The World Bank highlights that the UAE has launched several initiatives to improve the business environment during the last few years. The country made starting a business less expensive by reducing the fees for business incorporation. They also increased minority investor protections by providing for the disqualification of directors in cases of prejudicial conflicts of interest. They also made trading across borders easier by reducing the time to export by fully digitising certificates of origin and the cost to import by issuing certificates of conformity that cover multiple shipments.

Swedish firms indicate a gap in transparency and fully equal treatment in business as areas of improvement. Delayed and unsecured payments, as well as the hassle of dealing with licenses, permits, and approvals, particularly for newcomers, remain challenging. Labour market regulations also scored relatively low. This is related to another major concern for Swedish companies: unequal treatment of employees based on nationality. In addition, the financial system also scored relatively low.

HOW WELL DO THE FOLLOWING CONDITIONS MEET THE NEEDS OF YOUR COMPANY IN THE UAE?



NOTE: The number of respondents for this question was 46. SOURCE: Business Climate Survey for Swedish companies in the UAE 2025.

“ Overall, the business climate is good. Liquidity in the market is a bit tight. Also, the influx of new competitors is making market space crowded and resulting in deteriorating margins. At the same time, we cannot complain since the UAE market and regional market are currently doing quite well. Significant risk does, however, exist if there is a significant impact on oil price, etc.

Survey respondent, small-sized company

Technical regulations and standards are the most common trade barriers companies experience

Swedish companies operating in the UAE have not reported any new trade barriers, and many obstacles faced last year remain valid. Close links between politics and business in the UAE can sometimes lead to a lack of transparency and unpredictability in business and licensing processes. Rules and regulatory frameworks are often unclear or difficult to decipher, which is time-consuming and costly for Swedish companies. Extensive certification requirements, complicated licensing rules and cumbersome bureaucracy are common, and these issues usually entail high costs and long lead times. Some SMEs have also reported difficulties opening local bank accounts.

In the wake of the Financial Action Task Force's (FATF) critical 2020 review of the UAE's anti-money laundering and counter-terrorism financing framework – which led to the country being grey-listed in 2022 – several Nordic banks, including Handelsbanken and Danske Bank, ceased all forms of transactions to and from the UAE. The decision was reportedly driven by compliance concerns related to money laundering, tax evasion, and terrorist financing risks, as well as the high administrative burden of reviewing individual transactions. After implementing significant reforms, the UAE was removed from the FATF grey list in February 2024, but some financial restrictions and cautious stances by foreign banks may persist. Although removed from the FATF grey list, the UAE is still included in the EU's list of jurisdictions that are identified as having strategic deficiencies in their regimes for anti-money laundering and combating the financing of terrorism.

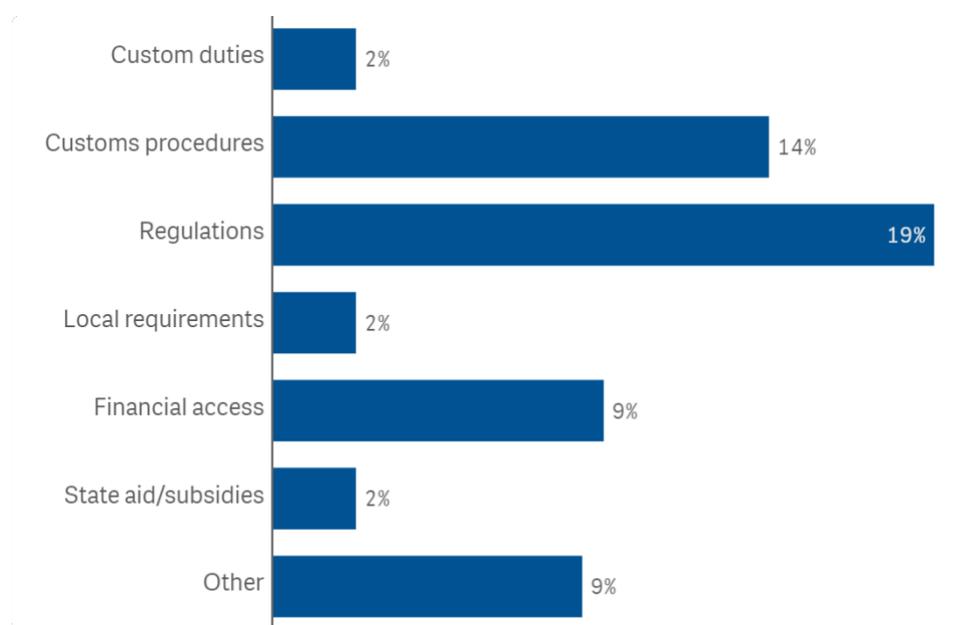
Among all issues highlighted by the survey, technical regulations or standards emerge as the most significant barrier, affecting 19 per cent of companies, which is at a similar level as last year.

