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Sharjah Free Zones

Sharjah solidifies its industrial position



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Sharjah solidifies its industrial position with free zones

Sharjah, the UAE's third largest emirate, has worked to develop a broad network of free zones and industrial zones to solidify its position as an exporter and re-exporter



As one of the most diversified economies in the UAE, Sharjah has a strong foundation in industry and manufacturing. Approximately 95.8 per cent of its economic activity was derived from non-oil sectors in 2019, positioning the emirate to absorb much of the impact of the Covid-19 pandemic, according to *Oxford Business Group (OBG)*'s Sharjah Report 2021.

With limited oil and gas production by regional standards, Sharjah has had to look to other sectors to build a robust and diversified economy. Prominent among these has been industry and manufacturing, and the emirate has emerged as an important Middle Eastern industrial hub, with the sector accounting for around 17 per cent of Sharjah's GDP and around a third of manufacturing activity in the UAE as a whole.

Sharjah is the UAE's third-largest emirate, accounting for just over 3 per cent of the country's territory, and is home to six

free zones. The emirate has worked to develop a broad network of free zones and industrial zones to solidify its position as an exporter and re-exporter. More recently, the government has established free zones focused on knowledge-led sectors such as publishing, media, health and education.

Strategically located between Africa, Europe, and Asia, Sharjah is largely considered as the shipping sector of the country. However, much of its industrial activity is concentrated in two free zones that allow for full foreign ownership, namely the Sharjah Airport International Free Zone (SAIF Zone) and the Hamriyah Free Zone (HFZ).

More than 50,000 people work at the HFZ, which is located adjacent to Hamriyah Port, one of the emirate's three deep-water ports to the north of Sharjah City, and near the emirate of Ajman, which is completely surrounded by Sharjah and the sea. The port is the emirate's main oil

and gas terminal and HFZ, which hosts 6600 companies, is also dominated by hydrocarbons- and petrochemicals-related industries, as well as heavy industry more generally.

HFZ is sub-divided into a zone for small and medium-sized enterprises (SMEs), known as Hamriyah SME Zone, a micro-business zone (Hamriyah MB Zone) and a logistics zone (Hamriyah Logistics Village). Hamriyah SME Zone, which is 10m sq metres in size, is in turn sub-divided into seven industry-themed areas, respectively focusing on oil and gas, petrochemicals, steel, timber, perfume, construction and maritime-related industries such as ship-building and repair. Businesses located at HFZ have access to the 14-metre deepwater port and the seven-metre inner harbour. The free zone also offers pre-built warehouses, office units and factories for rent and renewable leases of up to 25 years.

And in recent times, the government

has taken proactive steps to bring foreign investment to create enormous opportunities for the businesses set up in Sharjah free zones.

SHARJAH PUBLISHING CITY

Sharjah Publishing City (SPC) Free Zone provides a convenient option for entrepreneurs to setup a business in the UAE. The free zone offers more than 1,500 business license activities, including publishing, printing, general trading, E-commerce, information technology businesses, and consultancies, with the ability to combine activities from various sectors. One of the free zone's unique features is that it is authorised to issue a dual license (Mainland and Free Zone). It offers modern office spaces, state-of-the-art warehouses and storage areas, as well as co-working spaces and cafes.

HAMRIYAH FREE ZONE

Established in 1995, Hamriyah Free Zone is an industrial zone in Sharjah that serves as a home to nearly 6,500 businesses from more than 160 countries. Hamriyah Free Zone is an ideal location to set up a business because of its strategic location which provides easy access to global markets. It features world-class facilities such as factories, warehouses, executive office suites and regular offices, in addition to VIP Investors Lounge, Customs office, fully equipped recreational centres, currency exchanges, banks, supermarkets, labour accommodation and the Sharjah Civil Defence station.

SHARJAH MEDIA CITY – SHAMS

Launched in January 2017, Sharjah Media City has creative and media companies from more than 160 countries, with services and offerings that are designed to act as a catalyst for their growth and prosperity. Investors can start a business at the lowest costs and benefit from several visas on a joint office. Multiple business activities are also permitted on the same license. Located 5 minutes from Sharjah International Airport and 15 minutes from Dubai International Airport, Shams seeks to be a global centre of creativity in the region.

SAIF ZONE

The Sharjah International Airport Free (SAIF) Zone is a comprehensive ecosystem that is conducive for all commercial businesses, especially as it provides integrated services and qualified staff who

can provide all forms of support to various businesses, to complement its many other facilities and advantages, he added.

SAIF is a commercial and investment destination with state-of-the-art, high-efficiency infrastructure. It offers fast, simple corporate registration procedures, and cost-effective business solutions that make it a haven for companies of all sizes and specialties. The free zone houses thousands of companies and offers various facilities to meet all types of business requirements. Its strategic location adjacent to the Sharjah International Airport and its proximity to other seaports and airports are added advantages.

