

# RAK

## ANYTHING BUT TAXING

Ras Al Khaimah is on a roll as the northernmost emirate in the UAE steps out of the shadows of its more famous neighbors to offer a straightforward, investor friendly, totally tax-free environment

While the North Star changes with time, its consistency lies in the fact that it is always a guide to navigators that they are heading in the right direction. The same could be said for countries fighting to be the most attractive destinations for investment: the leading ones change with time and trends, but, at any given moment, they are a safe bet for your investment.

The current north star of the Middle East is Ras Al Khaimah, one of the seven United Arab Emirates, a nation which has attracted investors in recent years through a boundary-pushing plethora of grand plans. The RAK government's vision for economic development, however, is not only about gravity-defying constructions and out-of-this-world infrastructure; in RAK the aim is to develop the best business and lifestyle opportunities, all in one place.



**Sheikh Saud bin Saqr Al Qasimi**  
Crown Prince and Deputy Ruler of  
Ras Al Khaimah

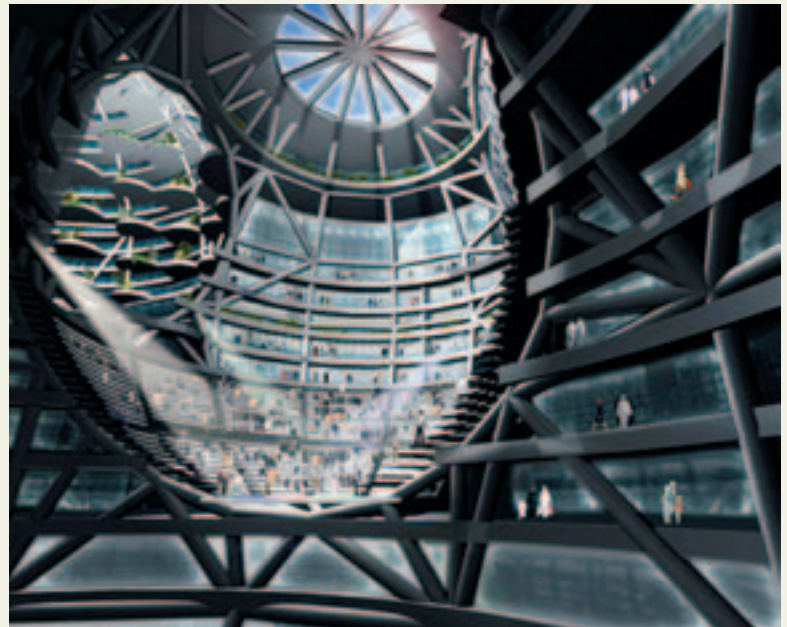
Committed to making RAK "a place where you can stay" but also "an environment that is very straightforward for business", the Crown Prince and Deputy Ruler, His Highness Sheikh Saud bin Saqr Al Qasimi takes a holistic approach to the development of the emirate. In other words, all projects or legislations, whether business or socially-oriented, are geared towards making RAK one of the best places to live and work in the Middle East.

Sustainable development is part of the emirate's DNA. As the most diversified economy in the UAE, thanks to economic independence from what have been, until now, insignificant oil deposits, RAK does not have to make ostentatious gestures to prove its advancement away from a reliance on finite energy sources.

"The economy is booming and there have been drastic changes in areas such as industrial development, tourism and construction. This is a direct result of the contribution of the Crown Prince," remarks Jihad Quzmar, legal advisor to the government of RAK.

A range of industries, from ceramics to engineering, tourism to real estate, are all important parts of RAK's economic development. To complement the growth of these sectors, constant improvement of road networks and the international airport are currently under way, making the emirate easier to navigate with each passing day.

RAK's main port, Mina Saqr, has eight deep-water berths for bulk handling, but plans to expand are under way as part of a \$1 billion investment in the four main ports of RAK. "Through the development of all our ports we want to make RAK the largest bulk terminal in the region, and a bridge for this region to the world and the world to this region," says the Crown Prince.



Encapsulating holistic development: RAK Convention and Exhibition Center at Gateway City.

In recent years the RAK government has taken important legislative and organizational steps to make the emirate a friendly destination for international investment. In 2004 the Investment and Development Office (IDO) was established, along with the complementary RAK Investment Authority in 2005. Free zones and an absence of income and corporate taxes, as the CEO of IDO Mohammed Sultan Al Qadi highlights, strengthen RAK's appeal to investors: "Any company that comes here is very welcome and we want to make sure that they will be happy here, so we have a win-win situation." This positive approach is further confirmed by a legal shift in terms of ownership, a move which served to further position the emirate as a favorite for international investors.

While recent years have seen GDP growth surpass all previous records, they will also be remembered for the 1,000+ new companies registered in the emirate, the \$1 billion of FDI and the launch of ambitious projects such as the eight million square foot RAK Financial City. These numbers, however, look unlikely to decrease in the face of a more precarious global economic situation in 2008 as government spending in the whole of the UAE will continue to boost confidence.

