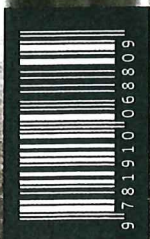


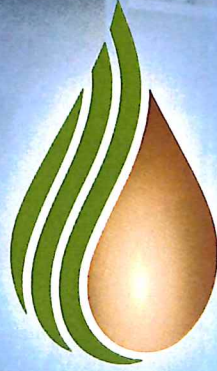
THE REPORT

Sharjah 2017

ECONOMY	TOURISM	ENERGY
INDUSTRY	CONSTRUCTION	FINANCE
TRANSPORT	REAL ESTATE	EDUCATION
HEALTH	MEDIA	INTERVIEWS

www.oxfordbusinessgroup.com





مؤسسة نفط
الشارقة الوطنية
SNOC

Our Vision

To be an integrated Oil and Gas National Oil Corporation, value creator, Gas supplier of choice and to utilize existing assets for new business while being ethically and socially responsible.

Petroleum Council Building, Al Layah Suburb, Sharjah, UAE

T : +971 6 5199700 | F : 06 5255020

www.snoc.ae

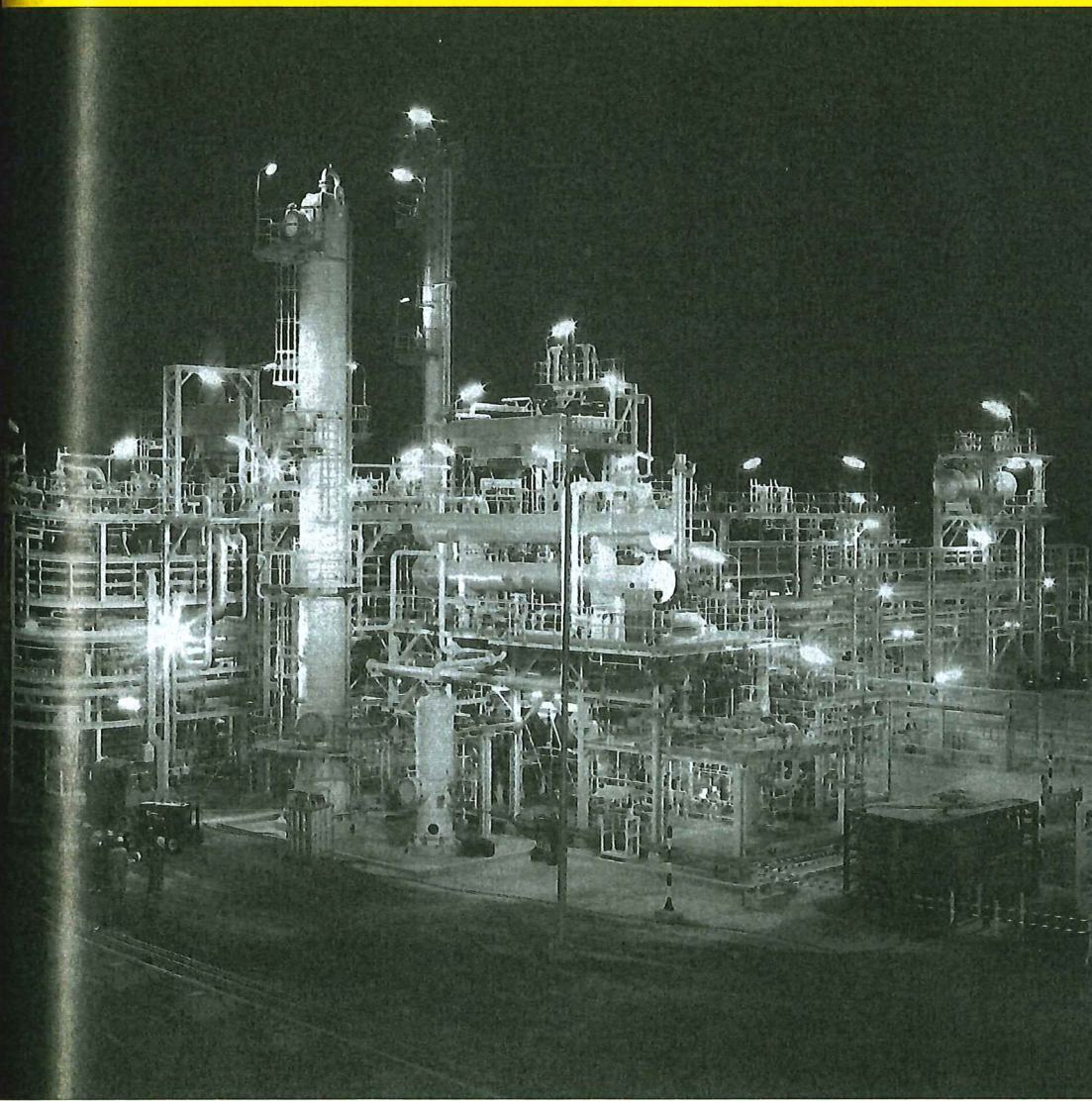
Industry & Energy

Free zones offer friendly business environment

Emirate remains key manufacturing centre for UAE

New environmental projects create opportunities

Targets for renewables shake up energy mix





Much of Sharjah's industrial activity is concentrated in two free zones

Get to work

Local free zones and a welcoming business environment contribute to a thriving sector

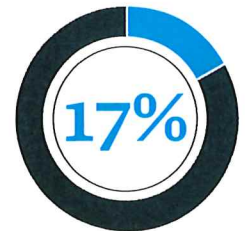
With limited oil and gas production by regional standards, Sharjah has had to look to other sectors to build a robust and diversified economy. Prominent among these has been industry and manufacturing, and the emirate has emerged as an important Middle Eastern industrial hub, with the sector accounting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

FREE ZONES: Much of Sharjah's 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 – about half of whom live onsite – which is located adjacent to Hamriyah Port, one of the emirate's three deepwater 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 microbusiness 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. According to Saud Salim Al Mazrouei, the director of HFZ and SAIF Zone, Hamriyah has attracted more than \$3bn in foreign direct investment since it opened.

NEW PLAYERS: Major recent investments in the zone include Sharafco Group's inauguration in September 2016 of a \$100m, 80,000-cu-metre petrol storage terminal with 16 storage tanks. The facility can be used to store fuel oil, base oil and gas oil. It is connected to the deep harbour by two, 12-inch pipelines and to the inner harbour by three eight-inch pipelines. Sharafco Petroleum hopes to lease the tanks on a contract basis to international companies. India's