

European Services Sectors Priorities for the EU-United Arab Emirates Free Trade Agreement

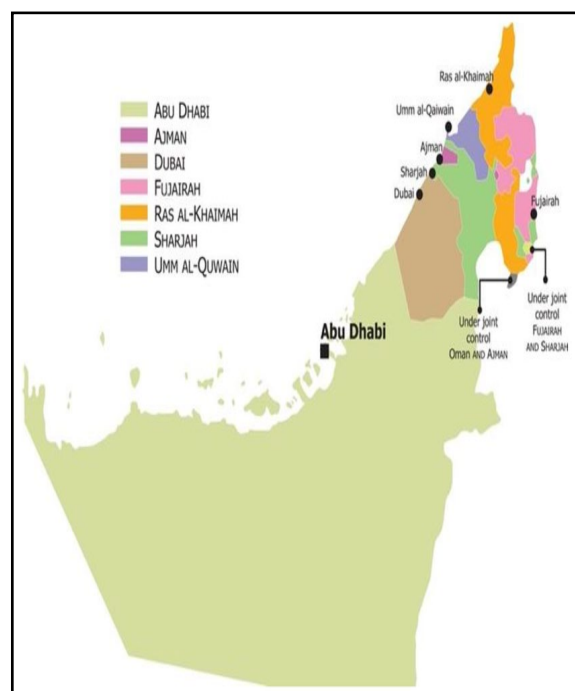


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EXECUTIVE SUMMARY

- The European Services Forum strongly supports the negotiations towards an ambitious EU-United Arab Emirates Free Trade Agreement and welcome the launch of the talks.
- UAE is the 9th biggest global exporter of services, with exports of \$176 billion. **UAE is the EU's 10th largest services trading partner** globally in 2023. EU Services exports amount to 36.7% of total EU exports, while UAE services exports represented 43.1% of total exports to the EU, which is much higher than compared to UAE global exports average (29.1%). This means that UAE has a particular focus on trade in services with the European Union (compared to the rest of the world), as a mean to diversify its economy. In the last decade, EU-UAE two-way trade in services grew by 120% to a total value of €39 billion in 2023 (€17.7 billion in 2014). The EU-UAE FTA will contribute to further increase bilateral trade.
- **Regarding trade in services, the level of binding commitments by UAE towards the EU is currently the GATS** (General Agreement on Trade in Services) Schedule of Commitments in the Uruguay Round. UAE's GATS commitments from the Uruguay Round were rather open, but limited only to few sectors, and more importantly were limited by the horizontal restriction, where for mode 3 across all commitments in the Schedule, commercial presence is subject to maximum foreign equity participation of 49%.
- ESF takes notes that in recent years, as part of a strategy to diversify its oil-based economy, the **UAE's Comprehensive Economic Partnership Agreement programme**, initiated in September 2021, has resulted in 26 agreements with strategically significant countries and international blocs by the end of the first quarter of 2025. The EU-UAE FTA is part of that strategy.
- In particular, we would like to draw the attention on the recent CEPAs that UAE signed with Australia (November 2024) and New-Zealand (January 2025) where commitments have been taken in over 120 services sectors and sub-sectors. ESF takes for granted that respective **best commitments taken by UAE in its existing FTAs, and in particular with Australia and New-Zealand, should be the basis of the FTA negotiations with the EU.**
- The FTA should improve the mobility of European businesspeople to the UAE. The FTA should include **strong provisions in the Digital Trade Chapter**, including on cross-border data flows and ban permanently customs duties on electronic transmissions. The FTA should also include a strong Horizontal Chapter on Disciplines for Domestic Regulation, rules on State-Owned Enterprises.
- Given the strong interest of services companies in **public procurement** both for services contracts and works/infrastructure contracts, ESF calls for a comprehensive market access to public procurement for services in the FTA negotiations, with substantive coverage of public institutions and entities.
- ESF goes into the details of all services sectors in the last section of this Position Paper, makes some comments and recommendations for the consideration of the negotiators (in sectors like professional and business services, telecommunication and digital services, express delivery, distribution services, insurance and financial services, transport services, etc). In particular, ESF draw the attention of the negotiators on the fact that **many commitments taken by UAE, notably with Australia and New Zealand, are coming back on some GATS commitments and this is not acceptable.**

European Services Industries Priorities for the EU-UAE Free Trade Agreement

The EU and the Gulf Cooperation Council (GCC) have been in trade negotiations for decades, but a Free Trade Agreement (FTA) has not yet been finalized. Negotiations began in 1990 but were suspended in 2008 due to disagreements on key issues. These EU-GCC FTA talks were part of a wider effort by the EU to deepen its trade and investment ties with the [Gulf region](#) in line with the EU's [Joint Communication on a Strategic Partnership with the Gulf](#) of 2022. The EU and GCC have recently expressed renewed interest in strengthening trade and investment relations, as seen in the [first EU-Gulf Cooperation Council \(GCC\) summit](#) in October 2024.

It is in that context that, on 10 April 2025, European Commission President Ursula von der Leyen and His Highness Sheikh Mohamed bin Zayed Al Nahyan, President of the United Arab Emirates, first [agreed to launch negotiations on a free trade agreement](#). The envisaged bilateral FTA may serve as a building block for a future regional FTA with the GCC.

The negotiations were [formally launched on 28 May 2025](#) in Dubai by Commissioner for Trade and Economic Security Maroš Šefčovič and UAE Minister Thani bin Ahmed Al Zeyoudi who reconfirmed the ambition to reach a commercially beneficial agreement and agreed on a roadmap, with substantive work set to begin as early as in June.

This agreement aims to liberalise trade in goods, focus on reducing tariffs, liberalise trade in services, aiming at facilitating services with an emphasis on digital trade, and at improving investment flows. The agreement will also aim at deepening cooperation in strategic sectors like renewable energy, green hydrogen, and critical raw materials. The negotiations represent a significant step in strengthening ties between the EU and the UAE.

The EU had [tabled text proposals for the FTA chapters](#) ahead of the round covering: Trade in Goods, Rules of Origin, Trade Remedies, Technical Barriers to Trade, Sanitary and Phyto-Sanitary Measures, Trade in Services and Investment, Digital Trade, Energy and Raw Materials, Government Procurement, Intellectual Property Rights, Geographical Indications, Competition and Subsidies, State-Owned Enterprises, Trade and Sustainable Development, Small and Medium-Sized Enterprises, Good Regulatory Practices, Transparency, Dispute Settlement, Exceptions, Anti-fraud Clause, Customs and Trade Facilitation, and the Mutual Administrative Assistance in Customs Matters.

The first round of negotiations on the EU-UAE FTA began on 24 June 2025 (see report [here](#)). The 2nd round of negotiations is scheduled to take place in Brussels in September 2025.

It is with this perspective that the European Services Forum has developed its Position Paper to express its priorities for the services sectors in these FTA negotiations with the UAE.

I. INTRODUCTORY REMARKS ON UAE

In 1971, six states - Abu Dhabi, 'Ajman, Al Fujayrah, Ash Shariqah, Dubayy, and Umm al Qaywayn - merged to form the United Arab Emirates (UAE). Ra's al Khaymah joined in 1972. The United Arab Emirates (UAE) is therefore a rather young nation.

The UAE's per-capita GDP (+\$49 000) is on par with those of leading West European nations. For more than three decades, oil and global finance drove the UAE's economy. In 2008-09, the confluence of falling oil prices, collapsing real estate prices, and the international banking crisis hit the UAE especially hard. The UAE did not experience the "Arab Spring" unrest seen elsewhere in the Middle East in 2010-11, partly because of the government's multi-year, \$1.6 billion infrastructure investment plan for the poorer northern emirates, and its aggressive pursuit of advocates for political reform. UAE has a strategic location along southern approaches to Strait of Hormuz, a transit point for crude oil.

UAE population is heavily concentrated to the northeast on the Musandam Peninsula; the three largest emirates -- Abu Dhabi, Dubai, and Sharjah -- are home to nearly 85% of the population (10.9 million in 2024). **Immigrants represent over 87% of the total population**, and the economy is highly reliant on foreign workers. The authorities implemented several plans to attract and retain highly skilled foreigners, such as by granting long-term golden residence visas or citizenship to selected investors, highly skilled professionals, or important cultural figures.

A. A country with important economic potential

The World Bank projects the UAE's GDP to grow by 4.6% in 2025, with the non-oil sector being a key driver. **This growth is supported by various sectors including tourism, construction, transportation, and financial services, all these sectors being services sectors.** The UAE's economic performance in 2024 was strong, with a 3.9% year-on-year growth, outperforming the global average. The growth rate was 3.62% in 2023; 7.51% in 2022 and 4.35% in 2021.