As a small place and neighbor to currently more well-known emirates, RAK's vision will continue to shine as brightly as it has been doing. "We have simple ideas," says Sheikh Saud, "but we are transparent, cost-effective and there is no barrier of nationality." In other words, RAK sounds like a great star to follow. ■

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RAK

## HISTORY AND LANDSCAPES PIQUE TOURIST CURIOSITY

Steeped in beauty and awash with new tourism opportunities, RAK juxtaposes its rich past with a modern, diverse leisure experience



In the UAE, building an attractive destination for tourists is often done through shock therapy. Think a three billion square feet leisure complex and the world's tallest hotel are impossible tasks? Think again. There, shock therapy is working, making travelers more curious by the day.

In Ras Al Khaimah, attempts to appeal to tourists are also taking advantage of what are, by now, their well trained expectations of the UAE's ability to surprise. Like its fellow emirates, it too plans to wow us with seemingly impossible structures. However, while RAK witnesses a construction boom that will create amazing leisure experiences, the foundations for the emirate's destination-building plans are also based on two things that are already there – the past and the landscape. Granted, major developments will give travelers an opportunity to try the Emirati shock therapy up close, but a grand part of the appeal of Ras Al Khaimah also lies in its history and scenery.

As a member of the family that has ruled RAK since the early 18th century, Crown Prince and Deputy Ruler Sheikh Saud bin Saqr Al Qasimi is more aware than most of the importance of Ras Al Khaimah's history and its appeal to visitors, but also of the

**OUTSTANDING  
TOURISM  
DEVELOPMENTS  
WILL GIVE  
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THE EMIRATE  
A UNIQUE AND  
CONTRASTING  
EXPERIENCE**

challenges of future development. "We are full of history but concurrently we want to be modern. We want to develop the potential of Ras Al Khaimah but at the same time we want to preserve our natural beauty."

In RAK this careful balancing act is carried out through a juxtapositioning of past and present, natural and man-made beauty, in a multi-faceted leisure experience that will continuously surprise the visitor.

Fortifications such as the Dhayah Fort and abandoned towns like in Jazirat al-Hamra will bring visitors closer to the foundations of the region, while the sight of traditional dhow boats will jolt tourists into remembering the emirate's maritime past. Trips to the Mussandam Peninsula will bring the visitor in touch with the amazing "fjords of Arabia" and a 3,000 feet hike up Wadi Bih is the route to the most staggering natural scenery in UAE.

Meanwhile, the range of new leisure complexes and hotels being furiously planned are not there to replace these historical structures and breathtaking scenery. Rather they are complementing travelers' experiences of the history and beauty of RAK with a comfortable and modern place to stay, contributing to the construction of a lifestyle that is such a grand part of Sheikh Saud's vision. Projects such as WOW RAK and the Al Marjan Island are just two examples of large-scale leisure and accommodation projects currently under way, while visitors can already stay at a range of hotels and resorts throughout the emirate, where room numbers have increased almost 50 percent since 2005. As a nascent tourist destination, then, RAK is still building its image and there are plenty of opportunities for investors to contribute to its construction. ■

## BRIDGING THE GLOBAL EDUCATIONAL DIVIDE

Educational ties afford young emiratis the chance to attain U.S. degrees at home

When your deputy ruler declares that "knowledge is our ally", you know which way you're headed in the battle to be the most competitive destination in your region: straight back to school.

In Ras Al Khaimah, a policy commitment to education means that the government is not only focusing on building more schools and universities, but also on making sure that what goes on inside these buildings contributes to economic growth.

Through ambitions to create a world-class boarding school, or allocating 544 acres of the RAK Free Zone to educational enterprises such as research and teaching institutions, the government is showing that its priority lies, as suggested by Crown Prince Sheikh Saud, in "trying to make sure that the talent we have here will grow."

One institution working with the RAK government to nurture local talent is George Mason University. At

the GMU-RAK campus there are almost 100 students being trained in subjects as diverse as biology, engineering and English, all identified as priority topics for the UAE labor market now and in the future.

The philosophy and priorities of a U.S. education are central to GMU-RAK's appeal, and unlike many international universities in the region, all diplomas are issued by Mason itself. As Vice-President Sharon Siverts underlines, "Parents can send their children to a university located in this region and still achieve their goal of an American-based higher education degree."

The United States, however, is not the only reference point for Professor Siverts: "We are really preparing students to be able to compete locally and globally, and to be competitive with the world's best."

Going back to school in RAK has a clear objective then; by making knowledge the priority for local human resource development, the emirate is heading for victory in the battle for competitiveness.

## HEALTHCARE FORMS CORNERSTONE OF RAK'S APPEAL

New hospitals, knowledge sharing and investment give RAK a healthy disposition

Cardiology, neurology, and urology, paediatrics, physiotherapy and plastic surgery; the list is endless. Taking care of a population is a varied task, where needs must be met with the latest technologies and the highest standards of treatment.

