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The Auto International Association, a segment of the Auto Care Association, provides resources to capitalize on your import and/or export focused initiatives, providing you with the networking opportunities and the latest, most relevant information concerning import/export segment of the industry. Our business is becoming more borderless every day—a rapidly-growing segment of the global economy. The Auto International Association works to support international regulations and treaties that assist the industry’s efforts to reach customers everywhere, and break down trade barriers in emerging markets. The association has an ever-increasing presence in the international automotive community, identifying and promoting international business opportunities for our members.

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Automotive Resource Guide
A Reference for U.S. Exporters
Third Edition

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Automotive MEETINGS
United Arab Emirates

Summary
The UAE relies on imports, with virtually the entire supply of car and light vehicles being imported. Barring a couple of truck units assembling CKD components and armored vehicles factories, there is no serious automotive manufacturing activity taking place in the UAE.

According to media reports, the UAE’s automobile sector remains in the fast lane, as the country ranked top globally with more than 25 percent sales growth in 2012. Following the buoyant growth in 2012, the industry players are estimating that the UAE’s total industry volume will reach 380,000 vehicles in 2013 compared to 305,000 vehicles in 2012 and 243,000 sold in 2011.

Accordingly, they are estimating a growth of 27 percent year-on-year basis in 2013 for new vehicle sales in the UAE and an average of nearly 9 percent during the five-year period to 2017. This is due to favorable macroeconomic conditions and household spending, increased access to vehicle financing and the migration from neighboring countries and the region.

The market is broadly divided between around 80 percent for passenger cars and 12 percent for trucks and 8 percent for vans and buses. The Japanese manufacturers lead the UAE automobile market with over 60 percent market share, with Toyota Motor maintaining its dominance in the market. The luxury segment contributed around 12 percent to the UAE’s total industry volume with 17 percent growth annually.

Tariffs
The tariff applied to cars is five percent customs duties on value of the vehicle plus one percent insurance plus cost of the shipment. For trucks, the customs duty is 12 percent.

Statistics
Capital: Abu Dhabi
Population: 7.891 million (2011)
GDP: USD 360.2 billion (2011)
Currency: Emirati Dirham (AED)
Language: Arabic (official), Persian, English, Hindi, Urdu

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**Taxes**
No VAT, luxury tax or special consumption tax exist on vehicles.

**Market Entry**
All cars and buses entering UAE have to abide by safety regulations issued by the Emirates Authority for Standardization and Metrology (ESMA). In addition, the following rules must be adhered to:

- Head restraints in all seats and air bags for the driver and the front passenger are compulsory for all passenger cars and buses with capacity up to 22 passengers.
- Safety belts and Anti Braking System (ABS) are required in all new vehicles. Extra seats in the aisles are prohibited for any motor vehicle with a riding capacity of four people or more.
- Every vehicle must have an alarm to notify when drivers exceed speed limit of 120 km in cars and 100 km on buses.

In addition, all vehicles must be exported from the country of manufacture and steering wheels must not be modified. There must be no damages on the vehicle’s outer body and must be accident free.

**Local Standards Requirements**
GSO Standards tests for motor vehicle spare parts:

- Motor vehicle spare parts (draft)

GSO Standards tests for multipurpose tires:

- Multipurpose tires—general requirements
- Multipurpose vehicles tires standards
- Multipurpose vehicles tires (testing methods)

**Current Market Trends**
The UAE automotive industry’s growth is driven by a number of factors, including increasing quality awareness, high spending power, and wide offerings of automotive products across international brands. According to industry estimates, in the first half of 2013, UAE companies imported most from Japan (50 percent), followed by USA (13 percent) and then South Korea (6 percent).

During the corresponding period, vehicle re-exports grew by 13 percent. Iraq is the top destination for cars re-exported from Dubai, accounting for 10 percent, followed by Libya and Iraq (8 percent each).
Used and Remanufactured Automotive Parts

Used

Passenger Cars
As a regional trade hub supporting intense international business activity, the UAE presents an extremely competitive business landscape for American companies in this sector. Many successful U.S. firms already in business in the region rely on technological advantage and quality assurance in addressing current demand and facing foreign competition.

Regulations
- All vehicles must be conformity to the UAE standards and their steering wheels must not be modified.
- There must be no damage on the vehicle outer body.
- The UAE does not allow import of vehicles that have been subject to accidents such as submerging, fire, collision, rollover, etc. Also, vehicles previously used as taxicabs or by police are not allowed to be imported.
- Vehicles may only be exported to companies (having commercial registration for business activities in vehicle sale and import) and to individuals with a valid residence authorization, if the importer is not a citizen of any of the GCC States.

