



Focus on: The dental market in UAE

Fast facts & figures

Area in square kilometers:	83,600
Population:	8.2 million (2009)
Urban population out of total population:	81%
GDP (US\$ million):	254,394 (2008)
GDP excluding oil sector:	160,689 (2008)
Exports of goods & services (US\$ million, fob):	248,808
Imports of goods & services (US\$ million, cif):	219,714
GDP per capita (US\$):	53,400

Source: National Bureau of Statistics

The United Arab Emirates (UAE) is a federation of seven emirates: Abu Dhabi, Dubai, Sharjah, Ajman, Umm al-Qaiwain, Ra's al-Khaimah and Fujairah, established in 1971.

Abu Dhabi is the largest of all seven Emirates, covering over 86% of the country's total area. The Emirate is divided into three administrative regions, with the city of Abu Dhabi being both the Emirate's capital and the federal capital of the UAE. Dubai is the second largest Emirate and the trade hub of UAE, as well as one of the most important commercial and business centres of the Middle East, hosting several leading international conferences and exhibitions. As Dubai is an excellent base to trade to neighbouring Arabic countries, many companies choose to establish their own presence in the Emirate to expand in the Middle East market.

Sharjah, the third largest Emirate, is the only one with a direct access to both the Arabian Gulf and the Gulf of Oman. The city of Sharjah was designed Cultural Capital of the Arab World in 1998 due to its rich cultural offer including seventeen museums and numerous beautiful mosques. Industrial investments are very convenient in Sharjah, as government subsidizes water and electricity expenses.

The two smallest Emirates are Ajman and Umm al-Qaiwan. The Emirate of Ras Al Khaimah, that hosted the historical capital of the United Arab Emirates, and Fujairah, the only Emirate lying on the Gulf of Oman on the eastern side of the UAE, have an area of 1,700 and 1,300 square kilometers respectively.

Almost 90% of UAE population is concentrated in the large urban areas, especially in Abu Dhabi, but Dubai, although it has less inhabitants, has a more international character due to its leading position as an international trading hub.

After an average annual GDP growth rate of approximately 8% from 2004 to 2008, the international financial crisis hit the economy in 2009 bringing the GDP growth rate down to about -3%, totaling US\$ 245.5 billion. Recovery has started in 2010, although some claimed deficit in government public balance, with an estimated 2.8% growth, and a positive signal comes from the increasing contribution of non-oil sector to form the national GDP; in fact, according to the Ministry of Economy Al-Mansouri, non-oil sectors accounted for about 71% of 2009 GDP while in 2008 the share was 66.5%. Industry is also increasing its contribution to the UAE economy and it is expected to rise its share from current 16.2% to 20-25% in the next few years. Main trade partners of the UAE are China, India, USA, Japan, Germany, Italy, UK and Saudi Arabia.

After Saudi Arabia, the UAE is the main recipient of foreign direct investment in the Gulf region. In the decade 1998-2008 FDI inflow reached \$66.2 billion, 19% of total foreign investment in the region. The last two years saw a decline in FDI following the contraction in the economies of countries that are traditional major investors in the UAE.

UAE government's measures to counteract the crisis and stabilize the economy include monetary and fiscal policies targeted to ensure liquidity to the banking system and increase public expenditure by 14% to stimulate domestic demand and consumption. Moreover, the UAE government is adopting policies for sustainable development and a more diversified economy in the future, investing in renewable energies and projects. An example is Masdar City, a clean technology cluster whose construction began in 2008 about 17km from Abu Dhabi, aiming to become one of the world's most sustainable cities entirely powered by renewable energy.

UAE's foreign trade policy is very outward-looking and oriented towards liberalization but it is tied to the agreements with the Gulf Cooperation Council (GCC), chiefly the GCC Economic Agreement which requires a collective negotiation strategy as regards Free Trade Agreements. In 2009, the main FTAs were signed or ratified with Singapore, the European Free Trade Area (EFTA, including Switzerland, Norway, Iceland and Lichtenstein) and New Zealand.

Healthcare Provision

Infectious diseases such as malaria, once endemic in the UAE, have been eradicated and many health indices have improved, such as neonatal and infant mortality rate (respectively 5.54 and 7.7 per 1000) and maternal mortality rate (0.01 per 100,000), as well as life expectancy at birth (78.3 years). However, there is an alarmingly rising incidence of diabetes, with estimated 500,000 people suffering from this disease, a rate of 20% among adult expatriates and 25% among adult Emiratis. Changes in lifestyle occurred with the country's economic growth in the last decade have an important responsibility in exposing population to such disease, which currently costs UAE's health authorities \$500 million a year.

