THE REPORT

Sharjah 2021

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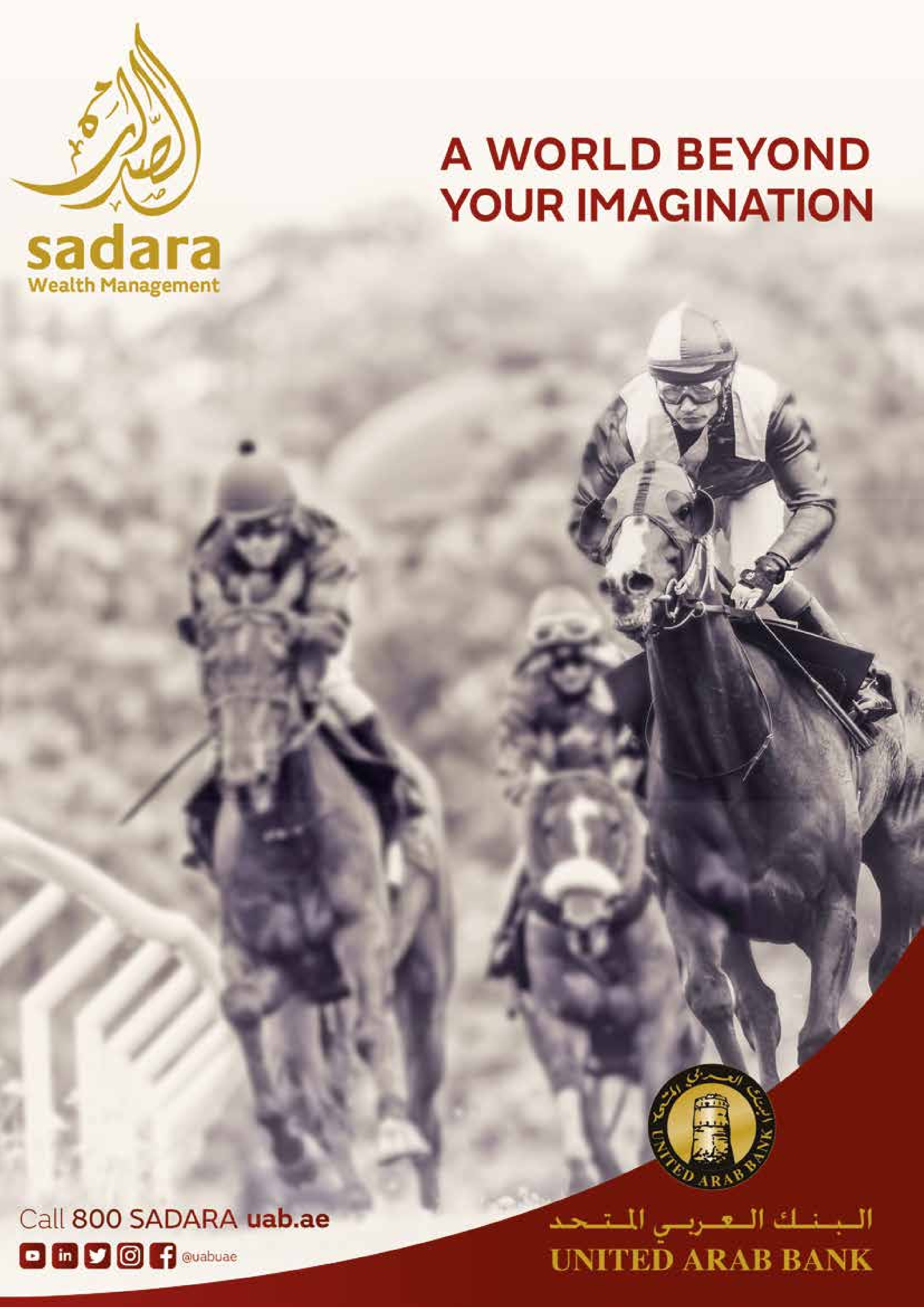
As the Sharjah FDI Office, we are dedicated to the continued transformation and economic diversification of the emirate and committed to guiding foreign investors through a bespoke step-by-step facilitation process.



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Guiding principles

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Accounting for just over 3% of the territory of the UAE, Sharjah is the federation's third-largest emirate by area, and has long played a key cultural and economic role in the region. With six free zones, two amphitheatres, and around 30 museums and various annual festivals that attract visitors from around the world, the emirate continues to punch above its weight in terms of manufacturing, commerce and culture.

SNAPSHOT

PROFILE

ECONOMY

EDUCATION & HEALTH

Playing to strengths

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Hydrocarbons account for around 4% of GDP in the emirate and no individual sector contributes more than 25% of the total. Given that it has shores on both the Gulf and the Gulf of Oman, as well as sharing borders with the six other emirates of the UAE, Sharjah has put trade and logistics at the heart of its development strategy. However, growing interest in knowledge-led and digitally native fields is likely to steer continued innovation and investment throughout the post-pandemic era.

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Ongoing provision

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Sharjah schools shifted to online learning amid the pandemic, and quick adoption helped the emirate maintain its position as a regional centre for education. Meanwhile, hospitals and clinics devoted substantial resources to testing and care to fight Covid-19. Priorities established before the pandemic, as well as lessons learned in 2020, are now shaping the education and health sectors in 2021.

TOURISM & CULTURE

FINANCIAL SERVICES

INDUSTRY & ENERGY

Return visit

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Sharjah's beaches, shopping centres, museums and unique cultural offerings make the emirate a popular tourist destination for nationals and foreigners alike. While international travel slowed significantly in 2020 due to the pandemic, domestic tourism in Sharjah picked up. The emirate also inaugurated a number of projects that year to promote sustainable tourism and position itself as a family-friendly destination.

Setting the stage

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The banking industry's efforts to expand its digital offerings accelerated amid the economic disruption caused by the Covid-19 pandemic, putting it in a good position for future growth as the world transitions to a digital economy. The emirate-level government has become a regular issuer of debt and *sukuk* (Islamic bonds), raising funds in 2020 for the pandemic response.

Diversified base

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Industry has benefitted from Sharjah's low cost base, well-developed infrastructure and proximity to the Northern Emirates. Meanwhile, a diversification push and higher levels of investment in and utilisation of renewable energy sources have enhanced the role that private service providers and independent power and water producers are playing in the power-generation segment.

Stronger connections

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Sharjah's strategic location between Europe and southern Asia has enabled the emirate to become a central player in international transport networks, while its burgeoning manufacturing sector has the potential to increase import and export cargo volumes and create jobs. The importance of this was highlighted in the 2021 launch of the Sharjah Exports Development Centre.

On solid ground

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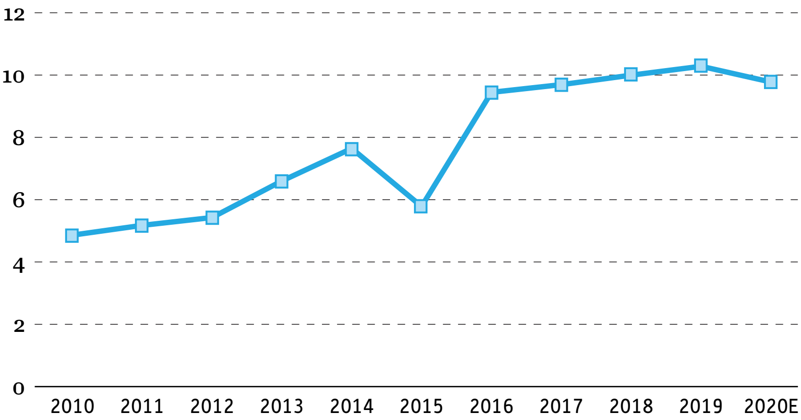
The emirate has worked to brand itself as a unique place within the UAE, resulting in an uptick in work for contractors as they try to close the gap in supply and demand for real estate, especially in the residential segment. Mixed-use developments that combine schools, retail outlets and green spaces have also been emerging in response to high demand.

Sharjah in brief

As one of the most diversified emirates in the UAE and the region, Sharjah is less reliant on hydrocarbons than many of its neighbours and has a strong foundation in industry and manufacturing. Indeed, approximately 95.8% of economic activity was derived from non-oil sectors in 2019. A number of initiatives aimed at developing the emirate's domestic economy and encouraging greater levels of inward investment have been implemented over the past decade. Going forwards, the emirate looks to build on this through the development of more knowledge-oriented industries, with the digital economy emerging as a priority area of focus.

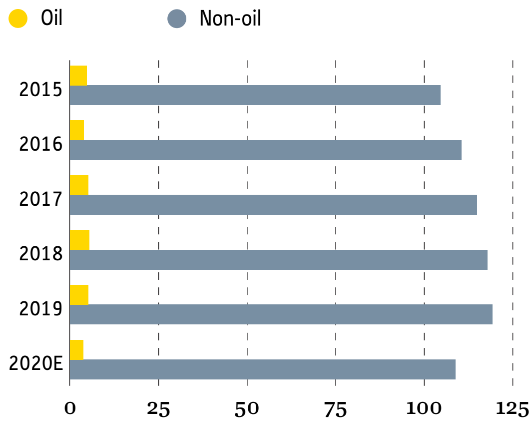
Financial services' contribution to GDP*, 2010-20E (Dh bn)



Source: DSCD

*current prices

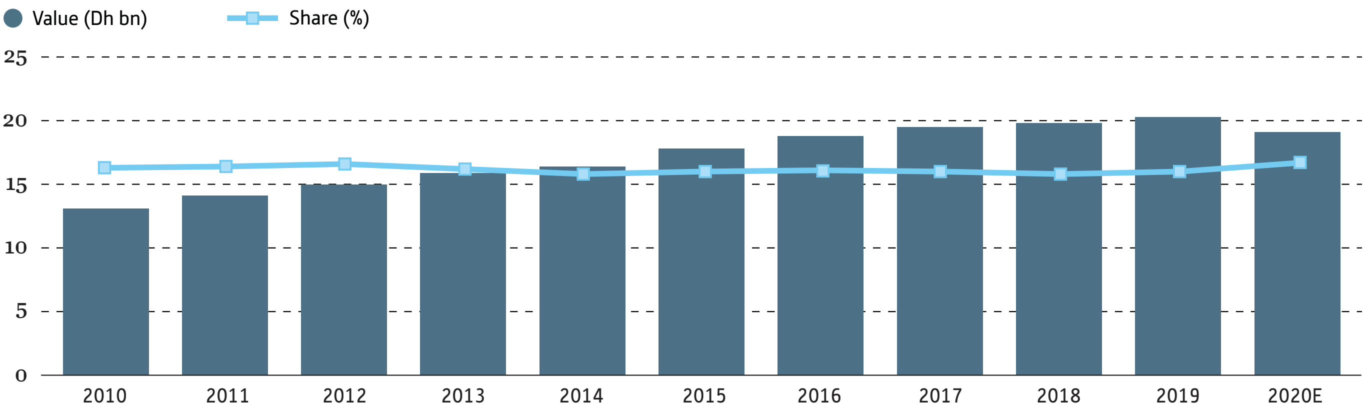
Real GDP*, 2015-20E (Dh bn)



Source: DSCD

*current prices

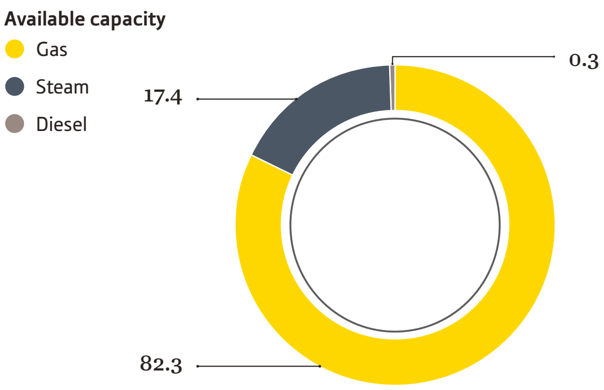
Manufacturing's contribution to GDP*, 2010-20E

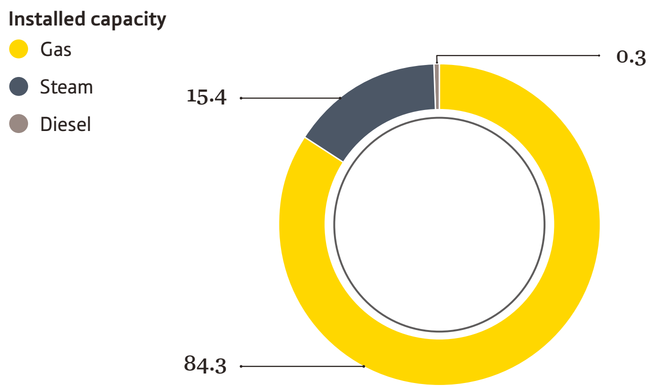


Source: DSCD

*current prices

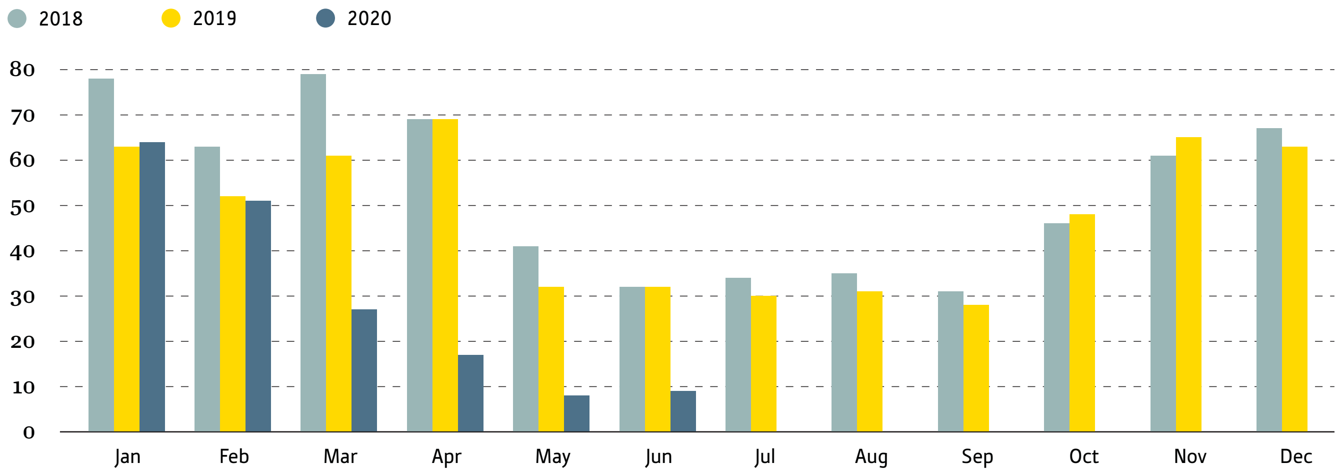
Electricity generation, 2019 (%)





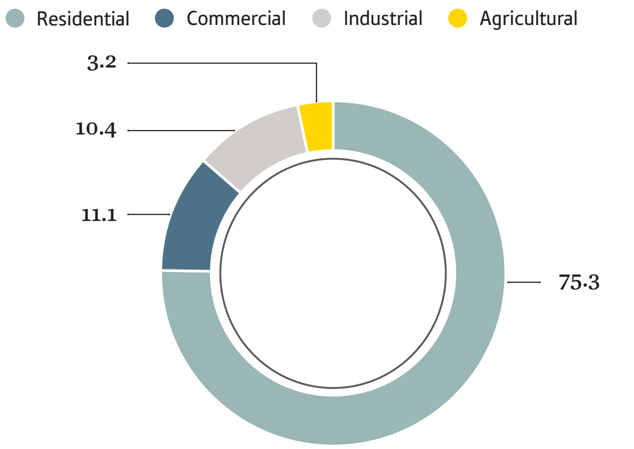
Source: SEWA

Hospitality revenue, 2018-H1 20 (Dh m)



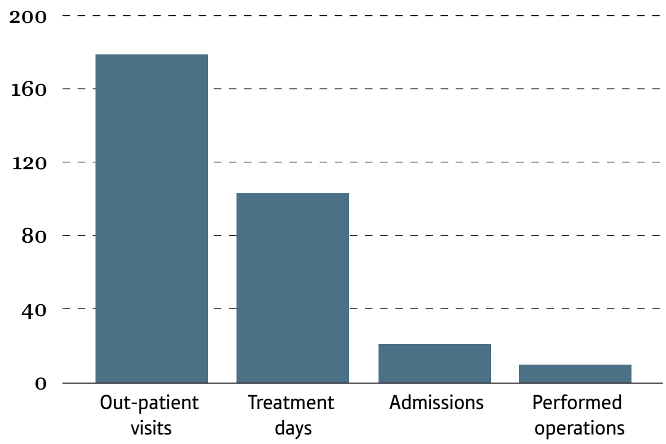
Source: SCTDA

Breakdown of real estate sales transactions in Sharjah, 2020 (%)



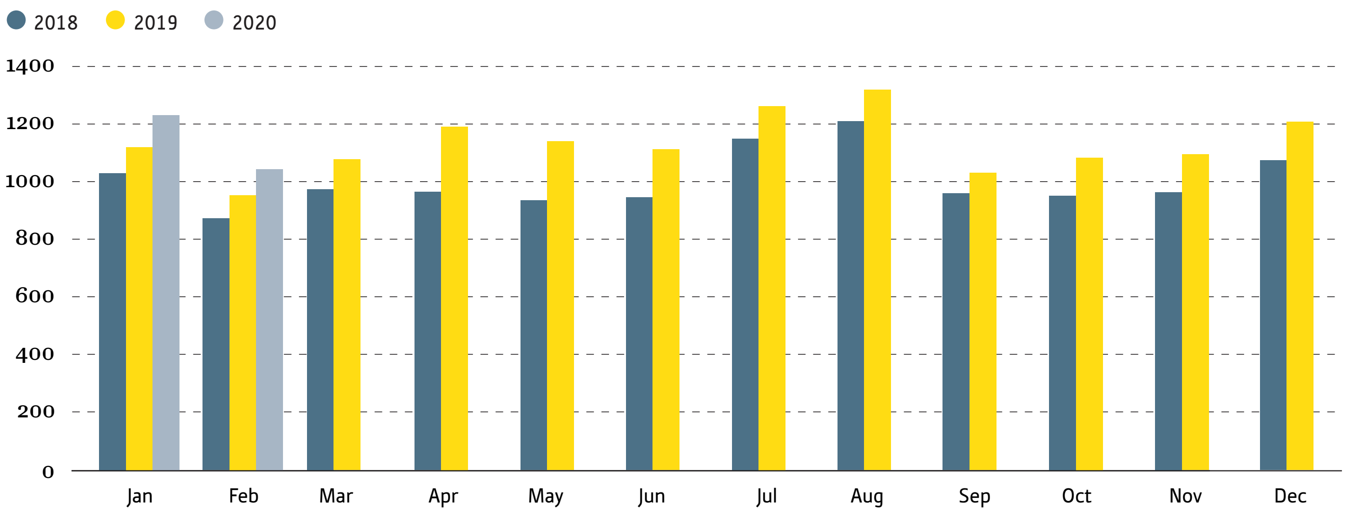
Source: SRERD

Health services provided at government hospitals in Sharjah City, 2019 (000)



Source: Sharjah Medical District

Passengers handled by Sharjah International Airport, 2018-20 (000)

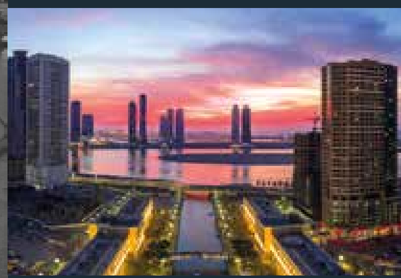


Source: SIA

Profile

Diversified economy provides insulation from oil slump
The emirate remains a centre for culture and education
Leveraging historical and geographic advantages
Regional recovery prospects in the post-pandemic era




Sharjah is the UAE's third-largest emirate, covering 3% of the territory

Guiding principles

The emirate's geographic, historical and cultural advantages

By the 1970s the emirate had entered a new phase of development, having joined the UAE as a founding member in 1971, and gained a new leader in 1972 with the succession of Sheikh Sultan bin Muhammad Al Qasimi.

Accounting for just over 3% of the territory of the UAE, Sharjah is the federation's third-largest emirate, and has long played an important cultural and economic role in the region. Home to six free zones, two amphitheatres, around 30 museums and various annual festivals that attract visitors from around the world, the emirate continues to punch above its weight in terms of manufacturing, commerce, educational institutions and culture.

GEOGRAPHY: Sharjah is situated in the north-eastern part of the UAE and covers 2590 sq km. Its main population centre, Sharjah City, is located some 170 km from the UAE's capital, Abu Dhabi City, and around 27 km from Downtown Dubai. Bordering Dubai to the south, and Ajman and Umm Al Quwain to the north, Sharjah's fast-growing urban centre forms a vibrant conurbation with its neighbours, and it is the only emirate to share borders with all six other emirates. Home to a number of commercial, manufacturing, educational and cultural institutions, Sharjah is unique as an emirate in that it is adjacent to both the Gulf and the Gulf of Oman, on which it has three exclaves: Kalba, Dibba Al Hisn and Khorfakkan. The latter possesses a major east coast port in the form of the Khorfakkan Container Terminal – the only natural deepwater port in the region and one of the UAE's major container ports.

The interior of the emirate is dominated by the oasis town of Al Dhaid, where water channelled from the adjacent Hajar Mountains irrigates extensive date palm plantations. Other territories owned by the emirate include the second-order exclave of Nahwa – a village located inside the Omani exclave of Madha – and the Gulf island of Sir Abu Nuayr.

CLIMATE: As is the case for the rest of the UAE, Sharjah's coastal areas tend to be hot and humid between the months of May and October, with temperatures of up to 46°C and humidity of up to 100%, while winters are usually mild, with temperatures ranging between 14°C and 23°C. For their part, the interior regions are characterised by a desert climate, with hot, dry summers and cool winters.

HISTORY: Archaeological discoveries of early stone tools demonstrate that human activity has existed in what is now Sharjah for around 130,000 years. The emirate's modern history, however, began in 1727, when the Al Qasimi tribe gained control of the area and declared Sharjah's independence.

The first interactions between this polity and European powers were fractious, marked in particular by maritime skirmishes with the British Navy. However, in 1820 a peaceful accord was reached through a treaty that saw the emirate become a protectorate of Great Britain in an effort to avoid interference from the Ottoman Empire.

In 1853 Sharjah became a member of the Trucial States – the collective name given to the emirates at that time – and during the late 19th and early 20th centuries it enjoyed a settled existence as a significant pearl-fishing port. Between 1823 and 1954 Sharjah was the base for Britain's only political representative on the Trucial Coast, demonstrating its importance to the colonial power.

The emirate also emerged as an important transport hub during this period in its history. Sharjah's airport, constructed in 1932 to act as a staging ground for Imperial Airways flights between England and India, was the first airport in the emirates, and its runway is still in use today as a main road. This link to the outside world helped offset the decline of the pearl trade in the 1930s, as well as the subsequent contraction of maritime trade, stemming from the silting up of Sharjah Creek.

