

private sector | development

Best Practices in Public Free Zones

Dubai Technology and Media Free Zone
United Arab Emirates

Santosh Hejmadi
Director, Marketing
Dubai Technology
and Media Free
Zone



December 14-15, 2004

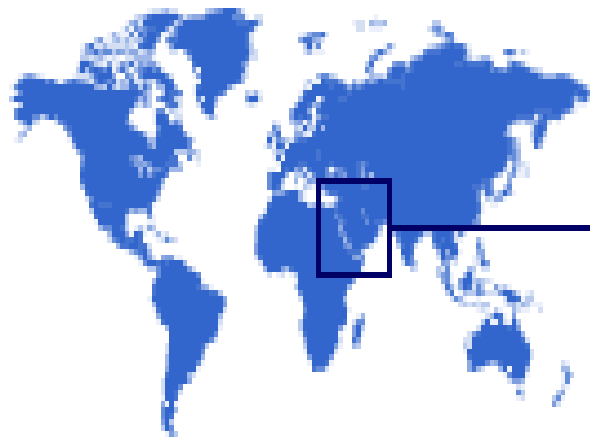
BRAC Centre

Dhaka, Bangladesh

Contents:

- The U.A.E. – A Brief Background
- Overview – Emirates' Free Zone Model
- Dubai Vision 2010
- Dubai Technology and Media Free Zone (TECOM)
- TECOM and Private Sector Involvement
- Economic Impact of Free Zones in the UAE

The U.A. E. – A Brief Background



- **Comprises seven Emirates**
 - Abu Dhabi
 - Dubai
 - Sharjah
 - Ajman
 - Ras Al Khaima, and
 - Fujairah
 - Um Al Quwain
- **Abu Dhabi is the Federal Capital and has the largest land area**
- **Dubai is the Business Capital and is also the largest in terms of population**
- **The UAE is strategically located between the east and west**

Market Access: 1.6Bln consumers; US\$ 1.1Trln



DIC Region*

Immediate Region

Country	Pop'n (m)	GDP (US\$bn)	GDP/cap (US\$)
Bahrain	1	5	7,754
Egypt	64	98	1,541
India	1,016	479	472
Iran	64	99	1,546
Jordan	5	8	1,707
Kuwait	2	30	14,957
Lebanon	4	17	3,832
Oman	2	15	6,247
Pakistan	138	62	447
Qatar	1	9	15,801
Saudi Arabia	21	139	6,726
Syria	16	16	1,023
UAE ¹	16	66	22,670
Sub-total	1,336	1,044	781

Central Asia

Azerbaijan	8	5	609
Kazakhstan	15	18	1,229
Kyrgyzstan	5	1	264
Tajikistan	6	1	156
Turkmenistan	5	4	910
Uzbekistan	25	14	548
Sub-total	64	43	681

East Africa² and Yemen

Ethiopia	64	6	98
Kenya	30	10	346
Sudan	30	11	372
Tanzania	34	9	319
Uganda	22	6	267
Yemen	18	9	297
Sub-total	197	52	264

Total **1,597** **1,140** **714**

* 2000 data

(1) Dubai comprises 25% of the UAE population and has a marginally higher GDP per capita

(2) Djibouti, Eritrea and Somalia economies deemed too small to include⁴

Source: IMF - International Financial Statistics. World Bank - World Development Indicators. Euromonitor

Overview: The Emirates' Free Zone Model

The Free Zones in the UAE have proved to be an extraordinary mechanism to accelerate economic development

A **Special Economic Zone (SEZ)** is a geographical region that has economic laws different from a country's typical economic laws. Usually, the goal is an increase in foreign investment.

- **Central to the region's overall plan is to**
 - reduce its economic dependence on oil
 - Attract foreign investment
 - Create employment for its nationals.
- **The incentives offered by the UAE Free Zones are more or less the same. All grant**
 - 100% foreign ownership
 - complete exemption of taxes from customs & commercial levies
 - full repatriation of capital & profits
 - extended leases up to 50 years
 - 'Single window' for minimum of red tape & quick approval procedures.