There is also an increasing requirement for localisation in terms of research and development, assembly, installation, and production. In addition, recruitment is perceived to be more challenging due to the Emiratisation program implemented by the Ministry of Human Resources and Emiratisation (MoHRE). This involves the local authorities' requirement (under penalty of fines) that a certain percentage of staff be Emirati nationals.

“ Challenges with Emiratisation compliance continue.

Survey respondent, large-sized company

HAS YOUR COMPANY IN THE PAST YEAR ENCOUNTERED TRADE BARRIERS IN THE UAE WITH A NOTICEABLY NEGATIVE IMPACT ON OPERATIONS, IN ANY OF THE FOLLOWING AREAS?



NOTE: The number of respondents for this question was 46. SOURCE: Business Climate Survey for Swedish companies in the UAE 2025.



No one tells people how challenging it actually is to work here. I do feel people have the right to know before they embark on a costly journey.

Survey respondent, small-sized company

Companies are still adapting to the new corporate tax regime

The introduction of a federal corporate tax (CT) in the UAE in 2023 marked a fundamental shift in the country's tax environment. Previously, the UAE imposed corporate taxation only on select activities, reinforcing its reputation as a 'tax haven'. The new regime is part of broader efforts to align with international tax transparency standards and strengthen the UAE's position as a credible and competitive global business hub.

The CT is levied on the net profits of businesses across all Emirates for financial years starting on or after 1 June 2023. For companies with a calendar year-end, 2024 became the first full tax year under the new rules. The standard rate remains nine per cent on profits exceeding AED 375,000 (USD 100,000), while profits below that threshold are taxed at zero per cent. The tax applies to both mainland and free zone businesses unless the latter meet specific exemption criteria and do not engage in mainland activities. Foreign entities conducting regular business in the UAE are also subject to the CT, with sector-specific provisions applying to banking, real estate, construction, development, agency, and brokerage operations.

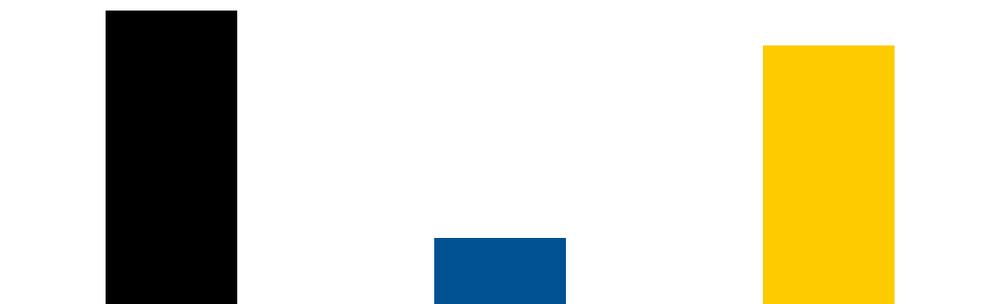
Looking ahead, the UAE has announced the implementation of a 15 per cent Domestic Minimum Top-Up Tax (DMTT), effective for financial years beginning on or after 1 January 2025. This measure aligns the UAE with the OECD/G20 global minimum tax framework under Pillar Two. The DMTT will apply to multinational enterprises operating in the UAE with consolidated global revenues of at least USD 840 million in two of the four financial years immediately preceding the applicable financial year. The new top-up tax aims to ensure that large multinational enterprises pay a minimum tax on profits in every jurisdiction where they operate. While primarily targeting large corporations, the DMTT also reflects the UAE's broader commitment to enhancing tax transparency and curbing harmful tax practices.

Exemptions continue to apply to certain activities. These include natural resource extraction, as these businesses will continue to be subject to Emirate-level taxation.³ Moreover, qualifying dividends, capital gains, and intra-group transactions under specific conditions remain untaxed. Employment income and personal earnings remain untaxed.

The UAE joined the World Trade Organization in 1996 and has since concluded more than 120 tax treaties, including double taxation agreements with many EU countries. However, Sweden does not currently have a double taxation agreement (DTA) with the UAE – something several Swedish companies cite as an implicit trade barrier. In the absence of a DTA, the tax implications of cross-border arrangements can be less predictable and more challenging to manage.