So, the United Arab Emirates (UAE) economic growth remains robust, driven by strong domestic activity and structural transformation. While hydrocarbons remain critical, economic diversification is accelerating to enhance resilience and reduce fiscal risks. The non-oil sector is expanding, supported by strategic investments. As part of OPEC+, the UAE extended its voluntary oil production cuts through March 2025, with a gradual phase-out until September 2026, to support market stability and fiscal sustainability. A recent increase in global trade policy uncertainty has introduced new headwinds to the external environment.

UAE is considered a highly trade-intensive economy, according to the World Bank. This is supported by its strong performance in global trade, particularly in non-oil sectors, and its role as a regional hub for trade and finance. The UAE's economy is characterized by a high volume of trade relative to its overall GDP, making it one of the most trade-intensive economies globally, with 203% of GDP (6th). The EU's trade-to-GDP ratio, which includes both goods and services, was 95.69% in 2023.

The World Bank Report on *"Doing Business¹"* was ranking UAE on the ease of doing business as

¹ World bank "Doing Business" ranking

number 16 out of 190 countries in 2020 (the last year of the ranking), showing that the country has an economy that is business oriented and open to attract foreign direct investors. However, one will notice across this whole Position Paper that this “openness” is not reflected in the trade agreements of the country.

The biggest sector of United Arab Emirates’ economy is [services](#), which accounts for **(only) 40 percent of GDP**. Within services most important sectors, we find: wholesale and retail trade and repairs (12 percent of GDP); real estate and business services (9 percent) and transport, communication and warehousing (8 percent). The reason why the services sector represents only 40% of the country’s GDP is because Oil and natural gas exploitation still create **38 percent** of the wealth. The oil and gas sector also accounts for **41% of public revenues, and 26% of merchandise exports**, excluding re-exports. Thus, economic diversification remains a priority of government policy.

Construction and electricity, water and gas distribution contribute for 13 percent of the output and manufacturing for 8 percent. Agriculture, cattle ranching and fishing account for the remaining 1 percent of GDP. So, even if the diversification of the economy out of oil and gas has clearly started, there are still some efforts to do in that domain so as to keep UAE in the club of developed countries, once the fossil resource would come to an end. **Employment in services** (% of total employment) (modelled ILO estimate) in United Arab Emirates was reported at **69.01 % in 2023**, [according to the World Bank collection of development indicators](#).

According to the [World Investment Report 2025](#) issued by the United Nations Conference on Trade and Development (UNCTAD), the value of foreign direct investment (FDI) inflows to the UAE in 2024 amounted to US\$ 45 632 billion compared to US\$ 30 688 billion in 2023, to rank 6th globally in FDI inflows. In 2024, the FDI Inward stocks for the UAE were US\$ 270 619 billion, while UEA invested abroad US\$ 285 607 billion, making the country one of the top ten global investor and recipient of Foreign Direct Investment.

The UAE provides numerous incentives to investors and promotes entrepreneurship. It implements incentives to attract FDI. Incentives include the opportunity for investors of different nationalities to establish and own companies fully. One of the initiatives is [NextGenFDI](#), a collaborative effort between government and private entities. The initiative facilitates expedited licensing and incorporation procedures for cutting-edge technology companies looking to establish their presence in the UAE.

The establishments would be in accordance with the lists published by local authorities, except for specific sectors deemed as [Activities with Strategic Impact](#). In these cases, full ownership is subject to the approval of the regulatory authorities overseeing these sectors.

The UAE is actively engaged in incentivising new economic sectors in the knowledge and digital economy. UAE [Ministry of Economy](#) identifies the below mentioned sectors as highly promising: 1) **fintech**; 2) **e-commerce**; 3) **agritech**; 4) **health care**; 5) **education**; 6) **tourism**; 7) **space**; 8) **logistics services**; 9) **information and communications technology**; 10) **manufacturing**; 11) **medical tourism**; 12) **renewable energy**; 13) **media and entertainment**; 14) **creative industries**; 15) **gaming**; 16) **smart cities**. The vast majority of these sectors are services sectors (in bold). It is a pity therefore that the country is not willing to give long term business legal certainty by committing these efforts into its trade agreement (see below Section III.)

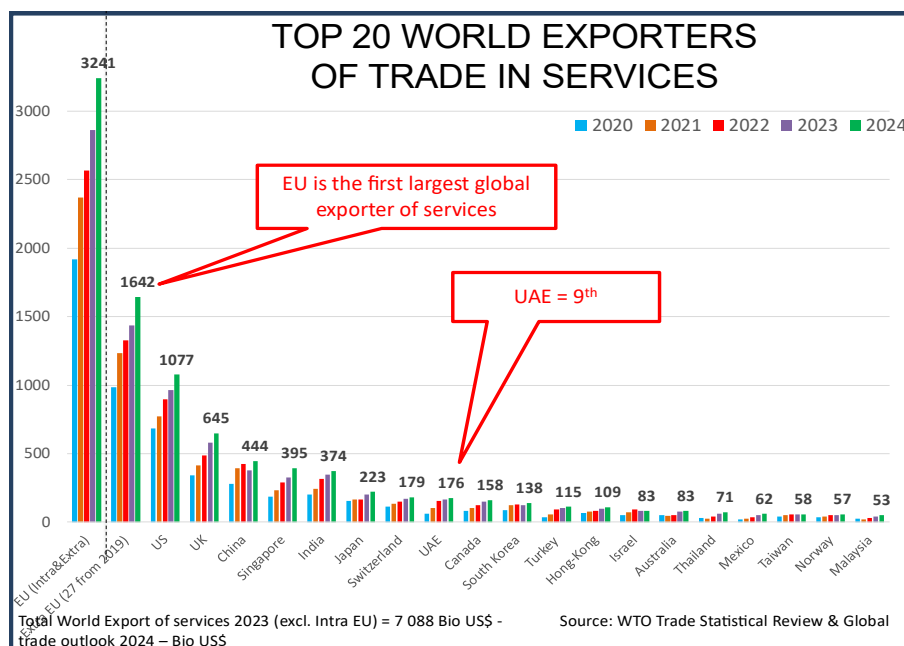
State-owned enterprises (SOEs) and government-related entities (GREs) continue to play an important role throughout the economy, including in the diversification strategies of the authorities.

Mostly, they are fully or partially owned by various sovereign wealth funds at the emirate or federal level, and some GREs compete against each other directly or indirectly. The UAE Government continued to implement reforms that improved governance, strengthened financial independence, and adjusted ownership structures, including via partial divestments. Government revenue from GRE profits represented 8.8% of GDP in 2020

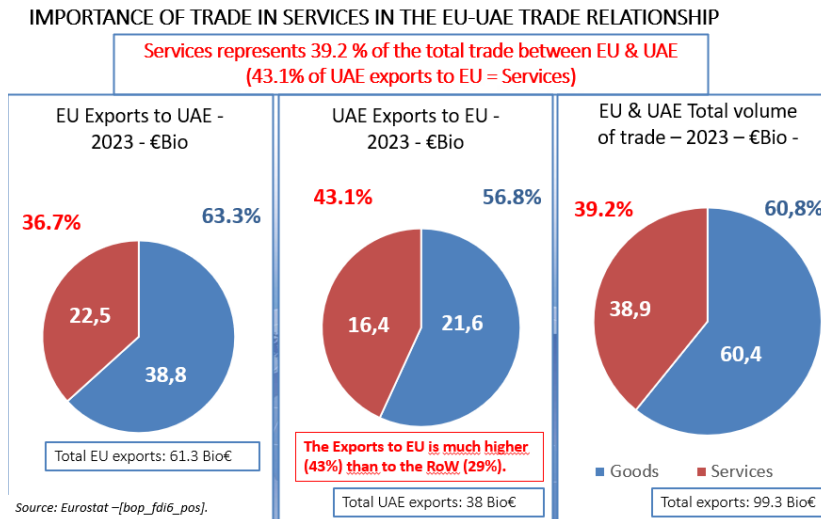
B. EU and UAE trade in figures

The bilateral trade in goods reached €56 billion in 2023, with €38.8 billion of EU exports and €17.2 billion of UAE exports, leading to an EU surplus of €21.6 billion. In 2023, the EU trade in goods continue to grow up significantly, reaching €44.4 billion of EU exports, while the export of UAE decreased by 35%, down to €11.2 billion, and bringing the EU surplus to €33.1 billion.