Overview: UAE Free Zones

The first FZ in the UAE was established in 1985 in Dubai. Today, there are over 25 Free Zones in the UAE, with each Emirate having at least one FZ

- **DUBAI**

Jebel Ali Free Zone, Dubai Metals and Commodities Centre, Gold & Diamond Park, DUCAMZ, Dubai Aid City, Dubai auto parts City, Heavy Equipment & Trucks FZ, Mohammad bin Rashid FZ,

Dubai Internet City, Dubai Media City, Knowledge Village, International Media Production Zone, Dubai Industrial City, Dubai Health Care City, Dubai Humanitarian City,

Dubai Airport FZ, Dubai Silicon Valley

Dubai Carpet FZ, Dubai Flower Centre FZ, Dubai Textile Village

- **SHARJAH**

Airport Free Zone, Hamriyah Free Zone

- **AJMAN FZ**

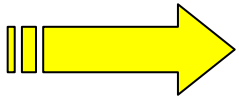
- **RAS AL KHAIMAH FZ**

- **UMM AL QUWAIN**

- **FUJAIRAH FZ**

Overview: Growth of UAE Free Zones

Jebel Ali Free Zone Dubai, 1985
Fujairah Free Zone Fujairah, 1987
Ahmed Bin Rasheed Free Zone Umm Al Quwain, 1988
Sharjah Airport Int'l Free Zone Sharjah, 1995
Hamriyah Free Zone Sharjah, 1995
Ajman Free Zone Ajman, 1996
Dubai Airport Free Zone Dubai, 1996
Ras Al Khaimah Free Zone Ras Al Khaimah, 2000
Dubai Cars & Automotive Zone Dubai, 2000



Dubai Technology and Media Free Zone, 2000

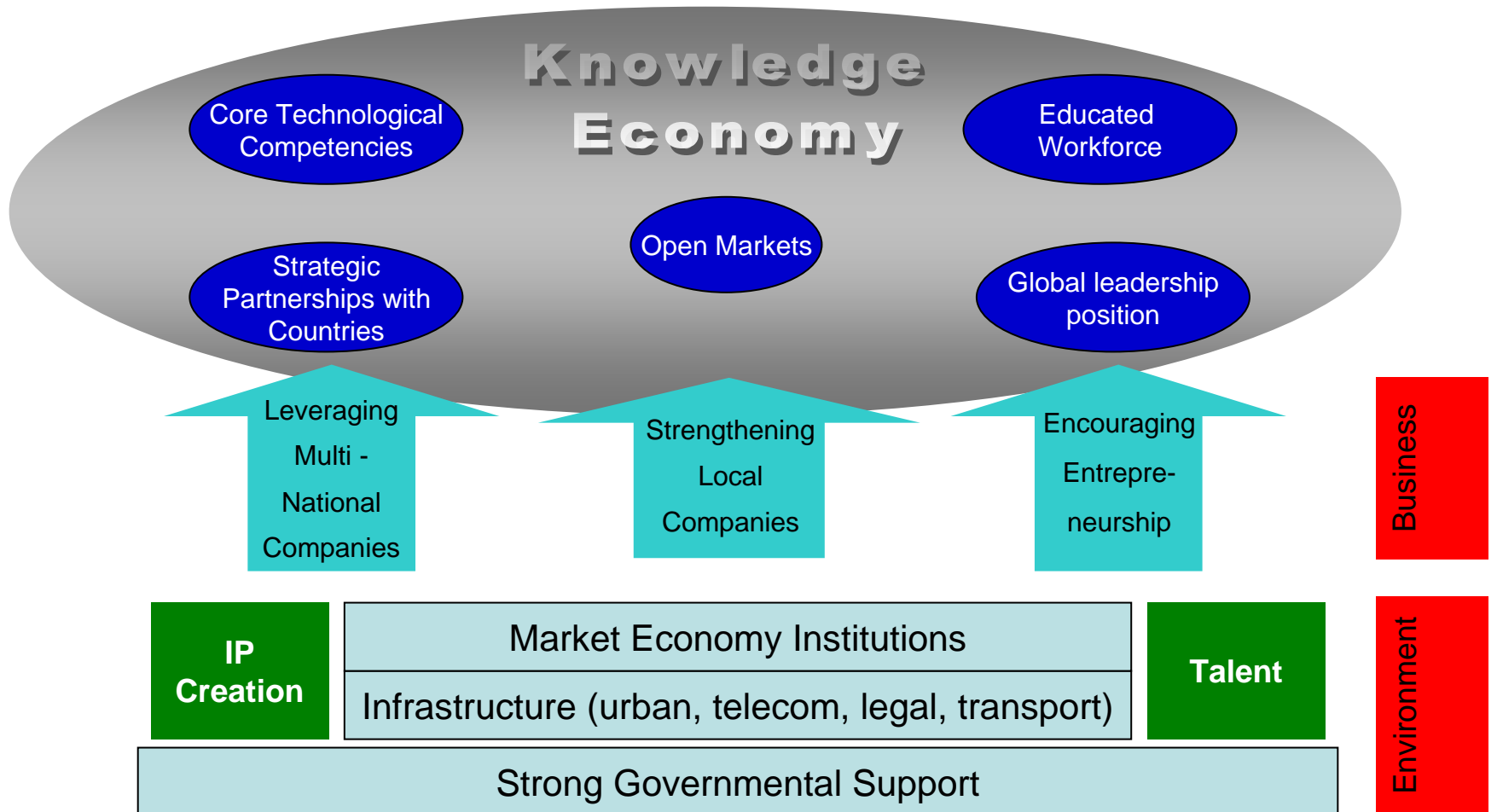
Dubai Internet City, 2000
Dubai Media City Dubai, 2001
Gold & Diamond Park Dubai, 2001
Dubai Metals & Commodities Centre Dubai, 2002
Knowledge Village Dubai, 2003
Dubai Health Care City Dubai, 2003