Given that the UAE's corporate tax regime is still in its early stages, many Swedish companies report a lack of clarity on how the absence of a DTA with Sweden will affect their business. A majority, 64 per cent, remain uncertain about the consequences. According to survey responses, 17 per cent of companies experience a negative impact, while 15 per cent report a beneficial effect.

HOW IS YOUR BUSINESS IMPACTED BY THE LACK OF A DOUBLE TAXATION AGREEMENT BETWEEN SWEDEN AND THE UAE?



NOTE: On a scale of one (highly negative) to nine (highly positive). The number of respondents to this question was 46. "Don't know/Not applicable" responses are included but not shown in this figure. SOURCE: Business Climate Survey for Swedish companies in the UAE in 2025.

As the UAE tax framework continues to evolve, businesses face new obligations: registering with the Federal Tax Authority (FTA), interpreting emerging tax rules, maintaining compliant local accounting systems, and filing returns – often for the first time. These developments require either internal upskilling or reliance on external tax advisors. Among the Swedish companies responding to the survey, 37 per cent have chosen to manage corporate tax reporting in-house, while 44 per cent have opted to outsource the process.

HOW DOES YOUR COMPANY HANDLE CORPORATE TAX REPORTING IN THE UAE?



NOTE: The number of respondents for this question was 46. "Don't know/Not applicable" responses are included but not shown in this figure. SOURCE: Business Climate Survey for Swedish companies in the UAE in 2025.

³ This exemption is designed to respect the sovereignty of each Emirate over its natural resources and prevents taxation being imposed at both the Emirate and Federal level on the same type of income.

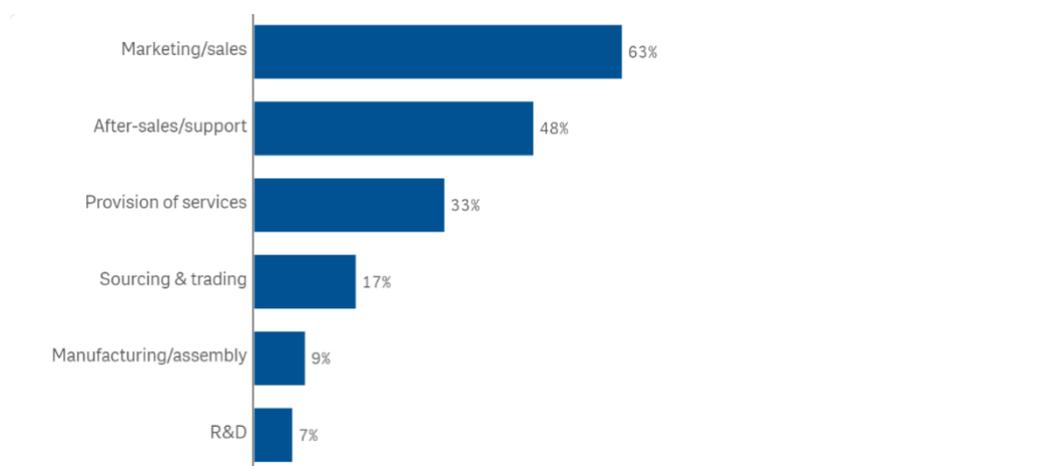
HOW SWEDISH COMPANIES SUCCEED IN THE UAE

Local investment remains of growing importance

The UAE is a distributor-driven market. Before establishing in the market, Swedish companies tend to test their potential by selling via local distributors. This is especially true for small and medium-sized businesses. Indirect presence in the market requires less investment and offers the lowest risk but might limit rewards. Before entering into a partnership agreement with a local distributor, Swedish companies are highly recommended to conduct due diligence with the support of local expertise. Successful cooperation with a local partner requires constant communication, coaching and often – direct sales and marketing support.

After testing the waters, Swedish companies usually proceed to establish marketing and sales offices in the UAE. The survey results confirm that marketing and sales operations are typically characteristic of newcomers. After years of learning, Swedish companies tend to expand into other types of operations – the second most common type being after-sales and/or support function, followed by the provision of services.

OPERATIONS OF SWEDISH FIRMS IN THE MARKET



NOTE: The number of respondents for this question was 46. "Don't know/Not applicable" responses are included but not shown in this figure. SOURCE: Business Climate Survey for Swedish companies in the UAE 2025.