When considering **trade in services**, UAE is the 9th biggest global exporter of services, with exports of \$176 billion. UAE is the EU's 10th largest services trading partner globally in 2023. So clearly, UAE is a very important trading partner for trade in services with the European Union, and the negotiation of a FTA is a good opportunity to further improve this relationship by getting commitments to remove trade barriers and to bind these commitments on a long-term basis in a legally binding agreement.

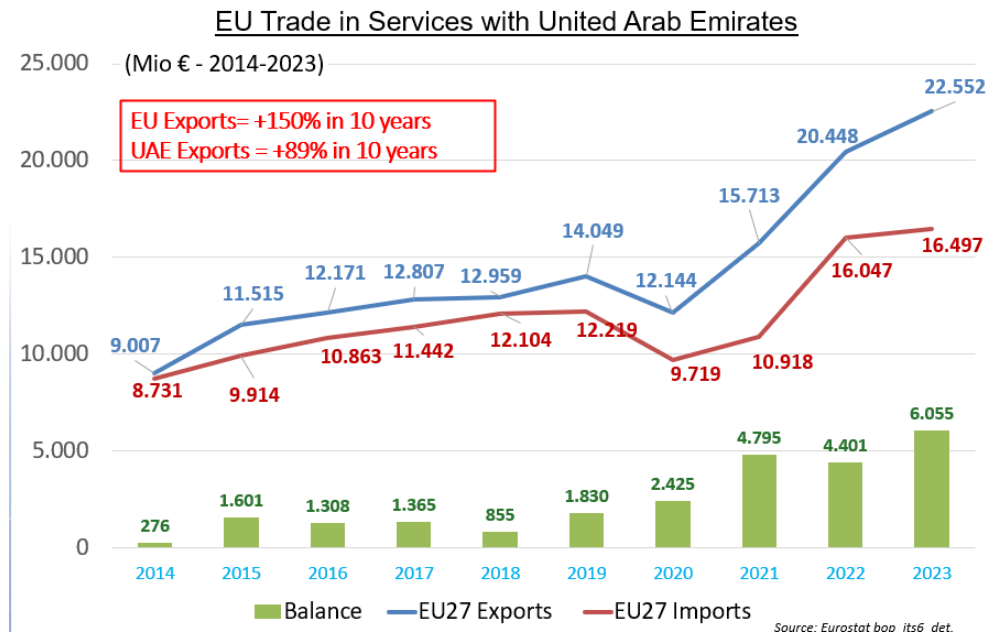


Trade in services (exports & imports of goods & services) represents 39.2% of total trade between both partners, which is higher than the global average. EU Services exports amount to 36.7% of total EU exports, while UAE services exports represented 43.1% of total exports to the EU, which is much higher than compared to UAE global exports average (29.1%). This means that UAE has a particular focus on trade in services with the European Union (compared to the rest of the world), as a mean to diversify its economy.



For EU-UAE Trade in Services, the surplus is to the advantage of the EU for the last decade, with a surplus of €6 billion in 2023. **EU-UAE two-way trade in services grew by 120% to a total value of €39 billion in 2023** (€17.7 billion in 2014). UAE services exports to the EU expanded by 150% since 2014, to reach €22.5 billion in 2023 while services imports from the EU improved also by 89% in the last 10 years to €16.5 billion².

Those figures are based on the Balance of Payments (BoP) methodology, which in fact minimize significance of international trade in services. Unfortunately, the UAE is not analysed by the OECD in its [Trade in Value Added \(TiVA\)](#) database.



It is extremely frustrating that Eurostat in its International trade in services database (BPM6) does not provide any sectors specific data for trade in services with the UAE. It is therefore impossible to assess which are the major services sectors in term of exports or imports. As mentioned earlier here above, UAE is the 9th global exporter of services and the 10th EU trading partner in services. Getting details on the trade per services sectors would be a necessary tool to enlighten trade and investment policy decisions by the EU institutions and by private sector operators.

² Source: Eurostat bop_its6_det

The WTO data set on “Digitally Delivered Services” of the UAE shows us that their exports grew from \$28.5 billion in 2019 to \$51.8 billion in 2024 (+81.5% in five years), while their imports went from \$34.6 to \$41.8 billion (only 20% in 5 years), a rather low growth compared to the pace of major developed countries in that area. This might show that there are some digital trade barriers for European services businesses to export these digitally delivered services between the EU and UAE and hence strengthen ESF’s interest for a strong digital trade chapter in the FTA (see Section II.G of this Position Paper).

II. HORIZONTAL ISSUES

A. Starting level of the services negotiations

UAE has been a member of the WTO since 10 April 1996 and a member of GATT since 8 March 1994. **Regarding trade in services, the level of binding commitments by UAE towards the EU is currently the GATS** (General Agreement on Trade in Services) Schedule of Commitments in the Uruguay Round. UAE's GATS commitments from the Uruguay Round were rather open, but limited only to few sectors, and more importantly were limited by the horizontal restriction, where for mode 3 across all commitments in the Schedule, the schedule states that "Commercial presence will be through either (i) a representative office or (ii) an incorporation as a company with maximum foreign equity participation of 49% subject to UAE law". So, this is still currently the legally binding situation for EU companies operating in the UAE.

UAE took very good commitments in cross border services (mode 1 and 2) and establishment abroad for many services sectors, starting with many business services, including professional services (accounting & bookkeeping, and taxation services; architectural services; engineering services; Computer Related Services; Research & Development services; some Other Business Services (5 out of 20); Courier services; Some Construction services; Environmental services; Some financial services and Tourism services).

The UAE did table an initial offer in the services negotiations during the Doha Development Agenda (DDA) on 4th July 2005. It tabled interesting improvements notably by proposing some possibility to have a participation of foreign capital to be increased to 75% in specific sectors and sub-sectors; allowing 100% foreign ownership in Free Zones; taking commitments in legal services; in telecommunication services; in Insurance services and in maritime transport services. However, UAE did not table a Revised Offer in 2008. And finally, the DDA negotiations collapsed in July 2008.

Many reforms in the services sectors have been taken by UAE since, including improving access to EU foreign direct investment, but are not yet legally binding for the EU service suppliers. The FTA is therefore an excellent opportunity to bind current reforms and to further open up the markets so as to attract European investors in this growing economy.

The ESF aims at improving market access for European services exporters to UAE through the FTA negotiations and to secure a more transparent and predictable regulatory environment for services.

ESF takes for granted that respective **best commitments taken by UAE in its existing FTAs or plurilateral agreements that it is part of, should be the basis of the FTA negotiations with the EU.**

UAE RTAs & FTAs with other trading partners

First, as already mentioned above, UAE is part of the **Gulf Cooperation Council (GCC)**. The GCC members are Bahrain; Kuwait; Oman; Qatar; Saudi Arabia and United Arab Emirates (UAE). The Gulf Cooperation Council (GCC) is a customs union. It was established in 2003, with the goal of creating a common market among its member states. The GCC Customs Union aims to facilitate trade within the region by unifying customs procedures and regulations. While the customs union is a significant achievement, the GCC is also working towards a broader economic integration, including the establishment of a common market.

As regard Services and Investment, Article 8 of the UEA (the Unified Economic Agreement (UEA) which the GCC adopted on its formation in 1981) provides for national treatment for GCC service providers and investors. The extent to which this Article has been implemented is not clear, although it is understood that GCC Member States extend national treatment to other GCC countries in selected sectors. Indeed, the Gulf Cooperation Council (GCC) is aiming towards a fully integrated single market. The GCC Common Market was officially launched on 1st January 2008, with the goal of creating one market and improving the GCC's negotiating position in international economic forums.

The GCC Common Market aims **to create a single market with free movement of goods, services, and people**. It facilitates the movement of GCC citizens, allowing them to work, own property, invest, and access social services in any member state. While significant progress has been made, there are still areas for further integration, such as coordinating taxation systems and professional qualifications. Some barriers remain in the free movement of goods and services, and there are differences in applying regulations across member states. The GCC continues to work towards a fully integrated single market with the ultimate goal of achieving total equality among citizens of GCC countries.

EU-GCC relations are based on a Cooperation Agreement signed in 1988, which establishes regular dialogue on cooperation between the EU and GCC on economic relations, climate change, energy, environment, and research. The EU and the Gulf Cooperation Council (GCC) have been negotiating a Free Trade Agreement (FTA) since 1990, but the talks have been suspended since 2008. A more structured informal EU-GCC Dialogue on Trade and Investment was launched in May 2017. The EU-Gulf Cooperation Council (GCC) Dialogue on Economic Diversification project was launched in 2018 by the European Union through its [Partnership Instrument](#). The overall objective of the project was to contribute to stronger EU-GCC relations by tapping on the EU experience to support the GCC member countries diversify their economies from a dependence on the hydrocarbon sector. The project has established an extensive network of stakeholders both in Europe and the GCC to discuss and cooperate on issues such as trade and investment. Stakeholders include both public administrations and policymakers from both Europe and the Gulf and businesses and industries with an existing or potential interest in the GCC. The European Services Forum participated to this project. ESF is in favour of an agreement between the EU and the GCC, so that European companies could benefit of the whole scale of the GCC market.

