

# 41 Years to the Top

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In 41 short years, the United Arab Emirates has managed to develop and build one of the most advanced and developed infrastructure networks in the world. From roads, to ports, to airports, to industrial zones, the UAE is home to world class facilities that have supported economic growth and enabled the development of business. With further mega infrastructure projects currently under development, the UAE is poised to secure its position as one of the most infrastructure-enabled nations in the world.

## World Infrastructure Leader

The World Economic Forum's (WEF) Global Competitiveness Report (GCR) is one of the best barometers of a country's standing in the eyes of the global business community. In the 2012-2013 GCR, the UAE ranked 8th, out of 144 nations, in terms of infrastructure. The country ranked even higher on several specific criteria within the overall infrastructure pillar.

On transport infrastructure, the UAE was ranked the best country in the world, edging out Hong Kong and Singapore. Its overall leading position was a result of high achievement on specific criteria, namely ports, airports, and roads. The UAE ranked 5th in the world on quality of port infrastructure, 3rd in the world on quality of air transport infrastructure, and 2nd in the world on quality of roads. In each of these categories, the UAE outranked not only the up-and-coming economies of the BRIC countries, but also the developed global economic heavyweights, including the US, the UK, Germany, and Japan.



Not one to rest and dwell on its achievements, the UAE is continuing with further infrastructure projects and developments to cement its spot at the top.

## Airports

Aviation was one of the earliest drivers of non-oil economic growth in the UAE. Today, the UAE is a global aviation hub. There are 7 international airports throughout the country and the UAE is home to two leading international airlines, Etihad and Emirates.

Airport development and the growth of aviation capacity throughout the country is set to continue with expansions planned at several of the country's airports, the most notable being those at Abu Dhabi International Airport (ADIA) and Al Maktoum International at Dubai World Central, which, once complete, will be the world's largest airport when it starts full commercial passenger services in 2027.

In Abu Dhabi, the construction of the Midfield Terminal Complex (MTC) at ADIA will bring capacity to 47m passengers per annum, up from the current 12.5m. Construction of the Midfield Terminal Building, at a cost of AED 10.8bn (\$2.9bn), is expected to be complete by 2017.

Dubai Airports is moving ahead with an AED 28.6bn (\$7.8bn) expansion plan of Dubai International airport as it aims to boost passenger

flow to 90 million by 2018. Dubai International Airport will contribute approximately US\$45.4bn to the emirate's economy by 2020, up from its current US\$22bn thus enabling the aviation sector to account for 22% of Dubai's employment and 32% of its gross domestic product by 2020.

By 2030, the six largest airports in the UAE are expected to have a total combined capacity of 300m passengers per annum, which is roughly equal to the combined 2011 passenger traffic at the world's four busiest airports, Hartsfield-Jackson (Atlanta), Capital (Beijing), Heathrow (London), and O'Hare (Chicago). The addition this level of capacity has left some critics openly questioning the feasibility of this expansion. However, local aviation insiders counter that the increased capacity will simply take advantage of the UAE's strategic location, at the epicenter of East and West, to compete for global aviation market share.

## Ports

The UAE's strategic location has not only allowed the country to become a global aviation hub, but also a centre for maritime activity and transportation. The country has numerous port facilities catering to general cargo, container shipping, and the oil and gas industry. Most ports are located on the country's Western coast, including the Port of Jebel Ali, the world's largest man-made harbor and the biggest port in the Middle East. The ports of Fujairah and Khor Fakan are located on the Eastern coast and offer direct access to the Indian Ocean without the need to navigate the Strait of Hormuz.

The recently opened Khalifa Port, which cost AED 26.2bn (\$7.1bn) to construct and includes the first semi-automated container terminal in the region, is the crown jewel of the Abu Dhabi Ports Company.