The In-Country Value Program (ICV), launched by the UAE government, aims to boost economic performance and support local industries by redirecting higher portions of public spending into the national economy. The UAE government wants to incentivise companies to focus investments and efforts on the local market. By doing this, the government aims to achieve more localised supply chains, attract more industrial investments, increase the local population employed in the private sector, and, in the long run, accomplish a more diversified GDP.

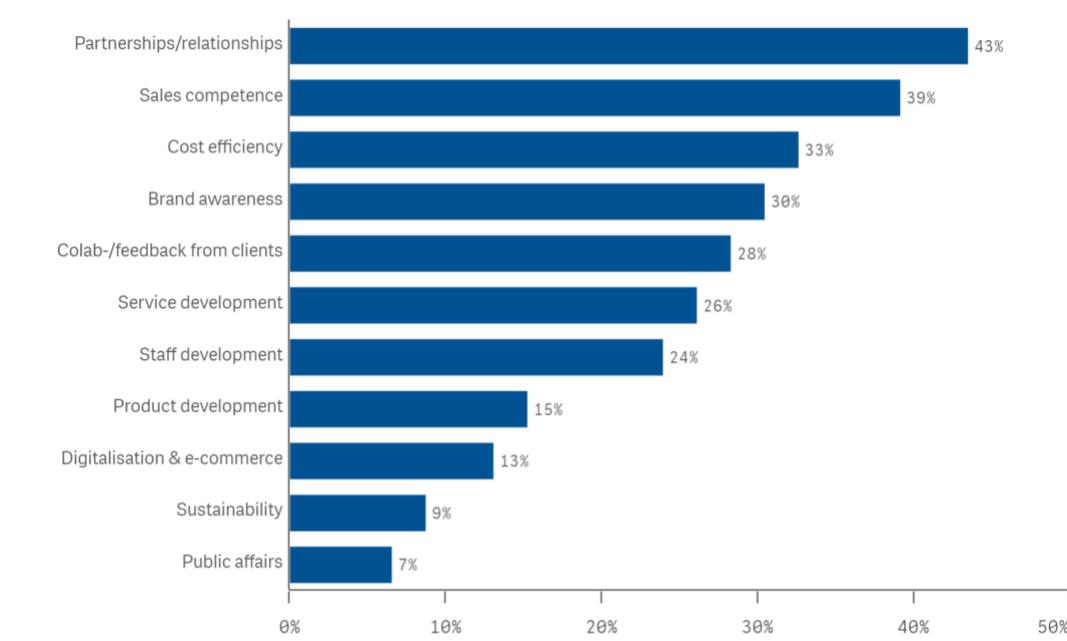
ICV will eventually be implemented in every governmental procurement and tender process, where the bidding company with an ICV certificate and the highest ICV score will likely be rewarded with the contract. Moving forward, it will be increasingly important for Swedish companies to also invest locally in operations such as R&D, manufacturing/assembly, and more to be competitive when bidding for government tenders.

Cultivating local partnerships is crucial

Competition in the UAE is tough across different verticals and extremely fierce within the consumer segment. In 2018, Dubai overtook London as the most important global shopping destination, as the city now hosts more international brands than anywhere else in the world. The UAE remains the most attractive market in the region for retailers, and many of them are using the Emirates as a 'launch pad' for regional expansion.

Overall, Swedish companies, regardless of size and industry, agree that good partnerships and relationships are the most important ingredient for maintaining competitiveness in the UAE, followed by sales competence, cost efficiency and brand awareness.

TO DATE, WHICH OF THE FOLLOWING AREAS HAVE BEEN IMPORTANT IN MAINTAINING COMPETITIVENESS IN THE UAE?



NOTE: The number of respondents for this question was 46. "Don't know/Not applicable" responses are included but not shown in this figure. SOURCE: Business Climate Survey for Swedish companies in the UAE 2025.

It is also evident that a vast majority of companies in the UAE derive some benefit from the 'Swedish brand,' with 87 per cent reporting at least partial benefit. Moreover, 26 per cent perceive the Swedish brand as a significant contributor to their business in the UAE market, an increase of eight per cent since last year's survey.