UAE, has as a GGC member, concluded 2 FTAs: 1) the [Gulf Cooperation Council \(GCC\) - Singapore](#) FTA was signed in December 2008, and entered into force in September 2013. 2) [EFTA - Gulf Cooperation Council \(GCC\)](#): GCC signed an FTA with the European Free Trade Association Economic Partnership Agreement (EFTA) in 2009 and it entered into force in July 2014.

In September 2024, GCC was in the final stages of concluding a free trade agreement (FTA) with Malaysia. Furthermore, we understand that GCC is also currently negotiating FTA with Australia and with Japan.

Second, we note that, in addition of the regional GCC setting, as part of a strategy to diversify its oil-based economy, the **UAE's Comprehensive Economic Partnership Agreement programme**, initiated in September 2021, has resulted in 26 agreements with strategically significant countries and international blocs by the end of the first quarter of 2025.

Notably, UAE has signed a large number of bilateral FTAs, notably 1) [Morocco - United Arab Emirates](#) (2001 - goods only); 2) [Pan-Arab Free Trade Area \(PAFTA\)](#) (1997 – goods only); 3) [India - United Arab Emirates](#) (2022); and 4) [Türkiye - United Arab Emirates](#) (2023); 5) [UAE-Cambodia FTA](#) (2023); 6) [UAE-](#)

[Georgia FTA](#) (2023); 7) [UAE-Indonesia FTA](#) (2023); 8) [UAE-Israel FTA](#) (2023).

In April 2024, UAE signed a CEPA with [Costa-Rica](#); in July 2024, the UAE have signed a Comprehensive Economic Partnership Agreement (CEPA) with [Chile](#) and with [Mauritius](#), with [Serbia](#) in October 2024, with [Kenya](#) in December 2024 (*goods only – text not available yet*). In December 2024, [UAE finalises economic partnership deal with Eurasian bloc \(EAEU\)](#), made up of Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia. In January 2025, UAE signed an agreement with [Malaysia](#) (*text not available yet*); in May 2025, with [Jordan](#). Other negotiations are nearly finalised or ongoing (Mexico, Philippines, Republic of Congo, etc.)

Clearly the value and depth of these supposed-to-be “comprehensive” FTAs or CEPAs varies very much. Not all of them are even looking at services chapters or taking any services commitments. However, ESF invites the EU Negotiators to assess all of these agreements and to monitor all the on-going talks so as to ensure that the EU obtain the best level of services commitments that UAE will undertake.

In particular, we would like to draw the attention on the recent CEPA that UAE signed with [Australia](#) on 6th November 2024, where commitments have been taken in over 120 services sectors and sub-sectors. This will include professional services, financial services and education wanting to do business in the UAE. Similarly, the agreement signed with [New-Zealand](#) on 14 January 2025 is also including commitments in services sectors. The agreement also includes provisions in digital trade, and intellectual property that ESF would be keen to see reciprocated in the EU-UAE FTA. **So, these two agreements should be considered as the basis for the EU negotiations related to the services and investment chapter, to the digital chapter, to the public procurement chapter, and to the services schedules of commitments and the Public Procurement schedule of commitments that should be requested to UAE.**

B. Scheduling Method

ESF would prefer that the negotiators use a negative list approach in all on-going and future trade negotiations, so as to ensure a good readability and comparability of the commitments of the various FTAs. Such a method obliges the negotiators to review all service sectors and produce greater liberalisation results and greater clarity, since it is much easier for companies to assess whether their sector is covered or not and what the limitations are.

We take note however that UAE in all its existing FTAs, including the recent ones with Australia and New-Zealand, has used the positive list for the Schedules of Commitments. Considering that both methods can technically lead to similar results, the use of the Positive list approach would be acceptable with UAE if this is the method that the country prefers, but should not be an excuse for lowering ambition.

C. Movement of natural persons (mode 4)

The negotiations of commitments to allow high skills European services providers to UAE are an important business priority in the trade negotiations. The provisions for Mode 4 in UAE’s GATS commitments are relatively limited and disappointing with only a very small number of senior managers and specialists covered in most cases. UAE’s revised DDA GATS offer also failed to improve on this area. ESF encourages negotiators to secure greater commitments from UAE in Mode 4.

According to Article 6 of the [Federal Decree Law No. 33 of 2021 on the Regulation of Labour Relations in the Private Sector](#), known as the ‘UAE Labour Law’, it is illegal for a person to work in the UAE

without a valid work permit issued according to the procedures set out by [Ministry of Human Resources and Emiratization \(MoHRE\)](#).

MoHRE issues 12 types of work permits which allow establishments registered with MoHRE to recruit employees, depending on the nature of the job. The types of permit are:

1. a work permit to recruit a worker from outside the UAE
2. a work permit to transfer a foreign worker from one establishment to another
3. a work permit for a resident on a family sponsorship
4. a temporary work permit to hire a worker to complete a job within a specific period
5. one-mission work permit to recruit a worker from abroad to complete a temporary job, or a particular project for a specific period
6. a part-time work permit to recruit a worker under a part-time contract where his working hours or days are less than his full-time contract
7. a juvenile permit to recruit a juvenile between 15 and 18 years
8. a student training and employment permit to employ a 15-year old student who is already in the UAE
9. UAE/GCC national permit to employ a UAE or a GCC national
10. a golden visa holder permit to employ a worker holding the UAE's Golden Residence visa
11. national trainee permit to train a UAE national
12. a freelance permit issued to self-sponsored foreigners in the UAE, who provide services or perform tasks to individuals or companies (without being sponsored by a specific employer in the UAE and without having an employment contract).

The cost of issuing and renewing a work permit ranges from AED 250 to AED 3,450, and it depends on the [company's classification](#): A, B or C. The classification reflects the extent of companies' compliance with the UAE's labour law, the Wages Protection System, relevant MoHRE resolutions and directives, laws relating to workers' rights and with the policy of promoting cultural and demographic diversity (see more [here](#)).

The UAE's Mode 4 commitments within the Comprehensive Economic Partnership Agreement (CEPA) generally focus on allowing entry and stay for specific categories of individuals, particularly those connected with commercial presence establishment and highly skilled professionals. These commitments are often subject to limitations such as economic needs tests, labour market tests (which assess whether the position could be filled by a local worker), pre-employment conditions, and residency requirements.

UAE Mode 4 Commitments typically cover individuals transferred from a company's foreign branch or affiliate to its UAE operations, as well as highly skilled professionals like managers, executives, and specialists. Market access is often restricted, with limitations on the number or categories of individuals allowed entry, or with conditions. Pre-employment requirements, residency requirements, and training requirements are common restrictions associated with Mode 4 commitments.

We understand that the CEPAs' framework seeks to facilitate trade by simplifying customs procedures and promoting efficient and transparent processes. So, the process can be intricate due to stringent requirements and the need for thorough documentation. However, with proper preparation and adherence to guidelines, obtaining a work permit is achievable. Though it is understood that visas and work permit delivery is not an exclusive EU competence, ESF would recommend having visas facilitation provisions in the agreement for the categories of workers committed under the mode 4 schedules.

D. Foreign Direct Investment Regime

We understand that the FTA negotiations between the two parties will not cover investment protection, although this is a key UAE interest in Europe. UAE has signed many Bilateral Investment Treaties with individual EU member states.

According to [UNCTAD](#) the UAE has signed 120 bilateral investment treaties (BITs) of which about 75 are actually in force. In recent years, the UAE has signed investment protection treaties with countries such as New Zealand (2025), Australia (2024), India (2024), Türkiye (2023), Mozambique (2022), Congo (2021) and Brazil (2019).

The UAE has also been busy signing bilateral investment treaties in Europe, including with European Union member states [Hungary in 2021](#) and [Slovakia in 2016](#). The UAE has further inked an agreement with Spain in April 2024. This makes a total of 13 BITs with 14 EU Member States (BE& LUX; CZ; DE; FI; FR; IT; NL; PL; PT; RO; SK; SP & SWE).

This extensive global treaty network reflects the UAE's transition towards a capital exporting country that seeks to protect its foreign investments in all regions of the world, including within the EU. In February 2025, the UAE signed multi-billion investment deals with Italy and France. The [UAE-Italy \\$40 billion deal](#) focuses on sectors such as energy, artificial intelligence, telecommunications and defence. In France, the UAE will invest between €30-50 billion to build Europe's largest AI data centre, which is part of a broader AI agreement between the two nations. We can see that much if these investments are directed to services sectors.