FREE ZONES IN THE UAE

Meanwhile, the free zones in Dubai are on track to boost their contribution to the emirate's gross domestic product to Dh250 billion (\$68bn) by 2030, according to Sheikh Ahmed bin Saeed, chairman of the Dubai Free Zones Council.

The economic zones support the growth of existing industries and have created new specialised and dynamic sectors including green, circular and knowledge-based economies, in line with future economic opportunities, Sheikh Ahmed said during the council's meeting, state news agency *Wam* reported.

The Free Trade Zones (FTZs) of the UAE have been a veritable opportunity for the country to showcase its development and special area approach. The UAE in the last decade has witnessed a quantum increase in industrial development and one of the most significant and remarkable achievements is the success of Free Zones. Free Trade Zones are established under a special Decree passed by the Ruler of the Emirate in which the Free Zone is created.

Free zones enhance diversified eco-

nomics and promote sustainability and growth, strengthening Dubai's appeal as a preferred investment destination, Sheikh Ahmed said.

The UAE has been investing heavily in developing its infrastructure and implementing policy reforms to attract more entrepreneurs and businesses to the country as it seeks to grow its non-oil sector. The UAE Cabinet recently approved new regulations for the entry and residence of foreigners, including amendments to the golden residency programme, green residency, tourist visas and other special visas.

The contribution of the UAE's non-oil sector to the country's total economic output rose to 72.3 per cent in 2021, the Federal Competitiveness and Statistics Centre said earlier this month.

To date the Free Zones have been successful in attracting a large number of foreign companies and foreign direct investment. The share of the Free Zones in non-oil exports has increased considerably along with the net exports from the Free Zones.

The UAE Free Zones have been among the strong pillars of the country's economic performance attracting a lot of foreign investments, creating thousands of jobs, and facilitating the needed transfer of technology into the country. Together, Free Zones account for more than half of the country's non-oil exports and underpin the UAE's ranking as the third most important re-export centre in the world.

The Free Zones help in keeping the engine of economic diversification rolling by attracting foreign investment in the private sector, which is central to the region's overall plan aimed at reducing its economic dependence on oil, while creating employment for its nationals. ■



SAIF Zone and the Hamriyah Free Zone are the two major zones in Sharjah



Saud Salim Al Mazrouei: Sharjah is a destination for global investments

Hamriyah Free Zone attracts 9 new firms, \$74m in 2021

In 2021, HFZA continued to consolidate its position as a favoured investment destination for various types of businesses, besides its role in supporting the economic growth in the Emirate of Sharjah

UAE's leading economic zone Hamriyah Free Zone Authority (HFZA) in Sharjah has attracted nine international companies from the US, African countries, India, and other parts of the world in the year 2021, a WAM report said.

These investments, spread out over an area of 850,000 sq ft, ranging from warehouses and plots of land, have brought in a total investment value of about AED 271 million (\$73.79 million) for the zone.

"Such figures clearly reflect the outstanding facilities, incentives, and advantages provided by HFZA to further strengthen its attraction to investors," the authority said.

According to the authority, the year 2021 was a very successful year for the Hamriyah

Free Zone Authority (HFZA) in Sharjah, where it has continued to consolidate its position as a favoured investment destination for various types of businesses, besides its role in supporting the economic growth in the Emirate of Sharjah.

"Since its establishment, Hamriyah Free Zone has played a significant role in strengthening the position of the Emirate of Sharjah as a destination for global investments and a business centre in the Middle East. This is attributed to the continued success of the Authority in attracting investors and international companies operating in various economic sectors," said Saud Salim Al Mazrouei, director of the Hamriyah Free Zone Authority. "The previous year's figures demonstrate HFZA's solid presence its pivotal role as a

gateway to the markets of various countries, regions in the world."

Al Mazrouei pointed out that HFZA has a specific strategy with two key pillars in order to attract foreign investments to the emirate. The first pillar is attracting quality investments that support the national strategies of Sharjah, especially with regard to economic diversification, noting that the companies operating in the Authority are covering various businesses and industries, such as trade and petrochemical industries, and the manufacture of medical and health equipment and products.

The second pillar is launching marketing and promotional campaigns at the home countries of the investing companies to identify the nature of their work, their needs, and their willingness to enter and enhance their presence in regional markets, through direct visits, organising seminars, participating in official delegations as well as various exhibitions and events.

Last January, HFZA inked an investment deal with two giant African petro-

chemicals companies (Global Vision Specialty Chemicals & Proud Lubricants and Grease IND). The first company is specialised in Blending, Packaging & Drumming of Drilling Upstream & Downstream Petrochemicals and Chemical Additives, while the activity of latter is the manufacturing of Lubricants, Grease, Plastic Products & Tins.