Sweden is often associated with quality, reliability, and sustainability. However, according to the survey, sustainability is not yet a major contributor to business competitiveness in the UAE, with only nine per cent of respondents listing it as a factor of importance. However, the share will likely grow in importance as the UAE government increasingly emphasises the importance of sustainability.⁴

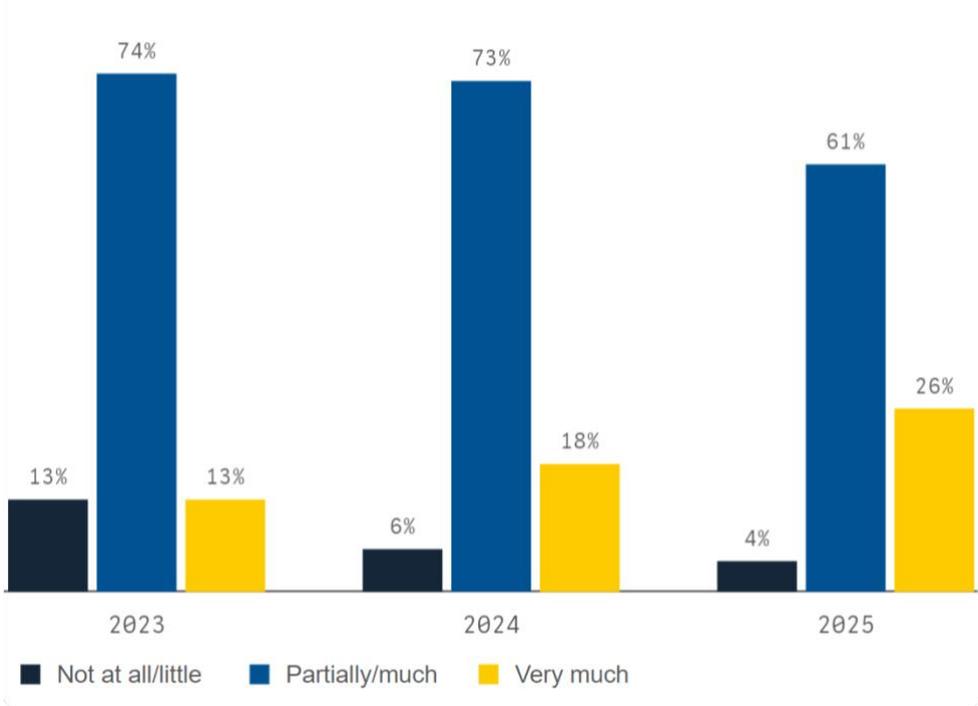


A lot of talk about sustainability but in the end, pricing is more important due to the high level of competition and deteriorating margins."

Survey respondent, small-sized company

⁴ See more in following chapter 'Acting Sustainably'

TO WHAT EXTENT WOULD YOU ESTIMATE THAT THE “SWEDISH BRAND” CONTRIBUTES TO YOUR BUSINESS IN THE UAE?



NOTE: The number of respondents for this question was 46. “Don’t know/Not applicable” responses are included but not shown in this figure. SOURCE: Business Climate Survey for Swedish companies in the UAE 2025.

ACTING SUSTAINABLY

Policy progress outpaces customer demand

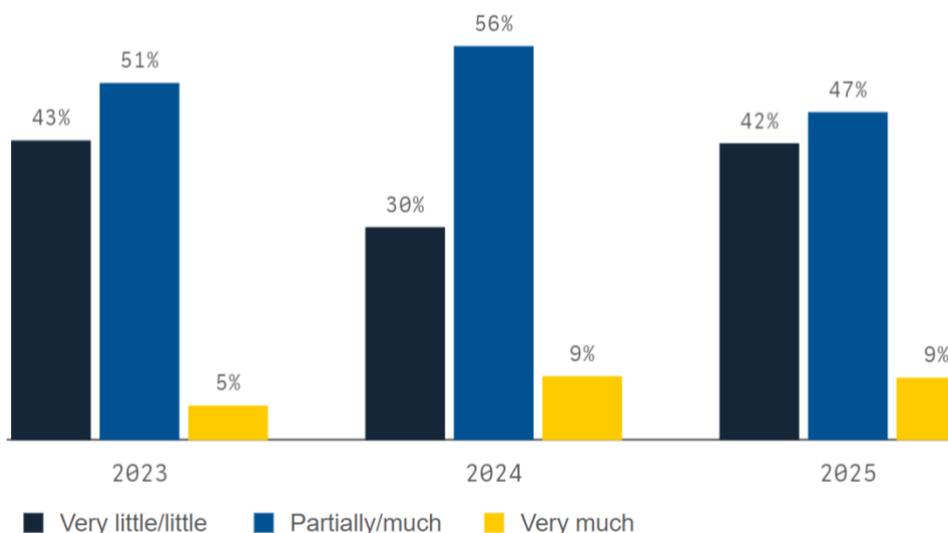
In recent years, the UAE has taken several steps towards promoting environmental sustainability through long-term strategies and regulations. In 2016, the country launched its National Climate Change Plan for 2017-2050, and in 2021, the UAE announced that it aims for net-zero emissions by 2050, making the UAE the first nation in MENA to do so. Through these initiatives, customers in the UAE will likely start to consider a product’s or service’s environmental aspects more in their purchasing decisions.

