

RAS AL KHAIMAH GOES GLOBAL

HH Sheikh Saud Bin Saqr Al Qasimi, Crown Prince and Deputy Ruler of the dynamic RAK Emirate, outlines his vision for the future.



Government of Ras Al Khaimah



Leading by Differentiating

Steeped in history, but focused on the future, Ras Al Khaimah (RAK), one of the seven United Arab Emirates, has a broad-based vision.

Without the oil wealth of better known states in the region, such as Qatar and Abu Dhabi, RAK has successfully developed a diverse economy that provides the ideal platform for innovation and enterprise. A huge development program and series of regulatory reforms introduced by visionary, dynamic, and forward-thinking Crown Prince and Deputy Ruler, His Highness Sheikh Saud Bin Saqr Al Qasimi, have transformed RAK into a leading investment and tourism destination.

The ambitious emirate, which has a population of 250,000, has constructed a first-class business environment boasting state-of-the-art offices, business parks, industrial premises, innovation centers, and hotels. A bustling commerce and trade hub between East and West, RAK is investing more than \$22 billion in pioneering projects as it becomes an increasingly powerful presence on the global business map.

Under the leadership of HH Sheikh Saud, who came to power in 2003 by appointment of his father—HH Sheikh Saqr Bin Mohammed Al Qasimi, one of the longest-serving rulers in the world—a myriad of semi-governmental organizations has been formed, with the aim of attracting foreign direct investment (FDI), including the RAK Investment Authority, the Investment and Development Office, and RAK Properties.

“We are making our emirate available to those who wish to make a difference here.”

The Crown Prince and Deputy Ruler has identified tourism and industry as key drivers for economic growth, with officials organizing a series of road-shows and other promotional events to raise awareness of the emirate’s wide range of benefits. “To secure our objectives, we seek companies that will succeed in their industry and are determined to stay for the long term. We are gradually changing from lower-end production to high-end services and products. We welcome entrepreneurs and are making our emirate available to those who wish to make a difference in any of our sectors. I am trying to open more gates in order to attract more FDI and create



HH Sheikh Saud discusses new projects.

employment and economic prosperity.”

HH Sheikh Saud’s drive and determination to establish RAK—which means “Head of the Tent” in Arabic, due to its strategic location at the tip of the Gulf—as the United Arab Emirates’ (UAE) top business base have led to a modern regulatory environment that boasts no income or corporate taxes, no foreign exchange controls or trade barriers, competitive energy prices, and low-cost real estate. Investors also benefit from liberal labor laws, low import duties, 100% ownership in free trade zones, and easy access to major markets such as Oman, Saudi Arabia, Qatar, Kuwait, and the other emirates.

A flood of new investment lifted GDP per capita from \$9,500 in 2001 to \$14,200 in 2006, with citizens enjoying better job prospects, and tangible infrastructure improvements such as new roads, hospitals, schools, and colleges. Major building works have not affected residents’ quality of life due to a cautious approach to development. “I do not believe in big steps, but put my faith in numerous smaller steps,” HH Sheikh Saud explains. “RAK is extremely successful, not just from a business perspective, but also from a human one, as people from all backgrounds live and work together in a peaceful harmony.”



Government of Ras Al Khaimah
RAK Investment Authority



مكتب الإستثمار والتطوير
الحكومة رأس الخيمة
Investment & Development Office
Government of Ras Al Khaimah



RAK Free Trade Zone offers prime location business space.

While larger emirates like Dubai continue to make headlines, HH Sheikh Saud does not see them posing a risk to RAK's economic aims or future prosperity. "We are all proud of the other emirates. We do not see them as competitors, but as partners. The success of other states creates opportunities for us, and vice-versa," he says. "The economic growth in RAK can be compared to an engine. It might take a while to get it started, but once you do, you find less resistance. Within five years I would like to create a permanent development model for RAK. This model would stand for development that fosters itself. By attracting a critical mass of investors, the investors themselves will work as a magnet for more investors."

