



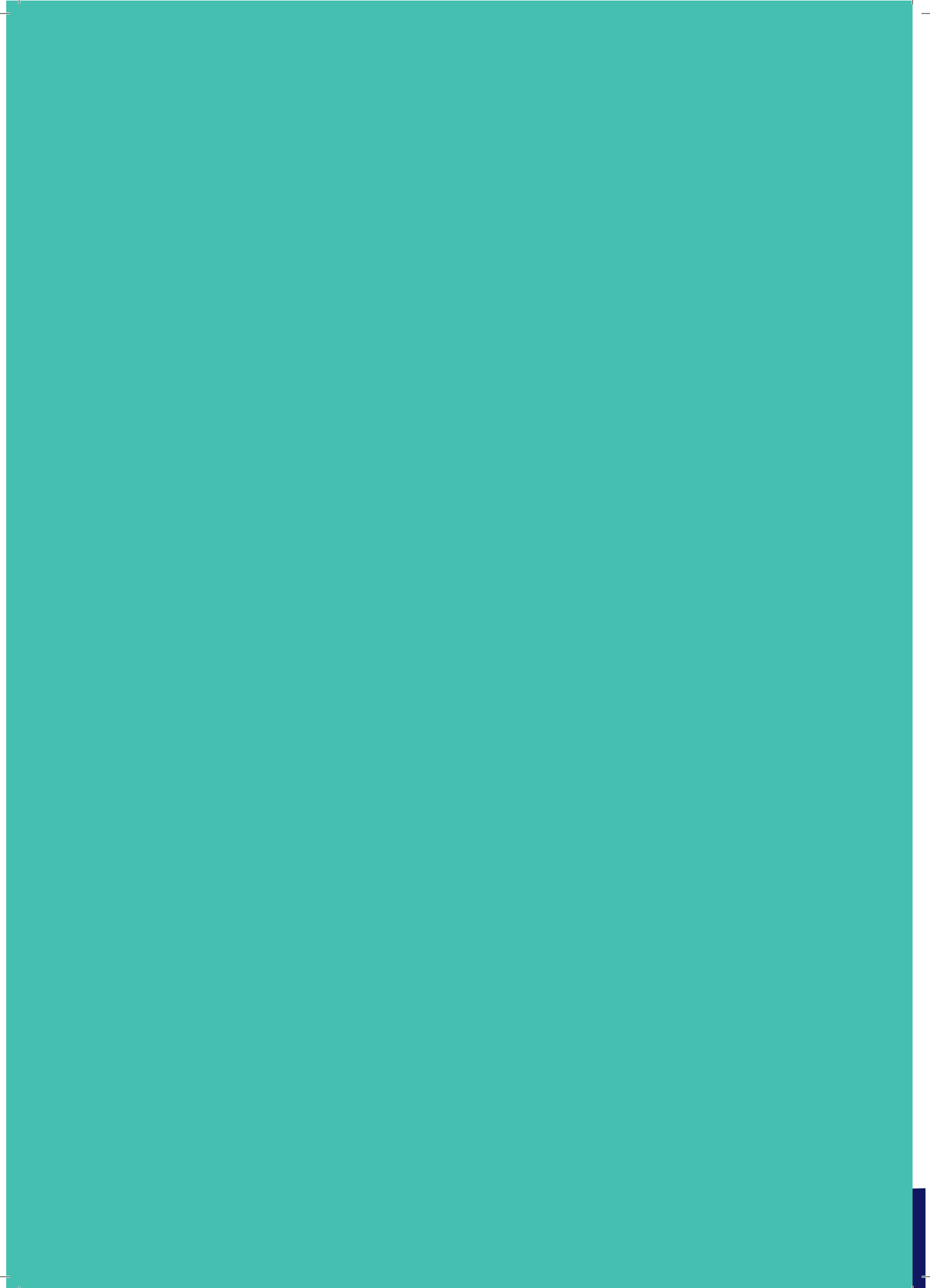
**DMCC**

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**BREXIT:**  
The impact  
on British  
business and  
exploring new  
trade routes

**MADE  
FOR  
TRADE**

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Britain's decision to leave the European Union was the beginning of the end of an era of unified political and economic purpose among European nations that began after the Second World War. Today, almost two years on from that decision, the actual end of that era is not much closer, political chaos and economic turmoil prevail, and the only certainty surrounding Brexit at this point seems to be uncertainty.