By the 1970s the emirate had entered a new phase of development, having joined the UAE as a founding member in 1971, and gained a new leader in 1972 with the succession of Sheikh Sultan bin Muhammad Al Qasimi. That same year Sharjah struck oil in the

Mubarek field, located 80 km offshore, and within two years the emirate was producing 35,000 barrels per day. Under the stewardship of Sheikh Sultan, the emirate has grown in both population and prosperity in the intervening years, while at the same time maintaining strong links to its cultural heritage.

DEMOGRAPHICS: The latest official census figures show that Sharjah is home to a population that is young, urban, employed or studying, and predominantly expatriate. Based on a census carried out in 2015, data released by the Department of Statistics and Community Development in January 2017 show that over 1.4m people live in the emirate, of which 88% are expatriates. Some 91% of the total population live in Sharjah City. Unofficial estimates released in January 2021 suggest a total population of 1.7m, equivalent to 3.1% expansion since 2019. The emirate has recorded steep population growth over the past 20 years, with an increase of 77% in a single decade, from 793,573 in 2005 to 1.41m in 2015.

The expatriate population is more than two-thirds male, outnumbering the female expatriate population by more than 400,000. The gender ratio is much more balanced among the Emirati population, however, where females outnumber males at a ratio of 51:49. The emirate's age profile also skews relatively young, with a median age of 32.6. At the national level, the unemployment rate stood at around 2.4% in 2019, indicating that the UAE economy operates at close to its full productive capacity; emirate-level employment statistics for Sharjah were not available at the time of writing. South-Asian countries account for a large proportion of the expatriate population, with India, Pakistan and Bangladesh among the most common countries of origin.

Many Sharjah residents commute to the neighbouring emirate of Dubai to work. This is largely attributable to the more affordable real estate and lower cost of living in Sharjah, as well as good road connections between the two emirates. While Sharjah's real estate segment has benefitted from this pattern, it also causes substantial traffic congestion during peak times – namely on Al Ittihad Road, which connects the two emirates.


The emirate aims to be a top regional destination for family tourism


According to official statistics, more than 1.4m people reside in the emirate, of which 88% are expatriates

However, a series of construction initiatives have been designed to help ease congestion on Sharjah-Dubai motorways. The Al Budaiya Bridge – a seven-lane, 4-km bridge and motorway that has the capacity to handle an estimated 17,700 cars per hour – partially opened in September 2018. Other plans include opening a dedicated truck lane on the E611 highway, limiting truck traffic to certain times and a possible fourth inter-emirate motorway.

LANGUAGE & RELIGION: In line with the rest of the country, the official language of Sharjah is Arabic, though English is spoken widely and is a common feature of business communication and public life. The emirate's large South-Asian population also means that Hindi and Urdu are widely spoken among a sizeable portion of the expatriate demographic.

While Islam is the official religion of the UAE, religious freedom is enshrined in the constitution, and this is reflected in the diversity of religions practised by the large expatriate population. Christians, Buddhists, Hindus, Sikhs and members of other religious communities are all present.

ECONOMY: The discovery of oil in Sharjah resulted in an economic boom, but even at its early stages, the emirate's leadership understood the importance of developing a non-oil economy. The Sharjah Chamber of Commerce and Industry was created in 1970 to broaden the range of economic activities taking place in the emirate. Over subsequent decades it oversaw the development of a diversified industrial base, including petrochemicals, textiles and leather, basic non-metals, foodstuffs and wood industries. As such, despite the negative impact of the Covid-19 pandemic on GDP in 2020, the emirate's economic

The Al Budaiya Bridge has the capacity to handle an estimated

17,700

cars per hour

A $408m expansion of Sharjah International Airport is expected to bring annual passenger capacity to 20m

growth is poised to recover quickly, with international credit ratings agency Standard & Poor's forecasting annual average GDP growth of 4% in 2021 and 2% over the 2022-24 period, led by the non-hydrocarbons sector (see Economy chapter).

Approximately 96.7% of economic activity was derived from non-oil sectors in 2020, with the largest sectors being wholesale and retail trade, and the repair of motor vehicles and motorcycles (21.7%); manufacturing (17%); real estate (9.6%); and financial services and construction (8.5% each). All sectors contracted in 2020, with the exception of agriculture, forestry and fishing, which grew marginally by 2%; and electricity, gas and water supply, and waste management, which grew modestly by 1%.

INITIATIVES: Over the past decade Sharjah has implemented a number of initiatives aimed at developing the emirate's domestic economy and encouraging greater levels of inward investment, including start-up schemes for small and medium-sized enterprises, as well as the establishment in 2009 of the Sharjah Investment and Development Authority, better known as Shurooq – an independent body that oversees social, cultural, environmental and economic development in line with Sharjah's Islamic identity. As the only emirate in the UAE with ports on both the Gulf and the Gulf of Oman, as well as the broader country's geostrategic location between Europe and Asia, Sharjah is well positioned to be a central player in international trade and logistics. In addition to building competitive underlying transport infrastructure – from Khorfakkan port on the Gulf of Oman, to Sharjah International Airport – the emirate has worked to develop a broad network of free zones and industrial zones to solidify its position as an exporter and re-exporter. As part of its ongoing focus on industrial development, Sharjah has established a total of four free zones since the first two – Hamriyah Free Zone and Sharjah Airport International Free Zone – were opened in 1995. The four other free zones are Sharjah Publishing City, Sharjah Media City, Sharjah Healthcare City, and Sharjah Research Technology and Innovation Park.

The second-largest sector of the economy is manufacturing, which accounts for

17%

of GDP

Tourism is another key element of the emirate's ongoing economic diversification drive. Sharjah Commerce and Tourism Development Authority's Vision 2021 initiative aimed to attract 10m annual visitors by that year – a goal which was postponed to 2022 due to the pandemic. The strategy, launched in 2015, seeks to build the emirate into a top regional destination for family tourism by investing in a range of ecotourism and cultural attractions.

The initiative has contributed to an increase in both public and private investment in the tourism sector and supporting infrastructure, with more than $400m worth of new hotel investments announced in 2017 and a $408m expansion of Sharjah International Airport (SIA) that is expected to bring annual passenger-handling capacity from 8m to more than 20m by 2025.

Many of these efforts continued despite the pandemic, including the $10.9m East Expansion project at SIA, which saw the construction of four gates, nine waiting areas and facilities for those with reduced mobility completed in October 2020. As has been the case around the world, however, various goals set by the tourism sector have been revised in light of the pandemic. Nonetheless, as soon as the tourism sector as a whole recovers, it will continue to be one of the main drivers of economic expansion.

Although the pandemic impacted the UAE, its cases and fatalities as a proportion of the total population have remained within manageable levels, with approximately 645,000 cases and 1880 fatalities recorded as of mid-July 2021.

CULTURE: Along with economic development, Sharjah's leadership has fostered a strong cultural identity in the emirate – an achievement that was

Sharjah has long been established as a centre for arts and culture recognised in 1998, when UNESCO named it the Cultural Capital of the Arab Region. In 2014 it held the title of Islamic Culture Capital from the Islamic Educational, Scientific and Cultural Organisation.

The Sharjah Museums Authority oversees the operation of 16 museums, including the Sharjah Museum of Islamic Civilisation, the Sharjah Archaeology Museum and the Sharjah Heritage Museum. Many of these are built into Sharjah City's Heritage Area, a district in the centre of the city characterised by buildings that have been preserved or restored to reflect the region's traditional architecture.

EVENTS: This emphasis on heritage is complemented by the emirate's long-established role as a centre for arts and culture. Since 2009 the Sharjah Art Foundation has brought a broad range of art and cultural programmes to the communities of Sharjah, the UAE and the wider Gulf region. The emirate is also home to the Sharjah Biennial, a contemporary art event inaugurated in 1993 that has grown to become a fixture of the Middle East's cultural calendar and one of the most respected contemporary art events in the region, drawing more than 90,000 attendees in 2013. The 15th edition of the event, originally planned to take place in March 2021, is now scheduled for March 2022, under the thematic title "Thinking Historically in the Present".

As an indicator of the emirate's long-standing focus on promoting culture and the arts, Expo Centre Sharjah was established in 1977 as the first trade fair in the country; the event was moved to its current location in 2002. The 128,000-sq-metre exhibition hall is home to an annual book fair that typically attracts hundreds of local and international publishers, thousands of titles and leading authors.

Another annual cultural attraction in the emirate is the Sharjah Light Festival, a nightly art exhibit that takes place during the month of February and sees a number of Emirati and foreign artists make use of

Sharjah is home to a young, urban, employed or studying population

Along with economic development, Sharjah's leadership has fostered a strong cultural identity in the emirate

the latest graphics and lighting techniques for their installations. The 2020 festival took place across 19 locations, including some of the emirate's most prominent buildings, such as the Al Noor Mosque, University City Hall and Khalid Lagoon.

Sharjah is one of the most pedestrian-friendly emirates in the UAE. Public spaces such as Al Qasba, Flag Island and Noor Island are popular among residents, while traditional Gulf architecture can be found at the Heart of Sharjah in Sharjah City, thanks to a restoration and preservation project that was funded by the Sharjah Art Foundation. Due to the pandemic, the regularity and accessibility of cultural activities have been temporarily impacted.

GOVERNMENT: Sharjah is a constitutional monarchy and one of the seven members of the UAE, a federation of hereditary monarchies. That being the case, the highest level of government in the country is the Federal Supreme Council, which is made up of the rulers of Abu Dhabi, Ajman, Fujairah, Sharjah, Dubai, Ras Al Khaimah and Umm Al Quwain.

Although the president and prime minister of the UAE are electable by the Federal Supreme Council, custom dictates that the ruler of Abu Dhabi holds the presidency, while Dubai's ruler fills the post of prime minister. Since 2006 a half-elected Federal National Council – which is made up of 40 members drawn from all seven emirates – has played a consultative role in government.

At the local level, Sharjah municipality is responsible for providing civic services. First established in 1927, the municipality was granted its modern mandate in 1971. Many of its functions have moved online following the opening of the Sharjah eGovernment Portal. With this development, local citizens and residents are able to access popular services, such as passport issuance, parking permits, home care services for seniors, and requests for assistance with marital and familial disputes.

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Sheikh Sultan bin Muhammad Al Qasimi, Ruler of Sharjah and Member of the UAE's Supreme Council

Sustainable society

Sheikh Sultan bin Muhammad Al Qasimi, Ruler of Sharjah and Member of the UAE's Supreme Council, on fostering an economy and culture that benefits all

The economy is a key driver of societal and cultural development. Therefore, the most important considerations when analysing the robustness of an economy must include the following questions: how could the economy help realise the ambitions of all segments of society? how could the economy champion the interests of all community members? how could peoples' efforts become a catalysing force to build a stable, flourishing and peaceful society?

From the very beginning, these questions have been at the core of Sharjah's approach to development. We aim to create an economy that not only builds markets, but a complete nation; one that advances society along with every individual member. Our goal is to build an economy that continually enhances Sharjah's image as a home for its citizens, residents and investors, where they can pursue their professional dreams and build a quality future for their families. Our goal has always been to give the people of Sharjah a safe haven in which they feel a strong sense of belonging, and where they know that their happiness and well-being are paramount.

For economic growth to be sustainable, social development is a must. Development is an outcome of conscious decisions and involves systematic planning and wise directives. The purpose of development is not to burden the government, companies or organisations, but to provide a platform for long-term, profitable investment to nurture people's skills, experiences, culture and creative capabilities. The true nature of development creates value in our work and makes life meaningful. This investment is vital to sustainable growth. Sharjah's development approach, which is rooted in our cultural projects, reaffirms our commitment to protecting the interests of all members of society, including the common workforce and investors, irrespective of their status as citizens or residents. We understand their needs and spare no effort to ensure they are met. We also understand the challenges that individuals and businesses face, and work towards overcoming them by boosting our infrastructure, services and legislation to fulfil our common goals as partners in development.

Sustainability has become a critical issue of global concern, particularly for economists. It is said that economic practices should meet conditions for the sustainability of resources, the climate, the environment and businesses. We believe that the transition towards sustainability should start with community welfare. This encompasses the equitable provision of health, essential services, education and environmental resources, as well as family stability, without which we can neither build a society nor a nation. The ethos of sustainability must encompass a sense of security and trust, as well as foster equitable relationships. With societal well-being sustained, everything else will follow suit because it will foster a sustainability mindset in every individual. That is how it will turn into a collective concern, a duty and daily practice – not just a theoretical part of a development agenda.

Our approach to development and sustainability is aligned with the interests of people, and we expect that everyone will act in accordance with this vision by keeping it at the forefront of all plans and programmes for the future. We will keep developing our policies and make every effort to facilitate the full adoption and achievement of this human-centric approach. Sharjah has made great strides in human and social development under its cultural projects that support all talented people. These achievements are the outcome of successful collaboration among all entities in Sharjah, community members, businesses and investors, who partner to promote growth and development. Despite the fact that significant progress has been achieved, we still have much to do. Sharjah's development should never be the predictable result of the passage of time, but of a conscious willingness to build a prosperous present and future.

Recent investment in health care helped countries cope with pressure

Road to recovery

Gulf countries chart a course for recovery from the pandemic

Facing the twin challenges of a sharp reduction in trade and a steep drop in the price of oil as a result of the Covid-19 pandemic, countries in the Middle East weathered a particularly difficult 2020. While circumstances have been challenging, the region has looked to digital innovation as a path to recovery, and a number of governments have accelerated their existing plans for economic diversification.

IMPACT ON OIL: With a number of Gulf countries deriving significant portions of their GDP from hydrocarbons, the region was particularly vulnerable to the immediate effects of the pandemic. Global efforts to contain the virus – which included severely restricting, and in some cases prohibiting, transport and cross-border travel – ultimately led to a sharp reduction in demand for oil. This fall in demand, exacerbated by a price war between Russia and Saudi Arabia in the first half of the year, resulted in the price of oil falling from year-opening values of $66 per barrel to less than $20 in late April 2020.

While prices recovered to around $67 per barrel in mid-May 2021, partly on the back of a historic production cut agreement, the fall nevertheless had a significant impact on major oil-producing nations in the region. For example, both Saudi Arabia and Oman derive around 75% of their respective export revenue from oil and gas, while the sector contributes an estimated 45% to Kuwait's GDP. Although this focus on energy made these countries particularly vulnerable to a fall in revenue, their strong foreign currency reserves – largely the fruit of hydrocarbons earnings in the past – helped bolster their resilience.

REGIONAL RESILIENCE: Aside from economic pressures, countries in the region had varying levels of resilience when it came to handling the health challenges posed by the pandemic. Investment in health care systems helped many countries cope with increased pressure. Saudi Arabia recorded a compound annual growth rate of 21% in its health care budget between 2010 and 2019, with the number of hospitals and hospital beds increasing by 9.1% and 10.7%, respectively, between 2014 and 2018.

In contrast, lower-income and conflict-affected nations in the region, such as Yemen, Syria and Iraq, had less developed health infrastructure, leaving them more vulnerable. Meanwhile, in Lebanon the August 4, 2020 explosion at the Port of Beirut destroyed half of the city's medical centres and left three of its hospitals "non-functional", according to the World Health Organisation, placing significant strain on the health care system. Despite these challenges, most countries in the region enjoyed advantages stemming from their favourable demographic profiles. With a large portion of their populations below the age of 30, they benefitted from a relatively small number of people in high-risk groups.

The state of countries' ICT networks also bolstered resilience. Again, technologically advanced nations such as Saudi Arabia, the UAE and Qatar have strong digital infrastructure, which allowed them to adapt more easily to the shift to digital payments, online health initiatives and remote work. To limit the spread of the virus, governments in the Gulf implemented a series of restrictions on businesses and movement throughout March and April 2020. While these strategies varied from country to country, they usually included the closure of businesses deemed non-essential, along with curfews and lockdowns.

Some countries acted before widespread infections: Saudi Arabia banned pilgrimages to Makkah and Medina, as well as prevented access to specific religious sites in the cities, from as early as February 2020. Others implemented strict penalties for non-compliance with social-distancing guidelines, with those found to have broken the rules subject to heavy fines and even prison sentences in Jordan, Saudi Arabia and the UAE. Accompanying the restrictions were significant testing and containment

Global efforts to contain the spread of the virus – which included severely restricting, and in some cases prohibiting, transport and cross-border travel – ultimately led to a sharp reduction in demand for oil.

Technologically advanced nations such as the UAE and Saudi Arabia have strong digital infrastructure, which allowed them to adapt more easily to the shift to digital payments, online health initiatives and remote work.

The pandemic led to region-wide collaborative efforts to shore up supplies of essential items such as food

The UAE was a world leader for Covid-19 testing in the early stages of the pandemic, pioneering a drive-through testing centre in April 2020.

measures. The UAE was a world leader for testing in the early stages of the pandemic, pioneering a drive-through testing centre in April 2020.

INSTITUTIONAL RESPONSE: Along with the medical response, governments in the region passed large stimulus packages to help offset the economic fallout of the pandemic. This was the case in Bahrain, where the government launched a BD4.3bn ($11.4bn) stimulus – equivalent to around 30% of GDP – in mid-March 2020. In addition to increasing liquidity support funds and loan facilities from the central bank, the package paid the salaries of all private sector employees, along with the electricity and water bills of citizens and businesses, for three months. The government of Saudi Arabia, meanwhile, launched a multifaceted SR132bn ($35.2bn) stimulus package in mid-April 2020, consisting of SR70bn ($18.7bn) in support for the private sector, SR50bn ($13.3bn) in stimulus for the banking sector and small and medium-sized enterprises, and SR12bn ($3.2bn) in social assistance, including support for low-income families and micro-entrepreneurs, among others.

PRIVATE SECTOR ACTIONS: While governments moved to support the economy, companies in the private sector were forced to adapt to the new normal. In response to the sharp increase in demand for online services, many retailers worked to upgrade their digital offerings, particularly in terms of ordering, delivery and payment. One example is Dubai, whose shopping malls are a top tourist attraction. Following the implementation of health restrictions that led to the closure of all non-essential businesses, The Dubai Mall – the largest retail space in the UAE – launched a virtual store on regional e-commerce platform noon.com. This came as Mall of the Emirates, the emirate's second-largest mall, launched an online shopping platform called Trends at Your Doorstep, and hypermarket chain Carrefour UAE upgraded its portal to a full-scale online marketplace.

60%

of CEOs in the UAE surveyed by OBG in July 2020 said that their companies had invested in automation software or hardware

The private sector responded to the crisis more broadly by investing in digital technology. According to OBG's Gulf Covid-19 CEO Survey, conducted in July 2020, 36% of respondents said that their companies had invested in automation software or hardware, with the figure reaching nearly 60% in the UAE.

FOOD SECURITY: With the pandemic leading to the closure of many borders and the disruption of supply chains, there were region-wide collaborative efforts to shore up supplies of essential items such as food, water and medicine. As the region is a net importer of food and water, this was of particular importance. In mid-April 2020 the GCC adopted a Kuwaiti proposal to create a joint food supply network across the bloc. Concerned by disruptions to trade, the countries set up special arrangements at border control and Customs posts that facilitated the movement of food and medical supplies. In an attempt to further strengthen its food security, Kuwait struck a deal to streamline the import of Egyptian products, which were previously subject to extensive testing, and approved imports of beef from Brazil.

OIL & TRAVEL: With many oil-producing and exporting countries, the Middle East was dramatically affected by Covid-19 economically. Still, according to the IMF's April 2021 edition of the "World Economic Outlook" database, the economies of Middle East and Central Asia contracted by 2.9% in 2020 – less than the global average of 3.3%. Notwithstanding the considerable efforts to achieve economic diversification in various countries, the region's short-term recovery is likely to be closely linked to the price of oil. Underlining this, 67% of respondents to the Gulf Covid-19 CEO Survey said that oil prices will either significantly or very significantly impact the trajectory of their respective national economic recoveries.

Another key factor will be the resumption of travel. With countries such as the UAE, Qatar and Bahrain home to significant leisure and entertainment sectors, often closely tied to their aviation industries, the restrictions on cross-border travel throughout 2020 took a toll. Although badly affected overall, there was a gradual recovery in aviation activity in the second half of the year. The number of flights from the UAE doubled between the beginning of June and early November 2020, and while the number of passengers handled at Dubai International Airport was down 70% year-on-year in October 2020 – at 1.6m – this was around 25% higher than the previous month.

Although airlines implemented strict temperature controls and social-distancing protocols to encourage travel, most industry stakeholders believe that progress will only be made once an effective vaccine is widely available. To this end, the development, approval and ongoing deployment of Covid-19 vaccines bodes well for businesses in 2021. In addition to opening up travel, vaccines could provide opportunities for logistics and last-mile transport companies in the region. The IMF forecast growth in the Middle East and Central Asia will rebound to 3.7% in 2021, below the global figure of 6%.

Marwan bin Jassim Al Sarkal, Executive Chairman, Sharjah Investment and Development Authority

Working together

Marwan bin Jassim Al Sarkal, Executive Chairman, Sharjah Investment and Development Authority (Shurooq), on leveraging technological trends and innovation

To what extent have technological trends sparked by the Covid-19 pandemic affected Sharjah's investment environment?

AL SARKAL: The pandemic accelerated plans to further develop technologically advanced services. It is notable that demand for investment and development projects increased over the course of the health crisis – a reflection of Shurooq's focus on technological readiness and portfolio diversification. These factors enable the institution to continue to provide services, even as the majority of other public entities were mandated to close due to health measures associated with the pandemic.

Technological investments – particularly those related to the Sharjah Investment Centre – proved to be beneficial during the Covid-19 crisis. This was particularly the case in industries that were able to quickly adapt to technological innovations and tailor their digitalisation processes. The pandemic proved that users are ready to adopt digital solutions, even if they were previously unaware of the extent of their benefits. Portfolio diversification has also been central to efforts to balance the subdued performance of certain sectors affected by the pandemic, and to that end, Shurooq has committed to developing diverse projects that range from vertical agriculture to urban mobility.

In what ways can public-private partnerships (PPPs) benefit the wider economy?

AL SARKAL: In the UAE PPPs have the ability to bring projects that would otherwise be difficult to realise to fruition. In particular, partnerships between those with diversified skill sets tend to add more value to the wider economy. Shurooq's main goal is to act as a platform to welcome investors and connect them with local opportunities. In order to achieve this, our institution works to find the most promising strategies in a variety of sectors, as well as establish frameworks for both investors and the country's economic development.

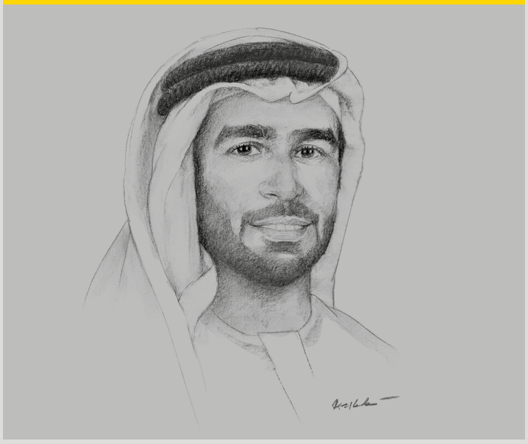
The impact of PPPs is two-fold: on the one hand, they attract and channel local and foreign capital into the initiatives most capable of adding economic value to all stakeholders. On the other hand, they favour the transfer of technology into and across the business environment. For example, Shurooq led a successful PPP related to the treatment of sewage. Thanks to this partnership, a plant located in Sharjah now produces high-quality water that can be used for a variety of purposes.