While there are only 250,000 potential patients in Ras Al Khaimah, being small doesn't make this emirate shy away from investment in healthcare. In fact, from new hospitals to medical research centers, RAK's commitment to improving its services is allowing the emirate to meet the challenges of modern healthcare.

The November 2007 opening of the \$27 million RAK Hospital, run by the public-private venture Arabian Healthcare, is just one of the developments in the sector. Only eight months earlier, Houston's Methodist Hospital signed a deal with the government to

run a Multi-Speciality Hospital. The first phase, which will provide care in five specialities is set to open in 2008.

Meanwhile, the emirate's commitment to educational development also extends to healthcare. An agreement signed with Tufts University's Friedman School of Nutrition Science and Policy will see this world-famous school bring its knowledge to the UAE when it launches training courses and its first Masters in Nutrition at the RAK-Tufts Enhanced Nutrition and Wellness Centre in 2008. This institution will form part of EDRAK's educational zone, ten miles outside RAK City, proving that health and education are leading the government's commitment to providing a better lifestyle for the inhabitants of RAK.

"We want to offer the people that come to work and live in RAK a unique lifestyle and healthcare is very important when it comes to that," says Mohammed Sultan Al Qadi of the IDO.

The challenges of creating that lifestyle are varied, but so far RAK's potential is looking pretty healthy.

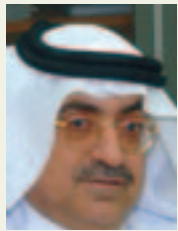
# RAK

## TOWERING AMBITION RAISES THE BAR IN PROPERTY

RAK Properties is investing huge sums in the development of infrastructure, a government priority

Ready for business and leisure – that's the trademark of Ras Al Khaimah, with its unique landscapes and advantageous conditions for investment. It could also be the trademark of RAK Properties, established in 2005.

Hand in hand with the UAE government's attempts to improve infrastructure, RAK Properties is investing in what it sees as the great potential of the local, regional and international real estate market. Any doubts regarding oversupply of real estate in UAE, however, are dispelled by the company's Managing Director and CEO Mohammed Sultan Al Qadi. "In each project we have launched, the majority of units are sold out," he says. "This means that there is still demand for properties all over the UAE."



**Mohammed Sultan Al Qadi**  
MD/CEO of  
RAK Properties

A range of quality projects, providing living, business and entertainment solutions for their clients, defines the RAK Properties brand. "In real estate the market is open," says Mr. Al Qadi. "You have to offer choices and at RAK Properties we want to give the people the opportunity to choose."

Launched in 2006, Julfar Towers and Mina al Arab are RAK Properties' current flagship projects, presenting residents with a quality space to live and work. Costing more than \$3.5 billion, Julfar Towers and Mina Al Arab offer contrasting lifestyle choices. The former, a 43-storey office and residential tower is set for completion in 2009 and will provide occupants with a unique setting for business and leisure.

Mina Al Arab, on the other hand, is a commitment by RAK Properties to a new landscape, holding 35 million square feet of living and entertainment solu-



Julfar Towers and Mina al Arab are already mostly sold out and a 2007 deal with Hilton will strengthen RAK Properties' presence.

tions. A July 2007 deal with Hilton will ensure high-quality management of this development that, Mr. Al Qadi believes, will create a cosmopolitan space, commenting: "This place will provide a home for people from all over the world."

Future buyers have to be quick. "Most of Julfar Towers are sold out and whatever we have already launched in Mina Al Arab is also sold out," says Mr. Al Qadi.

In anticipation of the impact of these new developments, 55 percent of RAK Properties share capital (the other 45 percent is held by the founders) was distributed in a 2005 IPO. Oversubscribed 57 times, a year later, investors received a 7.5 percent dividend.

No matter how successful RAK Properties latest projects are, Pakistan, Tanzania and Jordan remain international targets, and projects like the residential RAK Tower on Al Reem Island in Abu Dhabi will reinforce the company's national presence.

Meanwhile, aggressive marketing across the MENA region and beyond means that investors worldwide are taking notice of RAK Properties.

"We are active, and strong at delivering and developing excellent quality projects," says Mr. Al Qadi. "So as you can see, we are everywhere." ■



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RAK

## 'SUCH UNIQUE PROJECTS ARE ONLY POSSIBLE IN THE UAE'

At the forefront of the world's most spectacular architectural undertakings, the UAE is breaking new ground in design

City Properties, formed in 2003, set out with the objective of providing property management services. Now the company has its own development ambitions, and provides a wide range of services for landlords and tenants. Here Chairman Abdullah bin Mohammed Al Shaibani talks about City Properties' vision for the future.

City Properties provides property management services throughout the UAE. Tell us a little about these services.

