

An Introduction to Ras Al Khaimah and what it Offers to Businesses

Adam Powell - Head of Corporate Commercial - Ras Al Khaimah - Corporate / Mergers and Acquisitions / Corporate Services

- Ras Al Khaimah

February 2017

Ras al Khaimah, or RAK as it is known locally, is well versed in international business and trade. It is reported that at the start of the 20th Century, RAK's pearling industry reached international export levels of around GBP 1.7 million worth of pearls and employed in excess of 22,000 people. The abandoned "ghost" pearling village in Al Jeezera Al Hamra is evidence of this once thriving industry. Now one of RAK's five seaports, Al Jeezera Port, is located near to this old village, conveniently near Free Zone warehousing and trading areas.

Although RAK does not have the enviable quantity of hydrocarbons which has made Abu Dhabi the Emirate it is, RAK has significant deposits of limestone and clay due to the Hajar Mountain range. This has created a thriving industry in the sale of cement, aggregate and ceramics with the Union Cement Company, RAK Rock and the world-renowned RAK Ceramics. Other examples of its multinationals include Julphar-Gulf Pharmaceutical Industries, the largest generic pharmaceutical manufacturer in the MENA region, and Ashok Leyland, the fourth largest manufacturer of buses in the world and the 16th largest manufacturer of trucks globally. These industries are the backbone of RAK's commercial development.

RAK also has a large expanse of coastline, attracting increasing visitor numbers to its many hotels in 2016. The tourism industry is expected to continue to expand with further development of hotels, including a water-front development project by Emaar Properties on the man-made Al Marjan Island, and by the promotion of the region as an adventure sports paradise, with the World's Longest Zipline and Via Ferrata attractions being developed in the Mountain areas.

Foreign investment into the region is attracted by the three dedicated free zones in RAK, namely the RAK Free Trade Zone (RAK FTZ), the RAK Investment Authority (RAKIA) and RAK Maritime City (RMC), all of which include a number of parks including a Business Park, Industrial Park, Technology Park and Academic Zone. The free zones offer 100% foreign ownership and tax exemption, and benefit from user friendly regulations and easy access to Dubai and RAK International Airports and RAK's Sea Ports.

In line with the World Expo in Dubai in 2020 and general international standards, RAK is encouraging sustainable investment and development, and RAK FTZ encourages environmental responsibility and has implemented a number of schemes to promote energy-saving, recycling and health and safety. Moreover, it is understood that there are projects seeking to develop a large solar power and desalination plant in a bid to reduce reliance on natural gas.

The independent government body of the RAK Investment and Development Office (the IDO) is responsible for implementing policies and managing RAK's investments and opportunities. RAK has a sovereign "A" stable rating (Standard & Poor's) which all provides a solid foundation for continuing development and commercial growth.

DIFC collaboration

As a further new development, it has been recently announced that there will be collaboration between the

government and the judiciary in RAK and the Dubai International Financial Centre (DIFC).

The DIFC is a free zone in Dubai which offers an established common law legal system, based on the laws of England and Wales, which is a popular alternative for the international business community in the UAE to resolve disputes. In addition, the DIFC offers an option for non-Muslims to enter into a common law Will.

The agreements entered into by the DIFC and the RAK government are designed, amongst other things, to provide confidence that the RAK Courts shall recognise Court Orders and Arbitration Awards issued by and within the DIFC. This collaboration is seen to promote economic growth by offering foreign investors and residents the option of a familiar international legal system.

One-day small claims Court

In addition to the Small Claims Tribunal offered in the DIFC, RAK has established its own fast-track system under RAK Resolution No 38 of 2016, which has created a specific one-day RAK Court which has been set up exclusively to review civil and commercial cases and issue the ruling on the same day as the cases are lodged. Online applications are also available. This new court will have jurisdiction to adjudicate on cases whose value does not exceed AED 20,000.

Conclusion

Since Ras Al Khaimah's economy is not reliant on oil, the current low oil prices appear to have little direct adverse impact on the general economy in RAK and, coupled with its solid manufacturing base and demand for its aggregate, RAK's economy is likely to continue to grow and strengthen.

Diversification is paramount to any stable economy and the current focus of the RAK government appears to be to further diversify into health, education and tourism sectors. The incentives being offered by the Free Zones and the recent important developments of its judicial system will continue to attract foreign players into the region.

Ammar Haykal (a.haykal@tamimi.com) is Head of the Office in Ras Al Khaimah and Adam Powell (a.powell@tamimi.com) is Head of Corporate Commercial of the Ras Al Khaimah office of Al Tamimi & Company'.