

# SLB CONSULTING

## Legal Aspects of Doing Business in the Gulf Countries




**Presented By Me. Laila Sahyoun**



### Agenda



1. Transacting with Gulf Cooperation Council (GCC)
2. Strategic positioning & legal aspects
3. Concluding remarks & who we are



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**Transacting with GCC**

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- Great opportunities for Quebec/Canada business relations with GCC
- Canada (and Quebec) has identified the GCC as a priority market\*

GCC overview:\*


- By 2020, expected \$3.5 trillion in FDI.
- Abu Dhabi and Saudi Arabia are building entire economic cities in coming years
- Positioning as trading hub for ME, Africa and SE Asia.

Quebec/Canadian Exports:\*\*

- Canada-GCC exports: sharp rise expected in 2009. In 2008, \$2.9 bn in exports, tripled in past 5 years and approx. 30% increase from 2007.
- Canada-world exports: 20% drop forecasted for 2009
- Qc-world exports: 15% drop forecasted for 2009.

\* Source: DFAIT, October 2009.  
\*\* Source: DFAIT, October 2009 & EDC, May 2009.

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**Transacting with GCC (cont'd)**

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**Challenges:**

- Different negotiating styles and concepts of time,
- Lack of qualified skilled labour,
- Court system less dominant in business relations than in Canada.

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**Seizing the Opportunity**

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➤ It is the right time to diversify to the GCC:

- Canada signed an **agreement on economic cooperation, trade and investment** with the UAE in March 2009.
- Canada is considering a **Free Trade Agreement with the GCC** in near term.
- Very good Canadian reputation in GCC.
- U.S. no longer as dependable a market for Canadians.
- GCC has learned from Dubai's successes and failures.
- Liberalization of legislation in GCC will facilitate trade/business relations.

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**Legal Checklist**

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Incorporate Federally


Ensure proper share structure (Canadian equity partners)

Obtain consent of investors

Ensure proper intellectual property protection

Review restrictions on business in your company's articles of incorporation

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**Practical Tips**

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- Are you **eligible for Quebec and/or Federal programs** that promote, facilitate and insure foreign trade and/or business dealings (ex: EDC, BDC).
- Due diligence on local standards & regulations for your product or service.
- Due diligence on commercial agent or sponsor.
- Proper legal, financial and governmental contacts in the Gulf countries.
- Budget for international dealings (telephone calls, travel).
- Get to know the area/people through missions or business trips.
- Website and marketing material impressive and up to date.

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**Strategic Positioning**

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**Level of Implication/Presence in GCC:**

1. No local presence:
  - sell through *commercial* agents (mainly low-medium volume trade)
2. GCC local presence:
  - branch or representative office
    - activity is restricted to administrative tasks
    - local *service* agent/sponsor is required
  - limited liability company (LLC)
  - joint venture (JV) or partnerships
  - professional firm, artisan
3. Presence in the free trade zones


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	Commercial Agents	LLCs	Free Trade Zones		
<b>Shareholders/ ownership</b>	As agreed between parties	- UAE: 51% GCC/49% Cdn - S. Arabia: no restrictions - Qatar: exceptions	100% Canadian		
<b>Minimum Capital</b>	No minimum	- UAE: no minimum - S. Arabia: Cdn \$140K - Qatar: Cdn \$60K	None		
<b>Profits &amp; loss Distribution</b>	No restrictions	No restrictions	No restrictions		
<b>Management</b>	No restrictions	No restrictions	No restrictions		
<b>Trade rules</b>	Agent has exclusivity	Regular licence requirements	Commercial agent is required and tax applies to trade with GCC		

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CONSULTANTS <b>SLB</b> CONSULTING		Corporate Structures (specifics)		Chambre de commerce du Montréal métropolitain Board of Trade of Metropolitan Montreal	
<p>➤ Can be a 100% Canadian owned company if:</p> <ul style="list-style-type: none"> <li>•<b>NEW:</b> in Saudi Arabia always</li> <li>•<b>NEW:</b> in Qatar if operate in agriculture, industry, healthcare, education, tourism, natural resources, energy or mining and/or contribute to Qatar's economic plans.</li> </ul> <p>➤ <b>Free Trade Zones:</b> offshore manufacturing and distribution hub</p> <ul style="list-style-type: none"> <li>•No corporate or personal taxation, goods imported/re-exported free of duties,</li> <li>•Full repatriation of capital and profits to Canadian head office,</li> <li>•100% Canadian owned company, cheap and accessible energy, no currency restrictions, no restriction on hiring local or foreign employees, mortgages available for construction of a facility, state of the art technology, warehouses available, proximity to airports.</li> </ul>					

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**Education & Health Care**

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➤ **Education and Health Care: particularly encouraged – Precedents**

- MIT (Abu Dhabi): Masdar Institute of Science and Technology
- Harvard Medical School Dubai Center Institute for Postgraduate Study and Research

➤ **Québec/Canadian success stories:**

- College Lasalle, established a branch in Saudi Arabia in 2007, mainly teaching English as a second language. Looking to expand to computer training and a girls training centre.
- College of the North Atlantic, in 2001 entered into a 10-year agreement with the State of Qatar to develop a comprehensive college of technology.

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**Legal Tips**

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Register with relevant Chambers of Commerce and ministries

Obtain licences from all applicable authorities (GCC proper and free trade zones)

Enter into written contracts

Protect your intellectual property

Consult qualified legal and tax professionals

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How SLB Consulting can help :

- **Niche market: act as international legal advisors for small and medium sized companies, with an added value in Canada-Gulf business relations.**
- One-Stop-Shop:
  - Strategic and legal advisors: Drafting/reviewing agreements, negotiations.
  - Business consulting: referrals to professionals to Canada and GCC in tax, banking & finance, immigration, marketing, business development, human resources as well as to governmental and government funded organizations.



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