Since 2003 we have gradually expanded our range of services, from management to maintenance, security and clearance. We have also developed a comprehensive IT system for property management, and this has given us an edge over the competition. We currently manage more than 3,400 units, our biggest market being Sharjah, Dubai and Abu Dhabi, and we intend to expand our operations in the Middle East.

And what is your strategy?

City Properties' strategy for managing property is very different from that of our competitors. We place the emphasis on balancing the interests of tenant and landlord. We also realize that we must provide the most comprehensive service possible. Ours is a very transparent system allowing landlords to closely follow the management of their properties. When I create a building I want it to last for many years.

Staggering GDP growth is making Ras Al Khaimah the UAE's most exciting emirate. Why is the attention of everyone, including City Properties, suddenly on RAK?

Firstly, location is important. RAK is located at the northernmost tip of the UAE, and as such has the most diverse scenery: desert, coastline, and the Hajar Mountains in the north. Also, the RAK government is very active in encouraging economic development. Infrastructure has been improved and the government has also done a lot to promote industry, notably by creating the RAK Free Trade Zone, the Investment Authority and the Investment Development Office.



Abdullah bin  
Mohammed Al  
Shaibani  
Chairman of  
City Properties

And what are the major factors that make investors turn their attention to the RAK real estate sector?

RAK has chosen the correct time to launch real estate developments. A few years ago, when the sector was first taking off in Dubai, such ambitious projects in RAK would not have been possible. Also, the locations for the projects are the right ones, be they coast, mountains or desert.

Do you agree that the growth in tourism to RAK is providing a clear opportunity for real estate development?

Yes. Development and tourism are very closely linked. Tourists are attracted to the pollution-free environment and developers are taking advantage of the existing tourism industry in the emirate, but their developments will in turn help to boost tourism for the future.

And how will City Properties help boost tourism in RAK?

Our new project, Khayal Island (Fantasy Island), was launched this year. It is an innovative tourism project that blends traditional symbols of the UAE and the sea with modern architecture. I think the UAE is the only place in the world where it is possible to envisage such unique projects and this is why the name Fantasy Island is particularly appropriate here. ■

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RAK

## TURNING CONSTRUCTION ON ITS HEAD

An upside-down tower featuring a sub-aquatic restaurant? City Properties aims high, or low, depending on how you look at it

Only in the emirates do you get a tennis court that hovers 650 feet in the sky. Only in the emirates do they make a world out of man-made islands. And only in the emirates will you find an upside-down tower.

Yes, you read it right: very soon, in the UAE, next to one more traditionally inclined tower, there will be another identical version where everything is upside down, from the structure to the doors, the floor organization and the fountains. It seems difficult to believe, but when you consider it's going to be built in the UAE, you know it's more than possible.

This tower, which will undoubtedly become one of the nation's biggest tourist attractions by the time it and its right-side-up twin are completed in 2011, will be built on Al Khayel, or Fantasy Island, in the northern emirate of Ras Al Khaimah. And that's not all you'll find in this landmark project.

Built on a natural island near the Al Hajjar mountain range, Khayal Island (Fantasy Island) is the brainchild of City Properties, an Emirati property management and development company. After the purchase of the island for \$163 million, the development will cost another \$2 billion, but for City Property the outlay is worth it.

By ensuring the success of its project through strategic partnerships with experts in architecture and project management, the company is bringing its unique vision to RAK, creating a place that will provide visitors with an unprecedented leisure experience in an increasingly competitive tourism sector.

The vision includes an underwater restaurant, where visitors will be able to dine while viewing sub-aqua wonders. And the marine experience will not end there, as the sea theme will be present throughout Fantasy Island.

"The sea is an essential element of the UAE's history and culture, so the nautical theme is important to our project," says Abdullah bin Mohammed Al Shaibani of City Properties.



Khayal Island (Fantasy Island): made real by some of the world's most innovative designers.

"For example, part of the island is designed in the shape of a fisherman's spear, which historically was used in the UAE for catching fish."

A mermaid and a seahorse also lend their forms to the design of the island and these maritime symbols will house residential spaces and commercial buildings, while villas in the shape of ships and shells will also provide accommodation solutions.

As for the upside-down tower, Mr. Al Shaibani's vision is unique. The first floor will be on the top, and the top floor on the bottom. Plants will grow downwards, and visitors will have a Fred Astaire moment as they walk on the ceiling. "The towers will be the centerpiece of the development and its focal point," says Mr. Al Shaibani. Of course they will, how couldn't they be?

With every new development, the challenge to make dreams come true is being famously met by the UAE real estate sector. Only in Ras Al Khaimah, however, will you soon find the fantasy of Al Khayel, where an upside-down tower and an underwater restaurant will surprise visitors and, once again, make them wonder whatever will they think of next. ■

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# RAK

## A FRESH, NATURAL APPROACH TO DEVELOPMENT

From a man-made island and offshore financial districts to spa resorts and mountain retreats, Rakeen is shaping the new RAK



**Dr. Imad Haffar**  
COO of Rakeen

Rakeen – an Arabic word that means “central pillar” or “trustworthy support” – is the emirate’s master developer pioneering ambitious, large-scale property projects. “We started operations in July 2006 with four billion dirhams in assets, and today the value of our projects is more than 25 billion dirhams,” remarks COO Dr. Imad Haffar. “We currently have more than ten mega-projects here in RAK, and worldwide we have invested in around 12 developments in Bulgaria, Georgia, Iran, Lebanon, Egypt, Jordan, India and Congo.”

