

The United Arab Emirates has over the last few decades become one of the most important logistics hubs in the world. In addition to rapidly growing imports for local consumption and exports of UAE-made products, re-exports of goods to other countries in the wider region also play a very significant role. This position as a major logistics hub is also partly due to the favourable customs legislation and practices in the UAE.

### Gulf Cooperation Council Countries Customs Union

Goods produced within the Gulf Cooperation Council countries are exempt from import duties. The customs union of countries in the Gulf region was established in 2002 and entered into force on 1 January 2003. The customs union has a Common External Customs Tariff for products imported from outside the customs union and a common customs law which means unified customs regulations and rules for import, export and re-export are applicable in all member states. Any land, sea or airport customs office that has connection with the external world is deemed as a point of entry for foreign goods into the customs union. The point of entry customs office conducts the inspection of the goods and collects the applicable customs duties. The common customs tariff of the GCC customs union on all foreign goods imported from outside of the customs union is 5 per cent. Once goods enter the customs union and are properly declared, the goods may move freely among the member countries of the customs union without any customs and non-customs restrictions.

### Import for Local Consumption

Imports into the UAE can only be undertaken by those importers who have an appropriate trade license. Import duties have been largely standardized at 4 per cent but approximately 70 goods have been exempted from tariffs, including medicines, agricultural machinery, un-worked silver and gold, iron and steel for use in construction, and raw or partially worked materials for use by local manufacturers. Certain luxury goods and alcohol and cigarettes are subject to higher duties.

Certain goods are not allowed to be imported without previous permission from the concerned government bodies. These are:

1. All kinds of weapons / ammunitions / explosives and fireworks
2. Alcohol and alcoholic drinks
3. Pharmaceuticals and medicines
4. Chemicals, organic fertilizers, agricultural fixers and lethal plant sprays
5. Seeds and agricultural tissues
6. Publications and audiovisual media
7. Telecommunication equipment
8. All foodstuffs
9. Certain animals such as bees, camels, Habara falcons and equine breeds

### Export

There is no duty on exports but exporters/freight forwarders are required to provide the customs authorities with the following information: original invoice and a duly completed Export Declaration.

### Free Trade Zones and Re-exports

All foreign goods imported to any of the free trade zones and subsequently re-exported outside of the UAE and GCC countries are exempt from customs. Foreign goods moving from a free zone into the local market in any of the countries of the customs union are subject to the customs duties and procedures when exiting these zones – the goods are treated as being imported into the customs union, even if they incorporate local raw materials or parts on which customs duties have been collected prior to admission into the free zone.

Consignees may import goods with the intention of re-exporting them within 180 days. Consent of customs authorities and payment of a deposit or submission of a bank guarantee in lieu of a duty are required. Deposit and bank guarantees are refunded/released on proof of re-export. Goods remaining in the UAE/GCC after 180 days are liable for customs duty.

There are some 30 free trade zones in the UAE and further ones are being planned. In addition to the above advantages, free trade zones offer other incentives such as simpler and quicker customs procedures in comparison with locations outside of the free trade zones.

## Transit, Transhipment, Temporary Admission and Re-export

1. Transit: consignments received through a Bill of Landing and consigned to a destination outside of the UAE/GCC dispatched overland are cleared on a Transit Bill. The importer/agent should submit to customs authorities the following documents:
  - Delivery order by the shipping agent
  - Copy of the Bill of Landing or Manifest
  - Evidence of value of the goods (if not available, customs authorities will estimate)
  - Deposit or guarantee amounting to the potential customs duty liability – this will be refunded or released upon production of proof of the goods.
2. Transshipments: consignments received through a Bill of Landing and consigned to a destination outside the UAE/GCC dispatched by sea direct from the port are cleared on Transshipment Bill. The agent should submit a Deliver Order to the customs authorities.
3. Temporary Admission: goods imported for exhibitions or temporary use in construction, scientific research development projects, repair or maintenance are granted Temporary Admission and must be re-exported within a given period. Permits for exhibitions goods are issued by the concerned authorities and must be presented at the time of import. Goods for exhibitions must be re-exported within 90 days from the date of import. Other goods for temporary admission are given sufficient time to be re-exported considering the period of contract or other documents to justify the period required.