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THE BUSINESS OF GLOBALISATION

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SHUROOQ

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Published by The Financial Times
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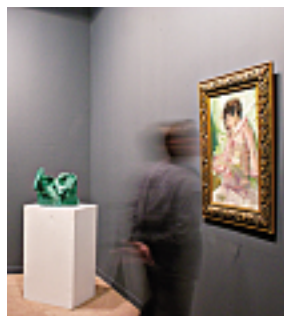
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One-year subscription rates
£345 for fDi Magazine and full
access to fDiIntelligence.com;
£315 for fDi Magazine only

Please contact us for details of other currencies

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Sharjah's success story

ECONOMIC FREE ZONES, POLITICAL STABILITY AND DIVERSIFICATION HAVE FUELLED DEVELOPMENT AND GROWTH IN SHARJAH – THE EMIRATE NOW ACCOUNTS FOR ONE-THIRD OF THE UAE'S MANUFACTURING SECTOR – BUT ITS GOVERNMENT HAS FURTHER PLANS TO MAXIMISE ITS APPEAL TO INTERNATIONAL INVESTORS.
BARBARA NJAU REPORTS

As night falls, the white-washed walls of the Al Majaz mosque come to life, as floodlights in the building's crevices illuminate the last few visitors filtering through its doors and on to the freshly manicured grounds of the Al Majaz waterfront. Overlooking the Corniche Al Buhaira road in central Sharjah, the intricate Islamic architecture of the Al Majaz mosque lends it an imperial yet unmistakably Arabic presence. Close to the mosque's grounds, Western chain restaurants, including TGI Friday's and Tim Hortons, line the man-made Khalid Lagoon. The waterfront encapsulates the delicate balance that Sharjah strikes between upholding its conservative Islamic heritage and taking a contemporary approach to doing business.

With more than 600 mosques dotted around the city, the Islamic flavour of the emirate of Sharjah is ever present. Located a few kilometres from the Al Majaz mosque is the city's architectural centrepiece, the Al Noor mosque, which is revered by locals for the beauty of its Turkish-inspired design. It is religious landmarks such as these that have enabled Sharjah to carve out a distinct identity within the United Arab Emirates as one of its foremost Islamic destinations.

Regional profile

For its efforts, Sharjah has garnered a host of accolades including being crowned the Capital of Islamic Culture in 2014 and the Capital of Arab Tourism in 2015, by the Organisation of the Islamic Conference. However, just across the Khalid Lagoon on the Al Majaz waterfront, a growing number of high-rise glass buildings and towering skyscrapers hosting manufacturing, hotel and real estate companies reveal that Sharjah has also worked to integrate modern businesses into its development.

"When you visit, you immediately know that you are in Sharjah," says Khalid Jasim Al Midfa, director-general of Sharjah's Commerce and Tourism Development Authority. "Sharjah has existed for more than 500 years

and it was always a thriving city. It is well known for its culture and its heritage."

Sharjah is one of seven emirates that make up the UAE, and its geographical positioning at the heart of the country has enabled it to develop a reputation as one of the region's trading hubs. Its strategic ports of Kalba, Khorfakkan and Dibba along the east coast of the UAE made it a draw for seafaring vessels coming in from the Indian Ocean, and its location along the Persian Gulf have attracted merchants and Bedouins from the desert interior, who travelled to its souks to trade spices, livestock and handicrafts.

Sharjah crystallised its historic reputation as one of the Gulf's routes of commerce when in 1932 the UK Royal Air Force opened the region's first airport in the city, to serve as an outpost for commercial flights between the UK and India.

"People think that because we have been united as the UAE for just 41 years, there was no history beyond that, but that is not true – Sharjah has always been a major centre," says Mr Al Midfa.

Doing business

The emirate has engaged in a considerable modernisation drive to renew its appeal to international investors through diversifying its industries. Although the UAE accounts for 10% of the world's proven oil reserves, Sharjah holds just 1.5 billion barrels of oil. The government sought to industrialise Sharjah's economy from the 1980s to reduce its reliance on oil, and the emirate has experienced considerable success in diversifying its economy.

Yet a large part of Sharjah's success can also be attributed to its affiliation with the UAE, a country that has developed a reputation among international investors for its economic and political stability. Despite experiencing considerable setbacks during the 2008 financial crisis, observers have maintained that the country managed the effects of the downturn astutely, and its ability to avoid the 2010 Arab Spring uprisings which affected the political stability of some of its neighbours further boosted its status as one



Sharjah skyline: "When you visit, you immediately know that you are in Sharjah"

of the Middle East's safe havens. Thus being part of the 'UAE Inc' has crucially boosted FDI into Sharjah.