The \$1.8-billion Al Marjan Island is the first man-made island to be developed in the emirate. Nearing completion, the mixed-use scheme is designed to become a haven of luxurious living and leisure. So what makes this particular island project original? “The difference is that we are developing our island in a very responsible way. We are ensuring that we will not hurt the marine life but in fact will enhance it,” comments Dr. Haffar. Against hostile dredging, Rakeen has carefully laid more than two million pieces of natural rock to build essential breakwaters instead of using concrete, which is visually unacceptable and naturally unfriendly to marine life. This approach has created a new home for marine life. In the long term it will attract coral life and encourage a reef formation, thereby giving a new ‘natural’ wonder to RAK and an underwater paradise unique to the Arabian Gulf.

On dry land, Rakeen has Gateway City under way – an integrated commercial and residential development built in five phases to be completed by 2012. Covering 400 million square feet, its discernable character will be “modern, friendly, well orga-

nized, well presented, challenging to the mind and challenging to your creativity,” states Dr. Haffar. “The city is in a very beautiful and unique place in the desert. Today, people need to be challenged. If we don’t create cultural challenges, cultural attractions, and innovative things for the new generation to do, they will be bored.”

RAK Financial City is destined to become the new hub for the offshore financial operations of the regional business community. It will also enhance the cultural and social fabric of the emirate and become a major tourist attraction. The \$800-million, 750,000m<sup>2</sup> project will include uniquely designed towers ranging from 30 to 65 floors, containing offices, residential apartments, hotels, commercial areas and related services. “RAK Financial City is the body that houses Rak Offshore, the soul. Rak Offshore will be an international financial hub, providing financial services, logistics, insurance, etc. It distinguishes itself firstly by it all being under one umbrella and secondly it is in the free zone area,” adds Dr. Haffar. ■

### PROJECTS LEVERAGING ADVANTAGES

#### AL MARJAN ISLAND

▶ A pioneering man-made cluster of five coral-shaped islands with luxurious living and leisure facilities.

#### BAB AL BAHR

▶ The idyllic cosmopolitan resort on Al Marjan Island offering a hotel, apartments, retail and office space.

#### BANYAN TREE RESORT

▶ Built to preserve nature and provide residents and tourists with a tranquil getaway close to the city.

#### GATEWAY CITY

▶ Heralding a new era in RAK’s development, the Gateway is a fully inte-

grated commercial and residential project.

#### RAK CONVENTION CENTER

▶ An iconic mixed-use design featuring hotel rooms, offices, retail space, convention facilities and exhibition halls.

#### JABEL AL JAIS

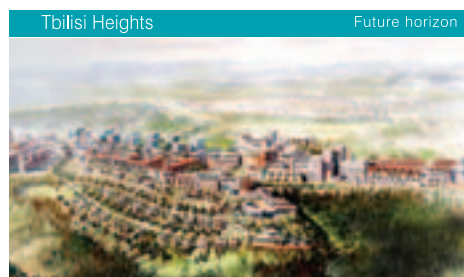
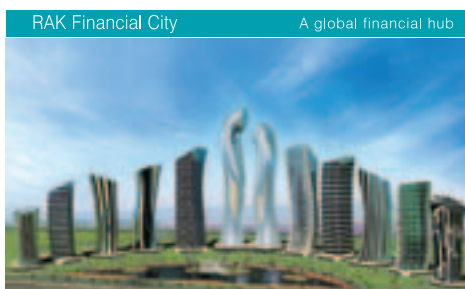
▶ Rakeen’s mountain resort concept which includes an inhabited dam and bridge, as well as a vertical village built into a cliff.

#### RAK FINANCIAL CITY

▶ Incorporating the RAK Offshore project, this modern complex is set to become a new regional hub for offshore financial operations.

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# RAK

## THE SPIRIT OF FREE ENTERPRISE

Ten years old yet already a regional leader, the RAK FTZ is a one-stop shop for investors in the emirate and the wider area



**Oussama El Omari**  
Project Director  
General, RAK FTZ

When the Ras Al Khaimah Free Trade Zone (RAK FTZ) began operations in 1997 in the dual capacity of an industrial zone and a governmental agency geared towards the promotion of RAK as an investment destination, it was a project that initially bore little fruit in the wake of the Asian financial crisis and its global repercussions. Ten years later, the award – for the second year running – of the Middle East Logistics Awards Best Emerging Free Zone garland is a testament to the determination of RAK FTZ to become a regional byword for investment opportunities.