The two companies have leased over 1,076,391 sq ft plots of land to establish world-class petrochemicals factories and warehouses for export to local, regional, and global markets.

In February 2021, Medtra, one of the world's major companies in the production and manufacturing of healthcare equipment and products, has inaugurated its new headquarters in the Hamriyah Free Zone in order to expand its activities in Mena markets. The company operates in 40 countries and is set to invest some AED 100 million in the coming years.

In March, India's ATS Terminals FZE has increased its tank storage capacity from 42,000 CBM to 72,000 CBM, revealing the completion of the third phase of its expansion project at HFZA. ATS Terminals FZE offers services to clients

that include bulk liquid storage and bulk transportation of chemicals and petroleum products.

In April of the same year, Awaal Al-Sham, owner of the Al Awaal brand for prayer times clock and other innovative e-products, announced that its products have become available in 100 markets worldwide, as opposed to 50 markets in 2013, the year in which the company has opted for the HFZA as its new headquarters, achieving a growth rate of more than 100 percent in the number of destinations of export.

During the 26th edition of Gulfood 2021, HFZA signed a lease agreement with Al Aliyo HydroFarms, a hydroponic fodder farm in the UAE, according to which, the company has launched the first phase of its investment at Sharjah Food Park. This includes two warehouses covering an area of 12,000 square feet (sq. ft), with an investment value of about AED9 million, and a daily production capacity of about 10 tonnes of hydroponic fodder.

In October, Hamriyah Free Zone added another industry leader to its investors base, after the ArcelorMittal Projects, a part of the ArcelorMittal Group, the

world's leading Steel and Mining company, has acquired the assets of a Pipe & Coating Mill located at Hamriyah Free Zone. Besides the acquisition, ArcelorMittal Projects has leased 1.38 million square feet of industrial land, with an estimated value of about AED60 million as a first phase and AED30 million as a later phase.

Siddharth Grease and Lubes Pvt. Ltd. (SGL), a leading Indian manufacturer and supplier of lubricants, has opened its first plant in the Middle East in the inner port of Sharjah's Hamriyah Free Zone Authority (HFZA). Trinity Lubes & Greases FZC was the name chosen by SGL for its new plant in the Hamriyah Free Zone, with an investment expected to reach 50 million dirhams as an initial stage. The total area of the new investment is some 135,000 sq ft.

At the end of the year, the UAE's Grankraft company, specialising in metal production for building iconic landmarks, has leased approximately 323,000 sq ft plots of land, with an investment value of AED 22 million in the first phase and AED 45 million in the second phase, bringing the company's total investment to AED67 million. ■

Sharjah free zones boost SME funding with deals

THE Emirates Development Bank (EDB), the key financial engine of the UAE's economic diversification and industrial transformation agenda, has signed a MoU with the Hamriyah Free Zone and the Sharjah Airport International Free Zone (SAIF) to provide financial support to small and medium-sized enterprises (SMEs) and startups operating in either of the free zones.

The MoU reflects the shared commitment to developing a supportive environment for business and accelerating the UAE's economic diversification agenda by championing pioneering projects and emerging industries, it stated.

Under the MoU, EDB will offer its range of flexible financial solutions to SMEs and start-ups in Hamriyah Free

Zone and SAIF, including capex financing for expansion or facility upgrades, greenfield and brownfield project finance, and financial support for the integration of Industry 4.0 technologies or clean energy transition, said Saud Salim Al Mazrouei, Director of Hamriyah Free Zone and SAIF, after signing the deal with Ahmed Mohamed Al Naqbi, Chief Executive Officer of EDB.

"EDB's support for companies within the Hamriyah Free Zone and SAIF will provide a significant boost to Sharjah's economic diversification efforts, encouraging entrepreneurship and enabling a new generation of businesses to scale and grow," he stated.

"The MoU also unlocks new financing potential for com-

panies seeking to open operations in Sharjah, complementing existing initiatives in both free zones to enhance SMEs' contribution to the local economy through facilities, advice and networking," he added.

Al Naqbi said the MoU with two of Sharjah's leading free-zones reflects EDB's policy of developing and then utilising nationwide partnerships to achieve their objectives.

This agreement will increase the bank's pipeline of projects, helping them to identify promising companies that will benefit from financial support such as capex investment and credit guarantees, or non-financial services such as business advisory services, coaching, consulting, mentoring, and market research.

Both parties also discussed the possibility of arranging webinars and roadshows to familiarise companies operating in the free zones with the financing facilities offered by EDB.

Al Mazrouei pointed out that the EDB was an important national institution, providing financing and sustainable banking solutions for a critical segment of the national economy.

"The MoU is a testament to our joint efforts to nurture an entrepreneurial ecosystem in Sharjah. We are both deeply committed to helping emerging companies in our free zones expand their businesses and, as a result, contribute to the sustainable economic growth of the UAE," he stated. ■