Required Documents
- Proof of vehicle ownership and invoice attested by the local chamber of commerce in the U.S.
- Export declaration of the customs administration in the U.S. The invoice and the certificate of origin shall be attached to the export declaration.
- A document issued by Police in the U.S. indicating that the vehicle is not wanted for any criminal investigation.

Best Prospects
The UAE companies are increasingly eyeing to buy U.S. products to cater to the growing demand for used car market sector, specifically targeting –
- Classic car buyers
- Modified vehicles buyers
- Performance vehicle buyers

Parts and Components
Currently there is demand for new parts for all three categories. However, with increased preference for modified, enhanced-performance vehicles, that sector should continue growing in the future.
Local Standards Requirements
GSO Standards tests for retreaded tires are available at bit.ly/1cJHKoi.

Remanufactured
Importation of reconditioned/used auto parts is not allowed for sale in the UAE, unless reconditioned by the original manufacturer. The reseller is not allowed to claim that the part is the same as an original part. There is no difference in the treatment between remanufactured and used auto parts. This applies to all motor vehicle parts.

Remanufactured/rebuilt parts are generally considered used or semi-used and are reflected in the pricing. Normally, the warranty period will not be the same as the original, if offered.

Used, not remanufactured, parts usually carry no warranty.

Local industry sources believe that there could be potential as there are a number of American cars sold within the UAE and also a number of used American cars are re-exported to other neighboring countries through the UAE. Rebuilding of parts in the UAE is limited to auto mechanics offering their clients an extra service in their maintenance of cars.

The 5 percent import duty for new parts also applies to remanufactured or used parts. The use of the company logo as well as the original packing design is not allowed for reconditioned/used parts. As there is a complete difference in packing from the original, advertising costs for resellers of reconditioned/used parts are higher even though the quality of the product is similar. It will not be easy to lend credibility to reconditioned/used parts in this market and a lot of effort would need to be put into the process of establishing a brand.

Main Competitors

Passenger Cars
Toyota Motors remained the dominant player with 36.6 percent market share. Nissan is second with a market share of 16.9 percent, followed by Mitsubishi (7.6 percent), Hyundai (6.5 percent) and Ford (4.2 percent). Kia was sixth with a market share of 3.8 percent followed by BMW, Honda, Lexus and Chevrolet, taking the seventh, eighth, ninth and tenth positions respectively.

Commercial Vehicles
With major infrastructure and housing projects being planned, this sector will experience continued growth. Truck approvals are conducted at the GCC level by the GCC Standards Organization which is based in Riyadh, KSA. The product should be first approved by GSO before the truck can be exported to GCC countries, including the UAE.

U.S. truck manufacturers or exporters can contact the GCC Standardization Organization (GSO) Conformity Assessment Department for approval.
Parts and Components
UAE’s strategic positioning and economic conditions have lead the country to become a regional hub for car parts and vehicle components in the entire Middle East and GCC. As a result, the UAE has become a key player in the car parts trade within the Gulf region and has positioned itself as a major re-export center.

According to media reports, the auto spare parts trade contributed around USD 9.89 billion or 3.33 percent of Dubai’s total foreign trade in 2011. Imports amounted to USD 5.85 billion and exports to USD 4.02 billion. The country imported about 28 percent of auto parts and accessories from Japan, 13 percent from China and 11 percent from South Korea during the first half of 2013.

The UAE re-exports auto parts to GCC, African countries, Afghanistan, Iraq and the Indian Subcontinent.

Current Demand
UAE companies often display interest in launching new products so as to command a leading position in the market. Consequently, there is an interest and appetite for quality niche products, e.g., RVs, specialty vehicles, etc.

Parts and Components
There is a general demand for original spare parts made in the U.S. for American, German and Japanese cars. Other categories where opportunities exist include:

- 4WD Accessories
- Body parts, including grills, lights, etc.
- Decorative trim
- Spark plugs
- Valves for passenger cars, trucks and buses
- Wireless power tools
- Anti-glare glass film
- Tires for cars, trucks, and buses

Barriers
The UAE’s trade policy has been consistent with its obligations under the WTO. There are few trade barriers, viz. automotive parts should not contain asbestos, and products should not have been manufactured or transited through Israel.

Trade Events
Middle East Motor Tuning Show (MEMTS) 2014
March • Sharjah, UAE • memts.com
Luxury and sport cars, modern design, and trends in car customization.
Automechanika Middle East (AMME) 2014
June 3–5, 2014 • Dubai, UAE • automechanikadubai.com
The region’s largest and most comprehensive trade and networking exhibition for the automotive aftermarket from the fields of automotive parts, car washing, workshop/filling-station equipment, IT products and services, accessories, and tuning.

Available Market Research
• Investment Opportunities in the Automotive Sector in RAK: A sector study on the automotive sector in the UAE with a regional perspective