Located in the RAK business district, the RAK FTZ business park is the heart of the enterprise, with its arms and legs extending across the emirate to allow ease of access to all its facets. Ten miles north of the city lies the RAK FTZ's industrial park. RAK International Airport, where RAK FTZ also has a zone, is close by. The Saqr Port provides a vital sea access point, and opens the whole of the 656 square mile emirate to eastern markets. Offices in neighboring Dubai and Abu Dhabi afford the RAK FTZ a regional perspective, and its clients a broader sounding board for wider investments. Plans to open a representative office in New York are at an advanced stage.

"We are on track toward establishing an office in the United States," asserts Oussama El Omari, the free trade zone's Project Director General. "We want to get closer to people and familiarize them with the UAE in general, to let them know that we are a peaceful, friendly country and easy to do business with. We will promote investment opportunities in the UAE as well as in the wider region, which rep-



RAK FTZ covers the emirate's access points, including the airport and the Saqr Port.

resents over two billion consumers. The role of the free zone is to attract investments, but also to increase the local knowledge base and human capital, and to further the economic development of the emirate."

The advantages of the RAK FTZ are multitudinous. Investors are permitted 100 percent ownership and 100 percent income and corporate tax exemption. Total control over profit and capital repatriation and long-term renewable leases are also a draw. Excellent communications and access to the wider region, coupled with RAK's domestic energy reserves, remove many of the obstacles faced by investors in other regions. Additionally, a desire for the eradication of red tape pervades the RAK FTZ.

"What is particular to Ras Al Khaimah above all is the personal touch, the welcome that investors receive from the local population," explains Mr. El Omari. "We do a lot to train nationals to ensure that an investor's individual needs are catered for. This personal touch makes a real difference. The laws and regulations are also very clear and simple to understand, access to the decision-making authorities is easy, the government is very supportive and investors are not held back by bureaucracy." ■

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# RAK

## 'IF SOMEONE HAS A GOOD IDEA, WE WANT TO PARTICIPATE AS A PARTNER'

The RAK Investment Authority (RAKIA) is the emirate's one-stop shop for investors seeking a best-value destination

Created in 2005, RAKIA is a nodal government agency that actively promotes investment in RAK. RAKIA – one of the fastest growing industrial and free zone authorities in the MENA region – is an invaluable partner for businesses looking to set up in the emirate. It has a number of key companies under its umbrella, including Rakeen, RAK Tourism, Al Hamra and RAK Offshore. Here, CEO Dr. Khater Massaad comments on its activities.

**What are the most exciting sectors for investment in RAK today?**

Industry is definitely the most exciting sector in RAK's economic development. For example, we started production at RAK Ceramics sixteen years ago and we have become the biggest ceramics factory in the world, exporting 84 percent of our production to 128 countries around the world. The key factors are that the environment and the location are perfect. First of all, we have a good board. His Highness

is proactive and all his encouragements are very positive. Secondly, we have selected the best technology and we are running our business in the most sincere and honest way; we are focusing on a long-term plan.

**In only two years, RAKIA has registered more than 1,000 companies and has been able to bring close to \$2 billion of investment from all over the world. How do you attract investors?**

Our present clients are our best ambassadors. When they tell their success stories to others they explain that they came to set up shop with us. They say it is the best place to invest, and it is the best place! Last year in a *Financial Times* survey, RAK came out as the most cost-effective destination in the Gulf region and in the Middle East after Yemen.

**What makes RAK such a good value location?**

First of all there is the easy relationship with the other government departments and RAKIA. Secondly, you have transparency, zero corruption and zero problems. You have access to the GCC market and you can have any number of boats, shipping lines, suppliers, etc, and it is all tax free. All this makes it the right destination.



**Dr. Khater Massaad**  
CEO of RAKIA

**Do you plan on continuing to create enterprises and form new partnerships?**

Definitely. Every time we feel that there is a strategic project or a strategic possibility we will develop it or bring it here. We have created Rakeen, Rak Offshore, and a new IT company lately. We are going to continue investing not only here but also overseas. We are currently involved in around 15 projects. If somebody has a good idea, we want to participate as a partner.

**How does RAK want to be different from other tourism destinations in the region?**

It is the destination of exclusivity, of luxury, but it is also still natural. We want to promote eco-tourism. This is the most important asset when people come here to rest and to enjoy their holidays. It will be a destination for conferences, for cultural activities. Also, we have Al Marjan Island, The Cove, Mina Al Arab and Al Hamra Village – each of these mega-projects is being developed by a different company.

**What will be the competitive advantages of Rak Financial City compared to other financial districts in the region?**

What we want to do is different from the other destinations. Our consulting company has studied all the offshore centers in the world and our regulations should be easier, better and more attractive than any of the packages of all the other destinations. The others provide financial services but we are offering an offshore center.