"The UAE was a little more shielded from the regional turbulence [of the Arab Spring] and Sharjah benefited from this," says Bryan Plamondon, senior manager at industry and country forecasting firm IHS Global Insight. "Being within the UAE also enabled Sharjah to offer certain incentives that other countries could not offer, such as tax incentives. Sharjah has free zones where tax-free incentives are offered to companies, and the government of Sharjah subsidises utility costs, making it very attractive for [investors]."

Being part of the confederation, Sharjah's growth model has in some ways mirrored that of the UAE. The interconnected nature of Sharjah's infrastructure, which is also evident in other parts of the country, has boosted investment in the emirate's sectors and Shurooq, its investment agency, contends that Sharjah has maintained a solid growth rate. Between 2002 and 2009, Sharjah's GDP grew at a compound annual growth rate of 13.3%, and official figures from Shurooq show that its GDP, following the financial crisis, rapidly grew from Dh60bn (\$16.3bn) in 2009 to Dh89bn in 2012. Sharjah's growth has been principally driven by small and medium-sized enterprises (SMEs), which have interests across the manufacturing, real estate and business

services sectors. The emirate hosts more than 45,000 SMEs, and its GDP this year is expected to expand to more than Dh101bn.

Free zones

Sharjah's economic growth is showing no signs of slipping, and for Marwan Jassim Al Sarkal, the CEO of Shurooq, its free zones have enabled the emirate to differentiate itself as one of the leading industrial centres in the UAE. "His Highness [Sheikh Sultan bin Mohammed Al-Qasimi III] has [worked] to develop Sharjah as a very strong manufacturing [hub]," says Mr Al Sarkal. "We have Sharjah Airport International Free Zone [Saif] and Hamriyah Free Zone, as well as 21 industrial zones in mainland Sharjah. The airport free zone is [oriented towards] light industry and services, and Hamriyah is for heavy industry."

Offering a plethora of incentives, including complete foreign ownership of companies, as well as exempting corporate firms from import and export duties, income taxes and commercial levies, Sharjah's free zones have been a draw for foreign firms. The government's focus on developing its manufacturing capacity through its free zones enabled Sharjah to deepen its manufacturing base, and today Sharjah's manufacturing activity represents 33% of the entire UAE's manufacturing sector.

While Saif, which was established in 1995, hosts more than 5500 companies, including ►

EMIRATE PROFILE SHARJAH

Population:	946,000
Area:	2600 sq km
Total GDP:	Dh89bn (\$24bn)
Largest sector:	Manufacturing
% of GDP:	19%

Source: Ministry of Economy (2008)/Shurooq



Elevated status: Sharjah's ports have attracted merchants for centuries and are still a crucial contributor to the emirate's economy



SHARJAH HAS ALWAYS BEEN A MAJOR CENTRE

the Germany-based Lufthansa Airlines and the UK-based technology company 3M, Hamriyah Free Zone, which started operating in 1998, serves more than 5000 companies from 152 countries. The free zones have also facilitated the flow of capital into other sectors, including mining and quarrying, which combined represent 13% of Sharjah's GDP, and real estate and construction, which account for 17% and 8% of GDP, respectively.

"The basic idea of the free zone was integration - we have worked to integrate the sector with the services that are required to support it, and we look at the supply chain that is required to make it successful," says Saud Salim Al Mazrouei, director of commercial affairs in Hamriyah Free Zone Authority. "We look at the industry as a whole, and we try and bring those related industries to service it, so they can develop together."

Business bottlenecks

A common gripe among the city's business community is that, while Sharjah's geographical centrality makes it well connected to the rest of the UAE, the absence of a developed public transportation network has resulted in a critical problem of traffic. Snaking queues of

cars along some of Sharjah's arterial highways have become a common feature of afternoons in the city, as Sharjah's roads serve those that live in Sharjah, as well as those that work in neighbouring emirates.

"Sharjah is the only emirate which shares borders with most of the other emirates," says Mr Al Midfa. "For example, people who live in Sharjah and work in Dubai, and others who live in Ajman and work in Abu Dhabi, all have to pass through Sharjah. There is no other way."

In addition, an undersupply of electricity, combined with a high demand from electrical goods such as air conditioners during Sharjah's sweltering summers, has led to power blackouts in parts of the city - an issue that Mr Al Sarkal at Shurooq says is a "weakness we cannot deny".

Road to progress

Nevertheless, the Sharjah government has worked to address these challenges. According to officials, construction is already under way to further expand the UAE's main highway, the Mohammed Bin Zayed road which connects all of the seven emirates, and the completion of this project by the end of 2013 will divert traffic away from Sharjah by providing an alternative route for commuters.

Additionally, Mr Al Midfa maintains that rather than investing in a costly metro system, Sharjah's government will look to emulate Turkey's success in establishing a bus transportation system.