Despite the global economic crisis, HH Sheikh Saud is very positive about RAK's financial future, saying "fear" and "panic" should not lead to long-term objectives being rejected in favor of short-term goals. "We are concentrating on the real economy and ensuring we are still the place of choice for FDI. This means improving our airports, hotels, and other infrastructural works. Our greatest strength is our flexibility."

One of HH Sheikh Saud's most successful and high profile initiatives is RAK Investment Authority (RAKIA), which works as a vehicle for investors to launch sustainable businesses while helping make RAK a hub for industrial manufacturing. Since its inception in 2005, RAKIA has issued more than 1,800 business licenses and helped secure investment worth more than \$1.2 billion in a wide range of industries. The enterprise acts as a one-stop shop for investors, with its highly qualified staff offering advice on a range of issues.

"RAK is a unique place for investors and other potential residents because it's very investor-friendly," says RAKIA CEO, Khater Massaad. "All the rules and regulations are transparent, free, and open to promote investments. His Highness is keen



Vessels are loaded and unloaded the same day at Saqr Port.

to make sure that all investors coming here are satisfied and are running a cost-effective and profitable business. In the next five to ten years, RAK will be a very famous industrial base due to the macroeconomic outlook, which is very favorable."

RAKIA is also responsible for all industrial and free zones. "A developed industrial base is at the core of creating a real economy and constitutes a long-lasting economic development process," Massaad says. "We will continue to promote RAK's excellent investment climate, and attract industrialists to this attractive location."

With education and health care the key pillars of HH Sheikh Saud's vision for RAK, major new development initiatives in these sectors are being led by the state-run Investment and Development Office (IDO), which also has responsibility for showcasing the emirate's unique features to potential investors. As RAK's economic ambassador, the IDO has facilitated deals and entered into relationships and joint ventures worth more than \$6 billion in the last two years.

Based in modern offices, IDO staff oversee the strategic direction of RAK's development under the motto "leading by differentiating." "We already have industrial success—a winning culture," IDO CEO, Mohammed Sultan Al Qadi, says proudly. "We aim to attract investors and create a place that provides an efficient work life and a quality home life. Our strengths include the total absence of all forms of taxation for all businesses and individuals, with full currency convertibility and repatriation of capital and profits."

Founded in 2000, the RAK Free Trade Zone (RAK FTZ) is the premier business hub for industrial growth and development. Based in different locations within the state, the zone is home to more than 5,000 companies from more than 100 countries. Offering cutting-edge technology and a keen customer





RAK Properties' Mina Al Arab island and beach-front estate.

focus, RAK FTZ boasts on-demand and custom-built support services for investors in a cost-effective and customer-friendly environment. Each of its four specialist parks—Business, Industrial, Technology, and Al Ghayl Industrial—features offices, warehouses, and utilities, plus a wide range of identical advantages and benefits.

Reinforcing the organization's aims are four RAK Innovation and Promotion Centers, and Business Centers that offer fully functional offices, as well as shared offices and desks. The centers are based in RAK, Dubai, and Abu Dhabi, and are complemented by liaison offices in India, Turkey, Germany, and the U.S. With RAK's growing appeal among international investors, the emirate is slated to open similar offices in New York, China, and Japan that will reveal a host of trade opportunities and incentives and act as a gateway for investment, allowing clients with operations in RAK FTZ to directly access their facilities without having to travel to the emirate, saving the client valuable time and money.

"Our trade zone is not one single area that combines different sections," says Oussama El Omari, RAK FTZ CEO and director general. "It is spread over five different locations which reduces delivery times and leads to savings as clients can choose the best location to meet their needs—near the port, near the city, or close to the airport, for example.

"We are aiming to be the best free trade zone we can be, not the largest. Our focus is on high-end, added value companies. We actively help our clients by using our extensive database to connect them with companies that we know can deliver the required goods or services. While the global financial crisis has affected us all, we see it as another opportunity—as a chance to convince firms to reduce their costs and raise their profitability by setting up offices and operations in RAK."



Al Marjan, a flagship development by Rakeen.

RAK FTZ will be investing more than \$2 billion in six flagship projects over the next few years, including a large container port and dry dock facility, an aviation park, a navigator business campus and a downtown business plaza. The company is also exploring waterfront investment opportunities, and a project aimed at accelerating skills provision through an education park and academic center.