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# RAK

## GAINING THE ATTENTION OF THE WORLD

The success of Rak Ceramics proves the potential of the emirate as an industrial base, says its CEO and head of Rak Investment Authority Dr. Khater Massaad

Over the last two years since its inception, RAK Investment Authority has managed to register 792 new companies, attracting close to \$1.2 billion in investment. In the third quarter of 2007 alone, it attracted a total of 217 new businesses to the emirate, posting 23 percent growth. These startling statistics are more easily explained when one sees who is heading up the government body – Dr. Khater Massaad, named FDI Personality of the Year 2007 by *FDI Magazine*, part of the Financial Times Group of London. This is the same man behind RAK Ceramics, a public company turned private in 1998, which in just over a decade has become the largest ceramics manufacturer in the world.

“Industry is definitely the most exciting sector in RAK’s economic development,” he comments. “RAK Ceramics started production 15 years ago and in that time we have become the biggest ceramics factory in the world, exporting 84 percent of our production. It is an example that any industry could work here. That’s why for me the industrial sector is absolutely the most exciting for investment. The business environment here and the location are perfect. Ceramic products mean producing ceramic tiles. It’s a heavy product but we have managed to export it to 128 countries including the U.S., Panama, New Zealand, Canada and Australia. Any other product which is produced here should be able to do even better.”

Along with H.H. Sheikh Saud bin Saqr Al Qasimi, Crown Prince and Deputy Ruler of Ras Al Khaimah, Dr. Massaad was instrumental in setting up the world-renowned ceramics company in 1989, and has since been its driving force, putting a savvy global strategy into place that has seen RAK Ceramics firmly established itself as one of the world’s leading producers of high quality ceramic wall and floor tiles, Gres



RAK Ceramics manufactures one of the most comprehensive product ranges in the industry.

Porcellanato, and sanitaryware. The company was rated as one of the top four brands of the UAE and the top-most brand in the manufacturing sector in 2006 by Brand Finance Middle East of the United Kingdom. It also received the Mohammed Bin Rashid Al Maktoum Business Award for Industry in 2005, and was chosen as *Arabian Business* magazine’s Company of the Year in 2004. As its CEO, Dr. Massaad has not only implemented the company’s hugely successful globalization strategy but has also followed a diversification program that has so far encompassed investment in hotels and tourism, computer hardware, and high value consumer products such as exclusive porcelainware.

A strong focus on quality and ongoing investment in the latest technology have also been keystones in RAK Ceramics’ success. An ISO 9001:2000 certified organization, it started operations with one production line in June 1991 with an output of 5,000 square meters per day. With continued expansion programs and usage of sophisticated machinery, today’s production is 200,000 square meters per day of Ceramic/Gres Porcellanato tiles at the company’s Ras Al Khaimah plants alone. This means over 7,000 pieces per day, including complete bathroom sets. Counting the company’s overseas plants, total daily production is over 300,000 square meters of tiles and 10,000 pieces of sanitaryware for one of the most comprehensive product ranges in the ceramic tile industry. ■

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RAK

## SPINNING FIBERS OF SUCCESS

Three international markets are the targets of a major polyester producer and its new \$90-million plant

Polyester has changed the face of the textile industry. Reducing dependence on natural fibers, it has opened up new vistas in terms of usage and applications. With new developments being supported by research all around the globe, world production of the fiber grew from just five million tons in 1980 to 21 million by the year 2002. By 2010, experts predict it will reach more than 33 million tons per year.

Uses of the fiber have grown in tandem with production, used both in apparels and non-apparels, woven polyester fabrics are common in home furnishings such as bed sheets and curtains, while polyester fiberfill is often used to stuff pillows and comforters. Elsewhere, polyester is used in a range of products from bottles, films and holograms to tarpaulins and finishes for guitars, vehicle interiors and yachts. Burns Guitars, Rolls Royce and Sunseeker all use polyester in their products.



**Cheerag B. Arya**  
CEO of JBF  
RAK FZ LLC

According to Reliance Industries, India's largest private sector company, the ability of Asia's polyester producers to emerge from the higher production costs of 2006 is "an early indication of the emerging strength of the sector, which is at an early stage of a multi-year up cycle." China and India are now the polyester hubs of the world, and with only one new polyester player appearing in 2007 (compared to an average of nine during 2003-2005 in China), Asian production capacity addition was expected to slow in 2007 through to 2008 to 6 percent, down from 23 percent in 2003. Demand, however, is expected to remain at a healthy 10 percent.

This is all very powerful news for India's JBF Industries Ltd., which has just inaugurated a new \$90-million plant in Ras Al Khaimah, a joint venture between the Ras Al Khaimah Investment Authority and JBF. The new plant is a world-class manufacturing facility with a 900 tons per day capacity for polymerization, and a production capacity of 600 tons per day for SSP chips and 300 tons per day for polyester film. Production from the new plant is destined for four major markets – the U.S., the Middle East, Africa and the EU. The first plant of its size to be set up in the emirates by an Indian company, it became operational in July 2007.