Other new FZs...

New Chip On The Block: **Dubai Technology and Media Free Zone**

Dubai Vision 2010:

“Have a stable of world-class companies with core knowledge-based competencies which can compete effectively globally”



Dubai Vision 2010: Driving force



**“ What’s good for business,
is good for Dubai”**

H.H Sheikh Mohammed bin Rashid Al Maktoum,
Crown Prince of Dubai.

Genesis: Dubai Vision 2010

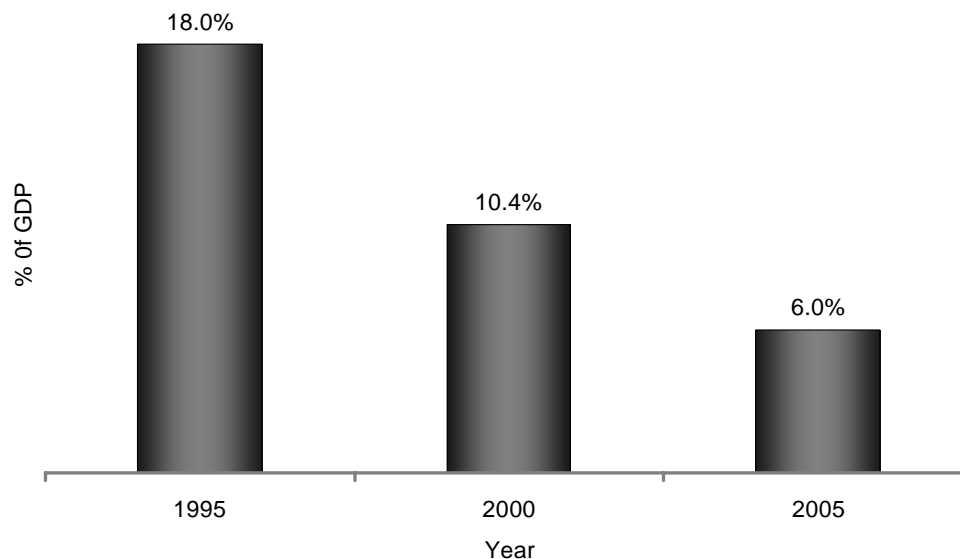
Achievements

- Impressive growth in GDP; CAGR of 7.6% from 1990-2000; Currently at US\$ 16.4 Bln
- Per capita GDP currently at US\$ 19,000

Challenges

- Population also increasing at significant rate of 5.8% p.a. for the same period
- This has resulted in negligible growth rates in per capita GDP;
- Role of FDI minimal; US\$ 200 Mln in 1999
- Decreasing dependency on oil

Share of Oil Sector



Vision 2010: Economic Objectives

By 2010 Dubai will have:

- Achieved a GDP of US\$ 30 Bln
- Achieved a per capita GDP of US\$ 25,000
- Attracted a level of FDI of 4% of GDP
- 25% of GDP will be created by the knowledge economy sector, while the overall service sector will represent 70% of GDP
- Established a free and open market economy regulated to ensure healthy competition
- Transformed at least 15 Dubai based businesses into market shaping regional / global corporations

Vision 2010: Market Objectives

By 2010 Dubai will be:

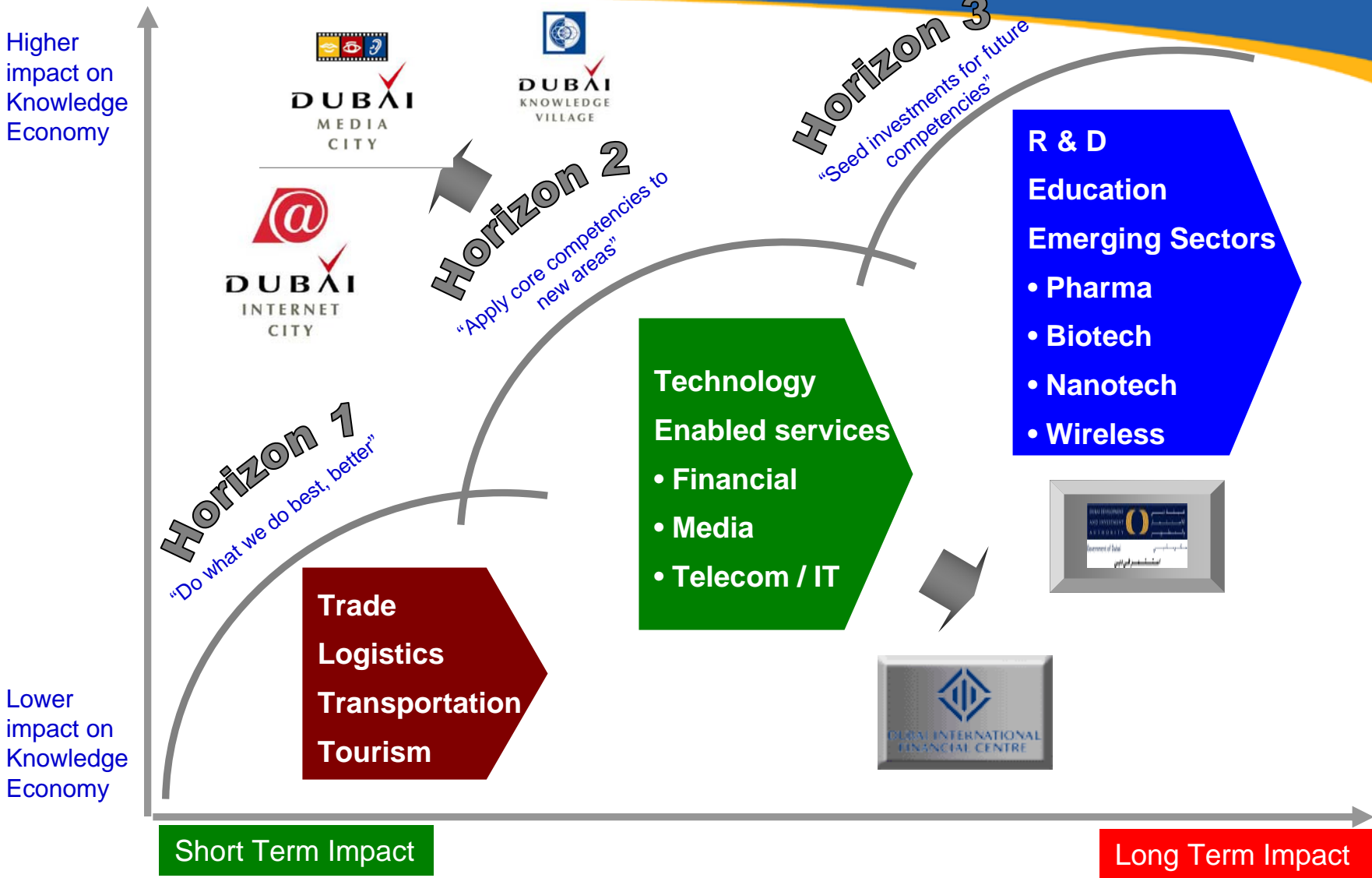
- A crucial node in global networks ensuring that it fully benefits from flows of IP, Capital, Information, Trade and People
- A “hub of hubs” at the centre of a network between Dubai, Dublin, Quebec, Hong Kong and Singapore
- An established hub and gateway for Middle East, North Africa, CIS, and the Indian Sub-continent
- The “Image” Leader for the “Region”
- The necessary bridge between Europe and Asia

