



fDi

ONES TO WATCH:
INDUSTRIAL PARKS

Industrial parks 2015 – ones to watch

WHICH INDUSTRIAL PARKS ARE SET TO SHINE THE BRIGHTEST, AND WHY? **KAREN E THUERMER** SURVEYS THE ASSETS OF INDUSTRIALLY FOCUSED AREAS WITHIN FREE ZONES AROUND THE WORLD AND EXPLAINS WHY THEY ARE ONES TO WATCH

Industrial parks can be instrumental in developing a country's economy. Not only do they provide a venue to attract businesses, which in turn directly add to the economy, they are often designed to attract companies operating in a particular sector, which helps bolster a country's reputation in that field.

Industrial parks often offer purpose-built space and come with amenities, location incentives and a ready-to-go infrastructure that reduces the time it takes for a company to get up and running. They are designed to make starting a business easy, but first, as with any location, they must attract investors. And, with a growing number of industrial parks emerging the world over, competition among them is intensifying.

From the entries received for fDi's Global Free Zones of the Year 2014 awards, which was published in October 2014, fDi has identified some of the most promising industrial parks, with two in Special Economic Zone Alabuga (SEZ Alabuga) standing out especially.

Synergy and A Plus, SEZ Alabuga



SEZ Alabuga in Tatarstan is one of the largest and most successful production-type special economic zones in Russia, and is home to two industrial parks: Synergy and A Plus.

Synergy comprises modern, modular industrial facilities, aimed at companies that do not want to build their own production facilities either due to time constraints or finances. The park, which is still in development, is already proving highly popular, with much of its space already reserved by investors. When complete, Synergy will cover more than 200,000 square metres.

Unlike old Soviet-era buildings that rarely meet the requirements and expectations of modern businesses, Synergy's purpose-built spaces are designed specifically for use by such firms. Its new modular facilities are, in particular, aimed at companies involved in scientific and production activity, such as polymers pro-

cessing, plastics manufacturing, computer chips assembly and pharmaceuticals production. The park is also targeting existing residents of SEZ Alabuga, encouraging them to establish any necessary production lines on site, in Synergy. Such firms will then benefit from tax and customs preferences. Deductions to non-budgetary funds provided by SEZ Alabuga particularly benefit companies with R&D activities.

Economists expect Russia's GDP to fall dramatically by the end of 2015, as a result of a range of factors, including the decline in oil prices, the ruble's depreciation and Western sanctions. However, Alabuga SEZ's CEO, Timur Shagivaleev, remains bullish about the zone's prospects, and says that it is putting Russia on the right track towards diversification, both of its production sector and its foreign investors.

"Already \$2bn has been invested [in SEZ Alabuga] by companies such as Ford, 3M, Huhtamaki and Rockwool," he says. "The remaining 38 tenants convinced us that the product the SEZ offers to the market, ie the shovel- ▶

ready infrastructure, tax holidays and free customs zone, is in high demand from the global players.”

He compares Russia’s current economic situation to the global economic crisis in 2008. “Shortly after that crisis, the sales volumes of goods produced in the Russian factories of global players such as Mars, IKEA, Ferrero, Samsung and LG grew significantly,” says Mr Shagivaleev. “That might be the case for the current situation as well.”

Furthermore, Mr Shagivaleev says that a cheap ruble makes it even more profitable to pay for raw materials and labour in Russia. “Moreover, we are absolutely convinced that regardless of the political situation, Alabuga will have all the support from both federal and regional governments and will provide its residents with the best conditions for industrial production.”

A Plus Park, also located in SEZ Alabuga, is a private industrial park where companies can rent modern production and storage facilities. It encompasses almost 200,000 square metres and is expected to provide almost 200,000 class a-quality production, warehouse and office spaces. It is designed to give companies that cannot afford to construct their own buildings an opportunity to be in a world-class industrial park. A Plus com-



Sky is the limit: SEZ Alabuga, home to Synergy and A Plus industrial parks

prises four buildings each measuring some 50,000 square metres. The first of these four will soon be commissioned with the first tenant already preparing the site for equipment installation.

In contrast to Synergy, A Plus Park accommodates large projects over big areas. SEZ Alabuga’s tax and customs preferences also are available for A Plus Park’s tenants. Both Synergy and A Plus Park have already secured tenants. Synergy is almost fully rented out with all the contracts signed and sealed. The official grand opening ceremony is planned for the end of March 2015.



THE PRODUCT SEZ ALABUGA OFFERS TO THE MARKET IS IN HIGH DEMAND FROM GLOBAL PLAYERS



Highly commended



Tétouan Park, Tangier Free Zone

Tétouan Park is one of five industrial zones located within Morocco’s Tangier Free Zone (TFZ) on the Strait of Gibraltar. Encompassing 1.5 square kilometres, and adjoining the highway that links Tangier to Tétouan, Tétouan Park is an industrial and logistics park dedicated to serving the needs of SMEs in the light manufacturing, logistics services and processing sectors. Tétouan Park complements TFZ, the industrial platform of local cargo port Tanger Med.

TFZ itself has evolved to become a major business hub on the Mediterranean, both helping to integrate global trade flows and developing a regional platform for the competitive industrial, logistics and services sectors. TFZ benefits from being at the junction of major maritime routes, and offers good access to target markets through Tanger Med Port, Morocco’s gateway to Europe and Africa, with a handling capacity of 8 million twenty-foot equivalent units.

TFZ has seen a steady inflow of FDI from industrial activities, particularly the automotive and aeronautics sectors.

Industrial Park, Ras Al Khaimah Free Trade Zone

The Industrial Park within the Ras Al Khaimah Free Trade Zone (RAK FTZ) in the United Arab Emirates is one of four free zone parks within RAK FTZ. The Industrial Park is intended for heavy manufacturing, with facilities at least 4500 square metres in size, which are available for short or long-term lease.

Among the benefits listed by the Industrial Park are 24/7 security, different plot sizes, proximity to sea and airports, proximity to the customs department and administrative support of RAK FTZ, convenient road access to other emirates, easy access to manpower for loading, unloading and cargo handling, and available onsite staff accommodation.

FTZ itself is already home to more than 8000 registered companies from some 100 countries. It is regarded one of the fastest growing free trade zones in the UAE and is located less than one hour’s drive from Dubai.

Food and Plastic Packaging Park, Hamriyah Free Zone

Hamriyah Free Zone (HFZ) located in Sharjah, UAE, comprises an area of approximately 22 square kilometres of prime industrial and commercial land, a 14-metre deep-water port, and is home to 5500 companies.

As of April 2014, HFZ had attracted more than \$10bn in FDI since its inception in 1995. It is the second largest free zone in the UAE.

Hamriyah Free Zone houses almost all types of industries and has seven sub-zones aimed at companies in the oil and gas, petrochemicals, steel, construction, timber, maritime and perfume industries.

The latest addition to its sector-specific zones is the Hamriyah Food and Plastic Packaging Park, which is aimed at companies in the food processing and packaging industry.

The Food and Plastic Packaging Park is a 380,000-square-metre facility targeting the various needs of the fast-moving consumer goods industry, such as food processing, cold storage, plastic products, plastic raw materials and packaging. ■