



# Industrial Zones and Free Zones Developments in Selected Arab Countries

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## Number of IZs & FZs Increasing

- The number of industrial zone in the ESCWA region has been **increasing** and many more are planned for development in the coming years.
- These zones are the **outcome of industrial policies** seeking to expand opportunities in the manufacturing sectors, while also creating areas where pockets of growth can be harnessed in a conducive, enabling environment.
- The **geographic concentration of manufacturers and service providers** in industrial zones can allow for productivity gains and enhanced competitiveness from:
  - economies of scale
  - shared environmental management services & infrastructure
  - easier access to business support services
  - improved transportation networks linking industrial zones to trade corridors and ports
  - lower costs associated with building management & operations 2

# GCC Policy Framework

- **Unified Industrial Development Strategy for the GCC** identifies the construction of industrial zones and development of appropriate infrastructure in less developed areas as the basic instruments for realizing its industrial policy goals
  - GCC have subsequently elaborated this strategy at the national level to also encompass environmental management considerations, such as in **Oman, Saudi Arabia and the UAE** where wastewater, stormwater and waste management services are incorporated in industrial zone planning from the on-set
  - Private sector service providers also being recruited to support preparation of feasibility assessments and provision of services (possible benefits could emerge from EGS liberalization)

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## United Arab Emirates

- **Dubai: Jabel Ali Free Zone (JAFZ)**
  - Tenants are responsible to treating liquid industrial waste to the required applicable standard depending if the effluent is to be released to the sea, land or municipal sewer system.
  - "As a policy, the client shall explore all possibilities of recycle/reuse and recovery of wastes to the satisfaction of JAFZ Authority, prior to any approval for disposal of the same."
  - Solid hazardous waste may be disposed at Dubai Municipality's hazardous waste treatment plant and disposal facility established in JAFZ in 2000.
  - Disposal in this facility is conducted on a fee basis, and only if it meets the technical guidelines established for this purpose.
  - Environmental inspections are done regularly conducted by the JAFZ Authority and violations are subject to fines that may reach \$54,000.
- **Dubai Industrial City**
  - Currently under construction, occupies an area of 52 km<sup>2</sup> and is adjacent to the Jebel Ali Free Zone.
  - To host companies operating in the production of machinery and mechanical equipment, transport equipment, base metal, chemicals, food and beverage, and mineral products.
  - A special zone for SMEs is planned over an area of 1 km<sup>2</sup>.
  - Will operate a center for industrial standards (Makayees) to enforce quality, health, safety and environment requirements and criteria, and accordingly issue complying companies the Dubai Quality Mark.
  - Companies would be required to produce under the DQM certification

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# OMAN

Location of current and projected coastal industrial estates relative to artisanal fish landing sites in Oman

-  Concentration of fish landing sites
-  Approximate location of existing industrial estate
-  Projected location of industrial estate