Radiant Group is building a \$10m oil distillation plant on 107,639 sq feet of land at HFZ, which it hopes to open in 2017. The company manufactures alternate petroleum products and refines used or waste lubricating oil. Gulf Petrochem also opened a \$60m storage terminal in the zone in November 2015; the facility has a storage capacity of over 200,000 cu metres. It uses 37 tanks to store naphtha, gasoil, fuel oil, base oil, bitumen and petrochemicals, among other things. The Sharjah facility complements a similar-sized storage centre in Pipavav, India, as well as 412,000-cu-metre fuel oil and gas oil facility in Fujairah.

Dayal Building Material Trader (DBMT), a UAE-based firm, is currently building a Dh20m-25m (\$5.4m-6.8m) steel fabrication facility on a 55,000-sq-metre plot in the zone, due to open in 2017. DBMT supplies steel to the oil and gas sector, as well as to contractors, steel fabricators and contracting companies. Its markets include the UAE, Oman, Kuwait, Bahrain, Qatar, the US and Europe. Sarsan Heavy Engineering has also invested in HFZ in 2016, opening 200,000-sq-foot manufacturing plant capable of an annual output of 25,000 tonnes of structural steel and 15,000 tonnes of pressure vessels. The UAE-founded company provides modular process systems for the oil, gas, petrochemical, minerals, power and nuclear industries around the world. The steel industry is a key sector for HFZ, with a number of fabrication yards and engineering



of Sharjah's GDP is based on industry and manufacturing

Located next to Hamriyah Port, the Hamriyah Free Zone hosts 6600 companies and focuses mostly on heavy industry, with 50,000 people employed at the zone.



Investors who locate their operations in Sharjah benefit from 25-40% lower costs than in other emirates

The Sharjah government is relocating many industrial zones to areas outside of Sharjah City, and there are plans in the pipeline for a new 14m-sq-foot zone on the Emirates Road.

workshops operating from the site. Another business set to start operations in HFZ in 2017, is the German textile firm SOEX, which invested \$5.64m in a new plant on a 322,917-sq-foot site. The company markets and recycles used textiles and plans to export 50% of its products to Africa and 25% each to the Middle East and Eastern Europe. The Sharjah plant will employ 300-400 workers.