The healthcare system is influenced by the peculiar demographic characteristics of the country, with a very young population, as 81.9% is aged between 15 and 59 years, while only 1.3% is over 60. A reason for this is the presence of a high number of working expatriates. UAE nationals account for only about 22% of the population, while the remain-

ing 78% of the population is made up of foreigners. The prevalence of expatriates is also registered among health professionals, where the percentage rises to 85%-90.

Most of immigrants come from Asian countries such as India, Pakistan, Bangladesh, China, Thailand, Philippines, South Korea, Afghanistan and Iran, but there is also a high number of expatriates from Europe, Australia, Northern Africa and Latin America.

UAE's healthcare system is decentralized through the division of the country into nine medical districts, each responsible for planning, organization and development of health services. Along with a comprehensive, government-funded health system there is a developing private health sector, more involved in the provision of primary care than hospital services. Overall health expenditure was valued at US\$5.4 billion in 2009, only 2.6% of GDP, but per capita spending is US\$ 926, one of the highest in the world. Annual growth rate of health expenditure was estimated at 6.7%.

The public healthcare services are run by separate and autonomous authorities: The Health Authority Abu Dhabi (HADD), the Dubai Health Authority (DHA), the Ministry of Health (MOH) and the Armed Forces and Police Medical Services. Dubai administers its own Department of Health and Medical Services (DOHMS), which is independent of the federal MOH. A National Health Council coordinates work amongst federal and local institutions and authorities providing health services across the country and in the private sector.

The federal Ministry of Health is headquartered in Abu Dhabi and is re-

sponsible for delivering healthcare across the UAE through a wide range of facilities including hospitals, primary healthcare centers, school health and maternity and child health units. Primary healthcare services are delivered through an extended network of clinics providing basic medical services, dental services, health awareness programs and preventive medicine. The MOH is also focusing on bringing healthcare in the northern Emirates at the same level with Abu Dhabi and Dubai.

Figures released by the National Bureau of Statistics in the "Analytical Report on Economic and Social Dimensions in the United Arab Emirates 2009", show that, as of 2008, public health facilities in the UAE included 32 hospitals, 243 government clinics and health centers, 2,886 government doctors and 365 dentists, plus 15,443 government nurses in various specializations. The private sector on the other hand is increasing its share in the provision of healthcare services, as the number of private facilities rose to over 50 hospitals and over 2,000 private clinics and health centers. The number of doctors and nurses also increased by 30% and 40% respectively compared to 2007. In 2008 a project called Wareed was launched to create a national Health Information System designed to link all public health facilities across UAE and integrate health services with networking data centers. By now, 14 hospitals have been earmarked to adopt Wareed, and the implementation is planned to be completed by end 2011. Furthermore, Abu Dhabi has a patient records system in place which is also due to be extended to the other Emirates in 2011.





After the introduction of compulsory health insurance for all expatriates working in the Emirate of Abu Dhabi and their families in 2006, the Health Authority - Abu Dhabi (HAAD) launched in May 2008 the Thiqa Health Insurance Program for UAE Nationals, providing all UAE Nationals working and residing in the Emirate of Abu Dhabi with comprehensive free healthcare coverage at all private and public healthcare facilities in the Emirate of Abu Dhabi. This program is leading the way to the implementation of the Health Insurance Law, which aims to extend mandatory insurance coverage to all UAE residents. The National Health Insurance Company is DAMAN, but on HAAD website there are 35 authorized insurance companies listed. HAAD reports that since its formation in 2007, 98% of residents across Abu Dhabi were enrolled in some insurance policies.

Dubai has also planned to introduce universal health coverage, even if limited to employees and based on employer's payment of a fee to the Government, but the plan has not been implemented yet. As revealed by the Dubai Household Health Survey conducted by the Dubai Health Authority, three quarter of Indian, other Asian and Arab workers in Dubai have no health insurance coverage. Among the lowest income group (earning on average AED2,273 a month) only 23% has an health insurance. Nevertheless, on the long term the number of people covered is going to grow, as it already increased from 150,000 in 2006 to current 1.9 million, as reported by "The National". As the overall outpatient market growth reached 25% in 2008-2009, public sector recorded only 8% increase, while the private sector grew by almost 28%, mainly due to the higher standards of care offered, and it is going to be supported by the increase in the number of people benefiting from health insurance, especially when mandatory health insurance extends to Dubai. The healthcare sector is considered as quite recession-proof as it is expected to be supported by the planned investments in the construction of new facilities and upgrading of existing ones, and forecasted to grow by 18% by 2013.