"Sharjah wants a metro bus that goes through the city and reaches the Rashidiya metro station on [the outskirts of] Dubai," says Mr Al Midfa. "Turkey's metro bus runs on a special lane in the middle of the city's roads in Istanbul, and it handles 600,000 passengers a day. It costs less than a metro [train] system, and it will significantly alleviate traffic congestion in Sharjah."

Sharjah has experienced success in placing itself on the global investment maps of international businesses. Time will tell whether the government's diversification drive will enable it to relive its heydays as one the UAE's central hubs of trade. ■

Q&A: MARWAN JASSIM AL SARKAL

Moving into the fast lane

SHARJAH'S ORGANIC GROWTH STRATEGY HAS SHIELDED IT FROM THE NEGATIVE REPERCUSSIONS OF THE GLOBAL ECONOMIC DOWNTURN, THE CHIEF EXECUTIVE OF SHARJAH'S INVESTMENT AND DEVELOPMENT AUTHORITY TELLS **fDi**, LEAVING ITS OFFICIALS FREE TO SOLVE INFRASTRUCTURE PROBLEMS THAT WERE THREATENING TO LIMIT THE EMIRATE'S GROWTH

Q In what ways, if at all, was Sharjah affected by the 2008 global financial crisis, and how tied are you to the economic climate elsewhere in the United Arab Emirates [UAE]?

A The whole UAE is connected with the federal law, so whatever the federal government is setting when it comes to rules and regulation, is implemented in all seven emirates. We do believe that in the coming years the economy [will recover] but it will not be as it used to be in 2007 or 2008. We will have a steadier growth; fewer ups and downs.

Sharjah is one of the only emirates, and perhaps the only city in the whole GCC [Gulf Co-operation Council] region, that was not highly affected by the downturn, which was thanks to the leadership and the commitment to developing in a very organic way. If there is going to be high growth in the future, Sharjah is definitely going to benefit from that, but we believe in steady growth. His Highness Dr Sheikh Sultan believes in having diversified growth that depends on different economic sectors.

It is a long-term vision, rather than a short-term strategy. That is something that makes Sharjah different from other cities around the GCC. All the emirates complement each other. We benefit out of Dubai as they benefit out of us. Dubai, Sharjah and

Ajman are seen as basically one city rather than three different cities. It is only the road network that tells you what is Dubai and what is Sharjah.

Q What are some of the weaknesses you have identified when it comes to doing business in Sharjah?

A Traffic is a challenge that every investor is facing currently. For business you need a very good road network. The federal government has assigned that a major [road] network in Sharjah is going to be sold and new arteries within Sharjah will be developed soon. Easing traffic and improving connectivity will have a major impact on the economy.

Most of new Sharjah is developed out of the city, which reduces stress on the current road network. We in Shurooq [Sharjah's investment and development authority] are working very closely with the Sharjah transportation authority to come up with different options, such as tramways or new networks. But I would say [the road congestion] is not a weakness, it's just a challenge that we need to face.

Also, we cannot deny that there is an issue with electricity that Sharjah has been facing every summer for the past three years. It is solved now currently – we have connected the Sharjah electricity network with the federal network. By [June] this year, we will be connected to the whole

federal connectivity so we won't have blackouts this year.

Q Do you feel that Sharjah's strong Islamic identity is a limiting factor in terms of attracting Western businesses and tourists?

A No, actually. Islam is an identity, it's not a law. Arabic is another identity that we would like to be connected to. Being Islamic has nothing to do with business; at the end of the day you are looking for where to get the best return on investment and that is where you are going to choose to invest.

Being Islamic is the identity [that] the government would like to [associate with] Sharjah, but it doesn't limit Sharjah in any way. Sometimes, people have a bad perception about it – they think if [a place] is Islamic it might be connected to Saudi Arabia, which, in reality, is not the case. For us, we are proud to be known as an Islamic place.

People come here, they want to feel like they are in a different area. We are a Muslim nation, we need to be proud of that. ■

HIS HIGHNESS DR SHEIKH SULTAN BELIEVES IN HAVING DIVERSIFIED GROWTH THAT DEPENDS ON DIFFERENT ECONOMIC SECTORS



On a different plane

WHILE THE AIRPORTS OF DUBAI AND ABU DHABI HAVE FOCUSED ON LONG-HAUL FLIGHTS FOR WEALTHY PASSENGERS, SHARJAH'S SMALLER INTERNATIONAL AIRPORT HAS ACQUIRED A REPUTATION FOR SPEED AND EFFICIENCY WHILE CARVING OUT A NICHE FOR SHORT-HAUL FLIGHTS AIMED AT MIDDLE-CLASS TRAVELLERS, SAYS BARBARA NJAU

The first passengers flying in from Croydon Airport in London to the basic Bedouin settlement in the Persian Gulf in 1932 would have likely found it hard to imagine that the UK's desert outpost in Sharjah would play such a pivotal role during the Second World War and beyond.

