

Mega zone to focus on commodities

Abu Dhabi to lure foreign investors; targets global markets

By Ehab Shouly

Abu Dhabi

The \$3 billion free trade zone for commodities announced yesterday for Abu Dhabi will be open to foreign investors and will target international markets, officials said.

"It is the intention...to allow investment by foreigners, that's Gulf and non-Gulf investors in the free zone," said Amin Badr El-Din, one of the zone's five board members.

Earlier, Sheikh Hazza'a bin Zayed Al Nahyan, chairman of the new free zone authority, said the aim was that the zone would become a globally competitive enterprise, run as a private sector company that will be floated for private investors.

Asked if Abu Dhabi plans to compete with the successful Jebel Ali Free Trade Zone (Jafzt), which has attracted international acclaim, he said there will be no competition because Jafzt deals in containers while the new zone will deal with raw material storage, trans-

port and trade.

"We will deal in a totally different area. Abu Dhabi is a middle point between East and West and we'll serve a region where 3.5 billion people live and where the value of the commodities trade is \$412 billion and the annual growth rate is 3.5 to 4 per cent," Sheikh Hazza'a said.

"We will be middlemen, or go-betweens if you like, between the people who want to buy and those who want to sell. Although the zone will only have storage and transport facilities, and no industries, the returns are very viable," he explained.

El-Din, chairman of the UAE Offsets Group, said the new free trade zone will solve many problems and help companies overcome hurdles such as obtaining trade licenses.

In addition, raw materials for companies and individuals in the UAE will be cheaper because "we will have the international commodities market here and thus the economy will benefit."

Sheikh Hazza'a said the island of Sa'adiyat, which has been

vacated to make way for the free trade zone, was chosen because it is close to Abu Dhabi city and it will thus allow easy movement to and from the zone for those working in it.

"A six-kilometre bridge linking the Sa'adiyat island to Abu Dhabi city will be built as well as a new port, airport and trading floors and exchanges," he said.

It will include specialised facilities for 67 basic commodities, including precious metals, stones and gems and bulk materials such as grains, ores, and oils and materials requiring cold storage such as foodstuffs.

The zone will offer incentives to companies planning to take part in it, such as exemption from any taxes or customs duties for any materials exported or imported from the zone.

Asked if companies planning to set up storage units in the new zone will be allowed to own land, he said long-term leasing will be given to these companies. "But we have yet to decide if it is for 25, 50 or even 99 years," the SFZ chairman said.



Sheikh Hazza'a bin Zayed Al Nahyan, chairman of the new free zone authority, and Mohammed Fadhil Al Hamily, Board member, addressing a press conference in Abu Dhabi yesterday. — Picture: GN

He did not say when work on the zone will begin but industry sources said consultancy contracts for the project are currently being awarded and construction and equipment supply tenders are expected to go out in the first quarter of 1997.

"A task force has been set up to determine the needs of the potential tenants in the zone and to coordinate action between various governmental departments in Abu Dhabi," Sheikh Hazza'a said after the first meeting of the Board of Directors.

"Moreover, and following the policy of the President His Highness Sheikh Zayed bin Sultan Al Nahyan, we want the largest number of nationals to benefit from the opportunities that will be created by a project of this nature," he added.