

# New law to set guidelines for establishing SMEs

Setting up procedures, capital requirements to be spelt out

- By Aya Lowe, Staff Reporter
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Abu Dhabi: A new federal law on small and medium enterprises (SMEs) to be introduced by the end of June will outline the definition of SMEs, procedures of establishing SMEs and their capital requirements, a senior official of the Khalifa Fund said yesterday.

"It's going to have quite a significant impact on the SME industry and will establish a much better environment," Dr Ahmad Khalil Al Khalil Al Mutawa, CEO of the Khalifa Fund for Enterprise Development said on the sidelines of the inaugural Abu Dhabi Forum on Entrepreneurship.

In recent years, the UAE has witnessed rapid growth in the number of SMEs established in the country. According to a study by the 2009 Global Entrepreneurship Report, the UAE recorded the highest number of start-ups.

The country also has the highest increase in individuals starting up their own business, the majority of which are Emiratis demonstrating the increasing trend for UAE nationals who prefer to start their own businesses.

Continuing with this trend, the UAE is expecting the highest growth in the number of SMEs established at 81 per cent.

The burgeoning industry has been hampered by a productivity gap according to Sabiq Rashid, partner enterprise development Riyadh Enterprise Development, Abraaj.

"In the UAE, SMEs only contribute 28 per cent of the GDP compared to the US which is close to 50 per cent. There's a big gap there and the question arises whether SMEs in this region can compete on a global scale," he said during the forum.