Initially established as Imperial Airways' staging post, in a region that was then known as the Trucial Coast, Sharjah was used as an airbase and a rest house for British passengers coming in from London, who were bound for India. Yet for the duration of the Second World War, Sharjah's airport became one of the Royal Air Force's chief points of operations in the Middle East, and the airport remained a significant nucleus of activity for the UK until its departure in 1971, when the region's newly independent states renamed the country as the United Arab Emirates.

Although the airport has since been relocated to the outskirts of the city of Sharjah, and the Al Mahatta Museum today stands as a monument in its place, Sharjah's past as the UAE's first air hub laid the foundations for what is now a growing aviation industry.

Airport expansion

Sharjah has worked to develop itself as one of the UAE's aviation hubs, and the expansion of Sharjah International Airport has enabled the emirate's aerospace sector to become one of the drivers of its economy. According to Shurooq, Sharjah's investment and development authority, the emirate accounts for 10% of all passenger traffic that enters in the UAE, and the city's airport has been the main conduit for this.

"The aerospace industry is one of the pillars of the economy," says Adel Ali, the CEO of Sharjah's airline, Air

Arabia. "The [emirate's leaders] played a big role in recognising that to move Sharjah forward, it really needed a good air transport link. As a result, we have witnessed that in the past 10 years, the airport has moved from [handling] 300,000 people a year, to about 7.8 million people per year. There is the infrastructure to support all these people and I believe aviation will continue to grow, as long as the city is growing."

According to Shurooq, Sharjah International Airport is considered to be one of the UAE's aviation gateways, and it is the country's leading cargo hub. Being smaller than the international airports in Abu Dhabi and Dubai, this gives Sharjah a key advantage that is often cited by local officials: the ease and speed at which passengers pass through the airport.

According to Marwan Jassim Al Sarkal, the CEO of Shurooq, travellers within the UAE are increasingly looking to Sharjah International Airport as a more convenient place from which to travel, particularly for short-haul flights. "This is by far the most efficient airport in the region," he says. "You go through Sharjah airport and you are [outside] in 20 minutes."

Air Arabia's growth

Sharjah's aviation industry has undergone a significant transformation in the past decade, and this is mainly down to its flagship carrier, Air Arabia, which was established in 2003. In a region where air travel was traditionally seen as the preserve of the privileged elite, Air Arabia quickly grew to become the Middle East and north Africa's first and largest low-cost carrier. Created to serve the region's middle classes, Air Arabia's success stemmed from its focus on offering leisure travellers cheaper flight alternatives. The efficiency of operating in Sharjah

International Airport, combined with the airline's customer-oriented ethos, led its business to go from being worth \$15m in 2003 to \$1.2bn in 2012. Today the airline operates a fleet of 30 aircrafts across 65 international destinations.

"Pre-Air Arabia, the travel business in the Middle East was very much [oriented to] the wealthy," says Mr Ali. "The assumption was that everyone in the Gulf must be wealthy, which is not necessarily the case. It is another ordinary part of the world where there exists a middle class that needs less expensive travel [alternatives]. Air Arabia changed the dynamics of air travel to make it affordable, and it created a market that was not there before, for everyone to travel."

Rather than copying the strategy of neighbouring Dubai, which developed its Emirates Airlines on a more conventional business model that charged a price premium for the perks of its comforts onboard, Sharjah differentiated itself through adopting a low-cost carrier business model. In addition, Air Arabia focused on travelling to destinations within the Middle East, north Africa and the Indian subcontinent, thus the target market was short-haul leisure travellers, as opposed to conventional carriers that looked to international long-haul business travellers.

"In the Middle East, there are a number of conventional airlines," says Mr Ali. "As a result, having a budget airline differentiated us, and it was the right decision at the time. Sharjah identified travel and tourism as one of the areas it wanted to grow. To do that, aviation becomes critical, as it brings in the people. Sharjah will always remain different and that is good. We would rather attract the segment of the market that wants speed and travel, without wasting time." ■



SHARJAH'S FAST GROWING ECONOMY

With the third fastest level of growth in the UAE, Sharjah presents many opportunities for investors in sectors as diverse as environment, transportation and logistics, travel and leisure, and healthcare

Strategically located between Europe and the Far East and also between the Commonwealth of Independent States in the north and Africa in the south, Sharjah is the only Gulf Co-operation Council hub with direct access to the Gulf and Indian Ocean, offering a gateway to 160 countries, including 2 billion people. It is also the only emirate to share a border with all six of the other emirates that make up the United Arab Emirates.

The only economy in the Middle East where no single sector contributes more than one-fifth of its GDP, Sharjah is in the enviable position of having the highest level of diversification in the region. Sharjah is also the third fastest growing economy in the country and has already attracted almost a quarter of the UAE's business establishments.