In 2023, the EU's outward Foreign Direct Investment stocks in UAE were €186 billion, while UAE investment into the EU reached €141.4 billion. These are very significant figures. UAE is the 11th biggest recipient of EU Outward FDI in 2023 (EU Outward FDI) and the 11th biggest investor in the EU in 2023 (EU Inward FDI). Among the GCC countries, UAE is by far the biggest investor to the EU (65% of total GCC Outward FDI) and recipient of EU FDI (78% of total GCC Inward FDI).

Unfortunately, Eurostat doesn't provide more detailed figures on the destination of the FDI per sectors. ESF recalls that, [according to Eurostat](#), in 2022, above 75% of EU global outward FDI is coming from the services sectors, and that above 80% of EU global inward FDI is going to the EU services sectors. It would have been interesting to see the pattern of FDI between the two parties to better assess where the market access restrictions would stand.

Indeed, before protecting FDI, the first important step is to ensure that EU and UAE investors can effectively operate in both markets. ESF therefore call on the negotiators to obtain mode 3 commitments from their UAE counterparts.

E. Rules on State-Owned Enterprises (SOEs)

As mentioned in Section I.A of this Paper (page 7), State-owned enterprises (SOEs) and government-related entities (GREs) continue to play an important role throughout the UAE economy. It is important therefore that the FTA Agreement should also look at stating specific rules to ensure that the competition legislation also applies to the state-owned and state-sponsored enterprises (SOEs) that compete in commercial markets. These rules could be part of the provisions in the competition chapter of the agreement or in a specific chapter on rules for State-Owned Enterprises. Consideration could be given to the EU regime on state aids, which set obligations of transparency to state owned companies in the EU, ensuring that the companies have transparent accounting rules

and forbid market distortive cross-subsidisation transfers among different department of a state owned and state-sponsored company.

F. Public procurement

According to a [study](#), the United Arab Emirates have spent US\$ 55,5billion in 2017, corresponding to 14.5% of GDP. This is a significant amount, beyond the expenditure of many EU countries.

The question of public procurement should benefit from particular attention in the FTA negotiations since UAE is not a member of the Government Procurement Agreement (GPA). UAE is not even an observer to the GPA, contrary three other GCC countries (Bahrein, Oman and Saudi Arabia).

This is somewhere surprising since the practice in the country for public procurement seems to be fairly open. To our knowledge, European services companies can participate in calls for tenders and public procurement in the UAE. The UAE government entities follow a fair and transparent system for tendering and awarding contracts. All invitations to bid are made public and are accompanied by a clear set of guidelines that bidders must follow. To be able to bid for government contracts, all bidders, including European companies, must register on the [respective eProcurement system](#). Additionally, the UAE's procurement and tenders' systems are designed to ensure transparency and reduce financial and administrative costs by screening and approving suppliers before they can participate in tenders, auctions, and bids. This process is open to all natural and legal persons.

Therefore, as long as European companies meet the registration requirements and follow the guidelines set by the UAE government, they are eligible to participate in public procurement and tendering processes in the UAE.

We also take note that the UAE Digital Procurement Platform (DPP) is a comprehensive system that digitalises the procurement process across the UAE federal entities. Developed by the Ministry of Finance, it brings together the federal entities and registered suppliers on a single platform, where all the stages of the procurement process including announcement, bidding and following up on tenders, placing purchase orders, and generating invoices, can be completed online. The platform is part of the UAE leadership's vision to support the digital transformation of procurement across the federal entities. The platform claims that it reduces procurement process time from 60 days to 6 minutes (through catalogue ordering), and it enhances government spending efficiency by signing agreements with suppliers to ensure the best prices, and quality of the goods and services provided

ESF calls for a comprehensive market access to public procurement for services, with substantive coverage of all public institutions and entities, beyond the federal level when appropriate, committing the partners to remove any discrimination in the bidding by any EU or UAE businesses. It is important to increase access for services companies to all public entities that are using public procurement in their functioning. This is obviously true for the construction services and construction related services, such as architecture and engineering services, urban planning, etc. (often labelled under "works" in trade agreements). Furthermore, all public administrations and entities also need for their daily activities to procure telecom and IT services, insurance and banking services, transport and logistic services, cleaning and catering services, legal and accounting services, etc.

The FTA should also ensure the adoption of transparency rules (which are already in place in the UAE processes) and ways and means to fight against corruption. ESF would support the introduction of international standards in the FTA, as a mean to contribute to ensure integrity and efficiency in the public procurement system of the country. Adjudicating criteria should be put in place so as to not always favour the lowest price to the detriment of quality.

Access to other services companies like environmental services (water and waste management); transport and logistics services, energy related services, cleaning services, etc.); telecom and computer related services; financial services etc. should also be negotiated. Furthermore, as the country is eager to attract more foreign direct investment, EU negotiators should also explore the possibilities to negotiate commitments related to Public-Private Partnership, which is of great interest to companies in transport, environmental and energy related services, and hence could contribute to fight against climate change.

G. Digital Trade Chapter

The digitalisation of the economy is a major driver of economic development and an important factor for a possible integration of UAE economy into global value chains. Telecommunications services, ICT services and digitisation in general are engines for growth, competitiveness and job creation in our modern economies. Any activities in relation to international trade require cross border data flows. Trade increases demand for ICT services and those services are an enabler of global supply chains, which in turn drive global growth. It is therefore important to ensure that the FTA will determine legally binding commitments to ensure smooth and secure transactions.

Unfortunately, UAE is not assessed in the OECD Digital Services Trade Restrictiveness Index. It is therefore more complex to assess whether UAE has a good infrastructure and payment system, a good protection of intellectual property rights for “electronic transactions”.

We welcome that fact that UAE is among the 92 countries that have participated to the negotiations of the Joint Statement Initiative on E-Commerce in the WTO, and is among the 72 countries that have endorsed the finalised text that has been tabled to the General Council of the WTO mid-December 2024 for incorporation into the WTO core set of global rules as annex 4 of the WTO agreement.

Therefore, ESF calls upon the European negotiators to negotiate state of the art rules in that domain.

A. Digital Services

A Digital Chapter of the EU – UAE FTA should include provisions on cross-border data flows as they are the real backbone of the digital economy and are crucial to boosting growth in all sectors of the economy, including small and medium-size enterprises. The commitments taken on this issue should be applied across all services sectors, including financial services. Any exceptions to these provisions should be limited to legitimate public policy objectives and only in full compliance with the provisions of GATS covering general exceptions (GATS Article XIV).

We salute the role played by UAE government at the last WTO Ministerial Conference in Abu Dhabi in February 2024 in ensuring that the Moratorium on Customs Duties on Electronic Transmissions was extended up to the next Ministerial in March 2026. To ensure that there will be not possibility to introduce tariffs on services in the future, **the agreement should also ensure that none of the parties shall impose customs duties on electronic transmissions on a permanent basis**. Given that this requirement has already been taken by UAE in its FTA with Australia (see [article 12.15](#)) and with New Zealand (see [article 10.4](#)), this should be easily negotiated. With the objective of enhancing trust of users and certainty of companies, and thus trade in goods and services, it is also essential that businesses comply with data protection and security rules in force in the country of residence of the data subjects, in particular with the protection of personal data.

We take note that the UAE has a Personal Data Protection Law (PDPL). The UAE Cabinet issued [Federal Decree-Law No. 45 of 2021](#) regarding the Protection of Personal Data, which came into effect on January 2, 2022. This law provides a comprehensive framework for the protection of personal data and privacy in the UAE, aligning with international standards such as the General Data Protection Regulation (GDPR) of the European Union.

The PDPL applies to the processing of personal data of individuals residing in the UAE, regardless of where the data processing occurs. It includes provisions for obtaining explicit consent from individuals before processing their data, ensuring data accuracy, protecting data from unauthorized access or breaches, and mandating the appointment of Data Protection Officers (DPOs) in certain situations.

Additionally, the law has extraterritorial effect, meaning it applies to [businesses outside the UAE](#) that process the personal data of UAE residents. The UAE Data Office is responsible for overseeing compliance with the PDPL and handling data breach notifications.

The text of the FTA should look at ensuring that cross-border data flows are not limited by a requirement of establishment of a local presence; with only few mutually agreed and well justified exceptions. The parties should allow cross border data flows without a requirement to use locally based servers. The obligation to use local infrastructure or to establish a local presence should not be required as a condition of supplying data services.