Major Port Expansion Under Way

Located close to major shipping lines and the Strait of Hormuz at Khour Kuwair, Saqr Port is the largest in the emirate. It boasts a huge container terminal, which is operated by the Kuwait-based KGL Ports International (KGLPI) through a 21-year concession agreement signed in 2004. KGLPI is investing more than \$50 million in modernizing, developing, and improving operations at the terminal, with throughput expected to reach 300,000 TEUS (twenty foot equivalent units) per year in its third year of operations.

"The waiting time for vessels at Saqr Port used to be up to 14 days, which, at between \$10,000 and \$70,000 a day, was an expensive venture," says Saqr Port general manager, Naser Bustami, who holds the same position at local quarry firm Stevin Rock LLC. "Waiting time is now zero, with vessels loaded and unloaded on the same day. We loaded 30 million tons in 2008 and have a total capacity of 50 million tons. We are looking to extend our range by deepening some parts of Saqr Port so it can handle vessels of up to 150,000 tons. This would allow both ourselves and Stevin Rock to reach places like Australia, South Africa, and South America."

RAK Customs and Ports Department was founded in 1930 and plays an important role in the nation's economic development by speeding up transactions and enforcing trade

and customs regulations. “We scan all goods that go through the port and comply with the laws and regulations of the UAE,” explains Mohammed Al Mehrezi, director general of the Customs and Ports Department. “We operate very quickly, even though large numbers of traders want to use our facilities. We currently have nine offices within the ports and airport and are expanding our services abroad. Despite the global economic situation, our trade has seen 35% growth and we are going to expand the port so it can cater to larger vessels with longer range. We also manage the customs departments of ports in Somalia, Kenya, and Georgia, in cooperation with RAKIA, which offers management, investment, and other services to these international ports.”

Attractive and carefully planned real estate developments form a key part of RAK’s future as the nation looks to provide quality villas, houses and apartments. RAK Properties supports and promotes economic growth in the fourth largest emirate through a wide-ranging program of development projects in coastal and inland areas. With a capital base of \$650 million, its impressive portfolio includes luxury hotels and resorts, shopping malls, factories, and similar industrial and commercial bases.

Responsible for some of RAK’s most remarkable construction projects, RAK Properties’ flagship developments include the stunning \$2.7 billion Mina Al Arab island and beach-front estate. Covering an area of 2.8 million square meters, the massive project includes resort hotels, luxury villas and town houses, malls, restaurants, and various recreational facilities, such as gyms, tennis courts, and cycle ways.

“RAK Properties creates communities that merge local flavor with international standards.”

The organization has also launched new partnerships in Africa, the Indian sub-continent, and some Commonwealth Independent States. It has also purchased land in other emirate states, as well as in Tanzania, Georgia, Morocco, Qatar, and India. “RAK has not seen any significant residential development since the 70s,” says John Heck, executive vice president of RAK Properties.

“This residential deficit, combined with the ever-growing number of expats living in RAK, is creating huge demand for real estate. On top of that, RAK is further developing its tourism and service industries, which requires hotels and offices. If you combine these factors, it is clear there is a wealth of potential in the industry for the coming years.”



Stevin Rock is the largest quarry operator in the Middle East.

Heck believes RAK’s “cautious” and “conservative” approach to urban development, will lead to a more sustainable and less hectic environment. “We work to create urban, residential, recreational, and business communities that merge local flavor with international standards. We use lots of open and green areas which allow people to breathe and feel healthy and happy.

“There is not much competition between us and other companies. HH Sheikh Saud has a clear vision that translates into a diverse range of projects throughout the emirate. When one company is building a hotel, the other might be building a residential or mixed-use complex. This approach ensures a diverse landscape and an attractive environment for residents and tourists.”