Partnerships are successful only when they constructively combine business, technology and government capabilities. Shurooq aims to foster these partnerships and expand them into sectors such as agriculture, aqua-culture, health care, education and urban mobility. This in turn will catalyse the further development of the broader economy.

What role can Sharjah play in accelerating overall development of the country?

AL SARKAL: The UAE has struck an optimal balance in regards to diversification. Financial services, education, oil and gas, sustainability, entrepreneurship and recycling are the country's main economic drivers. Each emirate is also aiming to diversify its own economy, while at the same time finding and nurturing an individual flagship industry of excellence. These two trends will contribute to the UAE's diversification and stability.

Education plays a fundamental role in this process. Sharjah has prioritised education since the 1990s. These efforts have paid off: the University of Sharjah now hosts more than 14,000 international students. Moreover, there is a significant talent pool in the emirate, and their skills and the ease of doing business are highlighted by the high number of graduates ready to establish a business here.



Mohamed Al Musharakh, CEO, Invest in Sharjah

Investment targets

Mohamed Al Musharakh, CEO, Invest in Sharjah, on attracting foreign investment and positioning the emirate for economic recovery in the post-pandemic era

To what extent has the pandemic affected foreign direct investment (FDI), and which sectors stand to benefit after the pandemic?

AL MUSHARAKH: Despite the challenges that the pandemic caused in 2020, Sharjah attracted around Dh800m ($217.8m) in FDI, with a strong rebound occurring in July compared to the second quarter of the year. The Sharjah government released a stimulus package of around Dh1bn ($272.2m), which mainly focused on reducing some government-imposed corporate fees and supporting companies through local banks in the emirate, either by ensuring financing via corporate loans or by renegotiating the terms of existing loans. Small and medium-sized enterprises were another focus of government stimulus.

Sharjah's economic and investment authorities are developing new solutions and strategies to attract greater FDI flows in the post-pandemic era. The world has changed, and economies must adapt the way they pursue their goals. A reorganisation of priority sectors has refocused attention on technology, advanced manufacturing, food security, smart cities, and bio- and agro-technology. Health care, especially following the announcement of a new health care city in Sharjah, is similarly attracting growing interest in the wake of the crisis.

Ongoing research and development efforts, particularly in the field of technology, are drawing increased attention to these trending sectors. At the same time, tourism – ranging from eco- and adventure tourism, to archaeological and family tourism – will represent another major focus area for attracting post-pandemic FDI.

Where do you see opportunities to strengthen the system of incentives for investing in Sharjah?

AL MUSHARAKH: Sharjah has launched several programmes to incentivise foreign investment. The majority of these initiatives aim to improve the ease of doing business through a variety of strategies, mechanisms and institutions. Examples of programmes include Sharjah Start-up Studio, the Access Sharjah Programme and the Sharjah Investors Services Centre (SAEED). The last of these is a one-stop shop launched by Invest in Sharjah that provides a wide range of services to all foreign investors, whether they want to invest on the mainland or in one of the emirate's six economic free zones. Additionally, Invest in Sharjah can connect investors to different government entities and identify specific opportunities, particularly when it comes to public-private partnerships.

Invest in Sharjah provides free consulting services to international investors on where to set up a business in the emirate, how to do it and which legal structure to adopt. The office also offers access to regional experts with the purpose of identifying different investment opportunities based on the specific focus of individual clients. Furthermore, Invest in Sharjah recently completed a research project with consultancy PwC that aims to identify high-potential sectors and related investment opportunities in the emirate. Together, these initiatives and programmes should help to attract more FDI and enhance the investment ecosystem.

Which source markets are likely to generate the most FDI in Sharjah in 2021?

AL MUSHARAKH: The emirate is likely to continue receiving FDI from the UK, China and the US – with the US expected to increasingly look to the UAE as an investment destination, especially after the country's recent trade challenges with China.

When it comes to foreign investment, the ease of doing business in the UAE is the most attractive in the region, and the level of infrastructure development will continue to make the country an appealing and safe destination for all forms of foreign capital.

Economy

New investor services centre facilitates entrepreneurship
Digital economy initiatives at the heart of long-term plans
Recent borrowing to be offset by post-pandemic growth
Diversification remains an important strategy for the Gulf





Around 95.8% of economic activity is derived from non-oil sectors

Playing to strengths

Well-balanced activity saw the emirate through disruptions in 2020 and positions it for rapid growth in 2021

In 2021 Sharjah's GDP is forecast to grow by

4%

As one of the most diversified emirates in the UAE, Sharjah is less reliant on hydrocarbons than many of its neighbours, and has a strong foundation in industry and manufacturing. Indeed, hydrocarbons account for around 4% of GDP, and no individual sector contributes more than 25% of the total. Given that it has shores on both the Gulf and the Gulf of Oman, as well as shared borders with the six other emirates of the UAE, Sharjah has put trade and logistics at the heart of its development strategy. As it looks to build on this through the development of more knowledge-oriented industries, the digital economy is emerging as a priority area of focus.

GDP SNAPSHOT: Sharjah's GDP grew by 0.9% in 2019 to Dh124.4bn ($33.9bn) in current prices, according to the most recent statistics from the Department of Statistics and Community Development. The emirate's economy has grown steadily every year since 2010, when GDP stood at Dh78.8bn ($21.5bn). Around 95.8% of economic activity was derived from non-oil sectors in 2019, with the largest sectors being wholesale and retail trade, and the repair of motor vehicles and motorcycles (22.4%); manufacturing (16.3%); real estate (9.6%); construction (8.8%); and financial services (8.1%). Growth in 2019 was led by public administration and defence (10%), and arts, recreation and other service activities (4.6%). All other sectors either grew by less than 3% or contracted slightly. While the global economic slowdown in 2020 is sure to be reflected in Sharjah's GDP for the year – data not yet released as of mid-2021 – there is cautious hope for a rebound in 2021 and beyond, driven by ambitious social and economic development spending, and the UAE having one of the quickest Covid-19 vaccine rollouts in the world in the first half of 2021. In its April 2021 credit ratings update for Sharjah, Standard & Poor's (S&P) projected that the emirate's GDP would grow by 4% that year. Meanwhile, according to the April 2021 edition of the IMF's "World Economic Outlook" database, the UAE economy contracted by 5.9% in 2020, and was expected to rebound to growth of 3.1% in 2021 and 2.6% in 2022.

PUBLIC FINANCES: Government spending has continued to rise steadily, funding ambitious development goals in the emirate and the wider UAE, as well as programmes to mitigate the health and economic impacts of the pandemic. In Sharjah the general government deficit widened to 8% of GDP in 2020, according to credit ratings agency Moody's, up from 4.9% in 2019. S&P projects this figure will reach 10% of GDP in 2021. While the UAE as a whole signalled it would trim public spending by about 5.5% to Dh58bn ($15.8bn) in the 2021 budget that was approved in November 2020, Moody's expected overall government expenditure in Sharjah to increase by 18% or more, driven in part by the acceleration of contractor payments by the newly created Authority of Initiatives Implementation and Infrastructure Development, also known as Mubadara – a move designed to help jump-start the emirate's economy in the post-pandemic recovery phase.

In December 2020 Sharjah approved a general budget worth Dh33.6bn ($9.1bn) for 2021, up 12% on the previous year and marking the largest-ever budget for the emirate. Of the total, 47% is earmarked for public sector salaries and wages, while 43% is allocated to developing and improving infrastructure. Notably, the capital projects budget is one-third of the total and seeks to develop tourism facilities, tunnels and other aspects of the emirate's transport network. To help offset higher spending, Sharjah is pursuing a 15% increase in revenue for 2021, relative to preliminary 2020 figures, according to Moody's. Given the continued impact of the Covid-19 pandemic on tax revenue, the Dh1.2bn ($326.6m) in extra revenue targeted – equal to roughly 1% of GDP – is based on a large pipeline of land sales

In December 2020 Sharjah approved a $9.1bn general budget for 2021, up 12% on the previous year and marking the largest-ever budget for the emirate. Some 43% will go towards developing and improving infrastructure.

designed to compensate for lower value-added tax (VAT) collection and contributions from government-related entities (GREs).

VAT has been an important source of revenue since its introduction in the UAE as part of a GCC-wide agreement to institute a 5% levy across the bloc. The UAE and Saudi Arabia were the only countries to implement the tax on January 1, 2018 as agreed, but unlike Saudi Arabia, which tripled its VAT from 5% to 15% in July 2020 to bolster revenue amid the pandemic, the UAE has maintained the 5% rate.

GOVERNMENT BORROWING: To finance its expansionary fiscal policies and resulting deficits, the government of Sharjah has pursued sovereign borrowing in recent years, starting with its ultimately successful efforts to obtain credit ratings from Moody's and S&P in 2014. Over the following two years, the emirate restructured its public and GRE debt to curb costs for interest payments. In addition to renegotiating terms with existing lenders, the government issued a series of *sukuk* (Islamic bonds) to repay outstanding debt – much of which was structured as more costly bank loans.

By 2016 the emirate's debt-servicing costs had been reduced by as much as 50%. Sharjah has since established itself as a regular issuer of US dollar-denominated sukuk, beginning with a $750m instrument launched in September 2014, followed by a $500m bond in January 2016 and another sukuk for $1bn in March 2018. In February 2018 the authorities issued an RMB2bn ($293.4m) instrument on the Chinese market – a so-called Panda bond – making Sharjah the first Middle East government to do so.

PANDEMIC-RELATED FINANCING: The emirate crafted fiscal support packages to help alleviate the economic impacts of the pandemic. The first stimulus, valued at Dh481m ($130.9m), was issued in early 2020, while a second one valued at Dh520m ($141.5m) was announced in November 2020. Furthermore, many governments in the region turned to sovereign borrowing to support public finances. In May 2020 Sharjah raised Dh2bn ($544.4m) through a privately placed one-year sukuk known as the Sharjah Liquidity Support Mechanism (SLSM) – the first rated short-term local currency tradeable instrument in the UAE. According to statements from the Sharjah Finance Department at the time of the sale, the paper could prove to be a useful liquidity-management tool for banks, and further tranches with one or more banks could see the SLSM expand to Dh4bn ($1.1bn). This was followed by a $1bn seven-year sukuk issuance in early June 2020, and in late October it was reported that the emirate had hired banks to reopen its existing $750m, 10-year sukuk from October 2019. These moves suggest that debt financing will continue to play an important role in the emirate's recovery from the pandemic over the course of 2021, particularly given the environment of high liquidity and low interest rates globally.

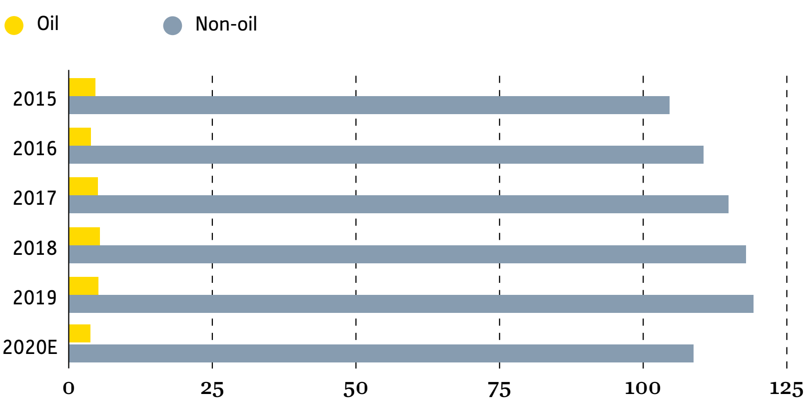
With this in mind, Moody's forecast that the emirate's government debt burden would reach 60% of GDP by 2023, versus around 20% in 2017. By comparison, the MENA region had an average debt-to-GDP ratio of 65% in 2019. However, the agency noted two important advantages for Sharjah in this regard: first, continued off-budget federal spending on behalf of the emirate frees up fiscal revenue to cover debt-servicing costs; and second, the dirham's peg to the US dollar plays an important role in mitigating foreign exchange risk, given the large share of foreign currency-denominated borrowing in Sharjah's debt portfolio.

The increase in government debt is a trend playing out across the wider Gulf in the wake of the pandemic. In July 2020 S&P projected the region would see a $100bn increase in government debt over the course of the year, with another $80bn drawdown on public assets to bridge central government deficits, which it expects will be a cumulative $490bn in 2020-23. However, the agency also said that it anticipates deficits will begin moderating from 2021

Debt financing is playing a leading role in Sharjah's economic recovery

In May 2020 Sharjah raised $544.4m through a privately placed one-year Islamic bond known as the Sharjah Liquidity Support Mechanism. It was the first rated short-term local currency tradeable instrument in the UAE.

Real GDP*, 2015-20E (Dh bn)



Source: DSCD

*current prices

As the only emirate to have ports on both the Gulf and the Gulf of Oman, Sharjah facilitates global trade

Sharjah recorded $8.5bn in imports in 2019, up 3.4% on the 2018 total, while non-oil exports rose by 3.5% to $3.8bn and re-exports grew by 32.9% to $10.3bn.

onwards if oil prices stabilise and production cuts are gradually rolled back. As of March 2021 Brent crude oil futures were trading at around $60 per barrel, a significant recovery from their pandemic low of less than $23 in March 2020.

CREDIT RATINGS: Both the UAE and Sharjah have largely upheld, if not increased, their spending commitments to provide economic support during the pandemic, which – in combination with weaker revenue – has weighed on public finances and impacted credit ratings. In April 2021, for example, S&P affirmed its "BBB-" long-term sovereign credit rating with a stable outlook for Sharjah, and also assigned a "A-3" short-term rating to the emirate. Moody's, for its part, downgraded Sharjah's long-term foreign and local currency issuer rating from "Baa2"to "Baa3"in February 2021, changing its outlook from stable to negative. The agency cited a sharp decline in fiscal revenue in 2020 and steadily increasing public expenditure as its primary motivations for the change in rating. It estimated that Sharjah's revenue had fallen by as much as 30% in 2020 due to lower collection of business licence fees, a temporary reduction in government fees and levies during the Covid-19 pandemic, and lower Customs duties due to weaker global trade flows.

TRADE: As the only emirate in the UAE with ports on both the Gulf and the Gulf of Oman, as well as the broader country's geostrategic location between Europe and Asia, Sharjah is well positioned to be a central player in international trade and logistics (see Transport & Logistics chapter). In addition to building competitive underlying transport infrastructure – from Khorfakkan port on the Gulf of Oman, to Sharjah International Airport – the emirate has worked to develop a broad network of free zones and industrial zones to solidify its position as an exporter and re-exporter (see Industry & Energy chapter). More recently, the government has established free zones focused on knowledge-led sectors such as publishing, media, health and education.

Despite the Covid-19 pandemic, the value of non-oil foreign trade in the UAE for the first nine months of 2020 was $281.2bn – equal to nearly two-thirds of the total recorded in 2019.

Sharjah recorded Dh34.9bn ($8.5bn) in imports in 2019, up 3.4% on the 2018 total, according to the most recent full-year statistics for the emirate from Bayanat. Non-oil exports were up 3.5% at Dh13.8bn ($3.8bn) while re-exports grew by 32.9% to Dh37.9bn ($10.3bn). Re-exports are a strategic area of growth for the UAE, accounting for more than one-quarter of exports. National non-oil re-exports were valued at Dh451bn ($122.8bn) in 2019, per the latest annual data from the Federal Competitiveness and Statistics Authority, up 5.9% on 2018. Non-oil exports rose by 12.1% to Dh231bn ($62.9bn), while imports grew by 1.8% to Dh915bn ($249.1bn). Saudi Arabia was the top destination for the UAE's non-oil exports in 2019, purchasing Dh88.1bn ($24bn) of the total, followed by India, at Dh53.9bn ($14.7bn). China was the UAE's primary source of imports, supplying Dh149.8bn ($40.8bn) worth, with India again in second, at Dh98.2bn ($26.7bn).

Although full-year figures for 2020 had yet to be published as of February 2021, the effect of the Covid-19 pandemic is likely to be reflected in weaker trade volumes for Sharjah and the broader UAE. In the first half of 2020, when restrictions to curb the spread of the virus were most severe, the UAE recorded a 16.2% year-on-year decline in trade to Dh786bn ($213.9bn). However, over the course of the first nine months of the year, non-oil foreign traded rebounded to Dh1.03trn ($281.2bn) – equal to nearly two-thirds of the 2019 total – in a signal that the UAE's trading activity may have been more resilient to the pandemic than other commercial hubs. Imports comprised Dh572.9bn ($155.9bn) of the total, while exports stood at Dh191.3bn ($52.1bn) and re-exports Dh269.1bn ($73.2bn).

FOREIGN DIRECT INVESTMENT: The Covid-19 pandemic triggered an estimated 42% decline in global

Sharjah is home to competitive underlying transport infrastructure

Sharjah attracted
$220.1m
in foreign direct investment across 24 projects in 2020

foreign direct investment (FDI) in 2020, according to the UN Conference on Trade and Development (UNCTAD). While the UAE was not immune to this bearish investment climate, Sharjah recorded increases in commitments to key industries late in the year. The emirate attracted a combined Dh808.6m ($220.1m) in FDI across 24 projects in 2020, according to the Sharjah FDI Office, better known as Invest in Sharjah, with a 60% quarter-on-quarter increase posted in the last three months of the year. Foreign investors tapped opportunities in fields that largely benefitted from the pandemic, among them e-commerce, medical research and personal protective equipment.

While the 2020 total was down considerably from the emirate's record of nearly Dh6bn ($1.6bn) in 2017, rebounds are expected in 2021. According to 2021 projections by investment intelligence firm Wavteq, Sharjah is forecast to see FDI increases of 74% in life sciences, 55.6% in ICT, 49.7% in food and agriculture, and 46.2% in logistics and distribution.

The UAE as a whole attracted Dh73bn ($19.9bn) in FDI in 2020 – making it the world's 15th-largest recipient of FDI that year – as per the most recent data from UNCTAD. This figure was up 44% from 2019, when the UAE attracted $13.8bn in FDI. The upwards trend is expected to be supported by reforms to foreign investment regulations introduced in November 2020. According to Federal Decree Law No. 26 of 2020, foreign nationals can now own up to 100% of onshore commercial companies in the UAE; prior to the change, most companies needed a UAE shareholder to hold at least 51% of issued share capital. Some exceptions exist for industries with strategic national interest, which were included in previous negative investment lists. The legislation builds on countrywide strategies to develop technologies such as artificial intelligence (AI), support advance sciences, foster innovation and lay the groundwork for the Fourth Industrial Revolution.

INVESTMENT PROMOTION: Several government bodies are responsible for investment promotion in the emirate. Until September 2016, when Invest in Sharjah was launched, investment promotion was carried out by the Sharjah Investment and Development Authority (Shurooq), of which Invest in Sharjah is a semi-autonomous arm. Shurooq is also an active investor, developer and operator of businesses, notably within tourism and real estate (see Construction & Real Estate chapter). Invest in Sharjah's roadshows and forums have been an important investment-promotion strategy, with a historical focus on India, Russia, China, GCC countries, the US, and European nations such as Italy and France. The investment body participated in 14 local and international events – six of which were held virtually – and organised 12 over the course of 2020, highlighting real estate, technology, industrial manufacturing, agriculture and other fields of strategic interest to the emirate.

Amid pandemic-related travel restrictions and limitations on physical gatherings from March onwards, 16 of these discussions took place online. The body also holds the annual Sharjah FDI Forum, which hosts discussions on investment trends.

In late 2019 Invest in Sharjah launched the Sharjah Investors Services Centre (SAEED), a one-stop shop service centre that helps investors complete the legal and administrative requirements needed to establish a business in the emirate. SAEED provides services from a number of local and federal government entities, allowing investors to register their businesses in under an hour. "SAEED offers robust consultative and advisory services to guide investment in high-growth industries," Marwan Saleh Alichla, general manager of SAEED, told OBG. "It also plays a key role in raising awareness about emerging opportunities for the private sector."

While it was difficult to ramp up in the first half of 2020 due to the pandemic, the centre promoted itself by taking on activity usually done by other public offices and provided clients special services at no extra cost, including picking up their application at home and mailing it back to them. As of early 2021 the centre offered 120 services from more than 15 public entities for new investors and existing businesses, as well as for families and individuals.

DIGITAL ECONOMY: The launch of SAEED is part of the emirate's ongoing push to develop smart government and smart city initiatives, in line with ambitious growth plans for the digital economy in Sharjah and the wider UAE. The digital economy contributed an estimated 4.3% to national GDP in 2019, which the country aims to double under the leadership of Omar Al Olama, who was appointed as the federal minister of state for AI, digital economy and remote working applications in July 2020. Financial cooperation, the development of the freelance economy, and the creation of digital markets and content will be part of the new ministerial portfolio.

Speaking to OBG in an interview in mid-2020, Al Olama explained, "We are developing the right policy framework for this ecosystem. Within it we will focus on research so that the advancement of innovation is happening right here in the UAE. The goal is for us to be the country that people associate with AI. As such, a federal initiative called Regulations Lab has been implemented to test technologies in a sandbox and develop future legislation."

START-UPS: Sharjah has a thriving start-up scene, and was recognised in policy advisory firm Startup Genome's "The Global Start-up Ecosystem Report 2020" as the top high-growth activation phase ecosystem out of 250 studied. At the emirate level, a number of start-ups are driving the development of the digital economy. Sahab Smart Solutions, for example, has been working with the government of Sharjah to build a digital platform for business and public services, and is also creating the emirate's first e-commerce platform for Souq Al Jubail, one of the largest fresh produce markets in Sharjah.

Real estate, technology, industrial manufacturing and agriculture are fields of strategic interest to the emirate

Building the entrepreneurial ecosystem and supporting entrepreneurs as they grow innovative start-ups is the mandate of the Sharjah Entrepreneurship Centre (Sheraa), established in 2016. Sheraa is home to the UAE's first government-supported start-up studio, Sharjah Start-up Studio (S3), which works alongside founders to validate their idea and determine whether to take it to market. S3 offers both technical and financial resources, and is the first start-up studio in the region to use a revenue-sharing model, with founders retaining full ownership of their businesses. "S3 is the culmination of our venture-building experience over the past five years, offering founders the engagement they need to build sustainable, successful and profitable businesses," Najla Al Midfa, CEO of Sheraa, told OBG. "Instead of replicating what works in Silicon Valley, S3 offers a studio model adapted to the needs of local start-ups." From 2016 through to 2020 Sheraa supported 114 start-ups that have gone on to raise $87m in capital, generate $130m in revenue and create over 1300 jobs. During the pandemic, Sheraa launched the $1m Solidarity Fund to support impact-focused start-ups experiencing financial difficulties through equity-free grants and commissioned projects.

