

SPECIAL REPORT: FREE ZONES

FREE ZONES FIND THEIR NICHE



Free zones are evolving to cater to the demands of specific industries and sectors

Free zones play an increasingly important role in regional and global trade as well as the development of national economies around the world. As the free zone concept evolves in the GCC, the region is seeing ever more specialisation with zones catering to diverse industries and societal needs, from film production to humanitarian relief. The CEOs of three of the region's most niche free zones discuss the importance of their free zones and how they contribute to economic development in their industries.

Which commodities or industries account for most of the business at your free zone?

Sashittal: DMCC and its member companies have a significant impact on Dubai's economy with a GDP contribution of over 10 percent. Necessarily, the businesses we licence and engage with, are varied from globally leading names in the commodities trade – gold, diamond, tea, coffee and agri-business – to the increasingly important SME firms, and start-ups that are driving Dubai's next wave of growth. Appealing to businesses across the board is critical to DMCC's growth agenda.

AIMheiri: Our vision is to be the capital for content creators, which is why we nurture media in all its forms - film, print, radio, television, music,

communications, marketing, advertising, publishing, computer games, and digital applications. More than 470 media firms from around the world call twofour54 home, including some of the biggest names in the business, such as Ubisoft, Sky News Arabia, and CNN. We are seeing demand for our hub increasing all the time as the world sees the business opportunities that exist in the MENA region.

Almost a third of our partners operate in the digital sector – an area where we have seen incredible growth over the past couple of years, in line with global media trends. Our significant two sectors are marcomms and AV production services, each of which account for about 20% of our partners.

As well as companies, we are also at-

tracting some of the world's biggest film productions to Abu Dhabi. This year alone, we have provided production services to 'Mission: Impossible – Fallout', 'Race 3', and 'Saaho', and we are in discussions with a number of other leading studios who are keen to follow suit.

The reason we are seeing so many filmmakers choose the Emirate is because we have so much to offer, such as more than 700 potential locations for filmmakers, from deserts and beaches to forts and skyscrapers; state-of-the-art facilities, such as our studios and backlot; an incredible pool of talent; and generous financial incentives, such as the 30% rebate on production spend from Abu Dhabi Film Commission (ADFC).

Abu Dhabi also offers government support, for example the UAE Armed Forces has assisted numerous productions, providing military hardware such as Blackhawk helicopters, Oshkosh trucks, NIMR military vehicles, and Humvees. You can see the result of such support on the big screen as Tom Cruise makes his daring HALO jump from 25,000ft at 200mph thanks to the support of our military.

What differentiates your free zone?

Sashittal: Established in 2002 with the mandate to drive global trade flows through Dubai, DMCC has long served as a flagship free zone and enterprise hub for commodities. At the core of our strategy is an evolving operating model that strengthens the DMCC ecosystem for trade, and enhances its plug-and-play solutions that enable ambitious companies to expand their business in Dubai and beyond.

DMCC licenses businesses and also provides connectivity to stakeholders across the industry. In short, our fundamental approach to business is different. We listen, we adapt and we support our member base, and are confident that this will continue to increase trade flows into Dubai and DMCC in the future.

AIMheiri: The key focus has always been to ensure that twofour54 is far more than just a real-estate offering. This is why our mission over the past 10 years has been to build a thriving ecosystem that attracts media companies of all sizes and from all over the world.

We have done this through creating state-of-the-art infrastructure – both soft and hard – in an open and inclusive

environment, where media firms have access to our world-class facilities but with a supportive, transparent regulatory infrastructure.

We work hard to improve the ease of doing business, such as offering easy licensing and set-up services, flexible office solutions, and investing in leading production and post production facilities, like our 70,000 square metre backlot.

Community is key, which is why we focus heavily on creating community-orientated products and services that are designed to nurture our partners and individuals and help them grow. These include our partner networking events and twofour54's unique online portal that hosts the briefing room - connecting our partners with live briefs.

This year, we also set up a dedicated freelance management team to support our 580-plus freelancers, connecting them with new business opportunities, managing their calendars, billings and actively sourcing work for them. We have also signed an agreement with Abu Dhabi Department of Economic Development (ADDED) to offer a dual licence to partners in the media zone to further enable them to work onshore with private companies and government entities.

In June, we announced plans to extend our entrepreneurship scheme to enable more of our small businesses to work from home in the first two years as they get their businesses off the ground, in line with the economic initiatives of His Highness Sheikh Mohamed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces, and Chairman of Abu Dhabi Executive Council.

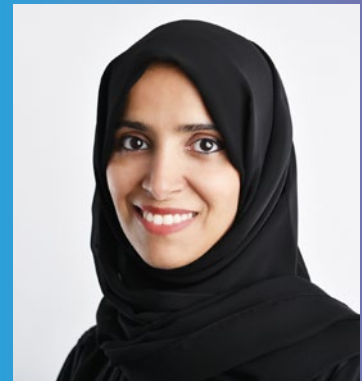
Saba: Located in Dubai, just 18 km and 21 km away from Al Maktoum airport and Jebel Ali port respectively, the International Humanitarian City (IHC), with its 127,000 sqm of warehouse space, is the world's largest humanitarian hub. IHC is a non-profit, independent, humanitarian free zone authority, hosting upwards of 70 members including UN organisations, international non-profits, intergovernmental entities, and commercial companies.

IHC was built and developed with the aim of bringing together all major actors in the humanitarian field in a secure environment in order to foster emergency preparedness and response,

THE EXPERTS



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partnerships, cultivate social responsibility, and champion global change.

