

UAE Laws and Regulations Supporting the Investor Environment in the UAE Space Sector

*Fathey Al Sharji**

Abstract

We are now living in an era where public-private partnerships are becoming increasingly common and for good reason. The United Arab Emirates (UAE) leadership recognises the importance of these collaborations to further developing the space sector; many countries' space efforts support this vision too. The UAE through its policies, laws and regulations supports the economy. It is aiming to attract more investors and start-ups to the UAE space sector as well as other sectors. This article will highlight the growth of the space economy, the UAE Space Vision, Policy, Strategy, attractive Legislations such as UAE Space Law and Companies Law, and finally the Courts of Space.

1. Introduction

Since the establishment of the UAE on 1971, the founding father, Sheikh Zayed bin Sultan Al Nahyan, had visions and ambitions that embracing the space. He met the Apollo 17 astronauts Gene Cernan, Ronald Evans and Harrison Schmitt – in February 1976 in Abu Dhabi.¹ With his wisdom, he realized the significance of the space and its future. He inherited his vision and dreams to the subsequent leaders to continue the path of positioning the country as one of the recognized players in the space industry. All the UAE policies, legislations, directions and visions are directed toward facilitating and building a competitive and attractive investment infrastructure in the

* Dr. Fathey Al Sharji, Space Policies and Legislations Department, UAE Space Agency.

1 The Day Sheikh Zayed Met Three American Astronauts in Abu Dhabi, the National News, <https://www.thenationalnews.com/uae/science/the-day-sheikh-zayed-met-three-american-astronauts-in-abu-dhabi-1.914860> (accessed 30 Aug. 2021).

space sector as well as other sectors, in addition to supporting innovative technologies.

2. Space Economy

Recently, space industry has grown dramatically internationally and nationally.² In fact, space programs are supported by governments as well as private and commercial entities. Space is considered as a great investment with many opportunities to develop innovative technologies and applications that can be utilized on Earth and in space.³ Indeed, “in 2020, the turnover of the global space economy was approximately 446.9 billion U.S. dollars, an increase from 428 billion U.S. dollars in the previous year”⁴ Despite the fact that the world was suffering from the COVID-19 pandemic, government spending on the space programs was increasing.⁵ In 2020, the total government spending on space programs globally estimated as 82.5 billion U.S. dollars; comparing to the previous year, with an increase of approximately 16.5 percent.⁶

The UAE realized the importance and advantage of space investment, as a result, its ambitious objectives supported with a clear mission and vision. In fact, the total investment in the UAE’s space projects exceeded 22 billion AED with more than 10% increase in projects expenditure.⁷

3. The UAE Space Vision Policy and Strategy

“The UAE Vision 2021 and the UAE Centennial 2071 aim to position the UAE as a global leader in various economic and social domains. In support of this goal, the National Space Policy and the National Space Strategy have emphasized the importance of the space program and its contribution towards the diversification of the national economy and the attraction of space businesses and investments into the UAE space industry.”⁸

2 Fatheya Al Sharji, Hamda Al Hosani, Naser Al Rashedi, Empowering the UAE Space Sector Through an Attractive Regulatory Framework, 46, *Air and Space Law*, Issue 3, pp. 329-350, 2 (2021); <https://kluwerlawonline.com/journalarticle/Air+and+Space+Law/46.3/AILA2021019> (accessed 30 Aug. 2021).

3 Ibid.

4 Erick Burgueño Salas, Turnover of the Global Space Economy 2009-2020, <https://www.statista.com/statistics/946341/space-economy-global-turnover/> (accessed 30 Aug. 2021).

5 Ibid.

6 Ibid.

7 Adelle Geronimo, *UAE space investments exceed AED 22 billion*, Tahawul Tech, <https://www.tahawultech.com/region/uae/uae-space-investments-exceed-aed-22-billion/amp/> (accessed 6 Sep. 2021).