An Outlook on the Dental Market

According to FDI, in 2007 there were 1,200 active dentists in the UAE. Dental services are provided through clinics and dental centres, but also in mobile units in rural or outlying areas. About 200 private clinics offer high quality dental care, 46 of which are located in Dubai. DHA Private Healthcare Statistic report says that 1,043 dentists are currently active in the Emirate's private dental sector.

In the emirate of Abu Dhabi, Compulsory Health Insurance scheme includes the provision of dental and gum treatment excluding orthodontics and dentures. According to online newspaper "Gulf News", currently about 570,000 Emiratis in Abu Dhabi have access to oral healthcare through the Thiqa dental coverage plan. About 194 clinics and hospitals offer free dental care.

Dental equipment and products are mainly supplied by imports, as local production covers only a very small percentage of the demand. Market access for foreign firms is tied to the appointment of a local "commercial agent", as UAE law considers both agent and distributor. The commercial agent must be a UAE national, or a company 100% owned by UAE nationals. Sometimes an agent with rights to the entire UAE appoints distributors in the other emirates or enters a joint venture or partnership with a national of a neighbouring Emirate.

Conditions set by law for contracting commercial agents are particularly oriented towards the protection of the local agent, for instance guaranteeing the right to territorial exclusivity which entitles the agent to receive infringement commissions on transactions concluded by the principal himself or through others within the agent's area of activity. Moreover, an agency agreement may not be terminated without the agent's approval, unless the Commercial Agencies Committee of the Ministry of Economy and Commerce has examined and approved the reasons for termination. Except for this case, failure to renew an agreement may require compensation to the former agent. It is therefore particularly important to carefully select the agent or distributor at the initial stage. Companies may choose whether to appoint a sole agent in the UAE or to have a commercial agent in each emirate or for each product, but many foreign firms prefer to appoint several agents to cover different areas of the country. The agent must be registered with the Federal Ministry of Economy and Commerce.

The commercial agency agreement should specify products and territories covered by the contract, and be translated into Arabic by a licensed translator. If the agreement is signed in Dubai, it has to be legalized before a Court Notary Public, while if it is signed outside the UAE, the authentication of a local notary public and of the local Ministry of Foreign Affairs is necessary, plus certification by the UAE Embassy or Consulate (where not existing, the Embassy of another Arab country may be applied to instead). Once documents have arrived in the UAE, they need to be authenticated by Foreign Ministry and translated into Arabic by a licensed translator.

In the UAE at least 51% of a business establishment must be owned by a UAE national. A company involved in import and distribution must be either a fully UAE-owned agency/distributorship or a 51% UAE-owned limited liability company. However, Free Trade Zones have been set up to facilitate investment for companies wishing to set up their own manufacturing or distribution base in the UAE. In these areas, foreign companies are considered as being offshore, or outside the UAE for legal purposes. Among the incentives provided, there are 100% foreign ownership allowed, import and export tax exemption, 100% repatriation of capital and profits, corporate tax exemption for 15 years (renewable for additional 15 years), no personal income taxes, administrative support and easy recruitment of skilled workforce.

All seven Emirates have one Free Trade Zone, except for Dubai, hosting alone 19 FTZs (including Dubai Healthcare City, with 2 hospitals, over 90 outpatient medical centres and diagnostic laboratories and over 2,000 licensed professionals) plus additional 9 planned to be created in the next few years, and Sharjah, where two Free Trade Zones are located.

Sources:

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An Outlook on the Dental Market

Year 2007	Abu Dhabi	Dubai	Sharjah	Ajman	Umm al-Qaiwan	Ras Al Khaimah	Fujeira
MOH Dental clinics	--	12	14	5	5	15	11
MOH Dental clinics, n. of doctors (Specialist and G.P.)	--	34	42	20	11	34	24
Dentists operating in private clinics	144	848	315	93	11	53	32
Dental services, total attendance	--	27,659	52,810	18,803	21,081	46,149	30,013

Source: Ministry of Health, Dubai Health Authority, Abu Dhabi Health Authority