#### State of play

With Brexit talks progressing, the United Kingdom (UK) is set to leave the European Union (EU) in March 2019. However, the much-awaited negotiations on the EU-UK trade deal are yet to take place. Until the deal is finalised, market uncertainty remains.

Representatives from the EU and the UK met in December 2017 for the first phase of discussions on the UK's exit from the union. Talks revolved around the financial settlement between the EU and the UK, protecting the rights of the EU citizens in the UK and UK citizens in the EU, as well as developing a framework for addressing the border issue in Northern Ireland.

However, the talks failed to offer any clarity on the impact of Brexit on UK businesses. Trade renegotiations with the EU would be crucial, as the bloc remains the UK's largest trading partner, accounting for 43% of the total exports and 54% of the total imports at the end of 2016.



In the wake of **uncertainties**, there are clear trends in that businesses in the UK are seeking to broaden their **global reach** and looking at new **trading opportunities** outside the UK.

## Brexit: the impact on British Business and exploring new trade routes

Meanwhile, the uncertainty about the future of EU-UK relationship has slowed the UK's economy, which is currently among the weakest performers in the G7 since the referendum.

It is only natural that in an environment where currency valuation, customs and excise rules, and regulations and even access to your customer base could change from one day to the next, companies – particularly small and medium size enterprises (SMEs) – are beginning to seek other options to a UK base.

SMEs accounted for 51% of the UK's total private-sector turnover in 2017. A survey of more than 500 businesses by the London Chamber of Commerce and Industry (LCCI) found that 22% consider moving out or have already moved out owing to Brexit.

### Trade deals to pave ways for new growth

British Prime Minister Theresa May signaled early on that bilateral trade deals with countries all over the world would ensure British business continues to prosper, committing to take a “leadership role as the strongest and most forceful advocate for free markets and free trade anywhere in the world”.

The UK government has since begun the groundwork for signing trade deals with developed economies (Australia, New Zealand and the US) as well as rapidly growing economies (China and India).



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*Tim Sarson,  
Value Chain Management Partner,  
KPMG*

Brexit has also paved the way for stronger trading ties between the UK and its long-term diplomatic and commercial ally: the GCC region.

Improved business infrastructure in the Gulf as part of the regional governments' efforts to bolster non-oil revenues has reinforced the GCC's position as a leading business hub, and in particular the United Arab Emirates. The GCC is strategically an important market for the UK, being the second largest non-European export market, with trade between them exceeding £30bn each year.

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In a landmark speech outlining plans for close co-operation with the GCC, the British Prime Minister said, “The Gulf is already our largest investor and our second biggest non-European export market and I think there is huge potential to expand this relationship in the years ahead”.

As a symbolic show of strengthening ties with the GCC, a strategic partnership focused on politics, defence, security and trade was announced in December 2017. While the UK cannot sign any agreement before it formally leaves the EU, it has taken the first step towards shoring up relations with the GCC by setting a trade working group for preparatory talks on the free-trade agreement.

#### **The free zone advantage for British businesses**

In the wake of uncertainties, there are clear trends in that businesses in the UK are seeking to broaden their global reach and looking at new trading opportunities outside the UK.

Tim Sarson, Value Chain Management Partner at KPMG, who has analysed the possible impact of Brexit on his clients, concludes that many of them are getting itchy feet in the UK.

“Brexit impacts different industries in different ways. It does look as if the UK will end up with customs or border tariffs and that makes the UK less attractive as a hub for companies who consider their UK businesses to be a European base,” he says.



## Brexit: the impact on British Business and exploring new trade routes

Free zones present an attractive option for companies looking to relocate outside their primary jurisdiction, as they tend to offer advantageous tax regimes, helpful business set-up programmes, and a ready-made community of like-minded entrepreneurs on hand to advise and to trade with.