8 See *supra* n. 2, at 3.

As stated earlier, the UAE set out ambitious goals for its national space program to strengthen the domestic space sector and expand its effective contribution globally. These goals are derived from the UAE leadership future vision According to the National Space Policy, the UAE space program and activities shall support and adhere to the following main principles:

- Enhance the Lives of our Citizens.
- Support UAE National Interests
- Support Growth and Diversification of our Economy.
- Promote Collaboration and Support UAE status.
- Respect International Laws and Treaties.⁹

Adding to that, the UAE is striving to achieve the following goals through its national space program:

- Expand the Utilization of Space to Protect and Support Vital Sector.
- Develop a Sustainable, Competitive and Innovative Commercial Space Industry.
- Conduct Scientific Space Missions,
- Promote a Safe and Stable Space Environment that Supports Sustainable Space Activities.
- Establish and Expand UAE's Leadership in Space Regionally and Internationally.¹⁰

Furthermore, in supporting the UAE's leadership ambitious dreams, the National Space Strategy 2030, main vision centred around placing the UAE to 'be one of the most pioneering and advanced countries in the field of space'.¹¹ The said Strategy is consists of six Strategic Goals, as follows:

- Competitive and Leading Space Applications and Services.
- Advanced R&D and Manufacturing Capabilities.
- Inspiring Space Scientific and Exploration Missions
- High Level of Space Awareness and Expertise.
- Effective Local and International Partnerships and Investments.

9 UAE Space Agency, *Introduction to UAE's National Space Policy*, Space Government, 2, <https://space.gov.ae//Documents/PublicationPDFFiles/Introduction%20to%20UAE's%20National%20Space%20Policy.pdf> (accessed 22 Aug. 2020).

10 *Ibid.*, at 2-3.

11 UAE Space Agency, *National Space Strategy 2030*, Space Government, 39, <https://space.gov.ae/Documents/PublicationPDFFiles/2030-National-Strategy-Summary-EN.pdf> (accessed 13 Jul. 2020).

- Ensure a supporting legislative framework and infrastructure to match the future developments in the sector.¹²

4. Attractive Legislations

In order to achieve the aspirations of the UAE leaders in positioning the country among the leading countries in various fields including space, it was important to create an attractive legislative environment for investors and start-ups. The following section will highlight some of the Laws and how they are directed to serve such objective.

4.1. The UAE Space Law

In December 2019, Federal Law on the Regulation of the Space Sector (the Law) was passed. It intends to create an appropriate regulatory environment for space activities, which protect the national interests and at the same time balance between economic requirements, promoting investments, and encouraging innovation on one hand, and support safety and implementation of international obligation that enhance the sustainability of space activities on the other hands. The Law contributes toward diversifying and sustaining the growth of the national economy, in line with other national laws and regulations, in order to facilitate and conduct a safe and sustainable development of a flourishing space sector.

One of the main goals set forth in the Law is to “promote investment and encourage private and academic sector participation in the Space Sector and related activities”.¹³ The said law developed many concepts that have been designed to not only support investors wanting to enter the space sector but also ensure the durability and sustainability of the space activities as well. For example, to support the sector, in certain circumstances Space Operator or Activities can be exempted from obtaining an Authorization, or from any special conditions, requirements or procedures.¹⁴ Further, while other states are against or undecided about the extraction, exploitation and utilization of Space Resources, the Law supports and authorizes such activity and its ownership, purchase, sale, trade etc.

12 *National Space Sector Strategy*, UAE Space Agency, <https://www.space.gov.ae/Page/20122/20170/National-Space-Sector-Strategy> (accessed 22 Aug. 2020).

13 *Federal Law No. 12 of 2019 on the Regulation of the Space Sector*, Art. 2., https://space.gov.ae/Documents/PublicationPDFFiles/SpaceSectorFederalLaw_EN.pdf (accessed 7 Sept. 2021).

14 *Ibid.*, Art. 14, S. 3.

14 *About UAE Space Agency*, UAE Space Agency, <https://www.space.gov.ae/Page/20120/20230/About-UAE-Space-Agency> (accessed 7 Sept. 2021).