Heck confirms that work on RAK Properties’ showcase development Mina Al Arab is continuing as planned, despite future projects being delayed until global economic conditions return to normal. “This resort destination is a gated community that will attract expats, locals, and tourists,” Heck explains. “It has been designed by architects from across the world and is in line with our strategy of focusing on high-end, up-market clients. It is a large project, and due to our financial strength, we are able to continue with it as planned. Our vision for the future is to maintain our position as the premier developer in RAK. We see steady growth, based on good foundations, which will enable us to maintain our excellent reputation. We will keep organizing roadshows and continue to participate in relevant trade fairs and other events.”

Meanwhile, charged with overseeing all of RAK’s major construction projects—from man-made islands to eye-catching skyscrapers—as well as overall planning of the emirate’s real estate development, Rakeen is the driving force behind



its rapidly changing skyline. Taking its name from the Arabic term for “central pillar,” Rakeen has the authority to reject any planned development it feels is not financially viable or is not sympathetic to RAK’s cultural, historical, and environmental values. Its latest developments include Al Marjan Island, RAK Convention Center, and RAK Financial City.

Rakeen also has an impressive international property portfolio and is planning to expand its activities in regions including sub-Saharan Africa and central Asia. “We are playing a decisive role in the shaping of the future of our emirate and are fortunate to be entrusted with key projects that will firmly change the landscape and create a sustainable environment to enhance RAK’s long term success,” says Rakeen COO, Marc-Henri Veyrassat.

“We are the leading land master planner in the emirate, and responsible for delivering projects that will significantly alter its geography. Projects such as Al Marjan Island, Dana Island, and Gateway City are positioned to double the population of the emirate within five to seven years. We remain positive and bullish about the future. With all the projects we have on the horizon, we are on the cusp of entering an extremely exciting period in the company’s history.”

As one of the UAE’s largest employers, with a combined workforce of more than 2,500, Stevin Rock is at the forefront of the region’s many construction projects with its materials used in the building of the famous man-made islands in Dubai: The Palm and The World. The largest quarry operator in the Middle East, Stevin Rock was founded in 1975, and mines and sells more than 39 million tons of high-grade limestone, rock, concrete, and asphalt aggregates for the construction industry. A sovereign company since 1997, it currently owns and operates three quarries in the emirate.

“Stevin Rock has an excellent reputation in the industry and a strong financial structure.”

The acquisition of RAK Rock Company—an aggregates producer for cement and construction firms—in October 2007 increased Stevin Rock’s annual production levels to some 62 million tons, making it one of the largest quarry operators in the world. In 2007, the company won the UAE’s most prestigious business accolade—the Mohammad Bin Rashid Al Maktoum Business Award—in the manufacturing category.

Stevin Rock is one of the few companies in the region with ISO 9001:2000 quality certification, and the only one capable of delivering large quantities of materials due to its significant size.

Well-known for its excellent service and high quality products, the group constructed its own five-berth port at Khor Khuwair capable of handling barges with cargos of up to 25,000 tons. “We enjoy an excellent reputation in the industry and have a strong financial structure,” says general manager Naser Bustami. “We are trying to diversify our market and are looking at Abu Dhabi to see if they will initiate the same construction program as Dubai.”

Stevin Rock is not the only major exporter based in RAK, with leading ceramics and porcelain producer, RAK Ceramics, also shipping its comprehensive range of high-quality products to global markets. In less than two decades, RAK Ceramics has established itself as one of the world’s leading designers and manufacturers of high quality ceramic wall and floor tiles. Its innovative approach and substantial investment in cutting-edge technology at its huge factory enables it to produce 220,000 square meters of ceramics per day. The company, which employs 7,500 people in RAK, enjoys an excellent reputation and sells its brands in more than 135 countries. Its wide range of products include bathroom sets, wall and floor tiles, with porcelain tiles available in various finishes.

Unsurprisingly, the company enjoyed a profit of \$56 million on a turnover of \$600 million last year. “RAK Ceramics is a famous and respected name in the industry. We produce very high quality products and supply all major projects around the world,” says CEO, Khater Massaad. “We supplied products for the new Wembley Stadium in England, several airports in Germany, many top hotels, and car showrooms for luxury brands such as Mercedes Benz.