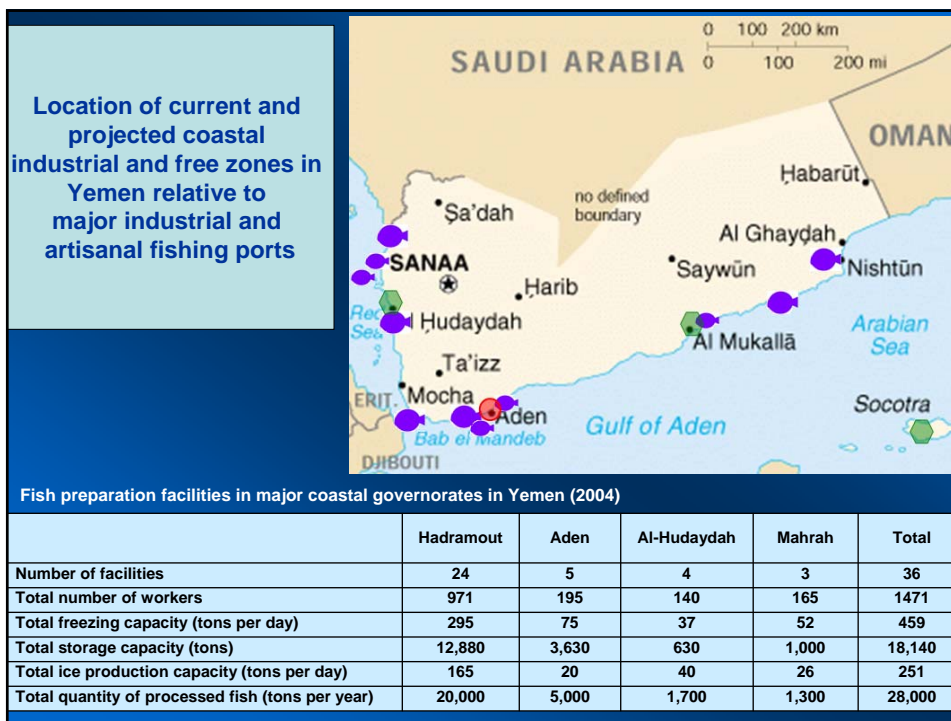


Current coastal industrial estates in Oman

Name	Year	Closest port	Industries operating in the estate
Rusayl	1983	Sultan Qaboos	Chemicals, batteries, electrical and building materials, fiber optic cables, food, textiles and garments, stationery, paints
Sohar	1992	Sohar Port	Marble, paper recycling, food, detergents, leather, furniture, toothpaste, resins, glass, steel bars, engine oil
Raysut	1992	Salalah Port	Stationery, food (including ice and fish processing), PVC pipes, steel fabrication, medical supplies, solar heaters, fertilizers
Sur	1999	own port	Fertilizers, natural gas and its associated industries

## Yemen Policy Framework

- Yemen, the Third Five-Year Plan seeks to draw an industrial map that will facilitate the establishment of industrial zones that encourage the establishment of SMEs & larger industries
  - Plan also identifies the protection of the environment from industrial pollution as a policy objective
  - Several of the industrial zones being planned will be located along the coastline near fishing ports, and some of these zones will cater to large industries (e.g., petroleum and petrochemical) that may release heavy metals into marine waters and impact the sustainability of the fisheries sector.
  - Some Yemeni fish exports have already been denied access to export market because of high concentrations of mercury



## Need for Integrated thinking

- Free zones (export zones) linked to transportation links, often leading to expansion of road networks and ports
- Associated environmental impacts associated with increased transit/trade in goods
- Need to find balance between instruments for enhancing/facilitating trade, and need to protect local resources and livelihoods



# Jordan: Environment, IZs, FZs

- **Environment Protection Law No.52 (2006), the Instructions for choosing the location of development projects were issued by the Ministry of Environment for the year 2007**
  - As per Article (4), paragraph (d) , the regulation covers include agricultural, commercial, industrial, housing, and extraction projects and all other related projects that might impact the environment.
  - It is stated in the instructions that when applying these regulations, both the **Regulations on Land use and the Industrial Map** issued by the relevant entities should be taken into consideration.
  - The Instructions also detail the general and specific rules that apply when choosing the location of development projects in terms of minimum distance from residential areas, sources of natural resources and from other development projects.
  - **Ministry of Environment Central Committee for Licensing** is responsible to give out licenses to newly established establishments.
    - EIA required
    - Committee includes representatives from the Ministry of Environment, Ministry of Municipal Affairs, Ministry of Health, Ministry of Water and Irrigation, Ministry of Agriculture, and the Natural Resources Authority.
  - **New Inspection system that would entail monitoring activities to ensure compliance with local and international environmental regulations.**
- **Environmental conditions & criteria for establishing industrial estates and free zones**
  - MoIT authorizes the establishment of private industrial estates.
  - Other institutions are involved in the granting of licenses and the monitoring of their business operations, namely the Ministry of Environment and local municipalities.
  - The Ministry of Environment has also drafted conditions and criteria for establishing industrial estates and free zones at the request of the Prime Ministry.
  - These conditions primarily related to the geographic proximity of industrial zones to water resources, but have not yet come into effect. It should be noted that the conditions are general, and thus each case is thus each case is individually studied by the Ministry of Environment.

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## Jordan Case Study: IZs & Environmental Monitoring

- Jordan Case Study findings show that the environmental performance of firms operating IN industrial zones was better monitored than those outside of firms, including SMEs
- Zones managed by JIEC (Public) were monitored and had a better environmental performance in privately managed zones
- SMEs and firms still looking to operate in Industrial Zones (excess demand in Amman has led to development of expansion of IZs)

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## Conclusions

- More rigorous environmental monitoring in industrial zones is thus not a deterrent to growth of zones or of firms
- Need for integrated planning between trade, environment, industrial and agricultural policies
- Balance is needed when examining trade and environment issues within the context of globalization, but the goal remains sustainable development.

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*Thank you*