What plans do you have for 2018-19, including plans for investment in facilities and expansion?

Sashittal: In the immediate term, our Made For Trade Live industry roadshow will continue to stage events in markets across Africa, the Middle East and Asia as well as the important cornerstone markets of the West. These events expose businesses to the potential of doing business in Dubai, and have attracted a large number of businesses to the region.

Later this year, the DMCC Coffee Centre, close to Jebel Ali Port will be officially open for business. In the state-of-the-art facility offering services for storage, processing, warehousing and delivery of coffee to precise specifications, we expect to replicate the success of the DMCC Tea Centre.

Looking further ahead, the construction of the much anticipated Uptown

Dubai is proceeding at pace and will, in time, become the new ‘hotspot’ of Dubai with commercial, residential and retail space available. As part of our free zone, the district will be extremely attractive for large corporates looking to set up regional headquarters.

AIMheiri: The media sector in Abu Dhabi has seen remarkable growth over the past decade and we are looking forward to celebrating this success with our partners and our friends in Abu Dhabi. We are excited about the future, particularly the move to our new home on Yas Island from 2020. twofour54 has outgrown its current home at Khalifa Park, and Yas Island is the ideal environment for our media and entertainment industry to flourish over the next 10 years and beyond. Our new home will be part of the AED12 billion Yas Bay development taking shape on the southern end of the island and will feature state-of-the-art offices, TV studios and retail.

This year and next is a particular-

Free zones – an evolving concept

Michael Stockdale, CEO of B2G Logistics, a logistics consultancy, offers his take on how the free zone concept is evolving in the Middle East to benefit regional economies.

The original concept of Free Trade Zones, initially focused on attracting foreign and local investment through relaxed regulations and high quality infrastructure, attracted clusters of specific industry sectors, and proved enormously successful. One of the most commonly known and suc-

cessful examples of this is the Jebel Ali Free Zone in Dubai, UAE.

The concept continued to develop into Economic Cities, thanks to the adding of innovative new value that attracted a broader range of industries, activities, and business behaviour. Today, Economic Cities are a major driver of employment and industry, and now integrate improved lifestyles for the inhabitants. Examples of successful Economic Cities include King Abdullah Economic City in Saudi Arabia,

and Incheon Free Economic Zone located in South Korea.

We are now on the verge of the next generation, where the Smart City concept, focused on the pillars of sustainability, technology, innovation and efficiency (such as Masdar City in Abu Dhabi, UAE), is combined with the Economic City concept. An example of this is the planned megacity project, Neom, located in the north-west of Saudi Arabia, and described as “a planned transnational city and economic zone”, covering 26,500sq km.



ly important time for twofour54 as we work alongside our partners to customise and design their perfect base on Yas. We will work to achieve the same personalised delivery to any new companies who will be joining this purpose built media campus.

Saba: The future of IHC and its community is set to be bright, as the free-zone office and warehouse space will double by 2020 and triple by 2022, reaching up to 360,000 sqm.

In parallel with its ambitious expansion plan, IHC is raising its managerial and directorial bar by nurturing a young generation of passionate leaders who will harness the powers of knowledge, innovation and technology to tackle global humanitarian challenges through IHC's home-grown Masters programmes.

How are free zones performing in the GCC? Is there quite a disparity between different zones or are they performing well in general?

Sashittal: Free zones continue to be an essential component of the GCC's economic development and diversification effort.

Today, free zones are more than just economic enablers. Because of their unique legislative and investment incentives, they have evolved into globally competitive models, positioning the GCC, and UAE more specifically, as the leading choice for investors looking to

set up a business.

Business-friendly policies and balanced regulation, coupled with growth prospects and attractive return on investment are among the key factors attracting global investors to the GCC.

AIMheiri: The media ecosystem that we are building is attracting the biggest names in the business as well as some of the most cutting-edge and creative firms from across our region, creating jobs, investment, and innovation. Major productions being shot in Abu Dhabi bring direct investment as well as a 'knock-on' effect on sectors such as tourism from the publicity that they generate.

It has been estimated that 1 billion people have seen Abu Dhabi on the big screen thanks to productions made here.

According to research by PwC, for every AED 1 (\$0.27) paid out ADFC's 30% rebate on production spend in the Emirate, an average of AED 3.1 is contributed to Abu Dhabi's economy.

How do free zones contribute to economic growth in the region and which free zones are making the biggest impact? How can their benefits be maximised?

Sashittal: By creating an attractive ecosystem, free zones have had a major impact on the region's economic landscape. The wider Middle East region handles approximately \$552 billion

worth of exports from its free zones, with the UAE accounting for more than \$61 billion in 2017 – around 19.5% of the country's total exports last year. The UAE alone has 45 free zones, which indicates that the concept still has appeal to investors.

Free zones must remain competitive not just in their fees, but also their plug-and-play offerings, and streamline their procedures for registration and business transactions. Efficiency and accessibility remain key factors for companies when considering remaining in free zones, and the right regulatory environment is also a key success factor.

How is the level of competition amongst free zones in the GCC?

Sashittal: The United Arab Emirates has a very clear economic diversification strategy, and is committed to reducing barriers to trade wherever possible.

The UAE free zone model is central to this national drive, and it is encouraging to see strong performances across the country's diverse, and often complementary, free zones.

There is of course very strong competition in the space we operate in, both domestically and internationally. However, competition is seldom bad for business but rather a prerequisite for any successful economy pursuing long-term growth.