Sharjah registered a compounded annual growth rate of 6% between 2008 and 2010, demonstrating resilience during the global financial crisis. This strength can be attributed to the emirate's economic stability due to the diversity of its economy, its strong manufacturing base and its abundance of small and medium size companies.

SHUROOQ DRIVES SHARJAH'S GROWTH

Established in 2009, the Sharjah Investment and Development Authority (Shurooq) is dedicated to developing Sharjah through a range of quality projects in an effort to encourage both domestic and foreign investment. Shurooq's strategy is to promote the emirate's numerous opportunities, sophisticated infrastructure, and advanced transport networks that allow easy access to local and global markets.

What sets Shurooq apart is its focus on maintaining Sharjah's cultural integrity. Shurooq was created to achieve social, cultural, environmental and economic development on the basis of Sharjah's distinct Arab and Islamic identities. All development projects adhere to this principle. Shurooq also works to adopt the highest international standards by providing quality services that help attract investors from the region and the world, and provide facilities and incentives to help overcome obstacles to investment.

INVESTING IN SHARJAH

Companies setting up in Sharjah can obtain significant cost advantages not generally available internationally, including no foreign

exchange control; competitive import duties; competitive labour costs from a skilled, multilingual workforce; competitive energy costs; competitive real estate costs; competitive financing costs; high levels of liquidity; no corporate profit or personal income tax; and 100% repatriation of capital and profits.

Shurooq has identified four key sectors that offer the greatest business potential in Sharjah and the ability to meet the demands of other sectors.

ENVIRONMENT

Sharjah has the largest waste management and treatment factory, making it an ideal market for the environmental technology and equipment sector, in addition to self-innovation in the area of green technology.

TRANSPORTATION AND LOGISTICS

The emirate's logistics service sector has witnessed remarkable growth due to Sharjah's strategic and geographical location, which plays an important role with the ports, in addition to the convenient location of the free zones and its excellent infrastructure. In 2011 the volume of the transport and service sector stood at Dh3.1bn (\$844m), a figure that is expected to double in the next five years to reach Dh6.23 billion in 2016, supported by Sharjah's strong industrial sector.

TRAVEL AND LEISURE

The unique diversity of cultures, heritage and entertaining activities that distinguish Sharjah make the travel and leisure sector a key part of the emirate's economy. In addition, Sharjah offers as pristine beaches, magical mountains and desserts. In 2011, Sharjah's tourism and travel market stood at Dh1.1bn and is expected to reach Dh1.49bn in 2016, with the accompanying increased demand for luxury hotels, international brand restaurants, family and sports activities. The tourism and travel sector is also expected to grow further with several tourist projects being undertaken.

HEALTHCARE

Sharjah registered roughly 3.3 million visits to its medical clinics and hospitals in 2010. With young people constituting the largest age category in the emirate's demographic, growth of the healthcare sector in the long run is a certainty. His Highness Sheikh Dr Sultan Bin Mohammad Al Qasimi has also set up Sharjah Healthcare City as a medical free zone authority by Emiri decree.

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REACHING OUT

Sharjah is reaching out to the rest of the world with the formation of the Sharjah Media Centre, responsible for telling the world the emirate's success story

At the heart of the United Arab Emirates sits a culture capital, internationally acknowledged for its rich heritage, love of art and commitment to education.

With its visionary leadership, Sharjah claims a special place on the world map as an emirate with an exciting story to tell.

Every year this emirate, which was recently named the Capital of Islamic Culture for 2014, attracts a host of renowned authors, artists, publishers, educators and media professionals, who contribute to Sharjah's success story.

Since 1982, Sharjah International Book Fair has occupied a major space in the international publishing calendar and is ranked among the five largest book fairs.

The first airport in the entire Arab Gulf region was built in Sharjah in 1932. Port Khalid, the first operational container terminal in the Arab Gulf region, was built in 1975. In 1942 Sharjah was the first emirate to provide education for women. Today the Sharjah Medical Excellence Cluster facilitates the largest integrated medical system in the Middle East.

With all its achievements, Sharjah has a lot more to offer. Two years ago, His Highness Sheikh Dr Sultan bin Muhammad Al Qasimi, UAE Supreme Council Member and Ruler of Sharjah, entrusted the Sharjah Media Centre to tell the story of the emirate that hosts 19% of the overall population of the UAE.

Since then the centre positions itself as the speaker and listener on behalf of Sharjah on the local, regional and international media landscapes.

"SHARJAH IS COMMITTED TO CONTINUE TO BE A PLATFORM THAT PROMOTES DIALOGUE BETWEEN GOVERNMENT AND ITS PEOPLE"

The centre envisions maintaining an environment that allows for the continuous advancement of a meaningful and multisided dialogue, revolving around Sharjah and including all stakeholders involved in the media and communication spheres.