OUTLOOK: While the economies around the world confronted unprecedented disruptions in 2020, the key role of technology in preserving continuity – whether in business, education or health care – has underscored the strategic importance of Sharjah and the UAE's ongoing drive to develop their digital economies and e-government services. Although trade and logistics will continue to be the foundation upon which the emirate's diversified economy is built, growing international and local interest in knowledge-led and digitally native fields is likely to steer innovation and investment in the post-pandemic era, facilitated by the creation of SAEED and the liberalisation of foreign investment regulations.

In late 2019 the Sharjah Investors Services Centre – known as SAEED – was launched as a one-stop shop designed to register and set up businesses in under an hour.

The emirate is continuing its push to develop smart government and smart city initiatives in line with ambitious growth plans for the digital economy in Sharjah and the wider UAE.

Sultan Abdullah bin Hadda Al Suwaidi, Chairman, Sharjah Economic Development Department

Strategic support

Sultan Abdullah bin Hadda Al Suwaidi, Chairman, Sharjah Economic Development Department (SEDD), on facilitating business activity and the digital transformation

How did Sharjah support the business community during the Covid-19 pandemic?

AL SUWAIDI: The government's economic response to the Covid-19 pandemic was swift. Preventive measures implemented to mitigate the impact of the health crisis on the economy included a 10% reduction in utility bills for a three-month period, the adoption of 50 fiscal incentives to stimulate business and consumer activity, and the implementation of a campaign aimed at improving economic readiness, during both the health emergency and the recovery period.

Sharjah's crisis-management plan allowed essential services such as grocery stores, pharmacies, and factories producing sanitiser and medical supplies to remain open 24 hours a day. Restaurants were also permitted to offer delivery and pick-up services around the clock. A consumer-protection plan aimed at safeguarding citizens against unscrupulous retail practices was also implemented. Under the plan, price speculation could result in fines or even licence termination. Moreover, 83 commercial officers were appointed to enforce rules and prevent possible violations of precautionary health measures. These actions enabled Sharjah's economy to maintain a healthy level of dynamism, while at the same time meeting the population's immediate needs and laying the foundation for a robust economic recovery.

What role has investment in infrastructure and the workforce played in economic development?

AL SUWAIDI: Sharjah's economic development was driven by significant infrastructure investment in 2019, with the transportation and storage segments in particular experiencing growth. Sharjah Sustainable City was the first clean energy project in the region and is an example of this focus on infrastructure. ICT, science and technical services also saw notable expansion over this period. Moreover, the pandemic saw health and social services take on greater economic importance, given that their share of GDP stood at 5.5% prior to 2020.

In this context of economic development, the protection of workers is paramount. Towards that end, the SEDD has encouraged the Sharjah Labour Standards Development Authority to establish principles of humanitarian and professional empowerment within the framework of economic growth. The 3% wage increase in the manufacturing sector in 2019 can be seen as a major indicator of the increasing production capacity and profitability of the industrial sector. To maintain this expansive trend, Sharjah plans to adopt a number of measures that aim to stimulate investment, such as the issuance of new types of business licences, the simplification and digitalisation of application processes for all commercial licences, and a reduction in the requirements to set up a business. This will facilitate activity while reducing costs.

To what extent has digital transformation ensured business continuity at both the government service level and in other economic sectors?

AL SUWAIDI: Sharjah leveraged a variety of digital transformation processes during the pandemic. The SEDD had obtained a 100% digitalisation rate before Covid-19 reached the emirate, which ensured minimal disruption to the department's activities during the crisis period. During this time the SEDD offered more than 100 digital services in order to speed up transactions, improve cybersecurity when accessing business services and enhance remote communications with partners to ensure customer satisfaction. These digital offerings led to improvements in service quality and usage during the pandemic. For example, the issuance of e-licences grew by 200% in 2020.

Meanwhile, the uptake in smart investor services – which experienced a 66% increase in 2019 – expanded again in 2020. The emirate is also fostering the modernisation of local factories, with an emphasis on green models. These changes will not only attract foreign capital, but also bolster Sharjah's competitiveness.

The UAE invested in tech, logistics and health care companies in 2020

A broader view

The Covid-19 pandemic served as the latest reminder to Gulf countries of the need for economic diversification

While many Gulf nations were already working to diversify their economies prior to the Covid-19 pandemic, the global recession in 2020 prompted governments in the region to either reassess or accelerate their strategic plans. With economies around the world operating under capacity and global travel severely curtailed for much of 2020, there was a significant drop in demand for – and subsequently the price of – oil, which is a major source of income for the GCC. For example, oil accounts for approximately 30% and 45% of GDP in the UAE and Saudi Arabia, respectively, and 75% of government revenue in Oman. This oil dependency partly explains why Gulf countries were projected by the IMF to collectively contract by 6.6% in 2020 – over two percentage points more than the estimated 4.4% decline for the global economy.

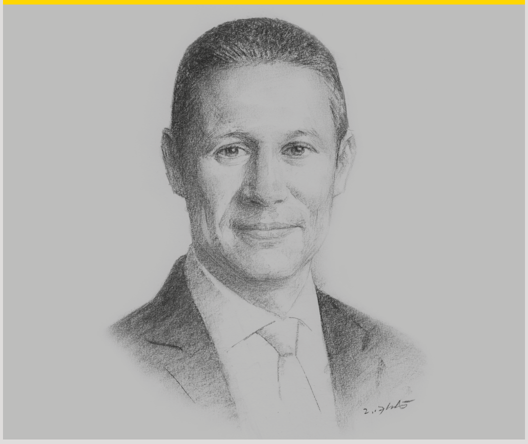
ALTERNATIVE REVENUE: The economic downturn once again highlighted the importance of generating new and sustainable streams of revenue. While most countries in the region were already engaged in some form of diversification strategy prior to 2020, the pandemic served as a reminder to press ahead with efforts. According to the IMF's April 2021 "World Economic Outlook" database, the economies of Saudi Arabia, the UAE and Oman contracted by 4.1%, 5.9% and 6.4%, respectively, in 2020. The UAE's government-owned Mubadala Investment Company has made a series of strategic investments in sectors such as tech, logistics and health. These include $3bn in Waymo, Alphabet's self-driving technology arm; $700m in US start-up REEF Technology, which manages logistics hubs and neighbourhood kitchens; and $235m in German pharmaceutical company Evotec.

Meanwhile, although the downturn has seen the government reduce its budget for implementing Vision 2030 – the country's long-term economic development plan – Saudi Arabia is continuing work to generate new sources of revenue. In May 2020 the government awarded the Public Investment Fund (PIF), the Kingdom's sovereign wealth fund, an additional $40bn in state reserves to tap into investment opportunities. Since then, the PIF has invested in companies across various industries, including Uber, Softbank's Vision Fund, electric carmaker Lucid Motors, Disney and Bank of America. Despite the kingdom's long-term focus on diversification, the fund also invested more than $2bn in the hydrocarbons industry. Over the course of 2020 it acquired stakes in oil giants such as BP, Total and Shell, which were seen as cost-effective investments given the fall in share prices.

Some GCC countries have explored other methods to fund state coffers. In October 2020 Oman launched its fiscal plan for 2020-24, which aims to diversify revenue through a series of projects and tax reforms. In addition to investing OR371m ($965m) in unspecified development projects around the country, the plan outlined efforts to improve tax collection and introduce value-added tax in April 2021. For the first time, the government is also considering establishing a personal income tax targeting top earners to broaden the revenue base. In August 2020 credit ratings agency Fitch estimated that the country's fiscal deficit would reach 20% of GDP that year, up from 8% in 2019.

NEW SUPPLY CHAINS: In light of the disruptions to trade experienced during 2020, countries in the Gulf are also looking to diversify supply chains. The pandemic has intensified existing concerns about an over-reliance on overseas suppliers for goods and raw materials, and has encouraged many businesses and governments in the region to pursue more resilient and diversified trade links. In an example of regional cooperation, in April 2020 the GCC adopted a Kuwaiti proposal to create a joint food supply network across the bloc. Concerned by Covid-19-related disruptions to trade and fears over food insecurity, countries agreed to establish special protocols for border and Customs posts in order to facilitate the movement of basic food and medical supplies within the six-member alliance.

Governments in the Gulf are pursuing diversification strategies such as investing in foreign companies, widening the tax base and establishing more resilient supply chains.



Badr Jafar, CEO, Crescent Enterprises

Forward momentum

Badr Jafar, CEO, Crescent Enterprises, on the readiness of the local market to benefit from new technologies

Which sectors offer the best prospects for venture capital (VC) amid the widespread disruption caused by the Covid-19 pandemic?

JAFAR: As we look to the post-pandemic world, health care, education and the supply chain represent promising and impactful areas for VC investors. Demand for these sectors has been driven primarily by changes in consumer habits, which will most likely persist beyond 2021. As the Fourth Industrial Revolution progresses, tech innovation will continue to take centre stage. As such, CE-Ventures – the corporate venture capital platform of Crescent Enterprises – will continue to invest in high-growth tech subsectors, including supply chain, medical, education and food technologies. To date we have deployed $180m in start-ups and VC funds across the MENA region, the US and South-east Asia, and intend to double this figure over the next few years.

However, other segments are also likely to grow during the recovery, including some that endured hardship during the lockdown periods. For example, aviation, tourism and traditional retail are expected to experience expansion due to pent-up demand. Many retailers in MENA are dealing with a new operating climate that may require a hybrid approach, allowing for an immersive experience that facilitates both offline and online transactions.

In what ways can leading companies, start-ups and the government of Sharjah better engage with one another to foster innovation?

JAFAR: Businesses are adopting new models to tap into entrepreneurial innovation. For example, Crescent Enterprises created a dedicated platform, CE-Creates, to incubate start-ups and help them scale up. Another approach is to link companies and start-ups through acceleration programmes involving mentoring, co-working spaces, and shared services such as marketing, human resources and accounting. We also provide other forms of support to help start-ups expand into new markets, such as strategic advice on operations and business strategy, leveraging the diversity of sectors in which we operate.

Conversely, large companies can tap start-ups' innovation to accelerate their own digital transformations. For example, Gulftainer's Future of Ports Start-up Challenge helped identify start-ups from around the world with the ambition to transform port management and logistics. Long-term partnerships such as the one we have with the Sharjah Entrepreneurship Centre (Sheraa) have also proven to be effective in promoting innovation. In the second quarter of 2020 Sheraa and CE-Ventures disbursed more than Dh700,000 ($191,000) in equity-free grants to 11 start-ups, helping them remain afloat as they navigated the pandemic. Moreover, a greater emphasis should be placed on the role of the arts and humanities in driving innovation. Sharjah is in a good position to embrace this opportunity, with its thriving and internationally recognised art scene.

How can Sharjah best harness the benefits of technological advancement?

JAFAR: Sharjah can benefit significantly from technological development by acting as a centre for the flow of goods and services – both physical and digital – between the East and the West. Sharjah has been a regional pioneer in logistics, with the first international airport in the UAE, and the first container terminal in the Gulf at Khorfakkan. The emirate continues to have strong land, sea and air connections. The pandemic pushed logistics to become even more digitised, and with economic diversification, the UAE and Sharjah have transformed into strategic supply chain hubs. The education sector will also play crucial role in harnessing technological advancements, and the University City of Sharjah, and the Sharjah Research, Technology and Innovation Park are models for this.

Digital nomads work remotely and relocate abroad relatively freely

Work and travel

Countries capitalise on the growth of the digital nomad lifestyle

With Covid-19 facilitating the widespread adoption of remote work practices, some emerging markets are seeking to attract so-called digital nomads through a series of incentives and special visas. Despite border closures and travel restrictions resulting from the virus, various countries are stepping up efforts to incentivise the movement of digital nomads – people who work remotely and relocate relatively freely.

PICK YOUR SPOT: In October 2020 Dubai launched its virtual working programme, an initiative that gives foreign professionals the opportunity to move to the emirate and continue to work remotely in their current jobs. The one-year programme, launched after the emirate reopened its borders to international tourists in July 2020, is designed is attract professionals, entrepreneurs and those working in start-ups. The programme was extended to the whole of the UAE in March 2021.

Another emerging market that has become an attractive proposition for digital nomads during the pandemic is Mexico. A number of remote workers – particularly from the US and Canada – relocated to the country during 2020. While in January 2021 Mexico, the US and Canada agreed to restrict non-essential travel between the countries as a result of a spike in infections – a measure that remained in place until the end of February – Mexico's more liberal travel policies throughout 2020 contrasted with many other countries in the region. For example, Colombia and Peru kept their borders shut for much of the year. On top of this, the ability of US citizens to acquire a six-month visa on arrival constitutes a significant incentive for digital nomads, alongside the flexibility of the country's Temporary Resident Visa, which allows foreigners to stay for between 180 days and four years. This has meant that some locations in Mexico, such as Tulum on the Caribbean coast, have been particularly lively as a result of the increase in foreign workers. In a sign that many expect this boost to be more than temporary, in February 2020 hotel operator Selina – which specialises in accommodation for digital nomads – announced that it was looking to expand its offerings in Mexico. The company said it would invest $150m over a two-year period, increasing its number of hotel and hostel beds from around 2300 to 10,000.

However, emerging markets are not the only countries looking to attract digital nomads. Following the collapse of global tourism, a number of high-income Caribbean nations turned to incentivising such immigration as a way to offset the economic fallout of the virus. In 2020 Barbados, Anguilla, Antigua and Barbuda, the Cayman Islands, Bermuda and Montserrat launched initiatives allowing remote workers to live in their countries, often for up to one year. The approach has been replicated in Europe, with Croatia, Greece and the government of the Portuguese island of Madeira unveiling incentives to attract foreign remote workers. The government of Estonia – which pioneered an e-residency programme designed to attract start-ups and entrepreneurs in 2014 – updated its offering in August 2020 with a special digital nomad visa.

WORKING REMOTELY: With Covid-19 facilitating a mass shift towards remote work, the number of digital nomads in the world is set to grow as businesses offload expensive office space and employers and employees alike become more accustomed to working remotely. In fact, this shift was under way even before the pandemic, facilitated by the growth of co-working spaces and the establishment of digital nomad-oriented companies. The UAE was among those leading the shift to remote work. During the pandemic the government implemented a remote work system in the private sector to protect employees, and established a set of guidelines including the reduction of staff present in offices to 30% and the provision of screening devices such a thermometers. As borders reopen and travel resumes, more emerging markets will likely look to capitalise on the growing trend of digital nomads looking for affordable, safe and unique places from which to work.

A one-year virtual working programme for digital nomads that began in Dubai in October 2020 was extended to the whole of the UAE in March 2021.

The shift to remote work that was taking place before the Covid-19 pandemic – facilitated by the growth in co-working spaces – was accelerated by the spread of the virus.

Salem Yousef Al Qaseer, Chairman,
Labour Standards Development Authority

Best interests

Salem Yousef Al Qaseer, Chairman, Labour Standards Development Authority (LSDA), on protecting and enriching the lives of workers in the emirate

What steps and measures has the LSDA put in place to limit the spread of Covid-19 and mitigate its social and economic impact?

AL QASEER: The LSDA in Sharjah took immediate action to enhance health and safety procedures for workers, companies and employers in the industrial and commercial areas of the emirate, including Sharjah City, and the eastern and central regions. As of early November 2020 the authority had reached out to more than 300,000 workers from roughly 6000 companies. It aims to reach all workers and employers in the emirate via its Covid-19 awareness and prevention campaigns, and by extending its latest prevention measures to them.

The LSDA's ongoing awareness campaigns for workers and employers cover all print, digital and social media platforms in several languages. These include, among others, awareness and prevention guidelines sent via SMS to the phones of workers and employers in various languages; leaflets and digital awareness videos in several languages – namely Arabic, English, Urdu, Pashto, Filipino and Bengali – disseminated to businesses in the emirate; and a return-to-work guide for companies and employees, available in Arabic, English and Urdu.

To what extent has collaboration and cooperation with Sharjah and UAE government entities helped to enhance Covid-19 crisis management?

AL QASEER: Our Covid-19 pandemic campaigns would not have been successful without the cooperation of the relevant authorities in Sharjah in particular and the UAE in general. The LSDA is a member of the National Emergency Crisis and Disaster Management Authority, as well as multiple subcommittees, including the Labour Accommodation Inspection Committee and the Business Continuity Team.

The campaigns have had a significant impact because of the full cooperation of the concerned authorities, especially the Ministry of Health and Prevention; the Sharjah Prevention and Safety Authority; the Sharjah Police; the Ministry of Human Resources and Emiratisation; and environmental management, recycling and waste company Bee'ah.

How important is training and educating workers for Sharjah's post-pandemic economic recovery?

AL QASEER: Providing training and education for workers, especially the basic skills of reading, writing, mathematics and computer sciences, to improve their job opportunities and ensure their active and productive participation in economic development is an essential step to accelerate the emirate's recovery in a post-pandemic scenario. The LSDA has been coordinating many educational courses for workers, including English lessons in cooperation with the American University of Sharjah, and we are planning to conduct more courses to give workers the opportunity to acquire the skills they need.

These cultural activities, which aim to integrate workers into the busy cultural life of Sharjah, are part of a strategic plan to improve the work environment in the emirate and provide support to employers and workers alike. Under this plan the authority has succeeded in integrating hundreds of workers into the cultural scene of the city – for example, by organising the attendance of hundreds of workers at educational seminars and lectures held in their native languages in the latest edition of the Sharjah International Book Fair at the Sharjah Expo Centre.

In this regard, and as part of its plan to promote the culture of reading among workers, the LSDA, in cooperation with the Culture Without Borders initiative in Sharjah, has launched a project to establish a private library in each labour housing complex. These libraries will be stocked with a variety of materials in several languages, and will be frequently replenished in order to ensure maximum benefit and enjoyment.

Education & Health

Learning institutions aim to link businesses and talent

Teacher licensing fee structure announced in 2020

High number of medical staff per capita in the emirate

Field hospital for Covid-19 patients opens its doors


12,325 students were enrolled in public Cycle-3 schools in 2018/19

Ongoing provision

The authorities deploy e-learning solutions, and ramp up testing and vaccination to ensure the continuation of social services

The education sector is under the remit of the federal Ministry of Education, though emirate-level organisations such as the Sharjah Education Council also play a large role in ensuring instruction meets the needs of the local population.

Quality education and health services is important to ensure growth and productivity. With regular activities severely disrupted in 2020 due to the Covid-19 pandemic, schools had to shift quickly to online learning and integrate new health protocols when in-person instruction resumed. Quick adoption helped the emirate maintain its position as a regional centre for education. Hospitals and clinics, meanwhile, devoted substantial resources to testing and care to fight the novel coronavirus. Priorities established before the pandemic, as well as lessons learned in 2020, are now shaping the education and health sectors in 2021.

OVERSIGHT: The education sector in Sharjah is under the remit of the federal Ministry of Education (MoE), though emirate-level organisations also play a large role in ensuring instruction meets the needs of the local population. The Sharjah Education Council (SEC) is the leading body in this regard, with its own budget to organise targeted programmes such as creating councils to promote parent and student engagement. The newest emirate-level organisation is the Sharjah Private Education Authority (SPEA), established by Emiri decree in 2018. The overarching mandate of the authority includes regulating and improving the quality of the private education segment, and attracting investment.

EARLY & GENERAL EDUCATION: Early education in Sharjah comprises nurseries, typically for children aged one to three, and kindergarten, for children aged four and five. Government employees are eligible to place their children in nurseries operated under the auspices of the SEC, while private nurseries are available for children whose parents do not work for the emirate. This structure also applies to kindergartens, with children of expatriates usually placed in private facilities and Emirati children attending government institutions.

Children then move through grades 1-12 in three cycles, which are compulsory. Cycle 1 covers grades 1-5 for ages 6 to 11, and Cycle 2 spans grades 6-9 for ages 12 to 14. Cycle 3 comprises grades 10, 11 and 12, with students graduating from secondary school at 17 or 18 years of age with a high school diploma. A parallel option of technical secondary school also exists.

SCHOOL & ENROLMENT STATISTICS: According to the "Statistics Annual Book 2019" published by the Department of Statistics and Community Development (DSCD), there were 113 public schools in the 2018/19 academic year, down from 116 in the previous school year. Conversely, the number of private schools increased from 112 in 2017/18 to 116 in 2018/19.

In the public segment, 5185 children were enrolled in kindergarten, or Cycle 0, in 2018/19; 11,727 in Cycle-1 schools; 12,889 in Cycle 2; and 12,325 in Cycle 3. The private segment in 2018/19 counted 35,264 children in kindergarten, 65,473 students in Cycle 1, 49,929 students in Cycle 2 and 32,926 in Cycle 3. While males outnumbered females among nationals in both public and private institutions across all cycles, females outnumbered males among non-nationals in private and public schools across all cycles except for kindergarten.

STAFFING: In 2018/19 there were 1551 national and 1436 non-national teachers in the public school segment. Female teachers (1489) greatly outnumbered male teachers (62) among nationals. However, the difference was less noticeable among non-nationals, with 638 females compared to 798 males. Overall, the total number of public school teachers has fallen over recent years, from 3423 in 2016/17 to 3236 in 2017/18 and 2987 in 2018/19. This brings the student-to-teacher ratio in the public system to 14.1:1.

Though the DSCD did not provide any information on private school teachers, MoE data shows that there were 11,714 private school teachers spanning all cycles in 2018/19. The popularity of private instruction over public instruction – demonstrated by the high number of schools, enrolees and teachers – could be linked to many students' aspiration to attend universities abroad, as private schools often follow international curricula and meet the high standards set by the government.

There were 113 public schools in the 2018/19 academic year, down from 116 in the previous school year. Conversely, the number of private schools increased from 112 in 2017/18 to 116 in 2018/19.

LICENSING: In 2016 the UAE rolled out a uniform licensing programme for teachers in the country. The programme is set to span all emirates and encompass both the public and private segments, with the twin goals of boosting the quality of instruction in the UAE and ensuring standardised teaching skills. In 2017 the country launched the pilot phase of the Teacher Licensing System, which saw almost 5800 instructors sit for a free test in March 2018. The aim was to have the system in place and all teachers – as well as principals, vice-principals and cluster managers – licensed by 2021.

The MoE established a fee-based system for educational licences beginning in the 2019/20 academic year. The test costs Dh250 ($68.05) plus Dh50 ($13.61) for the licence once the exam is passed. Applicants who do not pass the test on their first try have two additional attempts at Dh100 ($27.22) per resit after more training is provided. The exam comprises two parts: general pedagogy and the applicant's specialisation. If an instructor lets their licence expire, renewing it will cost Dh100 ($27.22). When the fee structure was officially announced in mid-2020, the MoE noted that the charges were among the lowest worldwide to avoid undue stress on teachers. Around 7000 teachers across the UAE took the licensing test in January of that year.

HIGHER EDUCATION: At the tertiary level, most of Sharjah's universities, academies and institutes are located within the 15-sq-km University City, which was established in 1998 and now hosts over 47,000 learners. Integrated services for students include free transportation from various points in Sharjah City and its suburbs, dedicated ambulances and response crews, and free Wi-Fi in all buildings and buses.

The city is home to five universities, including the University of Sharjah (UOS) – a leading institution in the region with more than 16,000 students – the American University of Sharjah and the Higher Colleges of Technology Sharjah. Other learning centres include the Police Science Academy, Sharjah Performing Arts Academy, Sharjah Research Academy, the Institute of Training and Judicial Studies, the Sharjah Centre for Astronomy and Space Sciences, and various facilities for Arabic, Islamic and heritage studies. University City is also the location of the internationally accredited University Hospital Sharjah and the Sharjah Research Technology and Innovation Park free zone.