Moreover, the safety and the security of human spaceflight was a priority in the law. Both of the operator and the natural person participating in the human spaceflight are protected with the provisions of the Law. For instance, article (16) of the Law requires a written consent from the natural person participating in the Spaceflight, a proof that the Person has completed the necessary training, physical and health fitness to participate, and a proof that Operator has performed all necessary risk and safety assessments, and that there is an appropriate emergency plan. With such protection and clear approach for such activities, the UAE is ready for the future; there is no doubt that space tourism is the future. In fact,

“in a decade, high speed travel via outer space will represent an annual market of at least \$20 billion and compete with long-distance airline flights. Space tourism will be a \$3 billion market by 2030, UBS estimates.”¹⁵

Adding to that, insurance is one of the instruments that plays a significant role in protecting the State, Operator and the sustainability of space activities. The Law provides uniquely a choice between insurance and other guarantees.¹⁶ Unlike internationally recognized method, where the insurance amount is fixed; the UAE adopted an innovative method where the choice between a fixed amount or a calculated amount can be provided.

Further, Operator who causes damage to third-party on the surface of the Earth or in the aircraft while flying, shall be liable for such damage;¹⁷ the same will apply to operator who causes damage to third-party elsewhere than the surface of the earth if his fault is proven.¹⁸ In either case, authorized operator conducting space activities in-line with the granted Authorization, will be liable to pay compensation for damage caused to the third parties in accordance with the provisions of Article (24) of the Law. The said Article provides an advantage of limiting the compensation where certain elements shall be taken into consideration in such calculation and limitations of compensation.

15 Michael Sheetz, *Super Fast Travel Using Outer Space Could be \$20 Billion Market, Disrupting Airlines, UBS predicts* (MAR 18 2019), [https://translate.google.ae/?hl=en&sl=en&tl=ar&text=Michael%20Sheetz%2C%20Super%20fast%20travel%20using%20outer%20space%20could%20be%20%2420%20billion%20market%2C%20disrupting%20airlines%2C%20UBS%20predicts%20\(MAR%2018%202019\)%2C%20APUBLISHED%20MON%2C%20MAR%2018%202019%2019%203A50%20PM%20EDT%20A%20A%40THESHEETZTWEETZ%20A&op=translate](https://translate.google.ae/?hl=en&sl=en&tl=ar&text=Michael%20Sheetz%2C%20Super%20fast%20travel%20using%20outer%20space%20could%20be%20%2420%20billion%20market%2C%20disrupting%20airlines%2C%20UBS%20predicts%20(MAR%2018%202019)%2C%20APUBLISHED%20MON%2C%20MAR%2018%202019%2019%203A50%20PM%20EDT%20A%20A%40THESHEETZTWEETZ%20A&op=translate) (accessed 7 Sept. 2021).

16 See *supra* n. 13, Art. 25.

17 *Ibid.*, Arts. 21, S. 1.

18 *Ibid.*, Arts. 22, S. 1.

To support the security, growth and the sustainability of space activities, the Law requires all authorized operators to take the necessary measures and plans to mitigate Space Debris and reduce the effects thereof.¹⁹ It also require the authorized operator to have a risk management plan, including the emergency response mechanism.²⁰

It is worth to clarify that the law sets forth general principles and rules for regulating the space sector in the UAE, where separate regulations, will provide detailed terms, conditions and controls for various subjects covered in the law. This step is important in order to clarify and facilitate the process and procedures for operators.

The UAE is striving to smooth and ease all the procedures for everyone investing in the UAE. In fact, Space sector enjoys great support from the government and its leadership. In the UAE, investor will know clearly his rights and responsibilities under the state's effective legislations. He also will enjoy an easy and clear administrative process with clear directions from each governmental entity he works with.

4.2. Companies Law

The UAE has very promising economics' vision for all investors around the world. To reach the UAE big ambitions in attracting investment and supporting economy, the government strives to create an attractive legislative environment. For example, Federal Law No. (2) of 2015 on Commercial Companies (Companies Law) aims to contribute to the development of the State's economy and support foreign investment. The said Law opened the doors for the foreign investment. Today foreign investors can open their own companies in the UAE without the condition of having a citizen partner, as it is used to be.