EMBRACING BEST PRACTICE

In December 2012, Sharjah Media Centre created a central communication function, which acts as a key reference for government communication in Sharjah, making the emirate one of the very few cities in the Arab world to embrace international best practices.

The newly established Government Communication Unit facilitates government communication and encourages uniform messages across Sharjah's governing bodies.

Building on the ruler's passion towards creating bridges of communication with his people and the rest of the world, in February the Sharjah Media Centre hosted the second Government Communication Forum, bringing together prominent leaders, such as Turkey's prime minister Recep Tayyip Erdoğan; former UN secretary general Kofi

Annan; former secretary general of the Arab League Amr Moussa; and former US ambassador to the UN Andrew Young, to engage in dialogue and share best practices in government communication.

In his opening speech Mr Erdoğan acknowledged the effort of Sharjah in reaching out to the world: "We live in a world where communication technology has shrunk the planet into a global village, and yet the world is more divided than ever before...We should remember that at the heart of every effective communication are words that are sincere and truthful, which originate from the heart of its speakers and reach the hearts of its listeners..."

His Excellency Sheikh Sultan bin Ahmad Al Qasimi, chairman of Sharjah Media Centre, said: "And with this spirit Sharjah is committed to continue to be a platform that promotes dialogue between governments and their people and one that encourages sharing of experiences from around the world in government communication."

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A luxury focus

SHARJAH IS POSITIONING ITSELF AS A SAFE, FAMILY-FRIENDLY HOLIDAY DESTINATION AND IS ANTICIPATING INCREASED DEMAND, PARTICULARLY AT THE HIGH END OF THE TRAVEL AND LEISURE SECTOR, SAYS BARBARA NJAU

The sun's rays illuminate Khalid Jasim Al Midfa's already beaming face, as he leans forward in his seat to talk facts. Based on the ninth floor of the headquarters of Sharjah's Commerce and Tourism Development Authority, the glass walls of Mr Al Midfa's office overlook a panoramic view of leafy parks and grand mosques, standing alongside high-rise towers and crane-filled construction sites in central Sharjah.

The emirate has developed a unique identity as a modern metropolis but retains its well-established cultural heritage. From the Al Hisn Fort, which was built in 1820 as the former domicile of the ruling Al Qasimi family, to the Blue Souk, which is the city's largest trading bazaar for goods ranging from gold and silverwares to handmade carpets and handicrafts, Sharjah's Arabic heritage is its main selling point when it comes to attracting tourists.

Alternative destination

For Mr Al Midfa, the director general of Sharjah's Commerce and Tourism Development Authority, Sharjah is increasingly serving a need among international travellers that want holiday alternatives to conventional city breaks. "The problem is that with most people wherever they go, the product [they find] is the same," says Mr Al Midfa. "They find a shopping centre with the same outlets, so it becomes a bit routine and they do not experience anything new. We have experienced a growing demand, especially from the Germans, who [want to experience our] cultural heritage."

Well known within the United Arab Emirates as having some of the



Good, clean fun: Sharjah is building a reputation for being safe and family-friendly



strictest codes on public conduct and alcoholic consumption, Sharjah has used this to its benefit, positioning itself as a safe and family-friendly destination. Sharjah has developed a mix of activities for tourists seeking alternatives to the high octane pace of city life, whether it be in one of the galleries lining the Al Qasba canal in central Sharjah, or at Sharjah's beach resorts.

"Sharjah has been able to differentiate itself by being more family oriented," explains Mr Al Midfa. "Sharjah is a 'dry' state, which means we do not have any alcohol or nightclubs here because when it comes to security, families do not want these activities. We have identified a niche and we have focused on offering things that are not offered in the rest of the region, [including] museums, a wildlife and aquarium centre, and a lot of festivals, which is unique here."

Expected growth

The travel and leisure sector has been one of Sharjah's significant sources of revenues. Shurooq, the Sharjah investment and development authority, predicts this sector, which is currently worth Dh1.2bn (\$33m), could become a Dh1.5bn industry by 2016. Playing host to a range of global hotel chains, including the US-based Hilton Hotel and Radisson Blu, and the UAE-based Rotana Hotel, Sharjah has invested in its luxury hotel market. Indeed,

demand has been on the rise as hotel occupancy rates are expected to grow at a rate of 6.2% between 2013 and 2016, according to official government estimates.

"We see a growing demand, [especially] from the Germans who are looking for five-star properties and high-end services," says Mr Al Midfa. "We are preparing ourselves for this demand by passing on this message to entrepreneurs, to construct new projects to serve the market."