The opening of the new plant came in a year when JBF, a leader in the manufacture of polyester chips and partially oriented yarn (POY), posted astronomical growth of nearly 72 percent for the first quarter ending June. Net profit over the same period climbed by 35 percent.

JBF is the market leader in polyester chips in India with a 55 percent market share. ISO 9001 and ISO 14001 certified, it is also the country's third largest POY manufacturer. Since becoming a public limited company in 1986, JBF's



JBF's new plant was inaugurated last July and is the largest factory in the GCC region.

received, he notes, has more than justified the company's decision. He adds, "Another of the reasons we came here was the abundance of raw materials. Also, the investment we had to make was relatively lower than in other parts and we have a very good partner who is very helpful. The plant was approved and constructed in record time."

Mr. Arya believes that the new plant will also prove beneficial to the emirate insofar as it can provide all of UAE's PET requirements, a good number of which are currently being imported from India and China. "We will make the United Arab Emirates self sufficient in petrochemicals as we are putting up the largest factory in the GCC region. It will definitely cater to neighboring countries. We are also helping the port with the volume of traffic we are supplying," he remarks.

Both products coming out of the new plant, polyester chips and polyester film, are registering exponential growth in international markets, according to Mr. Arya, who believes that this growth rate will only increase. "There are a lot of products that are converted from glass to PET, and a lot of applications are coming up in films, so we hope that it will even grow faster now," he explains. "The share of polyester in the total global fiber production is expected to rise in the future. It gives you durability and better dyeing capabilities. It is just a little more attractive and you have a lot of blends."

RAK will be the base from which JBF will launch its bid to capture a significant part of that global market. "Right now we are exporting almost \$250 million per year to Europe, the Middle East and Africa, and we expect to go up to \$500 million in the financial year 2008. We will cater to the growing market in India from our Indian plant but when it comes to our export activities, we will take care of those from the factory in Ras Al Khaimah," states Mr. Arya. ■

**"RIGHT NOW WE ARE EXPORTING ALMOST \$250 MILLION PER YEAR TO EUROPE, THE MIDDLE EAST AND AFRICA"**

# Going Global

JBF Industries Ltd. is a leading producer of polyester chips, POY, and PET packaging resin, serving the US, EU and Middle East. JBF's new plant in the Emirates, commissioned in July 2007, has a polymerization capacity of 900t/day with downstream of PET & film capacity.

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# RAK

## BUSINESS SAVVY MAKES UP FOR A LACK OF RESOURCES

RAK Petroleum gave a 6 percent return to investors last year. Now it has launched a bold regional expansion based on downstream capacity



**Peter Sadler**  
CEO of  
RAK Petroleum

Since the CEO of RAK Petroleum Peter Sadler started working in UAE in 2000, he has seen many changes in the energy industry.

"When I arrived gas was virtually given away for free, and the sophistication of the market wasn't very developed," says Mr. Sadler. "In the past three or four years in particular, a lot of that is unravelling, and there is more understanding that gas is a tradable resource now and that the price needs to reflect that."

A lot can happen in a few years and the energy sector in UAE is just one of the industries affected by the economic sea of change washing over this nation. An increased global demand for oil and gas has raised prices, making less-explored emirates, such as Ras Al Khaimah, important players.

But as an emirate lacking extensive natural energy reserves, how is RAK best served by its national energy company?

RAK Petroleum provides local clients with the energy they need to continue developing, but the company faces growing challenges of a domestic demand that is, at times, outpacing supply.

Solutions can come from many directions. Intensification of upstream business is one of the company's main aims and the Middle East and North Africa region is the target for RAK Petroleum.

Acquisitions in 2007, including a substantial agreement with Indago Petroleum Ltd., provided access to assets in the Middle East.



**Intensification of upstream business**, particularly across the MENA region, is one of the company's main aims.

Neighboring Oman is currently one of the company's strategic markets, "We are drilling a well in Oman that has a very large gas target, about seven to eight trillion cubic feet target," says Mr. Sadler, "and there could possibly be a billion barrels of liquids."

Supported by the RAK government, RAK Petroleum is looking to focus its approach on its privileged position. "Ras Al Khaimah has a strategic location, at the crossroads of Oman, Iran and the UAE, and it has land available for industrial growth," says Mr. Sadler, "so it could provide a market and a geographical base for energy and energy services."

Thus, emerging economic powers China and India will find RAK a potential doorway to the Middle East energy market, while the United States, top importer of goods into UAE, can also add RAK to its list of potential investment targets.

A 6 percent return on investment in the first year of business has led to cries for an IPO, which Mr. Sadler predicts will occur when the company's cash reserves become assets and acquisitions.

Release onto the Dubai Stock Exchange, with a possible launch in London or New York, will draw investors' attention to RAK Petroleum, which, while not one of the region's biggest energy companies, is developing as much as the industry to which it belongs, gaining a reputation for professionalism in everything it does. ■



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