B. [Telecommunications networks](#)

As a general rule, preferential treatment to national suppliers should be prohibited in the use of local infrastructure, national spectrum, or orbital resources. There should also not be any preferential treatment in regulating State-Owned Enterprises. There should be a level playing field for all licensees subjected to regulations. FDI limitations and other discriminatory restrictions (e.g. related to citizenship at board level) should be lifted. There is no GATS Schedule of Commitments from UAE in telecom services. We also note that in its FTA with Australia or New Zealand, UAE did not commit to the [Basic Telecommunication Reference Paper](#), where disciplines requirements for the regulatory authorities are set (political independence of the regulator, interconnectivity obligations, etc.). If possible, the full requirements set in the Basic Telecommunication Reference Paper will need to be established in the bilateral agreement.

H. [Domestic regulation](#)

ESF believes that the FTA should include a strong Horizontal Chapter on Disciplines for Domestic Regulation. This chapter should establish obligations towards establishing basic rules of better transparency in licensing requirements and procedures, qualification requirements and procedures that affect international trade in services.

While Arabic remains the official language for all government affairs and legal matters in the UAE, English is widely used in practice and many government communications and services are available in English to accommodate the diverse population.

ESF welcomes the fact that UAE participated to the [Joint Statement Initiative on Services Domestic Regulation](#) that was concluded in December 2021 at the 12th WTO Ministerial Conference. ESF urges the UAE government to implement to the full and incorporate the disciplines included in the [“Reference paper on Services Domestic Regulation”](#) in its core of national laws. We call upon the EU Negotiators to ensure that the content of the disciplines on domestic regulation will be an integral

part of the FTA with UAE. It would be appreciated if the obligations of transparency would apply to all services sectors, irrespective of the market access specific commitments undertaken by UAE, contrary to the plurilateral Services Domestic Regulation disciplines.

Such a chapter of the FTA should also include additional elements, related to efforts towards regulatory coherence and some principle about regulatory cooperation.

1) Regulatory coherence

Principles such as regulatory transparency and accountability, prior consultation with stakeholders before adoption of new or revised rules, impartiality and due process with regard to licensing and qualification requirements and procedures, right of appeal, etc. should be applied systematically at all levels of the FTA market regulation, to help in limiting future degrees of regulatory divergence. Funding and performance evaluation of regulators are also important to ensure sound governance of regulators and should be upheld in the FTA.

2) Regulatory cooperation

The FTA could establish a mechanism by which the regulators would agree to meet and exchange information. However, the regulators would remain independent and would not be subject to any obligations of result. Thus, the chapter should obviously not be subject to the Dispute settlement system established by the FTA.

The text could also include sector specific disciplines, either in the sector specific chapters of the FTA, such as on Telecommunication services, on Financial services, etc. or in sector specific annexes attached to the horizontal regulatory cooperation chapter. All specificities should indeed be taken into consideration and the regulators themselves are better positioned to set up specific arrangements, as they would see fit for their own sector.

I. Customs and Trade Facilitation

The FTA should ensure that customs simplification and trade facilitation measures are included in the most optimal manner. Transport, express delivery and logistic companies and customs agents (which are all services providers) register some problems with procedures and requirements for imports, exports and/or transit in UAE that the FTA negotiations should aim at improving. ESF reserves the right to come back to the negotiators on these issues.

III. SERVICES SECTOR SPECIFIC ISSUES

In all the services sectors listed here below, ESF calls upon the EU negotiators to try to obtain systematically at least the same treatment that UAE granted to Australia or New-Zealand, or in any other better CEPAs/FTAs.

A. BUSINESS SERVICES

ESF calls on the EU negotiators to ensure that the vast majority of business services as listed in Chapter I of the [CPC list W/120](#) will be committed by UAE in the FTA. Getting commitments in the largest number of services sectors will be of great interests to European companies.

1) Professional Services

UAE's professional services sectors, as one of the sectors identified for further growth in government programmes, has been relatively open to foreign competition, but further progress are needed. European service suppliers need, at a minimum, treatment on par with other advanced trade agreements by the UAE, and it is highly desirable that UAE commits further as an outcome of the FTA negotiations.

a) Legal Services (CPC 861)

The UAE did not take any commitment on legal services during the Uruguay Round. That is the current situation for EU lawyers. We take note that UAE, in its FTA with Australia signed in November 2024 and to enter into force soon, has now taken full commitments for mode 1, 2 & 3 for the provision of “Consultancy on the law of jurisdiction where the services supplier is qualified as a lawyer and on international law (Part of CPC 861)”. (see [here Services Schedule of UAE-Australia FTA](#)).

We understand that the legal industry in the United Arab Emirates plays a crucial role in supporting UAE's position as a major international business and investment hub. Combining civil law with Islamic law, the UAE offers a unique framework for commercial transactions and regulatory compliance. Known for its expertise in corporate law, arbitration, and real estate, the country remains a top jurisdiction for cross-border legal services. The integration of AI into the legal sector in the UAE represents also a significant step towards modernizing and improving the efficiency of legal services in the country. That is the reason why ESF is calling the EU negotiators to ensure that commitments are taken in that sector, at least similar to those obtained by Australia.

b) Accounting, Auditing and Bookkeeping Services (CPC 862) & Taxation Services (CPC 863)

Accounting, Auditing and Bookkeeping Services have been fully committed in Mode 1, 2 & 3 under the GATS by the UAE.

Also in the GATS Schedule, commitments on Taxation Services have been taken by UAE for “Business tax planning and consulting (CPC - 86301) and for Business tax preparation and review services (CPC - 86302) “. There is no limitation on mode 3 in the GATS Schedule, but in the UAE-Australia and [UAE-New Zealand CEPAs](#), there is a mode 3 restriction (Foreign equity is limited to 75%). This restriction

contradicts the earlier WTO commitment, and ESF wonders why Australia and New Zealand accepted this limitation.

Objective: Remove restrictions to commercial presence for taxation services (CPC 863) and commit Mode 3 fully *i.e.* no restrictions.

c) Architectural Services (CPC 8671)

As for Accounting, auditing and bookkeeping services, Architectural services (CPC 8671) and Urban planning and landscape architectural services (CPC 8674) have been fully committed in Mode1,2 & 3 under the GATS by the UAE.

There is no limitation on mode 3 in the GATS Schedule, but in the UAE-Australia and [UAE-New Zealand CEPAs](#), there is a mode 3 restriction (Foreign equity is limited to 75%). This restriction contradicts the earlier WTO commitment, and ESF wonders why Australia and New Zealand accepted this limitation.

Objective: Remove restrictions to commercial presence and commit Mode 3 fully *i.e.* no restrictions.

d) Engineering Services (CPC 8672) & Integrated Engineering Services (CPC 8673)

Idem. As for Accounting & co, and for Architectural & Co services, Engineering Services (CPC 8672) & Integrated Engineering Services (CPC 8673) have been fully committed in Mode1,2 & 3 under the GATS by the UAE.

There is no limitation on mode 3 in the GATS Schedule, but in the UAE-Australia and [UAE-New Zealand CEPAs](#), there is a mode 3 restriction (Foreign equity is limited to 75%). This restriction contradicts the earlier WTO commitment, and ESF wonders why Australia and New Zealand accepted this limitation.

Objective: Remove restrictions to commercial presence and commit Mode 3 fully *i.e.* no restrictions.

2) Computer and Related Services

In the UAE GATS schedule, these sectors (CPC 841, 842, 843, 844) have been fully committed, and in similar manner in the UAE- Australia CEPA and in the NZ-UAE CEPA. It is unfortunate that the whole sector (CPC 84) has not been committed, notably “other” computer and related services (CPC 845 & 849). Indeed, in the ever-evolving digitalisation of the economy, new services are invented every day and could fall under that last category. ESF urges therefore the EU negotiators to obtain full liberalisation of the sector.

Objective: UAE should extend its commitments to the whole Computer and Related Services sector (CPC 84) on a 2-digit-level. This helps avoid uncertainty as to which activities are considered a computer service.

3) Other Business Services

Only few “Other Business Services” have been included in the GATS schedule of commitment of UAE back in 1996 in the framework of the Uruguay Round, including for Advertising services (CPC 871), Market research services (CPC 864), Management consulting services (CPC 8650), Technical testing and analysis services (CPC8676) and Convention services (CPC 87909).

It is welcomed that UAE increased its commitments on many “Other Business Services” with Australia and New Zealand.

We note however that for the “services incidental to manufacturing”, UAE did not take commitment for cross-border services (Mode 1). In our modern world, much of these services are provided on-line, as the “internet of things” is evolving and hence, it would be important to negotiate free flow of data for these services as well, like it has been done for “maintenance and repair of equipment”.