Restaurants and fine dining have emerged as another area of opportunity for prospective investors. According to Shurooq, the vast majority of existing restaurants are concentrated in six areas around the city centre, thus the government is keen to attract more food and beverage outlets as demand for restaurant services is expected to grow by 4.6% in coming years. Yet Hussain Al Mahmoudi, director general of the Sharjah Chamber of Commerce and Industry, is confident in Sharjah's ability to attract FDI into its tourism industry.

"[The chamber of commerce] is venturing into hospitality and opening new hotels to cater to the business community," says Mr Al Mahmoudi. "Shurooq is developing many touristic projects to attract investors. I have travelled across the world and when I look at the region – it is quite developed. The local government is investing heavily in upgrading the infrastructure and this is stimulating business opportunities." ■



Diversification supreme: Sharjah has developed interests across the sectors, with investment in areas including waste management, and air and sea freight

Shining across sectors

MARINE AND AIR FREIGHT SERVICES, WASTE MANAGEMENT AND EDUCATION ARE JUST SOME OF THE AREAS IN WHICH SHARJAH IS LEADING THE WAY NOT ONLY IN THE UNITED ARAB EMIRATES, BUT THROUGHOUT THE WHOLE OF THE MIDDLE EAST. BARBARA NJAU REPORTS

Lacking the extensive hydrocarbon reserves of its neighbour Abu Dhabi, the government of Sharjah in the United Arab Emirates has pursued a policy of diversification in order to safeguard its economic development. Being the only emirate with borders along both the Persian Gulf and the Gulf of Oman, Sharjah has capitalised on its unique geographic positioning through building supportive infrastructure in order to promote the growth of its transport and logistics industry.

“The UAE is the new ‘silk road’, which connects the East with the West, and Sharjah is best known for its logistics services,” says Bassam Salim El Kheshen, senior sales officer at Sharjah Airport International Free Zone. “Sharjah’s airport is considered to be the largest cargo hub in the Middle East, and Sharjah’s ports

provide services for imports and exports. The businesses that establish their operations here can reach all markets within hours.”

Marine and air freight services

The trade and manufacturing sector has become one of the central pillars of Sharjah’s economy. According to Shurooq, Sharjah’s investment and development authority, the transport and logistics sector was worth Dh3.1bn (\$844m) in 2011 and Dh3.6bn in 2012. Sharjah’s officials predict that the sector will be worth Dh4.1bn in 2013, with the main driver behind this growth being its marine and air freight industry.

Having access to three deep-water ports, and being host to one of the UAE’s fastest growing international airports, means Sharjah has been a draw for investors that wish to export goods to the rest of the Middle East, as well as the Indian subcontinent. In addition, Mr El Kheshen says that Sharjah has developed an important role for those seeking to access markets in Africa, as the emirate is widely considered to offer a politically stable environment that is business friendly.

“We see many companies coming from Africa because of the tax

incentives and [Sharjah’s] location benefits, as well as its stability,” explains Mr El Kheshen. “The government of Sharjah has invested in its ports, and many companies are coming from Africa to establish themselves here to cater to African markets, particularly when it comes to construction and machinery.” Shurooq maintains that the importing and re-exporting of cargo has grown considerably, and by the end of 2010 more than 6545 tonnes of goods were imported and re-exported through Sharjah’s sea freight services.

Environmental issues

The UAE has one of the highest per capita waste levels per person in the world, meaning that environmental challenges are very much on the federal government’s agenda, and Sharjah has carved out its niche as the UAE’s pioneer for renewable energy alternatives. The move to form Sharjah’s first integrated environmental and waste management company, Bee’ah, by emiri decree in 2007 enabled the emirate to develop an expertise in sustainable waste management.

“We started Bee’ah to tackle the UAE’s environmental challenges,”

says Khaled Al Huraimel, the company's CEO. "In the Gulf, we are the highest producers of waste per person. Two-and-a-half kilograms per day of waste is generated by each person, which is one of the highest in the world. That was a problem and we started to build the infrastructure to solve it."

Since its inception as a public-private partnership between the government of Sharjah and the Sharjah City Municipality, Bee'ah has become the Middle East's leading environment and waste management company. In addition to engaging in a series of educational and sensitisation initiatives on recycling with citizens across the UAE, Bee'ah has developed the requisite infrastructure to process and recycle waste, and in 2012 Sharjah rolled out the Middle East's first residential recycling programme.

"We built a material recovery facility, which is the largest in the Middle East," says Mr Al Huraimel. "It takes the municipal waste and segregates it to recover a lot of the recycled material that we sell on. We have built a tyre recycling plant, and we have worked on several projects with Shurooq. For example, the construction of a red tyre track [for joggers] in the Al Majaz Waterfront was done by Bee'ah."