“Our policy has always been to choose the best technology and machinery, so that we can compete with anybody, in any product range throughout the ceramics industry. RAK Ceramics’ role in the economy of RAK has been extremely important for many years and proves that the business climate in RAK is very positive. There are numerous opportunities here for industrialists and businesses.”

A Wealth of Opportunities

A growing tourist destination, RAK’s attractive beaches and mountainous backdrops are drawing increasing numbers of foreign visitors. In 2007, tourism contributed 2.3% to the state’s GDP, with tourist numbers up 28% from the previous year. Officials expect those figures to rise sharply over the next few years through substantial investment in tourism-oriented infrastructure such as hotels and resorts.

RAK Tourism, which comes within RAKIA’s sphere of activity, is the entity charged with developing the sector, and uses a mix of innovative marketing tools to publicize the benefits of a leisure holiday or corporate visit to the emirate. It is currently



Unwind in luxury at Hilton Ras Al Khaimah Resort and Spa.

developing a strategy around the concept of ecotourism and nature-oriented activities, while raising awareness of its diverse landscapes, rich heritage and history, and excellent climate.

"The government recognizes that a strong and robust tourism industry will contribute to an overall robust economy," says RAK Tourism manager, Hilary McCormack. "Over the long term, it will bring direct foreign exchange and investment, and so is a vital and expanding part of the economy. Our main target markets are Germany, France, Italy, and Russia. We see potential in the Indian and Asian markets too."

McCormack reveals that a multi-million-dollar upgrade of RAK's international airport will boost capacity to a million passengers per annum when it opens in early 2010. "Increasing the tourism share of GDP requires investment in tourism-related infrastructure, such as hotels, transport services, and supply services," she says. "The evidence of this investment is clearly visible today in RAK. By expanding our ability to cater to growing numbers of tourists, we are creating job opportunities right across the industry, and opening up other ancillary business investment opportunities."

Luxury hotels feature strongly on RAK's tourism landscape. Hilton has two establishments in the emirate: Hilton Ras Al Khaimah, which offers business travelers convenient access to the city center, and the prestigious Ras Al Khaimah Resort and Spa. Located on a private beach beside the Arabian Sea, this unique resort, with its "One Thousand and One Nights" theme, offers a world-class spa and excellent dining facilities. There are 324 air-conditioned guest rooms, including a range of exclusive suites, all decorated in traditional Arabian style. It also offers 151 traditionally designed villas. Along with a full range of water sports, visitors to RAK can enjoy desert or mountain jeep safaris, tennis, golf, horse riding, access to shooting and



RAK Petroleum is adapting to new technologies.

aviation clubs, and the history and culture of RAK's old town.

Firms operating in the UAE's energy sector are among the major winners of the wave of new developments. Formed in 2005, RAK Petroleum was launched with an initial capital of \$820 million and has a broad mandate to invest in the exploration and production of oil, gas, and other materials, as well as process, store, transport, and market hydrocarbons and their derivatives. Through drilling and strategic acquisitions, it plans to form an upstream business mainly focused on the Middle East and North Africa.

"We are an ambitious company and are eager to expand our activities and purchase a significant asset portfolio from other companies," says Alain Duport, RAK Petroleum general manager. "We have cash available, but are careful as to how and where we spend it. When we evaluate potential purchases, we don't just look at the activities, but also the size. We are a medium-sized company that wants to acquire similar-sized firms. We often engage in joint ventures with other firms, such as BP, which is one of our partners in the Sharjah emirate."

With governments, industries, and consumers throughout the world demanding an increasing emphasis on "greener" energies, Duport sees RAK Petroleum as having to adapt to the new circumstances and take advantage of opportunities that are sure to be presented by new technologies and resources. "One of our core strengths is our highly-skilled work force, which we have recently strengthened. We have also combined our strengths with the right partners; the capacity to choose partners and negotiate a true win-win situation has been one of the fundamentals behind our success.

"As a local company, we have to take care of the various needs that arise in the emirates. One such example is our commitment to helping solve the gas deficit in RAK. We take

this responsibility very seriously and are making further efforts to increase our portfolio here, and so participate in the search for a solution to this difficult challenge.”