Many tertiary institutions deployed e-learning tools and hosted online classes to some degree prior to the Covid-19 pandemic, which facilitated the relatively smooth transition to distance learning when the MoE closed schools throughout the country in March 2020. The UOS, for example, transitioned to full online classes within one week. At-home learning continued into the 2020/21 academic year; however, some students were allowed on campus, with UOS, for example, opening classrooms at 50% capacity. Flexible payment plans were also instituted for new students that year.

PANDEMIC IMPACT: The pandemic had more a disruptive effect on early, primary and secondary education, as distance learning was a largely new concept at these levels. In early March 2020 the MoE announced that the two-week spring break would be moved up from the end of the month and that all schools would thereafter be closed for an initial period of four weeks, prompting public and private schools across the country to begin online classes. The SPEA took advantage of the two-week break to upgrade software and equipment, and conduct over 100 hours of teacher training.


Most of Sharjah's higher education institutions are located in University City, which hosts over 47,000 learners

In the private education segment, the financial impact on schools in the 2019/20 academic year was minimal, as student fees had already been paid. However, a survey conducted by the SPEA showed that only 20% of parents felt comfortable sending their children back to school when the 2020/21 year commenced in late August. In late February 2021 the National Emergency, Crisis and Disasters Management Team in Sharjah, in cooperation with the SPEA and the MoE, extended 100% distance learning to all private and public schools and nurseries in the emirate until the end of the second semester.

The Covid-19 pandemic demonstrated the value of online learning to students and teachers, and the blended model of in-person and online instruction is likely to continue, according to the SPEA. In this respect, the authority is urging private schools to continue to invest in digital transformation. All schools in the emirate, including nurseries, shifted to e-learning again in mid-February 2021 for an initial period of two weeks before it was extended to the end of the semester.

HEALTH LANDSCAPE: The health sector in Sharjah is overseen by the federal Ministry of Health and Prevention (MoHP), which facilitated the emirate's coordinated approach to Covid-19 with the rest of the UAE. Citizens can renew their health cards, obtain fitness certificates and conduct other business with the national ministry via the MoHP's local arm, the Sharjah Medical District office. The Sharjah Health Authority, meanwhile, was established in 2010 to enhance and regulate the sector by working closely with the MoHP, though its primary responsibility is to manage Sharjah Healthcare City

Many tertiary institutions deployed e-learning tools and hosted online classes to some degree prior to the pandemic, which facilitated the smooth transition to distance learning that started in March 2020.

Among the emirates of the UAE, Sharjah tied for first place in terms of the number of dentists and tied for second for the number of pharmacists per 10,000 population in 2018.

(SHCC). Formed in 2012, the SHCC is a 4.5m-sq-metre medical free zone that offers investors various benefits such as a single-window system for setting up their business, 100% ownership and repatriation of profits, and no taxes or duties. Beyond hospitals, clinics, labs and rehabilitation centres, the SHCC attracts investment in offices, warehouses, hospitality and retail. Investment in research and light assembly of health care equipment is also welcome in the free zone.

When it comes to insurance, government entities are legally required to provide health coverage to their employees. The publicly run insurance scheme covers Emirati government employees and their families, while a social welfare card is available for nationals who do not work for the government. In the private sector, businesses in Sharjah are not obliged to provide their employees with medical insurance. However, expatriates must purchase their own health insurance plans and show proof of coverage to receive an UAE residency card. Private companies located in Dubai and Abu Dhabi are legally required to provide medical coverage for their employees, and consideration is ongoing as to whether Sharjah and other Northern Emirates will implement a similar requirement.

STAFF & STRUCTURES: According to the "UAE National Health Workforce Account" report for 2018, published by the MoHP in early 2021, Sharjah's total health worker density was 120 per 10,000 population. The emirate ranked third in the country after Abu Dhabi and Umm Al Quwain, with health worker densities per 10,000 population of 189 and 156, respectively. Further analysis shows a total of 2875 doctors in Sharjah, or 26 per 10,000 population; 4833 nurses (44:10,000); and 2657 technicians (24:10,000). There were also nine dentists and 15 pharmacists per 10,000 population in the emirate. Looking to the breakdown of other emirates' stats, Sharjah tied for first place in terms of the number of dentists per 10,000 population and tied for second for the number of pharmacists per 10,000 population. Moreover, the emirate recorded higher ratios in each health professional category compared to Dubai.

In terms of infrastructure, the latest data shows that Sharjah had eight government hospitals and 17 private hospitals in 2018. In the public segment, the emirate had 23 medical centres and two dental clinics, compared to 364 and 68, respectively, in the private segment. The private health ecosystem also offered 149 rehabilitation centres, 43 speciality clinics, 34 general clinics and 27 diagnostic centres, demonstrating the popularity of private services in the emirate.

DISEASE FOCUS: Recent years have seen local and regional health authorities channel energy and resources into combatting the high prevalence of non-communicable diseases (NCDs) among their populations, as more than seven in 10 deaths in MENA are caused by illnesses such as cancer, heart disease and diabetes. In February 2020, shortly before the threat of Covid-19 was fully recognised around the world, Sharjah hosted the third global forum of the NCD Alliance at the Al Jawaher Reception and Convention Centre. The three-day event included meetings, workshops and presentations. More than 400 delegates from 60 national and regional NCD alliances were in attendance.

Lowering the prevalence of NCDs and encouraging healthy lifestyle choices are priorities at the national level, as outlined in UAE Vision 2021. Some NCD-related goals in the document included lowering the number of deaths from cardiovascular disease per 100,000 population from 211 in 2012 to 158.2 by the end of 2021, as well as reducing the number of deaths from cancer from 78 per 100,000 population to 64.2 over the same period. Other health goals laid out under the vision include lowering the prevalence of diabetes among the national population from 19% in 2012 to 16.3%, the rate of smoking by men from 21.6% to 15.7%, and the rate of smoking by women from 1.9% to 1.7%.

The UAE Vision 2021 website shares statistics that already meet or exceed many of these goals: nationally, the number of deaths per 100,000 population from cardiovascular disease and cancer stood at 74.2 and 33.3 in 2020, respectively, while the prevalence of diabetes was 11.8% in 2019. That same year around 15.7%

of men used some type of tobacco product, meeting its related goal, but the share of women using tobacco products increased slightly to 2.4%. Part of this overall success can be attributed to the National NCD Action Plan (2017-21) launched by the MoPH together with national stakeholders and international partners such as the World Health Organisation.

COVID-19: The primary health focus of all emirates in 2020 was the Covid-19 pandemic. By early March the country had recorded 27 cases – all foreign nationals – and proceeded to take precautionary measures. Beginning on March 19 foreigners were prohibited from entering the country, and UAE nationals could not travel abroad; Emiratis abroad were also not allowed to enter the country for a brief period of time. On March 26 a three-day lockdown was imposed nationwide, with certain segments of the workforce exempt from the movement restrictions. On March 28 night-time curfews were introduced to enable the regular disinfection of public places. June 23 saw the UAE ease travel restrictions for certain nationalities, and the next day the night-term curfews were lifted.

While caseloads remained low over the summer – at 200-300 new cases per day – the number of daily cases began rising in September 2020 and exceeded 3000 per day in late January and early February 2021. Increased testing is partially responsible for the higher case counts, as total tests stood at 28.8m across the country in mid-February, but a second wave also reached the UAE in the winter of 2020/21.

In late January 2021 Major General Saif Al Ziri Al Shamsi, commander-in-chief of the Sharjah Police and head of the local emergency crisis and disaster team, announced that a 7000-sq-metre field hospital would be constructed in partnership with the MoHP to receive Covid-19 patients who require intensive care. While it missed its initial inauguration date of late February 2021, the Mohammed bin Zayed Field Hospital – which comprises 204 beds – had opened by the end of March 2021. In mid-February 2021 Sharjah announced new restrictions to curb the spread of the virus: malls and other shopping centres would be permitted to operate at 60% capacity, while cinemas, entertainment centres and gyms could function at 50% capacity.

TESTING & VACCINATION: Covid-19 tests in the emirate are administered in some hospitals, clinics and testing centres, and at-home kits are also available. Testing facilities include Al Zahra Hospital, Burjeel Specialty Hospital, University Hospital Sharjah, all Prime Medical Centres in the emirate, MedCare Medical Clinic, and a screening post at the Sharjah Golf and Shooting Club.

In December 2020 the UAE began rolling out its free Covid-19 vaccination campaign with the Sinopharm and Pfizer-BioNTech vaccines, and over 16.2m doses had been distributed around the country as of July 15, 2021 – putting it at 163.74 doses per 100 people – the highest rate in the world. As of the same date, 67.8% of the population had been fully vaccinated and 77.3% had received at least one dose. The MoHP website lists where vaccines are given in the emirate. There are six vaccination facilities located in the central region,

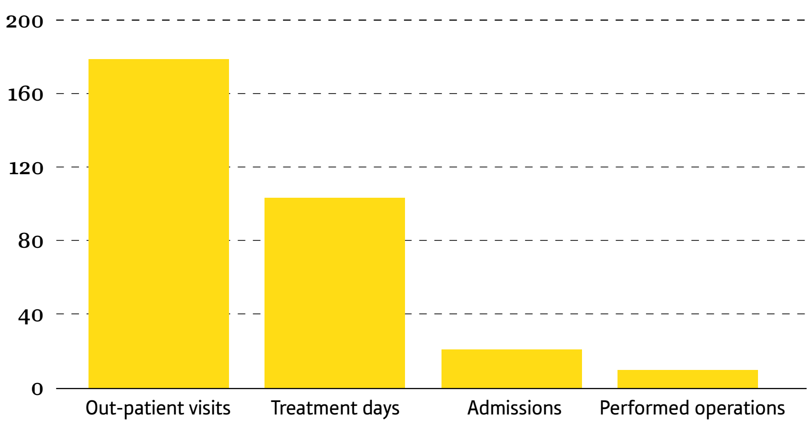
There are nine sites in Sharjah City administering the Covid-19 vaccine

nine sites in Sharjah City and 10 in the eastern region administering the vaccine.

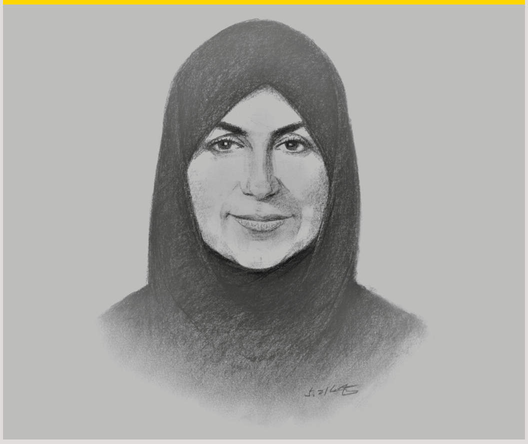
OUTLOOK: One of the primary short-term goals of the Sharjah authorities is to manage the pandemic, and ensure education and health services continue with minimal disruptions. The 2020/21 academic year will likely be coloured by a continued blend of in-person and online classes, with one or the other offering the majority of instruction depending on caseloads and stringency measures. Nevertheless, the pandemic served as an impetus to embrace e-learning tools, especially at the K-12 level, and their use may be seen more widely even after the threat of the pandemic subsides. In the health sector, regular activity is likely to pick up as vaccines continue to be administered, given many people may have postponed routine checks or non-urgent procedures during the crisis. NCDs are set to return as the long-term focus of health officials, reinforced by the fact that people with such pre-existing conditions were more susceptible to Covid-19.

In late March 2021 a 7000-sq-metre field hospital was opened in partnership with the Ministry of Health and Prevention to receive Covid-19 patients who require intensive care.

Health services provided at government hospitals in Sharjah City, 2019 (000)



Source: Sharjah Medical District



Muhadditha Al Hashimi, Chairperson,
Sharjah Private Education Authority

Effective response

Muhadditha Al Hashimi, Chairperson, Sharjah Private Education Authority (SPEA), on the successful transition to online learning

How did private schools in Sharjah respond to the various challenges arising from the pandemic?

AL HASHIMI: The pandemic led to widespread social and financial hardships that affected families and companies. However, private schools in Sharjah responded appropriately to the crisis. Most schools did not reduce teacher salaries and refrained from making non-teaching staff redundant. Some schools extended financial support to struggling families through tuition discounts and flexible payment schedules, while providing the necessary equipment for remote learning. All these actions followed recommendations by SPEA, which – in line with government decrees – also directed schools not to increase tuition fees and temporarily prevented teaching staff from being laid off.

With a view to preventing the spread of the virus after on-site classes resumed in September 2020, SPEA issued mandatory rules to ensure the health and safety and students and staff, and train school personnel on the correct implementation of precautionary measures to reduce the transmission of Covid-19 in schools. Among other requirements, we prompted the formation of committees in every school to detect and manage Covid-19 cases. Furthermore, many health and safety courses were developed and some were made mandatory for school staff.

To what extent is technology driving permanent changes in education provision?

AL HASHIMI: The switch to remote teaching was swift thanks to the high level of preparedness of private schools and the UAE's infrastructure. In May 2020 SPEA, in partnership with a UK education inspection firm, evaluated more than 100 private schools in the emirate to assess the distance-learning services provided to parents and students. The evaluation consisted of three levels – developed, partially developed and not developed – with 70 schools categorised as "developed" and zero as "not developed". Since then, SPEA's Continuous Improvement Department, which includes international education advisers, has been helping private schools to strengthen their remote-teaching capabilities. The pandemic has also sped up major changes that were already under way. Before the health crisis, schools sometimes used online tools to manage coursework or distribute resources; however, the current focus on lesson delivery has encouraged schools to develop their capabilities to train teachers and deploy new modalities of online, offline or hybrid education.

In the near future school curricula, timetables and schedules will have to adapt to the different modalities of teaching, with music and physical education posing particular challenges. SPEA and the government are engaging with several players, including at an international level, to design forward-looking education policies. In this regard, an important step was taken during the pandemic to facilitate the transition towards the future of education: the creation of the Sharjah Education Academy, a public entity to upskill teachers and school leaders to navigate major ongoing challenges.

Where do you see opportunities for investors in K-12 education, and how are the authorities working to widen the participation of private players?

AL HASHIMI: In addition to public efforts, the emirate values the contributions of investors in education. While the K-12 segment has been growing rapidly – four new schools opened in 2020, for instance – private investment is still needed. SPEA is currently developing data platforms for potential investors to identify opportunities and allocate capital. New opportunities will emerge across various areas of K-12 and associated services, allowing for alternative business models. As we expect remote learning to remain an integral part of the education landscape, SPEA and other entities are identifying a list of requirements to issue licences for digital schools in order to create a well-ordered market driven by innovation and quality instruction.

Many education entities rapidly moved to online teaching in early 2020

Major makeover

Institutions in the GCC are making substantial and potentially permanent changes to teaching methods and business models

The initial wave of lockdowns in early 2020 prompted education entities to rapidly move to teaching online. While this broad-based shift towards digital learning has largely been reactive, in many cases it accelerated an existing transition to a more blended and technologically oriented approach. However, further investment and policy initiatives are required – including digital literacy training for both students and educators, and the establishment of national guidelines and standards. In parallel to this, access to education can be improved – for example, through the provision of laptops and tablets, and the establishment of Wi-Fi hotspots at public venues.

LEADING THE CHANGE: A regional pacesetter in the GCC has been the UAE. Over March 4 and 5, 2020, just days after all in-person classes and events were cancelled on March 1, the Higher Colleges of Technology (HCT), the country's largest applied higher education institution, launched a two-day virtual learning pilot programme, which saw 20,000 students take part in 272 online training sessions and 3000 online lectures. To ensure that tasks could be adequately completed, HCT worked with companies such as Blackboard and Zoom to set up online platforms for students and academics alike.

In Sharjah specifically, one interesting development was the establishment of the Sharjah Education Academy, an e-platform designed to train teachers on the digital transition. It was set up by the Sharjah Private Education Authority (SPEA), which uploaded training sessions and approximately 130 guidelines. The SPEA was also responsible for forming the Covid-19 Monitoring and Evaluation Committee for Private Education, which met on a daily basis to assess efforts to deal with the challenges brought about by the pandemic.

Elsewhere, Qatar Foundation is a non-profit organisation dedicated to spearheading the country's move to establish itself as a regional leader in the education space, a key element of which has been a shift to digital learning. Qatar Foundation has been at the forefront of efforts to coordinate the higher education segment's response to the Covid-19 pandemic. One of its partners is Carnegie Mellon University in Qatar, which was an early adopter of full digitalisation in the face of the crisis: within two days of the suspension of in-person teaching the university had shifted all its courses online. This process was facilitated by a course aimed at training staff in remote teaching. It consisted of a series of instructional videos and learning modules, and was made freely available online.

Saudi Arabia, for its part, was recognised by UNESCO in October 2020 for its transition to distance learning across the educational spectrum. In terms of further education, 27 public universities have hosted 2m virtual classes and over 6m panel discussions in the kingdom since the start of the crisis.

WORKING TOGETHER: Some further education institutions in the region actively collaborated with public authorities to facilitate the shift to digital learning. For example, the UAE's Ministry of Education worked with Hamdan bin Mohammed Smart University on a series of distance-learning programmes to equip academic professionals with the skills to teach online. Similarly, the Qatar Computing Research Institute, part of Hamad bin Khalifa University, worked with the Ministry of Public Health to develop a series of new digital platforms.

Another leader in the transition to digital learning is Bahrain, which saw widespread uptake of e-learning solutions early in the pandemic. The bulk of this was carried out through a dedicated electronic education portal, set up by the Ministry of Education and the Bahrain Information and eGovernment Authority, in conjunction with cloud computing platform Amazon Web Services. This was complemented by an additional online service

While the broad-based shift towards digital learning has largely been reactive, in many cases it accelerated an existing transition to a more blended and technologically oriented approach.

The Sharjah Private Education Authority established an online platform called the Sharjah Education Academy, which was designed in order to train teachers on the digital transition.


The successful transition to remote learning was made possible by previous investment in ICT infrastructure

that allowed teachers to connect with students online. Using the Microsoft Teams and Office 365 programmes, the initiative enabled teachers to give lessons while specialised support staff were available to answer students' specific questions. In a sign of the success of these initiatives, within one month around 150,000 students had been able to continue their studies through remote methods. Elsewhere, telecoms companies Batelco and Zain Bahrain announced that eligible customers would be able to browse designated educational websites without being charged for data use.

HYBRID FUTURE: The 2020/21 academic year started with a range of restrictions in place, obliging many higher education institutions to build on their recent experience of e-learning and apply hybrid or blended educational approaches, combining online study with limited in-person interaction. "While many courses can be taught remotely, those with practical elements – for example, requiring laboratory work – will inevitably require a return to in-person learning when the conditions are right," Michael Trick, dean of the Carnegie Mellon University in Qatar, told OBG. There are a range of benefits associated with a blended, technology-based approach, including expanded learning options. In this light, it seems likely that such approaches will continue to be applied even after the crisis begins to wane.

PERMANENT FEATURES: Indeed, this is slowly proving to be the case, as certain digital solutions adopted during the early stages of the Covid-19 pandemic have become permanent features of the educational offerings of a number of institutions more than a year later. "The pandemic has underscored the important role that technology can play in higher education," Trick added.

The 2020/21 academic year saw many universities build on their experience of e-learning and apply hybrid or blended educational approaches, combining online study with limited in-person interaction.

Just as it was at the beginning of the pandemic, HCT has been a leader in terms of adopting digital innovations. In moving away from a strictly brick-and-mortar model, the higher education institution has sought to establish what it calls an "Uber-like", service-on-demand virtual classroom model, shifting key educational pillars – including classes, lectures, tests and exams – online.

However, as well as offering learning materials, HCT has aimed to create a virtual campus experience through its DIGI Campus platform, offering online e-counselling and life skills support; e-health, nutrition and fitness programmes; e-reading spaces that attempt to recreate the library environment with book review sessions via Blackboard; and e-competitions and e-student clubs. HCT has introduced a hybrid education model whereby courses that require hands-on learning – such as laboratory work, applied research and some entrepreneurship activities – can be done on campus, while other theoretical courses are completed remotely.

INFRASTRUCTURE & INVESTMENT: The successful transition to a remote-learning model by a number of educational institutions across the region has only been possible where robust ICT infrastructure was already in place. "Virtual learning has proven to be a powerful tool. However, providing such learning requires substantial and sustained investment over time," Tara Waudby, head of school at Riffa Views International School, told OBG in April 2020. "In Bahrain the rapid deployment of adequate tools for virtual learning in many private schools is actually the result of extensive efforts over time by schools investing in ICT infrastructure, innovative learning pedagogies and crisis management planning."

Indeed, HCT's benchmark transition to digital learning was only possible on the back of significant investment in ICT infrastructure. Since 2018 the college had been planning to develop more digital or hybrid solutions to help meet the needs of the so-called Fourth Industrial Revolution, but then accelerated this in response to the pandemic.


Digital solutions are likely to continue being applied even after Covid-19

Long-term development plans are increasingly prioritising education

Bigger picture

Higher education institutions play a key role in meeting the needs of the region's post-Covid-19 economy

While higher education institutions have been effective in developing short-term solutions to some of the challenges associated with the Covid-19 pandemic, they can also play a key role in realising long-term governmental development strategies that can boost the prospects of a sustainable recovery. This is a particularly pressing issue for countries in the Gulf, many of which are deploying long-term strategies to reduce their dependence on hydrocarbons revenues.

DRIVING TRANSFORMATION: One prominent example of this tendency is Saudi Arabia, the largest oil exporter in the world, which before the pandemic derived 50% of its GDP and 70% of its export earnings from the oil and gas sector. In 2016 the country released its Vision 2030 economic development plan, a strategy designed to bolster its non-oil economy and increase the participation of the private sector.

However, following the collapse of oil demand in 2020, these efforts to diversify the economy by developing sectors such as ICT, tourism and infrastructure have taken on greater importance. "The key to revamping university education and aligning it with the country's forward-looking strategy is to move beyond the traditional academic model and adopt a community-driven approach that identifies and matches needs and resources across government, private and non-profit players, thus attaining commercial and social sustainability," Ahmad Hawalah, vice-rector for business development at the University of Prince Muqrin, told OBG.

In addition to meeting strictly national goals, institutions can also play a key role in filling skills and knowledge shortages on a more local scale. "With Medina being one of the main poles of transformation in the country and receiving a considerable amount of funds, universities here have a special responsibility, particularly because of the city's importance with regard to Hajj- and Umrah-related tourism," Abdulaziz Al Sarrani, president of Medina's Taibah University, told OBG.