Vision 2010: Social Objectives

By 2010 Dubai will be a society:

- Able to nurture a new class of young, dynamic entrepreneurs and business leaders
- Able to be seen as a “city of choice” for the best and brightest knowledge workers
- Fully capitalise on the diversity of its human resources
- Achieve the highest standards in terms of values, behaviour standards and transparency
- Fully integrate into the global community without losing its own identity

Vision 2010: Strategies and 'Cluster' Economy



TECOM: Target Market Segments

ICT

Software Development

Web Based eCommerce

Back Office

Business Services

Consultancy

Sales & Marketing

MEDIA

Media & Marketing
Services

Broadcasting

Printing & Publishing

Filmed Entertainment

New Media

Music

Leisure & Entertainment

Business Information

KNOWLEDGE

R & D

E- Learning

Management Development

Professional Training

IT / Media Training

Innovation Centers

Dubai Technology and Media Free Zone (TECOM):

The world's first Technology and Media Free Zone. 400 ha of land dedicated to provide a regulatory environment and infrastructure to attract, locate and grow regional and global companies from the ICT, Media and Knowledge industries

- **Dubai Internet City**
- **Dubai Media City**
- **Knowledge Village**



TECOM: Vision and Business Unit's Missions

TECOM Vision:

“To become an efficient and leading provider of services to foster the growth of Dubai’s knowledge-based economy”

Dubai Internet City Mission:

To create an infrastructure, environment and attitude that will enable Information and Communications Technology (ICT) enterprises to operate locally, regionally and globally, from Dubai , with significant competitive advantage

Dubai Media City Mission:

To create and market world class enabling services for the media industry

Knowledge Village Mission:

To build a vibrant, connected learning community that will develop the region’s talent pool and accelerate its move to the knowledge economy

TECOM: Foundations

**Structured as a commercial operation:
Empowered to establish free zone specific corporate
laws & regulations**

**Provides infrastructure & full range of services for:
Commercial, educational, R&D, retail, residential and
recreational facilities**

**Leveraged International expertise:
Set-up in conjunction with leading International
companies & consultants, in IT / Telecom
(Siemens, Cisco, Sun)**

TECOM Value Proposition:

SET UP BENEFITS:



FREE ZONE

- 100% Tax Free
- 100% foreign ownership
- No Corporate Tax
- No Income tax
- No Custom Duty
- Full Currency convertibility
- No restrictions on capital, trade barriers or quotas



Single Window

- Hassle-free Company registration
- Hassle-free company laws and legal framework (no need for local sponsor, additional corporate vehicles, more level playing field)
- Flexible labour laws for recruiting during projects
- 24-hour visa service
- Quick access to Knowledge Workers

TECOM Value Proposition:

OPERATIONAL BENEFITS:



INFRASTRUCTURE

- World's largest commercial implementer of IP telephony
- Structured cabling supporting Gigabit applications
- Scalable broadband internet access to desktop
- Intelligent buildings, scalable and serviced offices
- Land lease option
- Competitive pricing



CLUSTER

- Every element of the industry value chain
- Business Development opportunities with companies within and outside the FZ
- Networking opportunities – “Media Majlis”
- Hospitality/Event teams assist in:
 - the newly arrived get started easily
 - preferential rates for travel, accommodation & other services
 - Press Conference, product launches, events, exhibitions etc

TECOM Business Partners:



TECOM – New Initiatives

“ In the race for excellence, there is no finish line. ”

H.H Sheikh Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai.