According to the UAE government, the major economic opportunities offered by the path to net zero directly support its vision to become the world’s most dynamic economy. To reach this goal, stakeholders in key sectors will update relevant plans, strategies, and policies and implement initiatives and projects to achieve net zero by 2050. Federal and local authorities will be responsible for conducting comprehensive studies and developing plans to introduce necessary measures to reduce emissions while ensuring growth based on sustainability principles.

At the end of 2023, the UAE’s commitment to the green transition was under the global spotlight as the Emirates hosted the 28th Conference of the Parties to the UN Framework Convention on Climate Change (COP28). These high-level gatherings play a key role in shaping international climate policy, such as the Paris Agreement, and spotlight progress, challenges, and innovations. The UAE’s hosting of COP28 also elevated local and regional attention to sustainability efforts and ambitions.

Regarding the consideration of environmental aspects in purchasing decisions, 56 per cent of companies report that customers in the UAE show some or a great level of awareness of environmental factors. This represents a slight decrease compared to last year and may indicate that the heightened focus on environmental sustainability – both leading up to and following Dubai-hosted COP28 – as well as related local strategies, have yet to translate into significant shifts in customer priorities. Notably, sustainability is still not perceived as a key factor for maintaining competitiveness, according to the survey’s participating companies.

TO WHAT EXTENT DO CUSTOMERS IN THE UAE CONSIDER ENVIRONMENTAL ASPECTS OF A PRODUCT OR SERVICE IN THEIR PURCHASING DECISION?



NOTE: The number of respondents for this question was 45. “Don’t know/Not applicable” responses are included but not shown in this figure. SOURCE: Business Climate Survey for Swedish companies in the UAE 2025.

“Larger customers and chains (e.g., global hotel chains etc.) are talking about the topic of sustainability more and more. Smaller customers are more looking for price in general.”

Survey respondent, large-sized company

“ There is a direct correlation with cost, and currently, sustainability from a greener operations perspective within our specific industry is considered a value-added bonus, provided it does not inflate the overall commercials. However, we remain optimistic that this will continue to improve going forward.

