

FROM MENA TO THE WORLD: EMIRATISATION LAW WITH MARCO DE LEO

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With Suzan Taha

In this week's article, LegalcommunityMENA will be exploring the recent amendments to the Emiratization law, commonly known as Nafis. The objective of Nafis is to promote the employment of UAE citizens in the private sector, with a goal of increasing their presence in the workforce over the next five years.

LegalcommunityMENA sits down with [Marco De Leo](#) (pictured), Managing Partner at [BonelliErede](#) Dubai office, to shed some light on the matter.

What are the main changes?

Ministerial Decision No. 279 of 2022 revamped the UAE's Emiratization framework, which is aimed at increasing the proportion of Emiratis in the workplace through mandatory quotas. Certain sectors, such as banking (4%) and insurance (5%), already had mandatory quotas, but the target established in

the decision is to have Emiratis make up 10% of the entire private sector workforce by 2026.

The mandatory quotas apply to all companies registered with the Ministry of Human Resources and Emiratisation – free-zone companies are excluded. Registered companies with 50 or more employees must increase their Emirati workforce by 2% annually. The Emiratisation target for each company is calculated according to the total number of skilled workers at the company.

What happens in the case of non-compliance?

As of January this year, companies that fail to adhere to the new requirements must pay a monthly penalty of AED 6,000 for each 'unhired Emirati'. For example, a company with 125 skilled employees but no Emirati employees will face a fine of AED 18,000 a month. The monthly penalty increases annually by AED 1,000. Companies that fail to pay a penalty by its due date will be banned from obtaining and renewing work permits. If payment is delayed by more than two months, the work permit ban will extend to all companies owned exclusively by the owner of the non-compliant company.

What does it mean for companies?

Companies obviously need to ensure that they recruit the minimum number of Emiratis, but recruitment is not the only consideration. The retention of Emirati employees also needs to be a top priority because employee turnover could mean inadvertently failing to meet the new requirements. Companies therefore need to review their employment packages and incentives to ensure they attract Emirati talent.

How does it impact individuals?

Emiratis can look forward to more and better job opportunities as companies compete to attract talent.

About Marco De Leo

The 43-year-old Sicilian father of a 2 year old toddler moved to the UAE in 2017 and currently serves as the Managing Partner at the BonelliErede Dubai Office. His practice primarily focuses on corporate law, including joint ventures, mergers and acquisitions, private law, and corporate litigation. He has experience handling multi-jurisdictional transactions in various industries, including banking, pharmaceuticals, shipping and transportation, and automotive. De Leo is also a holder of a PhD in international law from the Trinity College, Dublin.

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