IT & COMPUTING: The fallout of Covid-19, which included lockdowns and the closure of many brick-and-mortar businesses, ultimately led to a massive surge in demand for digital services. In light of this shift to online platforms, the need for graduates in the IT and computing fields has been accentuated. "Skills in the IT domain – from artificial intelligence (AI) and automation, to cybersecurity – were in high demand even before the pandemic. The market will certainly require more experts in these areas," Ahmad Hasnah, president of Hamad Bin Khalifa University (HBKU), told OBG. However, Hasnah points out that the continued growth of digital services will lead to the development and expansion of subsidiary areas of study. One such area is the ethics of AI, cybersecurity and data privacy, with universities now needing to incorporate a foundation in legal studies into these particular frameworks. "Another field that merits consideration is digital humanities, which focuses on the effects of cyberspace on areas such as labour, media and art," Hasnah told OBG. "Therefore, although HBKU will invest heavily in IT-related programmes, it will also address surrounding ethical, legal and social issues."

MAKING PROGRESS: While many of these programmes are designed to bring about long-term results, some are already bearing fruit. An example of the success of such strategies is the UAE's space programme. After establishing the region's first space research centre in 2015, in July 2020 the country launched its first space probe – named Hope – on a mission to orbit Mars, in the process becoming only the fifth spacefaring entity in the world. In mid-February 2021 it was announced that the probe had successfully entered the planet's orbit, where it will collect data on Mars' weather and climate systems. This came on the back of the government's announcement in September 2020 of plans to send an unmanned mission to the moon in 2024, a sign of the country's ongoing commitment to space research.

In light of the shift to online platforms amid the Covid-19 pandemic, the need for graduates in the IT and computing fields has been accentuated.

While a number of IT programmes are designed to bring about long-term results, some – such as the UAE's space programme – are already bearing fruit.

Abdulla Ali Al Mahyan, Chairman, Sharjah Health Authority

Next-generation care

Abdulla Ali Al Mahyan, Chairman, Sharjah Health Authority (SHA), on utilising technology and innovation to attract investment and improve service provision

Which factors are shaping the development of the health sector in Sharjah?

AL MAHYAN: The UAE's health care market is projected to expand at a compound annual growth rate of approximately 10% between 2019 and 2023. Moreover, by 2025 the population of Sharjah alone is expected to reach nearly 2m, which will require an increase in the number of dedicated health care facilities. The SHA and Sharjah Healthcare City (SHCC) are working to meet this heightened demand by focusing on attracting hospitals and clinics that specialise in a variety of disciplines. These can range from advanced diagnostics, surgery and rehabilitation to disease-specific treatment – most notably for cancer, cardiovascular disease, nephritic ailments and diabetes. This will also include complementary and alternative medicines.

The expansion of service has been made possible by Sharjah's attractiveness as an investment destination. In addition to providing a safe and business-friendly environment for foreign and local investment, Sharjah hosts a well-diversified economy. This has enabled it to weather a challenging global economic climate, while outpacing other emirates in terms of GDP expansion.

To what extent has the pandemic impacted long-term strategy and planning?

AL MAHYAN: While the pandemic has had negative effects on the health care sector, it has brought the industry to the forefront globally, and shined a spotlight on the importance of prevention and research. Both components will become increasingly prominent in ongoing efforts to improve health provision, as well as long-term development strategies.

Beyond this, the pandemic accelerated existing trends in digitalisation, particularly in the effectiveness and efficiency of remote consultation and treatment. This will have a beneficial impact on the entire system, and technology will be a major driver of transformation and investment. In line with this, the SHCC is implementing initiatives aimed at fully digitalising several processes, including licensing.

In what ways can Sharjah positively differentiate itself in terms of medical tourism?

AL MAHYAN: Sharjah's strategic location at the crossroads of Europe, Africa and Asia – as well as between the Gulf and the Gulf of Oman – makes it an ideal centre for trade and commerce. Sharjah functions as the gateway to the northern emirates, and the SHCC is located in close proximity to Sharjah International Airport. From there, Sharjah's own airline, Air Arabia, connects businesses to the MENA region and the Indian sub-continent. Sharjah has already raised its profile on the global tourism map with its cultural attractions in recent years, and these factors taken together will facilitate the expansion of medical tourism.

How can the SHCC attract investment in the health care sector moving forwards?

AL MAHYAN: Since its inception, the SHCC has sought to attract investment and build a sustainable health care ecosystem – comprising services from prevention to treatment to cures – with research supporting all segments. Although the adverse global economic situation has resulted in a drop in investment, this slowdown is likely to be temporary. Indeed, the UAE expects an overall surge in health care investment in the coming years.

Sharjah's public-private partnership framework will channel this investment in a way that will allow investors and citizens to see tangible results. Through the SHCC, the government is improving the ease of access to the entire range of health services, as well as establishing a transparent regulatory framework and providing economic incentives.

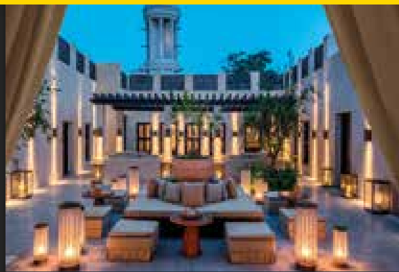
Tourism & Culture

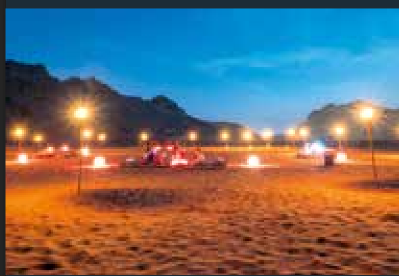
Domestic tourism shores up activity during the pandemic

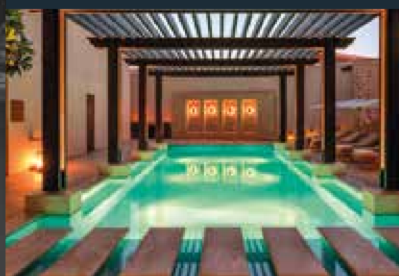
Focus on family, heritage, adventure and ecotourism offerings

New meeting models applied to large business gatherings

Medical tourism to recover with telemedicine and vaccines







Domestic tourism picked up in 2020 as international borders closed

Return visit

Tourism is expected to rebound strongly thanks to new offerings and stringent health practices

Sharjah aims to attract

10m

tourists in 2022

Sharjah's beaches, shopping centres, museums and unique cultural offerings make the emirate a popular tourist destination for nationals and foreigners alike. While international travel slowed significantly in 2020 due to border closures and travel restrictions in response to the Covid-19 pandemic, domestic tourism in Sharjah picked up as UAE residents explored destinations closer to home. Despite the disruption, the emirate inaugurated a number of projects in 2020, many of which promote cultural and sustainable tourism, and position Sharjah as a family-friendly destination.

Tourism authorities intend to build on this momentum and renew international interest throughout 2021 with the help of a new travel campaign, more projects, and the resumption of events and activities under strict health and safety protocols. These efforts, in tandem with the UAE's rapid rollout of vaccinations, could see Sharjah's tourism sector recover sooner than expected.

VISION: The sector's recent development efforts have been guided by Sharjah Tourism Vision 2021, which was launched in 2015. The blueprint is based on four pillars: promoting the emirate as an idyllic family destination, improving the tourist experience through innovative solutions, enhancing efficiency through partnership and collaboration, and showcasing Sharjah's culture and heritage. While the Covid-19 outbreak delayed Sharjah's overarching goal of attracting 10m annual visitors by 2021, in a sign of confidence that the impact of the pandemic will be short-lived, Khalid Jassim Al Midfa, chairman of the Sharjah Commerce and Tourism Development Authority (SCTDA), told local media in July 2020 that the 10m visitor target is now set for 2022.

RECOVERY PLAN: In mid-November 2020 officials met at the Sharjah Hospitality Forum 2020 with the goal to facilitate the sector's rebound by identifying innovative solutions to support stakeholders and reactivate growth. The result of the forum was a three-stage strategy. The first phase centres on service development and the promotion of safe tourism aimed at the domestic market. Measures include introducing the Safety Stamp, which certifies that tourism and hospitality businesses comply with required health practices, and the Safe Travel certificate to ensure new health and safety rules are followed while travelling. The second phase will focus on targeting new source markets once air traffic returns to normal and global markets open fully. In the third phase measures will be enacted to help tourism activity return to pre-pandemic levels.

Central to the sector's recovery, as well as that of the broader economy, is leveraging digital solutions. "We are confident that the ongoing global crisis will eventually come to an end, and the tourism sector will recapture its vibrancy and growth, supported by integrated digital solutions designed to ensure a safe and comfortable experience for tourists and local visitors alike," Sheikh Khalid bin Ahmed Al Qasimi, director-general of the Sharjah Department of eGovernment, told international media in November 2020. The use of technology and online tools has already enabled the close collaboration of all government entities in the UAE to effectively carry out containment measures.

In January 2021 Sharjah launched the #SeeSharjah campaign to encourage both UAE residents and international tourists to travel to the emirate. The campaign highlighted a variety of attractions and activities such as cultural events, festivals, water sports, desert and mountain adventures, traditional *souqs* (markets), mosques, museums and monuments. That same month the SCTDA announced the resumption of desert safari tours as part of wider plans to promote adventure tourism in the emirate. The SCTDA has provided guidelines based on social-distancing measures for the maximum

In January 2021 the #SeeSharjah campaign was launched to encourage both UAE residents and international tourists to travel to the emirate. The campaign highlighted a variety of attractions and activities on offer.

number of passengers per tour and vehicle capacities, among other precautions. More broadly, the government has issued comprehensive Covid-19 preventive measures to help its population and international visitors feel comfortable travelling again.

CONFIDENCE BOOSTER: At the federal level, the quick rollout of the Covid-19 vaccination programme is also expected to restore confidence in travel across the emirates. Over 16.2m doses had been distributed around the country as of July 15, 2021 – putting the rate at 163.74 doses per 100 people – the highest in the world. As of the same date, 67.8% of the population had been fully vaccinated and 77.3% had received at least one dose.

The UAE maintained the highest per capita testing rate globally throughout much of the pandemic, and was one of the first countries with a population above 1m to test half of its populace. It ranked first among Middle East countries and 14th globally in the December 2020 Global Soft Power Index issued by UK consultancy Brand Finance, which measured how survey participants perceived their country's handling of Covid-19. These favourable metrics illustrate how extensive testing of nationals and international visitors will be instrumental in restoring confidence and boosting visitor figures going forwards.

Policy changes at the emirate level provided direct support for the sector, including a zero-tax policy and the cancellation of outstanding fines for hospitality operators. The goal was to reduce the financial burden on hospitality companies and allow them to channel their resources towards maintenance or expansion. Strong coordination between the federal and emirate-level governments has also been key to the successful implementation of tourism programmes in Sharjah. During a meeting with the SCTDA in August 2020, the UAE minister of economy underscored the importance of Sharjah's tourism industry to the country's broader long-term economic development plans.

PERFORMANCE: The number of tourists visiting Sharjah can be difficult to calculate due to free movement across emirates in the UAE. However, statistics on the hospitality sector provide a useful proxy. As per the latest data from the SCTDA, all key performance indicators for the sector saw a downturn in the second quarter of 2020 as border closures, travel restrictions and social-distancing measures were implemented. Hospitality revenue trended downwards in the first half of 2020, falling significantly from Dh142m ($38.7m) in the first quarter to Dh34m ($9.3m) in the second quarter. Revenue was comparatively higher over the same periods of the previous year, at Dh176m ($47.9m) and Dh133m ($36.2m), respectively. Meanwhile, hotel occupancy rates dropped from 64% in the first quarter of 2020 to 30% in the following quarter – lower than the respective rates of 73% and 57% in 2019. Similarly, the number of guests at hotels dropped from 458,000 in the first three months of 2020 to 120,000 in the subsequent three months.

The promotion of family tourism is a core aspect of the emirate's overarching tourism development strategy

Figures had been trending upwards prior to Covid-19, climbing steadily from 1.7m in 2018 to nearly 1.8m in 2019, split between 1.3m guests at starred hotels and 480,000 at hotel apartments.

According to the latest full-year data from Sharjah International Airport, the number of passengers handled grew by 13% in 2019 to reach a record high of 13.6m, while the number of aircraft movements rose from 81,262 in 2018 to 86,506 in 2019. The increases were attributed to the emirate's role in the region as an important economic, commercial and tourist centre, as well as the growing number of destinations served by the airport's carriers. The Dh1.9bn ($517.2m) Sharjah International Airport expansion project is expected to facilitate further growth once air travel normalises, which will see capacity rise to 20m passengers annually by 2025 (see Transport & Logistics chapter).

ACCOMMODATION & DEVELOPMENTS: As of the second quarter of 2020 there were 12 five-star hotels, 20 four-star hotels, 12 three-star hotels, nine two-star hotels and 10 one-star hotels in the emirate, along with six deluxe hotels, eight standard hotels and 28 basic hotels, for a total of 5703 rooms. In mid-January 2020 the SCTDA estimated that the number of hotel rooms in Sharjah City would increase by 50% over the next five years.

In 2019 the 1.3m guests at starred hotels stayed for 2.6m nights, according to Sharjah's latest annual statistical report. Four-star hotels proved the most popular, with 611,000 guests staying nearly 1.1m nights, followed by 326,000 guests staying at three-star hotels for 718,000 nights. Five-star hotels ranked second highest in terms of revenue that year, at Dh149.7m ($40.7m), after the Dh181.8m ($49.5m) recorded across all four-star hotels.

Although construction activity around the world largely stalled beginning in March 2020, planning continued in the emirate. In August of that year

Policy changes at the emirate level provided direct support for the sector, including a zero-tax policy and the cancellation of outstanding fines for hospitality operators.

As of the second quarter of 2020 there were 12 five-star hotels, 20 four-star hotels, 12 three-star hotels, nine two-star hotels and 10 one-star hotels in the emirate, along with six deluxe hotels, eight standard hotels and 28 basic hotels, bringing the total room count to 5703.

A YEAR OF ACHIEVEMENTS – THE CHEDI AL BAIT, SHARJAH'S JOURNEY TO BECOMING THE UAE'S LEADING LUXURY RESORT

A year of achievements, awards, and satisfied guests is what The Chedi Al Bait, Sharjah, a Shurooq project, celebrated on December 13th 2019, after only one year since its inauguration by His Highness Dr. Sultan Al Qasimi, the Ruler of Sharjah. It has succeeded in pioneering the sustainability field, mesmerising visitors, and being named Robb Report's Most Luxurious Resort in the UAE, while Travel + Leisure magazine named the resort to its 2020 IT List, its 15th annual compendium of the best and brightest new hotels in the world. The one-year anniversary celebration of The Chedi Al Bait, Sharjah was a statement of vision, devoted hospitality and daily efforts to combine all the details that create a successful stay for guests, delivering it in the most authentic experience that pays tribute to the heritage with which The Chedi Al Bait has established a home away from home for travellers.

Named Sharjah's Leading Hotel at the World Travel Awards, The Chedi Al Bait, Sharjah has crafted its reputation through combining local heritage with impeccable hospitality standards, with an award-winning interior design and an innovative culinary experience. The Chedi Al Bait walks the line of traditional and contemporary marriage in confidence, and being on the top hotels lists for many local and international publications, including Savoir Flair and Condé Nast Traveller, has successfully showcased local Emirati hospitality as a global attraction.

Being a part of a UNESCO world heritage site, The Chedi Al Bait, Sharjah is committed to the concept of sustainable hospitality, with a tailored plan that adds to its achievements in this area. These efforts have lately been affirmed through the winning of the MODAMA award for Green Hotels & Resorts, presented by Ajman Tourism Department to recognise the most sustainable hospitality companies in the UAE.

This past year has grown the relationship between The Chedi Al Bait, Sharjah and global travellers, the warm genuine hospitality has lifted the resort's rank on TripAdvisor from number 86 to number 1 in less than a year, with only 5-star reviews from guests who shared their unique experience highlights with others on this platform, driving more people to come and explore it, generating more perfect reviews, describing The Chedi Al Bait as a place that "...really feels like home. Excellent service, delicious food and great happy faces everywhere", and a resort which has "...the best hospitality and service you will find. It is completely flawless".

Expressing an innovative approach towards hospitality, staying at The Chedi Al Bait, Sharjah delivers moments of ultimate relaxation and ongoing discovery. Whether guests are visiting to explore the culture and art, unveil culinary secrets with our 'Follow The Chef' programme, or to learn a local craft, they can taste the authenticity of the resort within each activity.

With so much done at the resort over the past year, The Chedi Al Bait, Sharjah has no intention of slowing down, continuously seeking new ideas to better deliver a stay experience, inspired by local Emirati culture and driven by a focused vision towards sustainable, conscious and ever-welcoming hospitality.

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Marwan bin Jassim Al Sarkal, executive chairman of the Sharjah Investment and Development Authority (Shurooq), announced that four new large tourism and hospitality projects would be built in Khorfakkan, Kalba, Al Dhaid and Mleiha. While no targeted completion dates were provided at the time of the announcement, the two planned five-star hotels will be constructed in scenic locations: a 66-key property along the Khorfakkan Beach and the other adjacent to Kalba Waterfront.

Shurooq also has plan to develop a 60-room family retreat in the 14-sq-km Seih Al Bardi Kabeer Safari Park, and the Moon Retreat at the Mleiha Archaeological and Ecotourism site will add to nature-centric offerings. Another project is Palace Al Khan in downtown Sharjah City. The Dh120m ($32.7m) development will feature 88 rooms, a spa, a fitness club, an outdoor swimming pool and meeting facilities. Meanwhile, in March 2021 the City Centre Al Zahia shopping mall opened its doors, with 136,000 sq metres of leasable area for more than 350 stores. It is expected to attract visitors who would otherwise visit shopping centres in neighbouring Dubai.

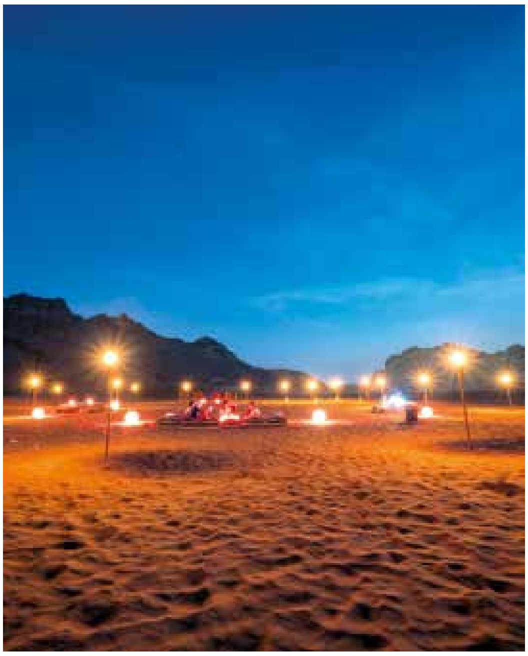
SOURCE MARKETS: With the aim of reinforcing the emirate's position as an attractive tourism destination, as well as targeting new international source markets, the SCTDA participated in the Matka Nordic Travel Fair 2020, which was held in Helsinki, Finland from January 15 to 19. The authority promoted the emirate to the North European demographic, given that the continent as a whole is a growing source of visitors for Sharjah. In 2018 some 578,000 Europeans visited the emirate, up 24% on 2017.

By region, Sharjah's biggest source markets in 2019 were Russia, the Commonwealth of Independent States and the Baltic countries, accounting for 24% of all visitors to the emirate; Asia, supplying 23% of tourists; and non-GCC Arab nations and the GCC, with 16% of arrivals each.

The composition looked different by the second quarter of 2020, however. Asia and the UAE moved into first and second position, supplying 37% and 24% of all tourists, respectively, while non-GCC Arab countries held steady in third place, at 23%. The closure of many international borders gave rise to the larger share of UAE nationals in Sharjah that quarter, and the increase in domestic visitor numbers was especially notable during Eid Al Adha in mid-2020.

The growing share of Asian arrivals over recent years can be attributed to greater efforts by the SCTDA to promote Sharjah as a destination to Southeast Asians – particularly Indonesians and Malaysians – with a focus on attracting pilgrims already travelling to Saudi Arabia for Hajj or Umrah.

China has become an increasingly important source market as well, evidenced by an increase in visitor numbers since 2016, when the UAE federal government started granting Chinese travellers visas on arrival. The number of Chinese tourists travelling to Sharjah rose by a compound annual growth rate (CAGR) of 32% between 2015 and 2018



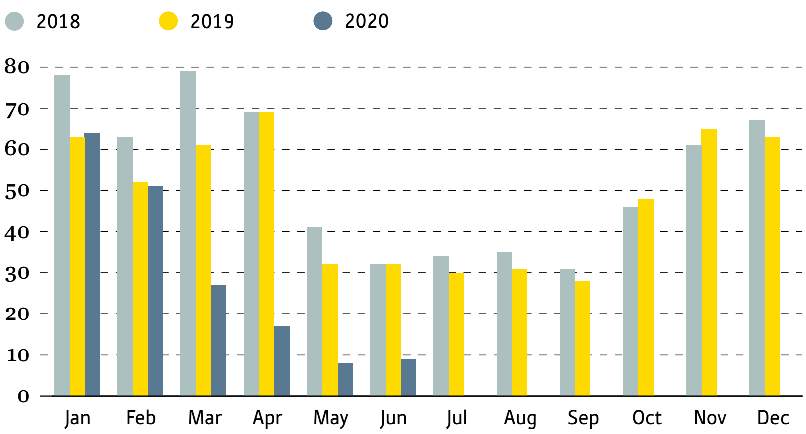
Ecotourism and adventure travel are key to future tourism growth

– second only to Russia, which grew by a CAGR of 57% over the same period.