Given the growing number of international conferences taking place in Dubai and in Abu Dhabi, ESF would ask the negotiators to remove the 70% equity cap for the “convention services”. This request is also justified by the fact that these “Convention Services” have been fully committed in the GATS and therefore no further restriction should be accepted. Similarly, given the growing number of skyscrapers and tall offices building in these two cities, it would be interesting to get access for the Real Estate Services, and for “Placement and supply services of personnel”, where European companies are among the world leaders.

B. POSTAL AND EXPRESS COURIER SERVICES

UAE did not take any commitment on **postal services** under the Uruguay Round. UAE did take commitments with Australia and New Zealand in that sector in 2024, but with foreign equity limited to 49% in the market access limitation column.

UAE did take commitment on **courier services** in its GATS Schedule, with no restriction in mode 1, 2 & 3. For mode 3, it listed a limitation on national treatment as follows: “3) None, except as indicated in the horizontal section”. In its DDA initial GATS offer dated July 2005, UAE made a proposal to introduce for courier services (CPC 7512) a limitation to the participation of foreign capital to 49%. But that offer has never been finalised as the negotiations collapsed, and hence the only legally binding text so far is the Uruguay Round schedule. Then, we note that UAE did take commitments with Australia and New Zealand in that sector in 2024, but with foreign equity limited to 49% in the market access limitation column (like for postal services). This restriction contradicts the earlier WTO commitment, and ESF wonders why Australia and New Zealand accepted this limitation. ESF urges the negotiators to remove this equity cap.

Objectives:

- a) Postal services: Make full market access and national commitments in modes 1-3 for parcels, addressed press products, handling of non-addressed items and document exchange. Remove the 49% equity cap.
- b) Courier services/Express delivery services: Make full commitments in modes 1-3 for all items. Remove the 49% equity cap or at least bring it to higher level to make investment attractive.

C. TELECOMMUNICATION SERVICES

No Commitments were taken by the UAE in its GATS Schedule of Commitments for “Telecommunication Services” at the end of the Uruguay Round, and UAE did not participate to the past-Marrakech negotiations on telecommunication services and hence does not have a supplement to its schedule for that sector, contrary to many WTO members.

In its DDA initial offer, UAE made a proposal which was welcomed, despite important restrictions, but was ready to undertake the commitments as contained in the Telecommunications Reference Paper that was annexed to the offer. A duopoly was in place in the country supposedly until 31 Dec 2015.

We take note that in the UAE FTAs with Australia and New Zealand, UAE has taken commitments in the Telecommunication sector.

We understand however that, contrary to the never realised offer in the DDA talks, UAE has not undertaken its commitments with these two countries following the disciplines of the Telecommunications Reference Paper. The disciplines included in the Reference Paper are important to implement if UAE wants to attract foreign direct investment in that sector, providing confidence to companies as the country would commit notably to some pro-competitive rules, to interconnection rules and to have independent regulators.

The duopoly (with nearly equal market share for [Etisalat](#) and [Du](#) in the mobile market) is still there in 2025, and the commitment states that “The TDRA (which is the statutory body responsible for the regulation of the Telecommunications Sector in the UAE) will consider the feasibility of suppliers additional to the duopoly. The commercial presence is required and subject to 49% foreign equity limitation”. These commitments should also be negotiated by the EU, but it is unlikely that telecom operators who don’t have the majority or even better the whole 100% ownership will be interested to invest, as they will not have the company control.

It is regrettable that that mode 1 is committed only for companies that have commercial presence in the UAE, while that very presence is limited by the equity cap. While MVNOs (Mobile Virtual Network Operator) like [Virgin Mobile](#) (wholly owned business unit within Emirates Integrated Telecommunications Company PJSC) and Swyp (owned and operated by e&, formerly known as Etisalat) operate in the UAE, they rely on the networks of Etisalat and Du. This restriction should be removed.

D. CONSTRUCTION AND RELATED ENGINEERING SERVICES

All construction and related engineering services (CPC 511, 512, 513, 514, 515, 516, 517 and 518) have been fully committed in Mode1, 2 & 3 under the GATS by the UAE.

Therefore, it is surprising that, here as well, in the UAE commitments with Australia and New Zealand, restrictions have been introduced in the FTA schedule that do not figure in the GATS Schedule. The restrictions are as follows for mode 3:

- (i) Foreign equity is limited to 70%.
- (ii) Large scale infrastructure projects such as airports, highways and sports facilities and projects that exceed 450 million US dollars, foreign equity is allowed up to 100%. For further clarity, foreign companies established pursuant to this paragraph (ii) will not be allowed to participate in any project that is below 450 million US dollars.

Objective: Remove Mode 3 restrictions that have been introduced in the Australia and NZ schedules and come back to the WTO GATS schedule with full opening of the sector.

E. DISTRIBUTION SERVICES

No Commitments were taken by the UAE in its GATS Schedule of Commitments for “Distribution Services”. Distributive traders include wholesalers, retailers, franchise practitioners, direct sellers, suppliers who channel their goods in the domestic market, and commission agents or other representatives including those of international trading companies.

Distribution services are vital for the competitiveness of a country, and it is extremely disappointing that UAE not only made no commitments in the Uruguay Round but also offered no commitments in its initial GATS offer.

In its CEPA with Australia and New Zealand, UAE has taken mode 1 and 2 commitments in Wholesale Trade Services (CPC 622), in Franchising services (CPC 8929), and in some retail services (CPC 631 & 632, but only in some of the CPC611). On a horizontal clarification for the Distribution Services sectors, UAE states that “Distribution Services do not include unmanufactured tobacco, tobacco, tobacco products, alcoholic beverages, pharmaceutical and medical goods, and any goods covered by an agency contract registered with the UAE Ministry of Economy in accordance with Law No. 3 of 2022 on commercial agencies and its successor legislation”. Furthermore, UAE introduced foreign equity cap at 49%, and added that “After 3 years, foreign equity is allowed up to 75%.”

Objective: Commit fully *i.e.* with no restrictions and caps, in Modes 1-3 on a) Commission agents’ services (CPC 621- not covered in recent CEPAs), b) Wholesale trade services, c) Retailing services and d) Franchising. At the very least obtain similar level of commitment granted to Australia and New Zealand, and aiming, if possible, at 100% ownership after a negotiated phasing out period.

F. EDUCATION SERVICES

No Commitments were taken by the UAE in its GATS Schedule of Commitments for “Education Services”. We take note that in the UAE FTA with Australia and New Zealand, UAE took commitments in most Education services (PC 922, 923, 924 and 926, excluding public education for the latter. No commitments were taken in primary education (CPC 921). Similar treatment should be granted to the EU.

G. ENVIRONMENTAL SERVICES

ESF calls upon both EU and UAE to include a chapter in the FTA on Trade and Sustainable Development that will ensure that closer economic relations between the EU and UAE go hand in hand with environmental protection. EU has technologically advanced and world-class companies providing environmental services. ESF would call the negotiators to include specific commitments that cover the following services: sewage, refuse disposal, sanitation and similar services, and others. For the negotiation of such services, it would be useful to have a model list. The proposed classification presented by the European Commission in other trade negotiations provides a useful working basis.

ESF welcomes the fact that UAE took full GATS commitments in this sector. Areas such as Waste and water management services, Services related to new energy, *etc...* are engines for new growth and should be opened by UAE to encourage a sustainable development of its economy.

ESF takes note that UAE took even more precise full commitments (mode 1, 2 & 3) in the framework of its FTA with Australia and New Zealand, notably in “Other” environmental services sectors like a) Cleaning services for exhaust gases (CPC 94040); b) Treatment, remediation of contaminated/polluted soil and water (part of CPC 94060); c) Noise abatement services (CPC 9405); d) Nature and landscape protection services (CPC 9406); and e) Other environmental protection services (CPC 9409. ESF invites the EU negotiators to at least obtain the same commitments.

H. FINANCIAL SERVICES

UAE's commitments under the Uruguay Round are very poor, with only commitments under mode 1 and 2 for some Banking and Other Financial Services. The only very low positive undertaking is "no limitation of establishment of representative offices", but the market remains "Unbound for new licenses for operating bank branches" and "for the expansion of activities of existing financial entities". No commitment at all were taken for Insurance services.