Moreover, for the implementation of Federal and Local Laws regarding Foreign Ownership up to 100%, "Abu Dhabi Department of Economic Development has announced a list of 1105 registered commercial and industrial activities that are open for ownership by natural and legal non-citizens".²¹ HE Mohamed Ali Al Shorafa, Chairman of ADDED, said that announcement of the list "reflects the keenness of the Abu Dhabi Government to attract further foreign direct investments and to promote an open and resilient competitive business environment".²²

19 Ibid., Arts. 19, S. 1.

20 See *supra* n. 13, Arts. 34, S. 1(c).

21 ADDED Announces 1105 Commercial and Industrial Activities Available for Foreign Ownership, Abu Dhabi Government Media Office (20 MAY 2021), <https://www.mediaoffice.abudhabi/en/economy/ADDED-announces-1105-commercial-and-industrial-activities-available-for-foreign-ownership/> (accessed 12 Sept. 2021).

22 Ibid.

5. Courts of Space

Early this year the Dubai International Financial Centre (DIFC) and the Dubai Future Foundation (DFF) announced the establishment of the new Courts of the Future initiative, Courts of Space.²³

“The launch of the project signals to the international space community the intent of the UAE to play a leading role in advancing its judicial systems to specifically direct capacity and capability to commercial space-related disputes.”²⁴

His Excellency Zaki Azmi, Chief Justice, DIFC Courts, said:

“The Courts of Space is a global initiative that will operate in parallel, helping to build a new judicial support network to serve the stringent commercial demands of international space exploration in the 21st century. As space commerce becomes ever more global and countries ever more connected, diverse, and nimble economies will need to enable growth. Complex commercial agreements will also require an equally innovative judicial system to keep pace, offering assurance and certainty to support and protect businesses.”²⁵

There are three main objectives for Courts of Space. First, the establishment of an international working group, which consists of public and private sector bodies and experts, assigned to explore space legal innovations, in addition to provide “an outlook on potential outcomes of scenarios revolving around space-related disputes”.²⁶ In fact, on 20 April 2021, the DIFC and the DFF announced the formation of an international Working Group; in this occasion, Zaki Azmi, Chief Justice, DIFC Courts, said:

“The formation of this Working Group will develop thought leadership, assist with formulating training, and the development of guides and of best practices. While space law is nothing new, an important next step will be for the Courts of Space initiative to develop and establish the DIFC Courts as a commercial go-to court for these matters.”²⁷

23 *Courts of Space Launches Into Orbit in Support of Global Space Economy* (1 FEB 2021), <https://www.difc.ae/newsroom/news/courts-space-launches-orbit-support-global-space-economy/> (accessed 13 Sept. 2021).

24 *Ibid.*

25 *Ibid.*

26 *Ibid.*

27 *Dubai’s Courts of Space Launches International Working Group to Explore Space-Related Legal Innovations* (20 April 2021), <https://www.difccourts.ae/media-centre/newsroom/dubais-courts-space-launches-international-working-group-explore-space-related-legal-innovations> (accessed 13 Sept. 2021).

Second, create a Space Dispute Guide, encompassing a set of guidelines, which will help solving space disputes.²⁸ Third, training judges to become experts on space disputes.²⁹

6. Conclusion

The world recently has witnessed a tremendous growth on the global space economy. In line with global trends and the desire of becoming a pioneer on the international space sector, the UAE created an attractive environment for investors and entrepreneurs. Through its vision, policy, strategy and legislations investors will enjoy a clear vision for their rights and responsibilities, easy and direct administrative process, in addition to transparent regulatory framework.

The law developed many concepts that have been designed to support investors and sustainable space activities; for example, exemption, in certain circumstances, from obtaining authorization or any of its conditions or requirements, support and authorize the extraction, exploitation and utilization of space resources, a clear direction on the protection of human spaceflight, and submission of insurance or other guarantees. Moreover, authorized operator conducting space activities in-line with the granted Authorization, will be rewarded, where his liability to pay compensation will be limited to certain calculations based on several elements. Furthermore, the requirement of taking all the necessary measures and plans to mitigate Space Debris and reduce the effects thereof, will support sustainability of the space activities in the future.

Furthermore, commercial Companies Law opened the doors for the 100% foreign ownership in all sectors including space. Courts of Space is another international revolution, set up by the UAE, where trained and skillful judges can examine space disputes in the DIFC Courts.

²⁸ See *supra* n. 23.

²⁹ *Ibid.*