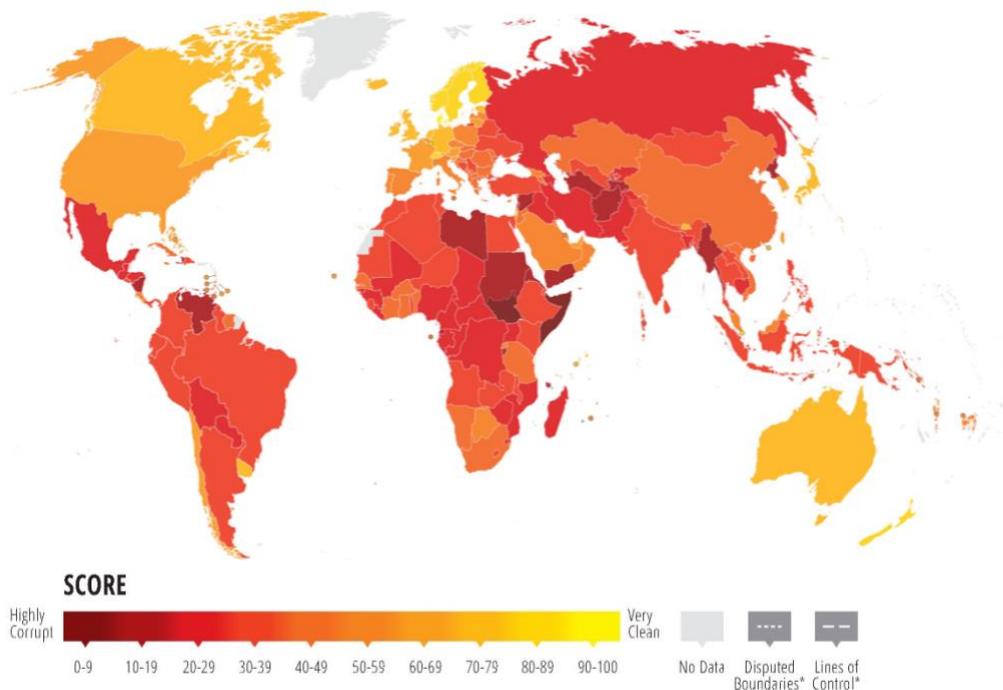
Survey respondent, medium-sized company

Perceived as the least corrupt country in the region

Transparency International's Corruption Perception Index (CPI) ranked the UAE as the least corrupt country in MENA in 2024. The index is based on the assessment of experts and business executives and ranks the UAE 23 out of 180 nations globally, scoring 68/100 points. This ranking is likely a result of the UAE's anti-corruption commitments and introduced measures, including but not limited to extended anti-bribery legislation to the private sector, extended territorial reach of the UAE anti-bribery legislation, expanded bribery scope within the public sector, a new Dubai economic security 'super-regulator' to monitor and combat corruption within the Dubai financial services sector, and increased cap on fines to private companies tenfold.

The Middle East faces corruption challenges, highlighting a lack of political integrity. Regionally, the UAE is followed in ranking by Israel, Qatar, Saudi Arabia, Oman, Bahrain, Jordan and Kuwait. At the bottom, Syria scores 12/100, below Yemen, which scores 13/100.

CORRUPTION PERCEPTION INDEX 2024



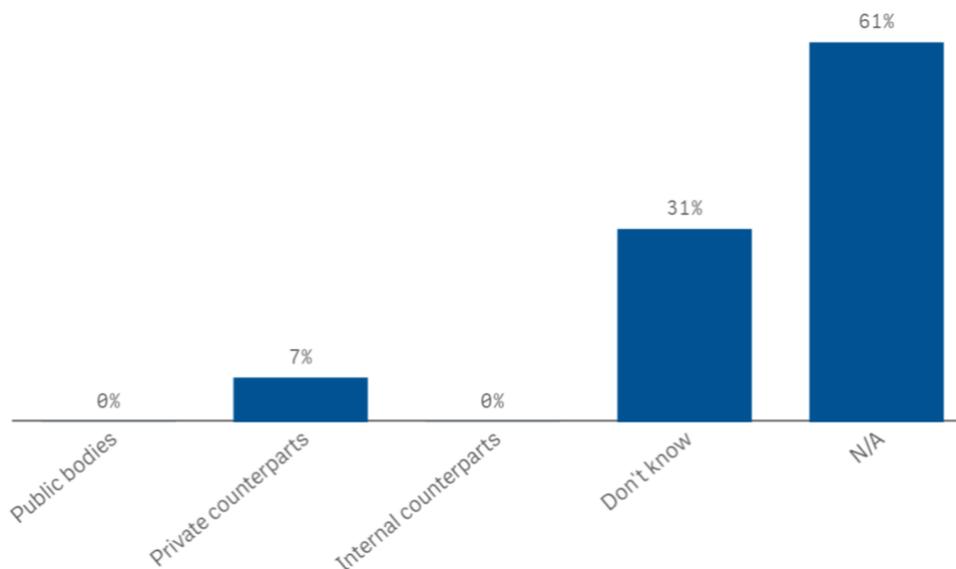
NOTE: The UAE ranks 23rd in the CPI 2024, scoring 68 out of points. SOURCE: Transparency International.

A word on 'Wasta' in the Middle East

Wasta originated in the Middle Eastern culture and historically was the way for Bedouin families and tribes to resolve conflict, cooperate and gain loyalty. *Wasta* is an integral part of a high-power distance culture in the region where the inherent authority is generally regarded as natural and proper. The notion of *Wasta* is something deeply embedded in Arab culture and refers to the advantages and benefits one gains from being part of a particular group or having connections socially (either within or outside the family). The root of the Arabic word refers to the 'middle' and translates as 'connections' or 'influence'. *Wasta* is said to facilitate the search for job opportunities, approval of licences or contracts, obtaining favourable rulings, cutting through red tape, and circumventing obstacles that others perceive as challenging. John Hooker of Carnegie Mellon University argues that *Wasta*, in itself, is not corruption because traditional checks and balances on power are in place. Contrary to corruption, where the interests of an individual are placed over the interests of a company or the whole, *Wasta* is meant to forward and align the interests of the individual and contribute to the betterment of the whole. *Wasta*, when practised responsibly, can reflect the principles of good leadership. If an authority figure uses *Wasta* in this manner, it can be positive, morally acceptable, and beneficial. This is an important consideration for Swedish companies when doing business in the Middle East. There are certainly bad forms of *Wasta*, mainly when it is used to gain economic benefits at the expense of the whole and when intermediaries are motivated by individual gain rather than loyalty to the extended family or aim to receive favours that would not be granted otherwise in a responsible system.