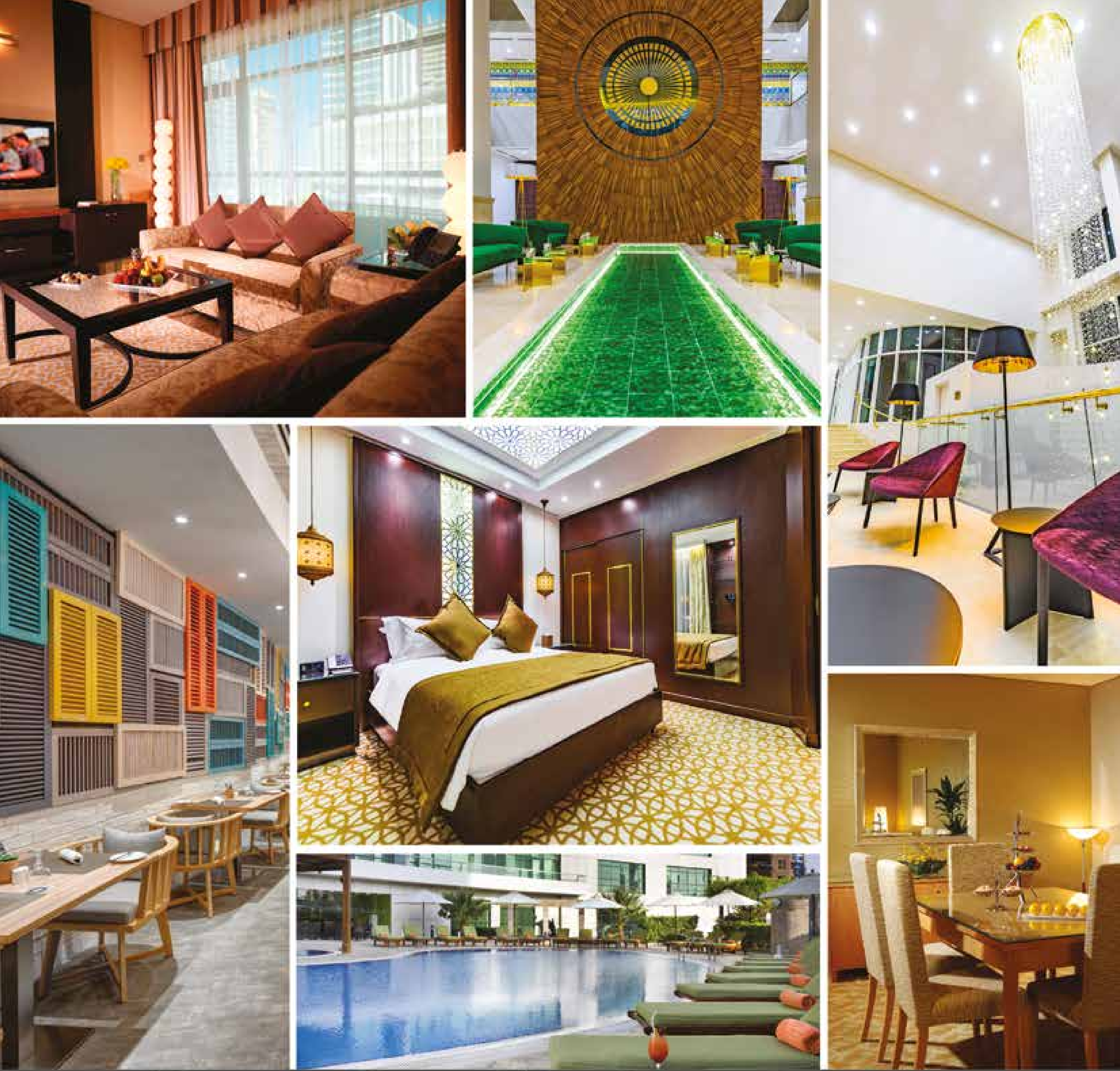
NICHES: The promotion of family tourism is at the heart of Sharjah's sector strategy. In 2016 the authorities launched the Sharjah My Family Destination campaign, which offered families discounts of up to 20% on hotel accommodation, among other incentives. Recent developments such as the family retreat at Seih Al Bardi Kabeer Safari Park should help to further elevate Sharjah's position as a family-friendly destination – as well as add to the emirate's portfolio of nature attractions – and see Sharjah capture a larger share of the market. In 2018 GlobalData estimated that the global family tourism market would grow at a CAGR of 4.6% from 300m trips in 2017 to 376m in 2022. The analytics and consultancy company reported that family tourism accounted for 30.8% of all outbound tourism, and that the segment will retain this share over the period, largely supported by Chinese travellers.

In 2019 nearly one-quarter of tourists came from Russia, the Commonwealth of Independent States and the Baltic countries. Asia became the largest source market in the second quarter of 2020, at 37%.

Hospitality revenue, 2018-H1 20 (Dh m)



Source: SCTDA



Sharjah is also focused on expanding traditional segments such as meetings, incentives, conferences and exhibitions (MICE). One of the most important MICE events in the emirate is the Sharjah International Book Fair. Held for 10 days in November 2020, the 39th edition of the fair was a hybrid physical and virtual event; a maximum of 5000 visitors were allowed to enter the Sharjah Expo Centre every three hours to ensure social distancing. The fair welcomed 1024 publishers from 73 countries, and gained recognition as the world's first international exhibition to take place since March 2020. In 2019 over 2m visitors attended the fair, making it the biggest event in the region in terms of attendance.

ECOTOURISM & ADVENTURE TRAVEL: The development of ecotourism and adventure travel is another core part of Sharjah's tourism strategy. The Environment and Protected Areas Authority works alongside Shurooq to develop ecotourism and adventure offerings on the east coast, and efforts to expand the burgeoning segment gathered pace in 2020 as a number of sites were unveiled.

On February 17 Al Dhaid Wildlife Centre was inaugurated as part of a series of projects concerning the environment and the preservation of biodiversity and wildlife. The opening of the 11,362-sq-km Shees Park in Khorfakkan followed in October, which showcases the natural beauty of the Hajar Mountains. The park includes many leisure facilities as well as a 25-metre-high man-made waterfall.

The Shees Rest House project was under development in early 2021, with its implementation to be carried out in three phases at the northern and southern ends of Khorfakkan Road. The rest house will comprise 60 produce stores, nurseries, carpet retailers and food trucks. The 89-km, Dh5.5bn ($1.5bn) Sharjah-Khorfakkan Road, which was unveiled in April 2019, cuts driving time between the capital and Khorfakkan in half, to 45 minutes,

Historical tourism development is a core part of Sharjah's strategy

Several tourism sites opened in Khorfakkan in recent years, including Shees Park and Najd Al Maqsar Village

making it a convenient getaway. Another rest house near Khorfakkan Road is Al Suhub, which opened in August 2021. "The pandemic has opened up a whole new segment of hospitality and tourism that capitalises on environmentally minded attitudes and caters to new generations that are drawn to nature and adventure," David Patrick Court, a consultant at Bushtec, a luxury tents manufacturer, told OBG.

CULTURE & ART: Sharjah's cultural and heritage offerings have long attracted tourists to the emirate and garnered international recognition. In 1998 UNESCO declared Sharjah the Cultural Capital of the Arab Region, while in 2014 the emirate was endorsed as the Islamic Culture Capital by the Islamic Educational, Scientific and Cultural Organisation. In the following year it was named the Capital of Arab Tourism by the Arab Ministerial Council for Tourism. More recently, UNESCO gave Sharjah the title of World Book Capital for 2019.

Since attractions in Sharjah reopened in June 2020, tens of thousands of UAE nationals have travelled to the emirate to visit its museums, with roughly 300,000 Emiratis touring exhibits between January and August that year. During the mandated closure of all non-essential businesses, the Sharjah Museums Authority kept its audience engaged by launching virtual tours, digitising 100 Islamic collections as part of the Museums With No Frontiers portal, and offering various workshops and lectures.

Sharjah's art scene is another major draw for tourists. A key event on the calendar is the Sharjah Biennial contemporary art exhibition, the next iteration of which is scheduled for March 2022. The 15th edition of the biennial will shine a spotlight on the work of scholar, critic and curator Okwui Enwezor, who was invited to curate the event before his premature passing in 2019. The 14th Sharjah Biennial, titled "Leaving the Echo Chamber", took place between March 7 and June 10, 2019. The 13th

300,000

Emiratis visited Sharjah's museums in January-August 2020

At the 18th annual Sharjah Heritage Days festival held in 2021 the emirate hosted more than 500 events and activities that celebrated the customs and traditions of 29 different nations.

iteration in 2017 was conceived in two parts. The first was held across Sharjah from March 10 to June 12 and drew an estimated total of 120,000 local and international visitors – up 25% on previous biennials.

Other recent cultural and heritage projects include Najd Al Maqsar Village in Khorfakkan, which opened in October 2020 as part of a drive to restore historical and archaeological sites in the emirate. An important ancient gathering centre in Wadi Washi, the site contains rocks with engraved drawings that are thousands of years old. Restoration works at Najd Al Maqsar Village will be carried out on 13 houses that date back 100 years, as well as on a 300-year-old fortress. The site is also being equipped with more modern facilities, such as 13 hotels in a traditional style and areas to barbecue.

Sharjah exhibits not only its own culture, but also those of other countries around the world. At the 18th annual Sharjah Heritage Days festival in 2021 the emirate hosted over 500 events and activities that celebrated the customs and traditions of 29 nations, including Saudi Arabia, Oman, Kuwait, Bahrain, Egypt and Morocco. "The event plays a vital role in boosting Sharjah's tourism appeal and supporting the national economy. This collaboration is among the first significant steps being taken to revive the culture and tourism landscape, not just in Sharjah but for the UAE," Al Midfa of the SCTDA said at a press conference held in mid-March 2021. The festival was organised by the Sharjah Institute for Heritage (SIH). The main sites included the Heart of Sharjah district and the Khorfakkan Heritage Area. While the event was extended to include the area of Kalba – for three days, from April 9 to 11 – overall it was organised on a smaller scale than previous years due to the pandemic. "The challenges posed by Covid-19 have prevented us from organising the annual event in the way we used to every year, where venues would span all of the emirate's cities and towns. Initially, we decided to limit the event to the Heart of Sharjah and Khorfakkan. However, the high level of awareness we have been seeing in the audience and visitors with regards to their adherence to preventive measures [enabled us to extend it] to Kalba," Abdulaziz Al Musallam, chairman of the SIH told international press in early April 2021.

OUTLOOK: Sharjah is committed to supporting tourism recovery. The positive handling of the pandemic at the emirate and federal level has done much to allow for the gradual resumption of activities and to promote Sharjah as a safe destination for travel. The SCTDA, in particular, will continue to regularly inspect hotels to ensure full compliance with health and safety measures. With the unveiling of new attractions and the ongoing development of key projects in the emirate, it is hoped that Sharjah can resume its pre-pandemic growth in tourist arrivals as international air travel regularises in 2021.

Demand for local and eco-friendly tourism has grown exponentially

Alternative approaches

The pandemic has accelerated the growth of new models such as staycations and sustainable tourism

Various governments in the region are looking to new, alternative tourism models to drive their pandemic recoveries, with an emphasis on ecological options and “staycations”. Both in order to reboot its tourism industry and as part of its drive to diversify the economy away from hydrocarbons, Saudi Arabia is developing several major ecological tourism projects. In April 2021 the Red Sea Development Company announced that it had raised $3.8bn for the Red Sea Project through the first ever riyal-denominated green finance credit facility. The region as a whole is increasingly embracing innovative, sustainable approaches to tourism. “The demand for local, greener and eco-friendly tourism has grown exponentially, in both Europe and the GCC,” Chirag Kanabar, managing director of Pine Wood Building Materials Trading, a company focused on eco-friendly and sustainable modular construction, told OBG. “This is in line with pandemic-related preferences for increased social distance and privacy.”

STAYCATIONS: The UAE, for example, has seen a significant increase in “glamping”, whereby tourists can enjoy the experience of camping while having access to facilities that are more luxurious than those available on traditional campsites. Glamping is part of a broader shift towards the so-called staycation model. With flights grounded and borders closed as a result of the Covid-19 pandemic, in 2020 many people around the world took their holidays within their home country.

In 2018 market research company Aritzon predicted that the global glamping industry would reach approximately $1bn in revenue by 2023, growing at a compound annual growth rate (CAGR) of 6% over the period. The Covid-19 pandemic has served to accelerate the sector’s growth. According to a report published in March 2021 by Grand View Research, the global glamping industry will be worth $5.4bn by 2028, based on a CAGR of 14.1% between 2021 and 2028. The UAE is particularly well placed to leverage this trend, with its range of natural landscapes close to urban centres offering varied cultural attractions. One flagship project is Sharjah’s Kingfisher Retreat, a tented hotel which won the 2020 Luxury Beach Retreat in the Middle East prize at the World Luxury Hotel Awards. “This is tangible proof that the emirate’s ecotourism model, based on environmentally friendly structures, is working, so the government is seeking to expand it to other locations within its territory,” David Patrick Court, a consultant at Bushtec, a luxury tent manufacturer for resorts and glamping providers, told OBG.

SUSTAINABLE TOURISM: The Dubai 2040 Urban Master Plan puts a strong emphasis on sustainability. In a significant move, Glampitect – a leading British eco-resort design consultancy – in March 2021 announced it was opening a site in Dubai. Meanwhile, at the Arabian Travel Market 2021 – held at the Dubai World Trade Centre from May 16 to 19 – the Ras Al Khaimah Tourism Development Authority (RAKTDA) announced over 20 sustainable tourism development initiatives across the emirate. As well as glamping sites, these will include eco-hotels and experiential offerings. “The GCC region excels at providing opportunities for experiential travel, given its rich history and culture. A possible way forwards for the region to fully capitalise on this might be for individual countries and emirates to coordinate among themselves in an approach similar to that taken by South-east Asian nations, whereby each one can specialise in their distinctive value proposition,” Tommy Lai, CEO of Gulf-based GHM Hotels, told OBG. “For the region, it is important to promote the idea that ecotourism is multifaceted, and not only associated with rainforests and tropical settings,” Lai added. Echoing these sentiments, Sanjiv Malhotra, executive vice-president of Shaza Hotels, told OBG, “In the UAE every emirate offers a distinct experience. Sharjah, for example, has decisively focused on positioning itself as a capital of heritage and culture, building on an identity tied to education. It also bets on its natural assets, from its Gulf coast to Khorfakkan.”

Sharjah has focused on positioning itself as a capital of heritage and culture, building on an identity tied to education. It also leverages its natural assets, from its Gulf coast to Khorfakkan.

Khalid Jassim Al Midfa, Chairman,
Sharjah Tourism and Commerce Development Authority

The long view

Khalid Jassim Al Midfa, Chairman, Sharjah Tourism and Commerce Development Authority (STCDA), on investment and opportunities for long-term tourism growth

Which investments in Sharjah's tourism sector are expected to drive growth?

AL MIDFA: Investments in connectivity and infrastructure are invaluable to driving growth, so Sharjah has undertaken several large-scale projects to add value and promote local tourism, starting with the Dh1.5bn ($408.3m) expansion of Sharjah International Airport to increase annual capacity to 20m passengers by 2027.

Completion of the Dh5.5bn ($1.5bn) Sharjah-Khorfakkan Road and the Dh1bn ($272.2m) Sharjah-Kalba Road has also created significant investment and tourism opportunities in the emirate, as the east coast can now be accessed in 45 minutes. A number of tourist and entertainment attractions have been developed in the area, such as Al Rafisa Dam and Khorfakkan beach, while the city's ancient fortress and defence towers have been restored. These developments also align with strategies to create new business opportunities and more private sector jobs. Sheikh Sultan bin Muhammad Al Qasimi, ruler of Sharjah, has announced further developments, including the Rawaq Kalba Corniche, a sports science academy and a new shopping mall.

The emirate aims to accommodate high visitor numbers following the pandemic by expanding hotel capacity. Developments designed to attract and cater to tourists include two five-star hotels at scenic locations in Sharjah's eastern region: along Khorfakkan beach, which will also include the city's first waterpark, and at Luluyah beach, located north of Khorfakkan beach.

What kind of technological advancements are disrupting the tourism industry?

AL MIDFA: The tourism industry is currently in one of its most dynamic periods, with technological advancements not only facilitating and improving daily operations, but revolutionising the sector. The travel industry is ideally placed to benefit from technological advancements such as e-documentation and recognition software. With their many applications, these tools are ushering in a new age of seamless authentication – like facial recognition and iris scans for airport security – contact-less payments, and considerably streamlined processes for flight and hotel check-ins, applications for passports and visas, and so on.

A personalised experience for each visitor is now possible with the help of internet-of-things (IoT) technology. Hotels can customise all aspects of a stay to deliver hyper-personalised accommodation with the "connected room" concept. Combined with data and location-based information, countless opportunities arise for contact-less services and the personalised, interactive delivery of information. IoT, automation and real-time data analysis can also help hotels identify problems early and even prevent some from occurring.

Moreover, big data is used to make highly accurate predictions of the amount of business that a hotel, restaurant or other establishment can expect over a period of time, enabling them to make better business plans.

Where does the emirate see further development opportunities for tourism?

AL MIDFA: Sharjah is a key regional destination for family and cultural tourism, attracting visitors from the Gulf, Europe and Asia in particular. The industry is also a substantial contributor to the emirate's economy, accounting for 8.8% of its GDP of Dh102.5bn ($27.9bn) in 2019. Tourism development and recovery is therefore a primary focus of the STCDA and wider leadership.

Construction activities in the emirate have resumed along with the gradual re-opening of businesses, and major projects are on track. In December 2020 we saw the opening of the House of Wisdom, an inclusive learning centre celebrating Sharjah's status as the UNESCO World Book Capital of 2019, while the launch of Sharjah Sustainable City highlights our commitment to green investment. The emirate will also host a sprawling natural and wildlife reserve, which is expected to be home to around 50,000 species of African animals.

Most of Sharjah's physical events are planned for the second half of 2021

Setting the agenda

A mainstay of the global tourism sector faced disruption, but also innovation, due to the Covid-19 pandemic

Amid international travel restrictions, social-distancing protocols and prohibitions on mass gatherings in response to the Covid-19 pandemic, the world's meetings, incentives, conferences and exhibitions (MICE) segment has been forced to adapt, with some events shifting online and others being deferred. Before the outbreak of the virus, MICE presented a promising growth avenue for emerging markets to diversify their tourism offerings. For example, Sharjah has set a 10m visitor target for 2022 and in early 2020 the Department of Commerce and Tourism – Abu Dhabi launched a Dh600m ($163.3m) fund to attract business and entertainment events to the emirate.

PANDEMIC ADJUSTMENTS: Some headline events were postponed in 2020 until after the pandemic subsides, including the UN Climate Change Conference, COP26, which was to serve as the deadline for countries to meet emission-reduction commitments under the Paris agreement. The event, initially planned for October 2020, was rescheduled to November 2021 to enable countries to focus their resources on the health crisis.

However, with much of the global workforce shifting to the digital sphere, some government and multilateral bodies have moved summits online. Major virtual events during 2020 included the G20 Leaders' Summit in March of that year, which aimed to coordinate members' Covid-19 response strategies. Elsewhere, the 36th ASEAN Summit was hosted by Vietnam via video conference in June, facilitating discussion on post-pandemic recovery plans throughout the region.

Other events were held as a blend of online and offline experiences to minimise physical contact. The 2020 Mining Investment London conference and exhibition, first planned for September, took place as both an in-person and virtual event in December. Thailand, for its part, continued to host physical events throughout 2020 with numerous health and safety protocols in place – an approach facilitated by the country's low Covid-19 case rate and appetite for business as usual.

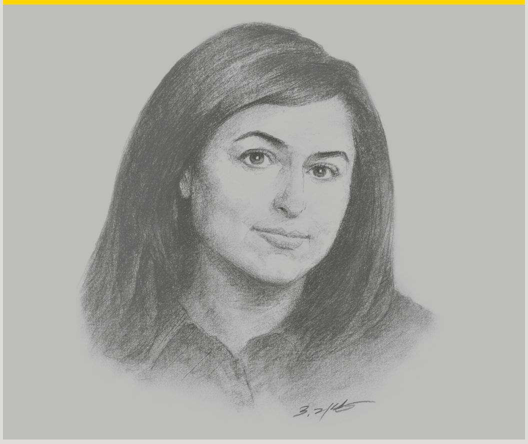
Sharjah has a number of physical events planned for 2021. Most have been pencilled in from September onwards when it is hoped that vaccination campaigns both at home and abroad will have allowed daily life and international travel to normalise to some extent.

FUTURE PROJECTIONS: As with the majority of Covid-19-related adaptations, it remains to be seen whether changes in the MICE segment will continue once the health threat has subsided. "A swift pivot to online platforms can virtually bridge some of the interactive gaps caused by restrictions on mass congregations, and should therefore help to soften the blow of Covid-19 on the MICE segment," Ed Gallinero, managing director at PCM Asia, which hosts investment-focused events for industry professionals, told OBG. Yet early signs of the desire to return to traditional events and the implementation of health guidelines to facilitate a return to in-person meetings may reassure industry players of the prospects for recovery as restrictions are eased and global travel resumes.

NEW NORMAL: Regardless of the appeal of traditional events, a virtual strategy enables exhibitors and speakers to reach a wider audience without the need for participants to travel. This could lead to a broader range of events offering a remote attendance option in the future, particularly as people around the world become more familiar with online communications software, live-streaming technologies and the cost-saving aspects of remote gatherings. Indeed, this blended model may provide a buffer against Covid-19-related cancellations in the medium term, as some countries may need to retighten restrictions amid fluctuating case numbers. Furthermore, remote options can be monetised – offering an additional revenue stream to help MICE hosts in the recovery phase.

To some degree, a blended approach could enable emerging markets to use technology to showcase their facilities, infrastructure and unique offering to a wider audience, raising their profile on the global stage.

Blended models that combine in-person and remote attendance could offer an additional revenue stream to help event hosts navigate the pandemic recovery phase.



Sheikha Hoor Al Qasimi, President and Director, Sharjah Art Foundation

Nurturing creativity

Sheikha Hoor Al Qasimi, President and Director, Sharjah Art Foundation (SAF), on the emirate's position as a unique regional and global centre for arts and culture

How has SAF evolved over the years, and in what ways can it help Sharjah's burgeoning art scene serve as a catalyst for tourism?

SHEIKHA HOOR: We have always focused on providing programming and events that cater to local and regional audiences. Our goal was to create a platform that enables South-South exchange. In the past many organisations have relied on Western institutions to determine their future, so it was important to create spaces that encourage conversations and permit us to write our own histories. This guiding principle led to the establishment of SAF, where we hosted major events. Gradually, our efforts transitioned into growing cooperation with other international institutions. This growth trajectory – and the current international recognition of Sharjah as a cultural centre – was the result of direct and consistent government support. Indeed, the authorities have invested heavily in the protection and promotion of the emirate's culture and heritage.

Although it was not originally designed as a catalyst for tourism, the Sharjah Biennial, which was established 1993, attracted a surge of visitors from all over the world. This automatically influenced tourism, even if we did not initially anticipate this outcome. The emirate already provides a robust network of museums and cultural offerings, which positions Sharjah as an attractive destination for tourists.

To what extent is Sharjah positioned to become a creative and cultural centre for artists from the region and around the world?

SHEIKHA HOOR: There is demand from local and regional populations for arts and culture, which explains why there are so many cultural activities taking place across the emirate. When we started hosting the Biennial, there were a number of available spaces and institutions for people to gather and engage in cultural exchange. Spaces for education, conversation and debate have multiplied and continue to expand as awareness and demand from the population grows. This desire is also shared by people from the Middle East who come to Sharjah to take part in cultural events.

In order to encourage this interest, we work to develop programmes across the cultural spectrum, including visual arts, performance, music and film. For instance, we offer residencies for artists, host year-round exhibitions and organise events to increase the visibility of creative disciplines such as architecture. Together, these projects serve the public, especially young graduates. We also support and promote local and international artists who may not have a platform in their home country. The wide-ranging activities and programmes are not only educational, but also create opportunities for cooperation with other international institutions as visiting artists can come to Sharjah to mentor, exchange ideas and develop connections. Sharjah can be a natural location for this mode of exchange given its accessibility, geographical position and international recognition as a cultural centre.

Which types of infrastructure need to be developed to enable growth in the cultural sector?

SHEIKHA HOOR: We have many ongoing infrastructure projects, including the renovation of existing spaces and the construction of new buildings. We have traditionally pursued our physical expansion at a cautious pace, as we prefer to tweak our plans and discover new ways to develop our assets as we grow.

New facilities are centred around enhancing accessibility for all. We plan to renovate community and art centres across the emirate as we expand access to arts education and creative activities. Another priority is to cultivate a presence in universities by collaborating on programmes like lectures. Additionally, SAF is revamping existing spaces, such as an unused cinema in Khorfakkan and a factory in Kalba. Our most recent renovation project, the iconic Flying Saucer building in the city of Sharjah, opened to the public in November 2020.