Sharjah has gained international acclaim for its environmental efforts, with Bee'ah being crowned as the 'Best Waste Management Company in the Middle East' by the Facilities Management Middle East Awards in 2012. Yet even though the sector is currently worth Dh740m, the Sharjah government is keen to expand further in this field, through attracting FDI into solar energy generation plants and water desalination projects. With the value of the environmental sector expected to grow to Dh780m in 2014 and to almost Dh1bn by 2016, Marwan Jassim Al Sarkal, the CEO of Shurooq, is a firm believer in the sector's potential for further development.

"By 2015 everything in Sharjah is going to be recycled, and that will make it the first Arab nation that recycles everything," says Mr Al Sarkal. "This is a huge area that is going to be developed under a Bee'ah initiative to attract more companies that would like to [work] with it."



BUSINESSES THAT
ESTABLISH THEIR
OPERATIONS HERE CAN
REACH ALL MARKETS
WITHIN HOURS



Education opportunities

The American University of Sharjah (AUS) has become distinctive within the region for both the beauty of its Islamic architecture, as well as its rise on global education indices as a centre of academic excellence. Located on the outskirts of Sharjah city centre, the university has become a significant conduit in developing Sharjah's appeal as an educational destination for prospective international students.

Created in 1997 by Sharjah's ruler, Sheikh Sultan bin Mohammed Al-Qasimi III, who himself was an alumnus of the American University of Cairo, AUS runs in parallel with the American education system. The quality of the university's technically trained graduates is seen as a positive selling point in the eyes of foreign companies, who are happy to employ local but well-educated Emirati graduates as a cheaper alternative to importing costly expatriates to run their offices in Sharjah.

"We are the most competitive university in the UAE in terms of selecting our students," says Thomas Hochstettler, vice-chancellor at the AUS. "We have established ourselves as a centre for ecosystem research. We have partnered with

the Massachusetts Institute of Technology, Columbia University, Oxford University, and the Health and Sciences University to monitor waste management, and we are becoming a major magnet for waste management in this part of the world."

According to Mr Hochstettler, the proactive and direct involvement of Sheikh Sultan in supporting the growth of the university has done much to lift Sharjah's international profile. Indeed, AUS's involvement in international cultural exhibitions, including the Milan Furniture Fair in 2012, which showcased the university's architectural department's art designs in Italy, has been significant in placing Sharjah on the global educational map.

"The university is becoming increasingly well known," says Mr Hochstettler. "I have been here for four years and when I first told people [abroad] that I was going to Sharjah, they asked where that is. But now when I go back home, I find more people know exactly where it is. That is because of the cultural leadership here. There is a lot of cultural activity going on and we have really become a destination for people who are interested in culture in the region." ■



Sharjah city: features bold, modern developments mixed in with traditional architecture

Sharjah factfile

ECONOMY

The total GDP of the emirate of Sharjah was Dh89bn (\$24bn) in 2012.

Source: Shurooq

GEOGRAPHY AND SOCIOECONOMY

- Sharjah covers 2600 square kilometres.
- Sharjah is the only emirate that borders all other six emirates that make up the United Arab Emirates.
- In addition to Sharjah city, which lies on the Persian Gulf on the west coast, the emirate has three regions on the east coast, touching the Gulf of Oman: Dibba Al Hisn, Khorfakkan and Kalba.
- Sharjah's Gulf of Oman coastline is 58 kilometres long.
- Sharjah's population is about 19% of the overall population of the UAE, with 85% of Sharjah's 946,000 residents living in Sharjah city.

Source: Ministry of Economy – 2008.

- Sharjah's official religion is Islam.
- The official language is Arabic, with English spoken as the main language of commerce.

GOVERNMENT

- Sheikh Sultan bin Mohammed Al-Qasimi III became the ruler of Sharjah in 1972 at the age of 32. He is the 18th ruler of the emirate of Sharjah, following a succession of Al Qasimi rulers since 1600.
- Established in 1927, Sharjah Municipality is the oldest municipality in the United Arab Emirates.

INFRASTRUCTURE

- Air links**
- In 1932, the first airport in the Arabian Gulf was established in Sharjah.
- Sharjah International Airport features five air cargo buildings that cover 32,000 square metres.

- Established in 2003, Sharjah-based Air Arabia was the first low-cost carrier in the Middle East.
- Central Sharjah is a 15-minute drive from Dubai International Airport.

Ports

- Sharjah has three ports which cover approximately 49.5 million square kilometres.
- Established in 1975, Port Khalid became the first container terminal in the Gulf Arab region.
- Today, Port Khalid and the port of Khorfakkan can jointly accommodate 5 million containers.

INDUSTRIAL AND FREE ZONES

- Sharjah has 19 industrial areas that produce more than 48% of the UAE's total industrial output.
- The two free zones in Sharjah cover 28 million square metres. ■

Source: Sharjah Media Centre (www.sharjahmedia.ae)