In the UAE DDA Initial Offer in 2005, no improvement at all was proposed on "Banking and Other Financial Services", which was really disappointing. On Insurance and Insurance related services, UAE made some limited proposals:

- For direct insurance (life and non-life), commercial presence was required for cross-border trade (mode 1); mode 2 was unbound, and for mode 3, "Transparent and non discriminatory Economic Needs Test shall apply to the commercial presence for branches of the new foreign insurance companies as well as of the existing foreign insurance companies", and "The establishment of joint ventures with UAE life and non-life insurance companies is not allowed", which was not at all an attractive offer.
- For Reinsurance and retrocession, mode 1 & 2 are fully committed, but for mode 3, the participation of foreign capital is limited to 49%, which we know is not of interest to European investors in the vast majority of the investors.
- For "Insurance intermediation: Brokers dealing with Direct Insurance" and "Insurance consultancy (CPC 81402), Commercial presence is required for mode 1 & 2, and participation of foreign capital is limited to 49% as well.

When we look at the schedules of commitments of the UAE in the framework of the Australia-UAE CEPA or New-Zealand-UAE CEPA, we are very much surprised that no real improvements have been taken by the country in these financial services, and in fact the conditions have been somewhere further restricted by the introduction of the commercial presence (mode 3) since it has been added for many banking and financial services that "foreign equity is limited to 49%". The same is valid for insurance services, where the proposals for commitments in DDA offer have been reiterated without improvements, or even worsen for "life and health insurances services" (CPC 81211 & 81212 - Excluding pension fund management), where a requirement has been added "Foreign equity is limited to 25% of the capital of UAE life and non-life insurance companies".

The European Services Forum considers such schedules as far from what the UAE should be able to commit in this important economic sector. ESF urges the EU negotiators to negotiate much better market access for the European banking institutions and insurance companies.

Objectives:

- (a) Take Commitments in this CPC Chapter 7 on "Financial Services" in accordance with the WTO [Understanding on Commitments in Financial Services](#).
- (b) Remove commercial presence for mode 1 & 2 when existing,
- (c) Remove restrictions on Mode 3 foreign equity caps or at least get the 51%,
- (d) Remove Economic Needs Test (ENT) and other restrictions on branching of banking and other financial services,
- (e) Remove restrictions on the provision of Marine, Aviation and Transport (MAT) insurance at least in Modes 1-2.

I. TOURISM AND TRAVEL RELATED SERVICE

The UAE has seen a surge in international tourists, with some emirates experiencing record-breaking growth in hotel occupancy and visitor numbers. [According to the UAE Ministry of Foreign Affairs](#), the total contribution of the travel and tourism sector to the UAE's GDP was AED 159.1 billion (USD 43.3 billion), which is 12.1% of its GDP. It is forecast to rise by 4.9% per annum to AED 264.5 billion (USD 72 billion), which would be 12.4% of GDP in 2027. In this context, ESF call the negotiators to ensure that the entire sector is open to competition and request full market access to the country.

“Hotels and Restaurants services” (CPC 641-643) and “Travel Guide Services” (CPC 7472) have been fully committed in Mode 1, 2 & 3 **under the GATS** by the UAE. As a backtrack in its initial offer during the DDA negotiations, UAE proposed a foreign equity limited to 49% of these services. No commitment was taken or promised for the “Travel agencies and tour operators services”.

ESF notes that, in its commitments with Australia and New Zealand, **UAE is not respecting its WTO GATS commitment** and has introduced the following mode 3 restrictions for “Hotels and restaurants (including catering) (CPC 64110, 64120 & 642, 643): “Hotels: foreign equity is limited to 49%. For hotel management, foreign equity is limited to 70%. - Restaurants: foreign equity is limited to 70%.”, and for Tourist guides services by excluding part of CPC7472: “Umra and Hajj services and related services (i.e. Islamic pilgrimages services and related services)” and by introducing a mode 3 restrictions (“foreign equity is limited to 49%”).

UAE took mode 1 and 2 commitment for “Travel agencies and tour operators services” (CPC 7471) ((Excluding Umra and Hajj services and related services (i.e. Islamic pilgrimages services and related services)) but kept unbound the possibility of commercial establishment for foreign operators.

Objectives:

- (a) Bind existing level of liberalisation
- (b) Further remove all limitations in mode 3 for all the Tourism and Travel related services (CP 641-643 and 7471 & 7472).

J. TRANSPORT SERVICES

While the UAE is worldwide known for its worldclass airlines [Emirates](#) and [Etihad](#), and for its famous “[DP World](#)” (the Dubai Port Authority) as an important player in maritime services, it is surprising to note that no Commitment at all was taken by the UAE in its GATS Schedule of Commitments for “Transport Services” in 1996. So, this whole sector has developed itself in some twenty years, but without competition and foreign direct investment.

1) Maritime transport services

In its DDA initial offer, UAE made a timid proposal in maritime transport services only. It offered mode 1 and 2 access for maritime passenger transportation (CPC 7211) and for freight transportation and listed a mode 3 restriction (foreign equity limited to 49%).

In the FTA with Australia and New Zealand, Mode 1 and 2 have been committed for International maritime transportation services, excludes cabotage (CPC 7211, 7212) Including:

- Maintenance and repair of vessels;

- the following Maritime Auxiliary Services: a) Maritime cargo handling services; b) Storage and warehousing services (CPC742); c) Container station and depot services; d) Maritime agency services, & e) Maritime freight forwarding services.

This is a welcomed move, but unfortunately UAE listed a mode 3 restriction (“foreign equity is limited to 49%”), with a footnote emphasising that “Operations and functions maybe subject to specific services obligations set out by operators with concession from public authorities”. In a country that wants to become a worldwide hub for Maritime transport and related services, this equity cap is not acceptable, and the EU negotiators should work at removing it and allow 100% ownership.

It is well appreciated that the UAE has tabled to Australia and New Zealand in the additional commitment column this interesting complimentary information, that the EU should ensure that is also grated in the UAE schedule: “The following services at the port are made available to international maritime transport suppliers on non- discriminatory terms and conditions: 1) Pilotage, 2) Towing and tug assistance; 3) Provisioning, fuelling and watering; 4) Garbage collecting and ballast waste disposal; 5) Port Capitan’s services; 6) Navigation aid services; 7) Shore based operational services essential to ship operations including communications, water and electrical supplies; 8) Emergency repair facilities; 9) Anchorage, berth and berthing services.

2) Other transport services

For **air transport services**, ESF takes note that UAE took full commitments with Australia and New Zealand on Computer Reservation System, and call the EU negotiators to obtain the same for the EU. It is disappointed that no commitment has been made for passenger transportation (CPC731), for freight transportation (CPC 732) and for Rental of aircraft with crew. It is appreciated that commitment has been taken for “Maintenance and repair of aircraft and part thereof”.

Other limited and complex commitments have been taken for ground handling services, and this is also very disappointed. If UAE really wants to become a leading hub in the air transport services, these ground handling services should be opened up to competition. ESF encourages the EU negotiators to obtain further opening for the services auxiliary to air transport services and for airport management services.

ESF welcome the full opening of the Rail Transport Services for Australia and New Zealand and ask for similar commitment with the EU.

K. ENERGY SERVICES

ESF takes note that, in its FTAs with Australia and New-Zealand, The UAE stated that “The UAE will not offer any commitments under the Energy Resources sectors, or any services related to the Energy Resources Sectors as defined in the Side Letter on Energy, which forms an integral part of this agreement. Therefore, this offer does not include any commitments under the aforementioned services”.

Given the importance of this sector in the economy of the country and the asserted willingness of the country to diversify its economy out of fossil fuel and its energy sector into renewable energy services, ESF calls the EU negotiators to engage into discussion that would allow competitive EU energy services providers to get access to the country as to help these objectives of energy diversification.

List of ESF Members supporting the above Position Paper

- Amadeus
- Amazon
- Amfori
- Apple
- Architects' Council of Europe –ACE
- BDO
- Bureau International des Producteurs et Intermédiaires d'Assurances – BIPAR
- BUSINESSEUROPE
- BUSINESSEUROPE WTO Working Group
- BSA The Software Alliance – BSA
- CISCO
- Danish Shipping
- DHL Group
- Digital Europe
- EK - Confederation of Finnish Industries
- EuroCommerce
- European Banking Federation - EBF
- European Community Shipowners' Associations – ECSA
- European Express Association – EEA
- Fédération de l'Industrie Européenne de la Construction – FIEC
- FratiniVergano European Lawyers
- General Council of the Bar of England & Wales
- Google
- IBM Europe, Middle East & Africa
- Institute of Chartered Accountants in England and Wales (ICAEW)
- Insurance Europe
- Irish Business and Employers' Confederation - IBEC
- Le Groupe La Poste
- Microsoft Corporation Europe
- Mouvement des entreprises de France – MEDEF
- PostEurop
- Svenskt Näringsliv (Confederation of Swedish Enterprise)
- TechUK
- Telenor Group
- TheCityUK
- UPS