“Companies tend to use free zones in places like the UAE or Singapore or those in Latin America, when they want a logistics hubs for a particular region,” Sarson says.

“One of the things that Brexit has done is to force companies to really think more widely about their location. Brexit has been the trigger for discussions about where companies should locate shared services, where their headquarters should be, and what their international supply chain looks like.”

The UAE has positioned itself as an attractive investment destination and has developed 45 free zones with a host of benefits including full foreign ownership, 100% repatriation and zero import-export taxes.

DMCC, named Global Free Zone of the Year for the past three years, is enjoying a particularly strong flow of British businesses seeking to broaden their global reach as the uncertainty of Brexit persists.

Since the announcement of Brexit up until February 2018, DMCC saw UK based companies



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**Since the announcement of Brexit up until February 2018, DMCC saw UK based companies setting up in its Free Zone increase by 29%, exceeding the growth rate of other European based companies.**



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General Manager MENA,  
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setting up in its Free Zone increase by 29%, exceeding the growth rate of other European based companies. For the same period, UK companies in the Free Zone increased their headcount by 218%.

And the trend appears to prevail. The UK’s interest in setting up a business in Dubai through DMCC’s website, measured by monthly average volume, increased by 192% for the same period.

#### **The Dubai advantage**

More than 4,000 UK firms have a presence in Dubai, which is home to more than 120,000 British expats.

Although British companies are unlikely to move their complete operations to Dubai, many companies are taking advantage of the city’s strategic location to trade with markets in Middle East, Asia and Africa.

Connecting producing and consuming nations, Dubai sits at the crossroads of the world. With two of the world’s busiest airports, Dubai is less

than eight hours flight time away from 70% of the world’s population – or 65% of the global GDP.

But it’s not just location. Businesses from all over the world come to Dubai to take advantage of its attractive business environment, robust regulation and logistics designed for trade, and a legal system based on British law. This has helped make the city a melting pot, not just for established businesses, but also for entrepreneurs and start-ups.

When Deliveroo, a London-based food delivery company which topped Deloitte’s annual ranking of the UK’s fastest growing technology companies in November 2017, wanted to expand into the Middle East, they picked Dubai: “We chose DMCC because we felt that it offered the most flexibility as far as starting up a business. The whole team including myself is relatively new to the GCC. So having the collaboration with other entrepreneurs who were very supportive was really important in getting a head start in what was a very new market,” says Anis Harb, General Manager MENA, Deliveroo.

Dubai furthermore has a world-class road network, one of the busiest and most up-to-date deep-water ports in the world, and some of the finest specialty real estate on earth.

Dubai's free-and-easy lifestyle, with miles of beaches, some of the finest hotels, shopping destinations and leisure facilities on earth, all make the transition to a new market easy. The emirate also has some of the best private schools in the world and English is spoken in virtually all professional and social settings.

**DMCC – a market maker for British Business**

DMCC's Krysta Fox, Executive Director, Free Zone, says; "The United Kingdom is and always has been an extremely important market to us here at DMCC. We partner very closely with the companies that come here, and help connect them to new markets and trade flows".

DMCC was originally set up in 2002 as a hub for commodities firms but has expanded enormously in scale and scope to include companies from a broad spectrum of sectors including technology, consumer goods, and consultancies alongside its commodities base.

DMCC has been named Global Free Zone of the Year by the Financial Times Group for the past three years, largely thanks to its broad appeal and thriving Free Zone community.

The global trading hub occupies 200 hectares in Dubai's fast-evolving southern gateway with 66 towers, 600-plus retailers and over 92,500 people living and working within its boundaries. DMCC, with more than 14,000 companies from 170 nations, adds about 170 new companies a month.

DMCC hosts several leading British industry companies, including British American Tobacco (BAT), G4S, National Air Traffic, Rio Tinto Group, Dyson and John West Foods.

**“Dubai really is the centre of the world for entrepreneurs. Setting up at DMCC was a great move for us. I would say to anyone seeking to leave Britain because of Brexit, it is much better to be a **leader** rather than a follower. Make the first move.”**

*Simon Hudson,  
CEO, Brndstr*

For all the uncertainty surrounding Britain's future relationship with the member nations of the European Union, the stability of Dubai as a centre for the best free zones in the world is certain.