BROADER HORIZONS: The zone is currently expanding its logistics and warehousing capacities, with 32 new blocks of warehouses and a combined area of 588,280 sq metres under construction at Hamriyah Logistics Village, where most existing warehouses have filled up. The new facilities are due to be completed by April 2017. Another 1008 new rooms to provide on-site accommodation for staff and associated infrastructure and amenities, including a sewage treatment and shopping facilities, are also under construction and due to be completed by April 2018.

As of September 2014, the latest available data for the zone, there were 6173 companies operating in the SAIF Zone, up from 5037 in 2010. The zone, located adjacent to Sharjah International Airport (SIA), east of Sharjah City, is less heavily focused on industry than HFZ, with 7.3% of licences issued for companies at the zone covering industrial activity, compared to 61.5% for trade and 31.3% for services. The industrial activity that does take place in the zone is also more focused on lighter industry and manufacturing than at HFZ. In 2015 the zone also announced plans to develop a 3m-sq-foot third phase, including 127 new warehouses

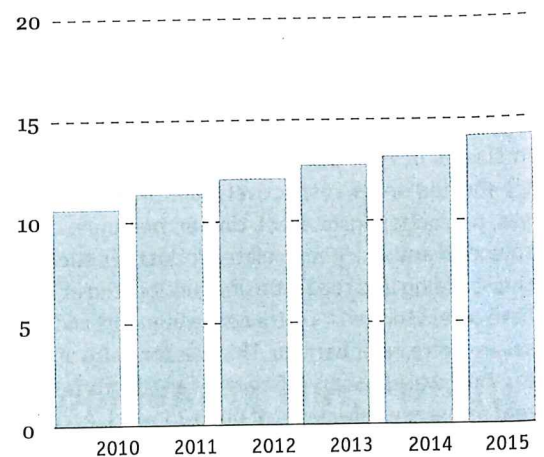
Recent notable industrial investments in the zone include the construction of an Dh60m (\$16.3m) tin can manufacturing facility announced by Indian firm Delta Food Industries in March 2016. The 5000-sq-metre plant will be used for the company's existing lines of tomato paste, milk powder, custard

powder, starch and oats. The tins will also be used for evaporated milk and cream. In March 2016 the company opened a Dh40m (\$10.9m) dairy plant at the SAIF Zone capable of handling 250,000 cartons per month of evaporated milk and cream. Delta Food Industries began its operations in Sharjah in 2012 and uses it as a base to distribute to customers in 20 countries in the GCC, Middle East and Africa.

OTHER INDUSTRIAL ZONES: In addition to the free zones, Sharjah is home to another 18 industrial zones. The government is currently in the process of closing down inner-city industrial zones and moving them out of the city to improve quality of life in Sharjah City. A further zone is currently in the pipeline, and Sharjah Asset Management, the emirate's state-backed investment fund, announced plans in October 2015 for the development of a new industrial zone, Al Saja Industrial Oasis. The 14m-sq-foot facility, containing 353 plots, will be located between Hamriyah and SIA on Emirates Road, a main road running from the northern emirates through Sharjah to Dubai and Abu Dhabi.

COMPETITIVE ADVANTAGES: The availability of land in industrial and free zones is among the emirate's key competitive advantages as regards industrial development. "Sharjah is a natural place for manufacturers to locate at a time when other industrial zones in neighbouring Dubai, Abu Dhabi and Ajman are filling up," said Mohammed N Al Hazzaa, director-general of Emirates Industrial City, one of the emirate's industrial zones. While other emirates have established major free zones of their own, offering similar advantages such as full foreign ownership, Tushar Singhvi, vice-president for corporate development and investments at Sharjah-headquartered holding firm Crescent Enterprises, said that Sharjah would remain attractive to industrial companies. "Other emirates will provide similar investment incentives, but Sharjah has an inherent advantage in that it is home to long-standing free zones that have already given rise to an industrial

Manufacturing GDP, 2010-15 (Dh bn)



Source: Moody's