RAK Gas LLC, meanwhile, is the sole provider of gas in the emirate, with responsibility for its procurement and distribution to domestic and commercial customers. “We are negotiating with several suppliers in Abu Dhabi, Qatar, and Iran to secure larger and more sustainable gas supplies,” says general manager, Ahmed Essa Al Naeem. “Exploration is continuing in RAK and there are high hopes for projects in Tanzania, while we are contemplating building a liquid natural gas plant that could receive gas supplies from tankers.”

Primary Materials in Big Demand

Suppliers of steel and cement are among the many enterprises benefiting from RAK’s surge of investment in new construction projects, as they supply the raw materials for new skyscrapers, hotels, shopping malls, and real estate projects. RAK Steel, a joint venture between RAKIA and the Middle East Traders group, has the capacity to produce up to 500,000 tons of steel reinforced bars each year following hefty investment of \$50 million, and runs the second-largest reinforced bar manufacturing mill in the UAE. The company prides itself on having a low carbon footprint, a high quality product, and excellent efficiency levels and low costs.

“We are a young company in an old industry and have therefore implemented the latest technologies in our new factory,” states RAK Steel CEO, Ajay Aggarwal. “The steel we make is superior to that of our competitors. Our investors have long-term experience in steel manufacturing with another factory in Oman. They have therefore been able to implement best practices, which has given me confidence that we could compete with anybody in this segment.”

Although RAK Steel has already ordered the machinery that will allow it to increase production by 50% to 750,000 tons per year, the management team has decided to wait until global markets are back to normal before increasing production levels. In the meantime, the company is looking into vertical integration by setting up mill shops and diversifying the product range. “We are very much aware of the importance of an environmentally friendly approach,” Aggarwal says.

“As well as our state-of-the-art facility—which was built in just 16 months—we use scrap as raw material. As for industry achievements, within the first six months we received the prestigious ISO 9001:2000 certificate and, in the near future, we expect to be awarded the Certification Authority for Reinforcing Steels (CARES) status. CARES is a UK-based organization that examines and evaluates the quality of steel, the production process and factory standards.”

Providing many of the foundations for the emirate’s impressive portfolio of construction projects is RAK Cement Company. Founded in 1995, the company has 120 employees who manufacture 1.2 million tons of cement per year, most of which is used in projects in the UAE. In conjunction with a South African firm, the company recently started to produce a new super-strength concrete, which is proving popular in the construction of high-rise buildings in seismic regions, and buildings with foundations in water. Production levels of Powercrete Cement are set to double to 600,000 tons per annum. RAK Cement chairman, Abdul Rahman Alsharhan, says: “The last few years in this industry have been great. We have about a 10% share of the market in the UAE, a state-of-the-art facility and a strategic location with large reserves of limestone next to our factory. We have an excellent industry reputation as we differentiate ourselves via quality and service.”

The company’s cement is being used in major projects in Dubai, and it has diversified its product range by producing Powercrete through a joint venture in Abu Dhabi. “The future might be bumpy, but during an economic crisis, people are forced to seek new opportunities,” Alsharhan says. “The UAE is very stable, and thus attractive and sustainable for investors.”

“RAK Cement has a 10% share in the UAE market and a strategic location.”

Gulf Cement, meanwhile, is the UAE’s largest cement maker with an annual production capacity of 2.5 million tons of cement and 1.3 million tons of clinker at its main site. The firm employs around 500 people and exports its goods to several regional markets as well as 11 countries. It is currently constructing new production works that will boost its output capacity to 3.8 million tons.

As HH Sheikh Saud’s impressive economic and social development plan continues to take shape, he is determined to achieve his ambition of transforming RAK into a global business hub that will benefit investors and residents for many generations to come. “My vision is to make RAK realize its tremendous potential by building a diverse economy that enjoys strong, sustainable growth through attracting investments to create wealth and raise the standards of living for all the people in RAK,” he says. “I want to create a bright future for our young men and women by making available to them the best possible standard of education, by developing community services, and providing a modern infrastructure in a safe and secure environment.” ■



RAKSTEEL