Given the historically close ties between Britain and the UAE, and the fact that there are more than 4,000 UK companies based in Dubai today with more than 1,300 choosing DMCC as a base, it is also certain that Dubai and DMCC will remain a valuable choice for British business seeking a location in an overseas market at the centre of the world of trade.

Simon Hudson, the British CEO of Brndstr, a digital branding company based at DMCC, believes the opportunities in Dubai, for any UK company looking to move overseas, are enormous.

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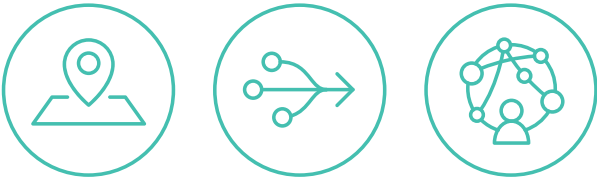
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# Top five strategic elements to consider when choosing an overseas locale for your business

01

## Access to markets

For most businesses the decision to move jurisdictions is a decision to move to your principal clients or new markets. Dubai is at the centre of the world of trade, and DMCC at its core. The emirate is home to two of the busiest airports in the world, and less than eight hours flight time away from 4.9 billion people in Europe, Central Asia, and Russia, India, Africa, China and the Far East. Those 4.9 billion people represent \$50 trillion - or 65% - of global GDP.



## 02

### **Infrastructure**

Seeking more robust infrastructure can be reason enough to relocate your business. State of the art infrastructure can make the difference between success and failure, particularly if your company relies on imports and exports. Dubai has a world-class road network, one of the busiest and most up-to-date deep-water ports in the world, the world's best and busiest airports, and some of the finest specialty real estate on earth. DMCC and Dubai are also 100% connected, having undergone a complete digital transformation, which means you can set up a company at DMCC from anywhere on earth at any time, on any device.



## 03

### **Security, stability and rule of law**

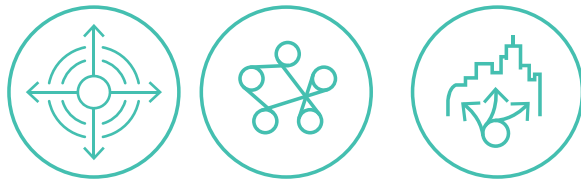
Knowing that your business has appropriate redress through the courts is crucial when choosing a new jurisdiction for trade, as is political and social stability. Dubai and the UAE are among the safest countries on earth. The country has a robust legal system while free zones such as DIFC have their own specialty courts. DMCC has specialty dispute resolution and arbitration services provided through offerings such as the Food Trade Group. Tax policy is also favourable with a zero rate on all income, both corporate and private.



## 04

### **Growth opportunities**

Expansion, whether organic or by acquisition, is crucial for every business. Knowing that such growth opportunities exist in the market you choose, is therefore of paramount importance. Dubai, and DMCC, continue to expand on an almost daily basis, opening new opportunities for growth to all. DMCC is perfectly positioned at Dubai's Southern Gateway, the latest area of expansion in the emirate that will become the focal point of Expo 2020 Dubai celebrations in just three years' time.



## 05

### **Lifestyle**

It can be hard to settle in a new market, especially if you have family to consider. Housing, schooling, security, and the ability to save and repatriate funds are all vital considerations. Dubai's free-and-easy lifestyle, with miles of beaches, some of the finest hotels, shopping destinations and leisure facilities on earth, all make the transition to a new market easy. The emirate also has some of the best private schools in the world and English is spoken in virtually all professional and social settings.





# DMCC

## **About DMCC**

Headquartered in Dubai, DMCC is the world's most interconnected Free Zone, and the leading trade and enterprise hub for commodities. Whether developing vibrant neighbourhoods with world-class property like Jumeirah Lakes Towers and the much anticipated Uptown Dubai, or delivering high performance business services, DMCC provides everything its dynamic community needs to live, work and thrive. Made for Trade, DMCC is proud to sustain and grow Dubai's position as the place to be for global trade today and long into the future.

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