- The International Media Production Zone – A FZ for media production companies. Unique cluster and environment friendly
- Ibda’a Student Awards – Recognizes creativity in nine media disciplines
- Dubai International Film Festival – A first step to building a comprehensive film industry in the region
- Dubai Outsource Zone – The world’s first FZ dedicated to the outsourcing industry
- ‘Tamkeen’ – A Project for the visually impaired

TECOM – Private Sector Involvement

“We believe that the role of the government should be restricted to legislation and regulation, in addition to the continuous development of the infrastructure - thus making the private sector the engine of the development process.”

H.H Sheikh Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai.

Some of the Projects:

- ‘Dubai Pearl’ Project – A US \$ 1billion multi-purpose project
- ‘The Towers’ – 14 towers offering 8 mln sq ft of commercial space
- Over 100 commercial and residential buildings in the rest of the FZ
- ‘Advertising in the FZ’ Project – Star masts, unipoles, mupies, TV...
- CNN Arabic, Biz News channels, Pre and Post production facilities
- International Events – Entertainment, Art, Film, Music...
- Outsourced services: Transportation – Zone Hopper; Security Services

TECOM – Regulatory Environment

Comprehensive laws and regulations for companies operating in the Free Zone

- Dubai Technology and Media Free Zone Private Companies Regulations
- Dubai Technology and Media Free Zone Licensing Regulations
- Dubai Technology and Media Free Zone Employment Regulations
- Dubai Technology and Media Free Zone Codes of Guidance
- Dubai Technology and Media Free Zone Broadcasting and Publication Standards Tribunal Regulation
- Electronic Transactions and Commerce Law*
- Law for the formation and protection of the telecommunications network for Dubai Internet City

* Now being rolled-out at the federal level, throughout the UAE, in an example of TECOM impact on policy in the UAE domestic economy.

TECOM – Operations

Professional staff, quality systems and processes facilitate operations:

- Registration and Licensing of Companies
- Government Services – Residency permits, business visit visas, e-Visas...
- Partner Relations Management
- Call Center
- Hospitality, Events
- **SamaCom** – Teleport facilities
- **eHosting** – Managed hosting and IT Security
- **Empower** – A JV with DEWA for District Cooling
- **Idama** – Facilities Management
- **Dubai Holding – For the good of tomorrow**
 - Centers of excellence in Marketing (Brand Image), HC, Finance, IT
 - Financial Investments and Private Equity

TECOM: Economic Impact

Beyond expectations:

- 1800 companies, including Fortune 500 and industry leaders
- 21,000 knowledge workers
- 15 Universities and several training institutions
- 2 million sq ft of leased space, with another 8 mln new in 2005-'06
- US\$ 2 bln of investment
- TECOM initiated laws (e-commerce) being applied for Dubai and at Federal level – e-readiness at a high level
- Global initiatives – Media and ICT projects in the Sub continent, Europe and Russia
- TECOM has hosted OECD, WSA Forums
- All this growth in just over three years since concept!

Key Factors for success:

Industry 'clusters' of companies
Visionary leadership and sustained support
Technical infrastructure designed to world-class standards
Quick decision making and low levels of red tape
Sustained and focused marketing efforts
Quality/Change management and Governance
Dedicated, talented and energetic workforce

UAE Free Zones: Wide Economic Impact

The ushering in of Free Zones has transformed the economic scenario of the UAE in a span of 19 years, bringing about tremendous change in the industrial scene of this young nation.

Highlights:

- Nearly 7000 companies from all over the world
- Value of exports from the FZs is at around US \$ 17 mln
- Jebel Ali Free Zone itself contributing to nearly 35% of the exports
- Total Foreign Direct Investment estimated to be over US \$ 5 billion
- FZs reflect the sectors of the economy and have contributed not only to the Knowledge economy but other non-oil sectors
- Best Practices and raised standards in logistics, ICT, Media, Training, Marketing...
- Infrastructure development – power, waste & water treatment, telecom, housing...

“these industrial areas could hold the key to a genuine economic transformation of the region.”

A Bank Report

Best Practices in Public Free Zones: UAE

“THANK YOU FOR YOUR ATTENTION”

Santosh Hejmadi
Director of Marketing
Dubai Media City
Dubai Technology and Media Free Zone
United Arab Emirates
Tel: 009714 3914590 (Direct); 009714 3914555
E-Mail: Santosh.hejmadi@dubaimediacity.ae OR
Santyhejmadi@yahoo.com