Part of the Khalifa Industrial Zone Abu Dhabi (KIZAD) development, Khalifa Port has an initial capacity of 2.5m TEUs of container traffic and 12m tons of general cargo per annum. The additional capacity gives Abu Dhabi the chance to nearly triple its current container and general cargo traffic and provides a substantial boost to the city's industrial and logistics sectors. Future developments will see Khalifa Port grow capacity to 15m TEUs and 35m tons of cargo by 2030.

## Rail

Until recently, rail has been the missing element in the UAE's transportation infrastructure story. However, the federal government has embarked on an incredibly ambitious project to build railroad infrastructure. While the Dubai Metro ushered in the era of rail in the UAE, the Abu Dhabi Metro and the Etihad Rail project are set to bring rail transport to the entire country.

The Abu Dhabi Metro, consisting of monorail, light-rail, and bus rapid transit (BRT) systems will have a total length of 131km, including 40km of monorail. The network, slated to be operational by 2017, will connect major population, business, and cultural centres in Abu Dhabi and is expected to serve over 800,000 commuters daily. In addition to reducing traffic, pollution, and congestion in the city, the Metro will provide a rail connection with neighbouring Emirates and other GCC countries through Etihad Rail.

Etihad Rail will cover a network of approximately 1,200 km of track stretching across the Emirates and is expected to cost AED 40.4bn (\$11bn) to construct. Phase 1 of the project, which is currently underway and expected to be complete by 2014, will link the industrial port city of Ruwais in the Western Region of Abu Dhabi with the Shah gas field near the Saudi Arabian border. Phase 2 of the project will extend the network throughout the rest of the emirate of



Abu Dhabi, including links to the GCC rail network via Saudi Arabia and Oman. The third phase of the project will see the railway extended all the way up to the Northern Emirates, to Port Saqr in Ras Al Khaimah in the North and the ports of Fujairah and Khor Fakkan in the East. Etihad Rail will also be fully integrated with the Khalifa Industrial Zone Abu Dhabi (KIZAD), which is shaping up to be the new industrial heartland of Abu Dhabi.

### All Roads Lead to KIZAD

The Khalifa Industrial Zone Abu Dhabi (KIZAD) is by far the most significant industrial development underway in the UAE. The massive industrial zone is being developed in two phases. Phase A, currently under construction, covers 51 sq. km., while Phase B, covering a further 365 sq. km., is planned for the future. In total, KIZAD will span approximately 417 sq. km., almost 2/3 the size of Bahrain, and is expected to contribute 15% of Abu Dhabi's non-oil GDP by 2030. The zone is also expected to create in excess of 150,000 new jobs.

Connectivity is at the heart of KIZAD's value proposition. Abu Dhabi's strategic location and world leading transportation infrastructure give businesses the opportunity to be at the crossroads of trade between Asia, Europe, and North America. In fact, the government forecasts that 60-80% of the goods manufactured within KIZAD will be exported. KIZAD is targeting domestic, regional, and international companies operating in several industrial sectors, for which special vertically integrated clusters have been set up. The sectors include aluminium, steel, engineered metal products, petrochemicals and chemical, pharmaceuticals, food, and logistics.

Industrialists from around the world have already been convinced of the opportunity that KIZAD presents. In the first 5 months of



pre-leasing, over 40 companies have either signed on or are in negotiation to set up shop in KIZAD. Combined, this represents 10 sq. km., or nearly 20% of the area available in Phase A. As the development of the zone and the continued development of infrastructure continue, Abu Dhabi will undoubtedly see many more industrial tenants calling KIZAD home.

Well-developed, reliable, and efficient infrastructure is absolutely vital to creating and sustaining economic growth. In boom times and in tough times, infrastructure is one of the most important determinants of where economic activity will take place, and how much value that economic activity can contribute to the development of a nation. The leadership of the UAE has understood this fact and has worked tirelessly, and invested substantially, to ensure that this is a country that sets the standard for world-class infrastructure. This network of infrastructure is not only attracting the biggest and best international companies to the country, but it is also allowing the UAE's local entrepreneurs and business owners the opportunity to be competitive on a global scale. What a 41 years it has been.