In this year's survey, seven per cent of Swedish companies reported encountering corruption violations involving private counterparts. No violations were reported regarding internal counterparts and public bodies. The high frequency of N/A answers limits the possibility of drawing conclusions in this survey.

HAS YOUR COMPANY IN THE UAE BEEN EXPOSED TO CORRUPTION SUCH AS, BUT NOT LIMITED TO, ATTEMPTS OF BRIBERY OR FRAUD IN CONTACTS WITH ANY OF THE FOLLOWING AREAS?

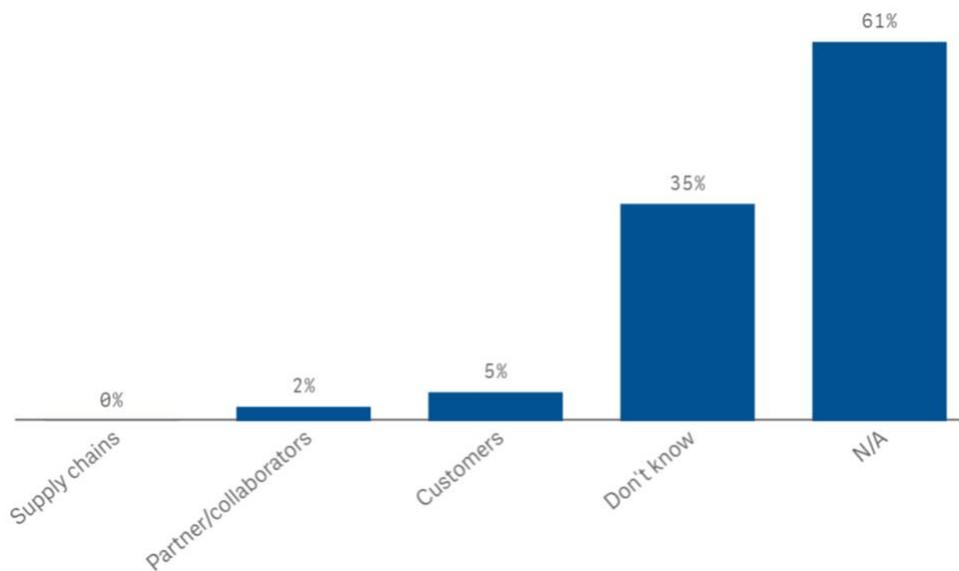


NOTE: The number of respondents for this question was 46. "Don't know/Not applicable" responses are included but not shown in this figure. SOURCE: Business Climate Survey for Swedish companies in the UAE 2025.

Human rights or labour violations

When queried about encountering any form of human rights violation, responses uniformly lean towards “don’t know” or “not applicable”. Consequently, no meaningful data can be extracted from this question in this particular survey. Swedish companies are expected to follow the OECD’s guidelines for multinational enterprises on responsible business conduct, as well as the UN’s guiding principles on business and human rights and the ILO Tripartite Declaration on Multinational Enterprises and Social Policy.

HAS YOUR COMPANY IN THE UAE ENCOUNTERED ANY FORM OF HUMAN RIGHTS VIOLATIONS AND/OR LABOUR RIGHTS ABUSE IN CONTACTS WITH ANY OF THE FOLLOWING AREAS?



NOTE: The number of respondents for this question was 46. Don't know/Not applicable" responses are included but not shown in this figure. SOURCE: Business Climate Survey for Swedish companies in the UAE 2025.

CONCLUDING REMARKS

The 2025 Business Climate Survey seeks to strengthen the understanding of the Swedish experience of doing business in the UAE by providing a nuanced picture of the factors driving Swedish companies' achievements. Team Sweden in the UAE is committed to continuing to support Swedish companies in the UAE market and uphold the trust and value of the Swedish brand. Our aim is to support Swedish businesses in their global growth journeys and welcome further dialogue about the opportunities and challenges that the UAE market presents. We welcome you to reach out to us for further discussions.

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