Medical and wellness tourism was a growth segment before Covid-19

Healthy travels

Leading medical tourism destinations are positioning themselves for an anticipated rebound in activity post-pandemic

Prior to the outbreak of Covid-19, medical and wellness tourism was a significant growth industry in many emerging economies. The last decade saw a boom in medical tourism: by 2018 the global market was generating \$58.6bn annually, and in 2019 it was forecast to grow at a compound annual growth rate of 11.7% to reach more than \$142.2bn by 2026. While the pandemic represents a major setback for the segment, there are signs that it may be recovering in several markets.

MAJOR MARKETS: The growth of medical tourism was largely spurred by increased awareness – particularly among citizens of higher-income countries – of the quality and relative affordability of health care options in many emerging economies. The appeal was further enhanced by the possibility of combining medical treatment with a holiday in an attractive location.

Asia has been a popular region for medical tourism for some time. Guided by the Ministry of Public Health's 2016-25 strategic plan, titled "Thailand: A Hub of Wellness and Medical Services", stakeholders there have been working to cement Thailand's position as a regional leader in medical tourism. The Indian government, for its part, began offering a medical visa in 2017 to bring in more foreign patients. India saw nearly 700,000 people come to the country on a medical visa in 2019, equal to 6.9% of foreign tourist arrivals.

Governments in other regions similarly moved to capitalise on this growing segment. In 2015 Turkish Airlines announced a 50% discount on flights for people coming to Turkey for medical treatment, while the UAE adapted its visa policy to facilitate medical tourism and began offering a package that covered every aspect of a trip – from the cost of treatments, to leisure activities for patients and their families.

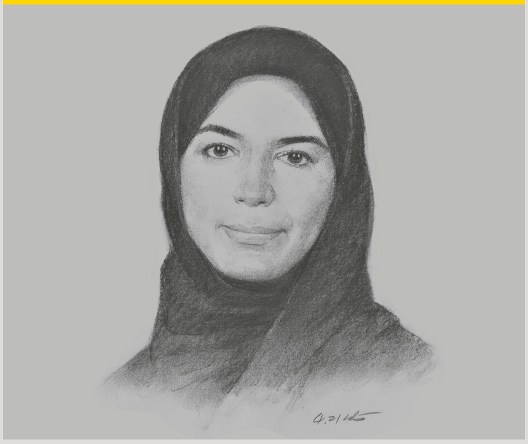
The UAE recorded \$3.3bn in medical tourism revenue in 2018, up from \$2.2bn in 2014. Dubai ranked sixth out of 46 markets in the 2020-21 Medical Tourism Index published by the International Healthcare Research Centre in July 2020, and first in MENA for the second year running. Abu Dhabi, meanwhile, came in ninth overall. Located next to Dubai and close to its international airport, Sharjah is well placed to capitalise on the UAE's reputation in this area thanks to its portfolio of quality medical facilities (see Education & Health chapter).

POST-PANDEMIC PROSPECTS: With lockdowns and international travel bans upending the global tourism industry in 2020, travel for medical reasons was particularly affected as many people around the world deferred non-essential procedures. While it will take some time to get back to pre-pandemic levels, various institutions are implementing measures intended to reboot the industry in their respective countries. The UAE is again an example of this, with the federal government's handling of the pandemic a major factor in reopening to tourists: the country was rated as the most Covid-19-safe in the region on the Global Soft Power Index, released by London-based consultancy Brand Finance in December 2020. The UAE has conducted extensive testing of both nationals and incoming visitors, and rapidly rolled out its vaccination programme, which has helped to secure its reputation for safety.

In Asia the Tourism Authority of Thailand's "Beyond Healthcare, Trust Thailand" programme, launched in July 2020, required patients to take a Covid-19 test and quarantine at a hotel or hospital after arrival. Steps such as these should help get the industry back on track after a very disruptive year. Bumrungrad International Hospital in Bangkok, for example – one of Thailand's main medical tourism providers – saw a 94% year-on-year drop in revenue in the second quarter of 2020.

Telemedicine, however, has witnessed considerable growth, with many hospitals expanding online consultations for diagnosis and treatment plans. While the medium is often not a direct substitute for an in-person visit, it serves to maintain contact with potential medial tourists. Implementing a combination of solutions can help to restore the confidence of medical travellers, which will be the first step on the road to recovery.

Sharjah is well placed to capitalise on the UAE's strong reputation for medical tourism, thanks to its portfolio of quality medical facilities and proximity to Dubai's international airport.



Hana Saif Al Suwaidi, Chairperson, Environment and Protected Areas Authority

Natural treasure

Hana Saif Al Suwaidi, Chairperson, Environment and Protected Areas Authority (EPAA), on the importance of environmental awareness and conservation

How can technology and public awareness be leveraged to safeguard natural habitats?

AL SUWAIDI: Sharjah is well equipped to preserve its biodiversity, particularly its protected areas. We have turned to innovation and the emirate's numerous research centres to help meet our goals. For example, we have used drones to monitor and survey protected areas, some of which cover large expanses and difficult terrain. In the same vein, satellite imagery and automated alarm systems were instrumental in the quick reaction to and containment of an oil spill on the coasts of Kalba and Khorfakkan during the summer of 2020.

However, technology alone cannot ensure our natural reserves remain protected. Citizens and visitors must also understand the importance of maintaining a delicate balance in the habitat to support flora and fauna. Awareness campaigns at schools and other spaces are essential in this regard. In both Sharjah and the wider UAE there are communication-related challenges arising from the population's diversity, as different generations and cultural backgrounds relate differently to the environment.

Unfortunately, awareness is not always enough and legal measures are sometimes required. Since 2016 Sharjah's government has authorised the EPAA – in cooperation with the police and municipality – to punish offences with harsh fines that in some categories are exclusive to this emirate. These measures have proved to be effective in preventing repeated environmental violations, particularly those related to littering when camping in the desert – a very popular winter leisure activity.

In what ways can policy support environmental action in the UAE and Sharjah specifically?

Al SUWAIDI: The UAE Environmental Policy launched in December 2020 by the federal Ministry of Climate Change and Environment deepened cooperation between individual emirates and national-level institutions. Two aspects are of particular importance in the case of Sharjah: eliminating the trade of endangered species – in line with our priorities and the UAE's commitments under the Convention of International Trade in Endangered Species of Wild Fauna and Flora – and identifying the origins of the oil spills in the summer of 2020 to prevent future incidents of this nature. The emirate is working with the federal authorities to address these issues.

What has been done in recent years to develop the ecotourism segment in Sharjah?

AL SUWAIDI: Sharjah has 13 protected areas that are home to species unique to the UAE, such as the Arabian collared kingfisher in the Al Qurm Nature Reserve. There has been a concerted effort to develop ecotourism and capitalise on these natural resources in the last decade. In 2015 the EPAA opened the Wasit Nature Reserve to the public; this was the first time a protected area was offered as a tourism site in Sharjah. The Wasit Nature Reserve was created through a wetlands rehabilitation project to safeguard and showcase migratory birds, and it was the first such facility in the GCC.

More recently, in April 2021 Sharjah inaugurated the Khor Kalba Mangrove Centre. As well as being part of ongoing efforts to support biodiversity, the centre contributes to a broader push to attract visitors and investment to the Kalba and Khorfakkan regions on the eastern coast of the emirate. Preserving wildlife while developing the emirate's appeal as a tourism destination is also a goal of the ongoing expansion of Sharjah Safari, the largest safari project outside Africa. In addition to its diverse wildlife, Sharjah is known for its geological heritage as well. The Buhais Geology Park, opened in early 2020, is surrounded by a landscape dating back 93m years and contains a wealth of rare fossils.

Financial Services

Digitalisation flourishes in response to the pandemic

Prospects for consolidation in the emirate and beyond

Debt issuance boosts liquidity and supports businesses

Opportunities for growth in global Islamic banking

The financial services sector accounts for around 8% of Sharjah's GDP

Setting the stage

Digitalisation and consolidation are helping the sector build on the steady expansion recorded in recent years

As of 2019 there were 33 banks in Sharjah, operating a total of 111 branches. Of the banks, four were headquartered in Sharjah, 15 in other emirates of the UAE and 14 were international institutions.

Gross loans and advances to Sharjah residents from all banks in the emirate totalled

$29bn

in 2019

The size of Sharjah's financial services sector has grown steadily over the years, due in part to its quick response to changes that includes the rapid adoption of international best practices for banking. More recently, the banking industry has expanded its offering of digital services, particularly in response to the economic disruption caused by the Covid-19 pandemic, putting it in a good position for future growth as the world transitions to a digital economy. Meanwhile, the government of Sharjah's acquisition of a majority stake in a local bank in 2019 could set the stage for additional strategic investments to further strengthen the financial services sector. While Sharjah does not have its own capital market, the emirate-level government and many local institutions have become regular issuers of debt and *sukuk* (Islamic bonds), with a number of sukuk sold in 2020 to raise financial support for the pandemic response.

FIGURES: The financial services sector's contribution to Sharjah's GDP has grown steadily. It generated an estimated Dh10.1bn ($2.75bn) in current prices in 2019, according to the most recent data from the Department of Statistics and Community Development (DSCD), up from Dh9.8bn ($2.67bn) in 2018 and Dh9.5bn ($2.59bn) in 2017. This put its share of GDP at 8.1%, in line with the 8% contributed in 2018 and 8.3% in 2017. In terms of non-oil GDP, the sector represented 8.5% in 2019, and 8.3% in 2018 and 2017.

As of 2019 there were a total of 33 banks in Sharjah, operating a combined 111 branches. Of the banks, four were headquartered in Sharjah, 15 in other emirates of the UAE and 14 were international institutions. The local banking sector is led by Islamic banks in terms of number of branches. Sharjah Islamic Bank (SIB) has the largest network, with 21 branches; followed by Dubai Islamic Bank, with 12; and Emirates Islamic Bank, with 10.

Gross loans and advances to Sharjah residents from all banks in the emirate amounted to Dh106.4bn ($29bn) in 2019, made up of Dh53.7bn ($14.6bn) to the private corporate sector, Dh31.1bn ($8.5bn) for individuals, and Dh21.6bn ($5.9bn) to the government and the public sector. Resident bank deposits stood at Dh98.1bn ($26.7bn), Dh82.2bn ($22.4bn) of which came from the private sector; Dh8.3bn ($2.3bn) from the government; Dh6.2bn ($1.7bn) from government-related enterprises (GREs), which are defined as companies in which the government holds a stake of 50% or more; and Dh1.4bn ($381.1m) from non-bank financial institutions.

LOCAL INSTITUTIONS: The emirate is home to four locally incorporated banks, each of which is listed on the Abu Dhabi Securities Exchange (ADX). The largest of the four, both in terms of assets and number of branches, is SIB. The bank was incorporated in 1975 as National Bank of Sharjah and changed its name when it converted to a sharia-compliant institution in 2002, marking the world's first conversion of a conventional bank into an Islamic one. According to its 2020 annual report, SIB's total assets increased by 15.5%, or Dh7.2bn ($2bn), to reach Dh53.6bn ($14.6bn) that year. Total shareholder equity represented 14.3% of the bank's total assets, or Dh7.6bn ($2.1bn), with a strong capital adequacy ratio of 21.5%, per Basel III requirements. Among its asset classes, investment in Islamic financing accounted for the largest share, at roughly 55%, and grew by 16.4% from Dh25.1m ($6.8m) to Dh29.3m ($8m) over the 12 months. The bank's net profits, however, fell by 25.6%, from Dh545.5m ($148.5m) to Dh405.8m ($110.5m). This was due to SIB's prudent approach of hedging against potential risks during the unprecedented global economic headwinds of 2020: the bank made a provision on its financial assets equal to Dh255.8m ($69.6m), compared to Dh96.8m ($26.3m) the previous year. Despite the decline in net profits, the bank announced in early 2021 that it would distribute 8% in cash dividends to its shareholders on the back of its strong overall performance over the course of the previous year.

SIB is particularly active in the corporate and government segment, from which 52.9% of its 2020 total operating income was derived; followed by retail, with 28.2%; investment and Treasury, at 13.8%; and hospitality, brokerage and real estate, with 5.1%. The government of Sharjah is the largest shareholder in SIB, primarily through its investment arm Sharjah Asset Management, which holds a 28% stake in the bank. Kuwait Finance House Capital Investment Company is the second-largest shareholder, with an 18% stake, followed by Sharjah Social Security Fund, which owns around 9%. SIB owns three non-banking subsidiaries, namely ASAS Real Estate; Sharjah Financial Islamic Services, which is a trading, investment and wealth-management firm; and Sharjah National Hotels, which operates three hotels in the emirate.

OLDEST BANK: The oldest local bank is Bank of Sharjah, which was incorporated in 1973 and began operations the following year when it teamed up with France's Banque Paribas to become the first consortium bank in the GCC. Similar to SIB, the government of Sharjah is a major shareholder in the bank, with Sharjah Asset Management holding 17.2% of total shares. Other shareholders include United Alsaqer Group (12.7%) and Ahmed Abdalla Al Norman (6.2%).

While the bank had yet to release its 2020 financial report as of early May 2021, its latest unaudited financial statement showed that total assets reached Dh34.8bn ($9.5bn) at the end of the third quarter, up from Dh31.7bn ($8.6bn) at the close of 2019. When comparing the first nine months of 2019 to the corresponding period in 2020, net profits decreased by 25.3%, from Dh172m ($46.8m) to Dh128.4m ($35m). However, when comparing the July-to-September period of 2019 to that of 2020, there was a more than five-fold increase, from Dh20.1m ($5.5m) to Dh110.2m ($30m), signalling the bank's recovery from the effects of the pandemic. According to Bank of Sharjah's 2019 annual report, claims on corporates and GREs accounted for 44.2% of total claims, demonstrating its heavy presence in those areas, followed by claims on sovereigns at 16.7%.

PRIVATE BANK: The government does not hold a major stake in the third local bank, United Arab Bank, which was founded in 1975 as a joint venture between diverse UAE investors and Société Générale, a French international financial conglomerate. The bank operates 11 branches throughout the UAE, offering financial services in corporate banking, retail banking, trade finance, small and medium-sized enterprise (SME) banking and Treasury services.

According to the latest financial statements from United Arab Bank, its total assets amounted to Dh18bn ($4.9bn) as of September 2020, down from Dh19bn ($5.2bn) one year earlier. The bank's major shareholders include Commercial Bank, which had a 40% ownership share; Sheikh Faisal bin Sultan Al Qasimi, who held 11.13%; Al Majed Investment Company, which held 5.47%; Jumaa Al Majed Abdullah

The emirate has a number of regular issuers of debt and Islamic bonds

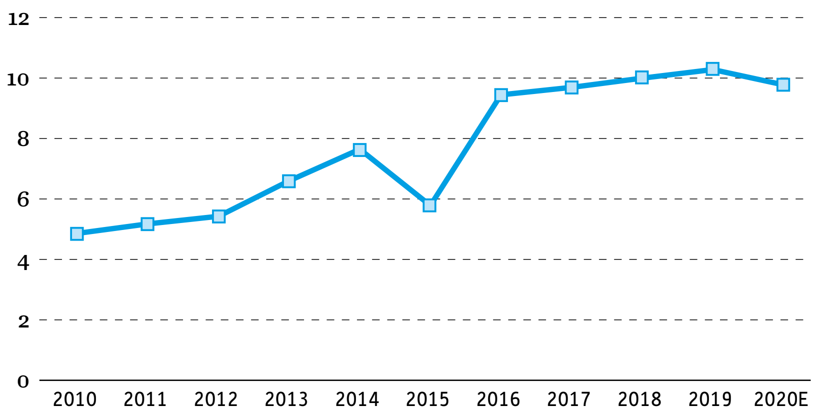
Muhairi, with 5.31%; and Sheikh Sultan bin Saqr Al Qasimi, who had a share of 5.2%.

INVESTMENT & CONSOLIDATION: The most recent strategic investment in the banking sector took place in April 2019, when the government of Sharjah acquired a majority stake of 50.07% in Invest Bank, the fourth-largest bank headquartered in the emirate, for $300m. Invest Bank had assets of Dh11bn ($3bn) as of end-March 2020, per the latest available data. This was a slight decrease from the Dh11.7bn ($3.2bn) recorded at the end of 2019. The bank registered a net loss of Dh99.5m ($27.1m) in the first quarter of 2020, compared to Dh105.9m ($28.8m) in the same period of the previous year.

At present there is active study and discussion around next steps related to consolidation for the emirate's banking sector. However, greater consolidation between banks both in Sharjah and the wider region may still be a few years away, due in part to the ownership structure of lending institutions. Royal

The most recent strategic investment in the banking sector took place in April 2019, when the government of Sharjah acquired a majority stake in the fourth-largest bank headquartered in the emirate.

Financial services' contribution to GDP*, 2010-20E (Dh bn)



Source: DSCD

*current prices

family members and government entities typically own majority shares in banks, and most mergers and acquisitions (M&A) recorded in recent times have had the same shareholders on both sides of the transaction. "These transactions are rather akin to shareholders reorganising their assets, rather than pure M&A operations," Mohamed Damak, senior director of financial services at Standard & Poor's (S&P) Global Ratings, told international media in February 2020. "We are not questioning the economic added value of such transactions, though, which has proved to be significant in some cases."

Nevertheless, remaining banks do not have strong common ownership and could thus make upcoming M&A deals difficult to close. "There could be a couple of other operations [that merge]," Damak added. "A second wave of [M&A, which] would be primarily driven by the economic added value, is yet to start – and might not see the light in the next one to two years," he concluded. However, other banking industry observers, such as credit ratings agency Fitch Ratings, suggested in March 2020 that a wave of M&A could be on the horizon for the UAE as a whole, particularly among banks with weaker capital buffers. Asset quality in the banking sector weakened due to the pandemic's impact on many industries that are critical to the UAE's economy, such as tourism and hospitality, retail and wholesale trade, and real estate and construction – which accounted for 29% of total bank lending in the country as of end-2019.

DEBT ISSUANCE: To boost liquidity in the banking system, and with an eye to providing additional financial assistance to businesses that were affected by the pandemic, the Sharjah Finance Department (SFD) launched a Dh4bn ($1.1bn) initiative in May 2020. The first tranche of the Sharjah Liquidity Support Mechanism sukuk was issued as a 12-month, dirham-denominated paper valued at Dh2bn ($544.4m) and managed by the Bank of Sharjah. It received a short-term investment grade of "A-2" by S&P.

The following month the emirate sold a $1bn seven-year sukuk to bolster finances and offset the effect of falling global oil prices. The final spread for the sukuk was set at 245 basis points (bps) over mid-swaps, which was tightened by 30 bps from its initial price guidance earlier in the day.

On the private sector end, in September 2020 SIB's $500m, five-year sukuk, with a profit rate of 1.85% per year, was named the Sukuk Deal of the Year 2020 at the 10th Global Islamic Finance Awards. The deal was closed in June 2020 and was 7.2 times oversubscribed, raising $3.6bn.

In October 2020 the emirate sold $250m in a re-opening of an existing sukuk issued the previous year. The final yield was set at 2.75%, tightening from an initial price guidance of about 2.9%. It received over $600m in orders for the tap of the $750m, 3.234% sukuk due in October 2029. That month S&P Global Ratings downgraded the emirate's long-term credit rating to "BBB-" after it affirmed the emirate's "BBB" rating at the start of the pandemic in April.

Sharjah is home to four locally incorporated banks, all of which are listed on the Abu Dhabi Securities Exchange

DIGITAL BANKING & PAYMENT SYSTEMS: In response to falling customer foot traffic over the years, many banks have closed their brick-and-mortar branches. In August 2020 the National Bank of Ras Al Khaimah (RAK Bank) reported that it would be shuttering nine branches, or 25% of its network in the UAE, starting from the following month as a result of growing demand for digital banking. This includes the closure of one branch in Sharjah City, in addition to one each in Khorfakkan and Abu Dhabi, and six in Dubai. The total number of branches in Sharjah dropped from 125 in 2016 to 111 in 2019.

In October 2020 the emirate sold $250m in a re-opening of an Islamic bond issued the previous year. The final yield was set at 2.75% and it received more than $600m in orders.

Recent moves by banks to increase their presence in the digital space were accelerated by the pandemic as people stayed home and observed social-distancing measures. SIB recorded a 55% increase in users of its digital channels and smart services in mid-2020, compared to a 35% increase at the same time one year earlier. Since the introduction of digital platforms, the bank has seen a 100% rise in the usage of some of its services, such as the Tayseer-Salary Advance, which enables users to instantly access their credit, Walid Alamoudi, head of digital banking at SIB, told local media in late June 2020.

Government entities have also expanded digital payment options in the emirate, advancing Sharjah and the UAE's transition towards a cashless society. In July 2020 the Sharjah Municipality announced plans to enable the payment of fees and fines via e-wallet platforms operated by Apple, Google and Samsung, in addition to the existing cashless payment methods: Tasheel card, credit and debit cards either at point-of-sale or online, Emirates ID card or direct debit from bank accounts. In October 2020 the SFD launched the first phase of a programme to link its services to Digital Identity, a national online platform that allows users to access and make payments to local and federal government agencies, and other institutions. Government entities are also

Government entities have expanded digital payment options in the emirate, advancing Sharjah and the UAE's transition towards a cashless society.


The government has teamed up with the private sector to launch digital products and boost access to finance

Sharjah's locally incorporated banks demonstrated robust capital buffers and liquidity in the face of lower oil income and slower demand for credit in 2020.

teaming up with the private sector to launch digital products that will boost SMEs' access to finance. While banks in the emirate have historically supported the government and large businesses, in June 2020 Sharjah Media City, known as Shams, and Mashreq Bank, a leading financial institution in the UAE, announced a strategic partnership to assist SMEs. Per the memorandum of understanding, the bank will address a major hurdle facing SMEs and budding entrepreneurs in Sharjah: opening a business account. A NEOBiz digital bank account will be offered to entrepreneurs based in Shams, who will receive advice on how to grow and sustain their businesses. Mashreq also announced a relief package for SME customers, including its Shams clients, that includes low-balance basic accounts with no fall-below fee until June 2021.

INSURANCE: The insurance sector, for its part, is expanding, both in terms of job creation and economic contribution. In 2019 it employed 619 people across the emirate and recorded Dh1.6bn ($435.5m) in direct premium, up 1.5% and 8%, respectively, compared to 2018. The number of insurance companies and branches in the emirate has also risen over the years, from 32 in 2015 to 47 in 2019. Of the total in 2019, 35 were from the UAE, while four insurance companies and branches were Arab-owned, and eight were foreign-owned.

There are two local insurance companies headquartered in Sharjah, and similar to the emirate's four local banks, they are also listed on the ADX. Sharjah Insurance Company was founded in 1970, making it the first insurance firm established in the UAE. According to its most recent financial statements, the company's total written premium was Dh44m ($12m) in 2019, down from Dh53m ($14.4m) in 2018. Its net retained premium was also down, from Dh30m ($8.2m) to Dh26m ($7.1m), as was its net operational profit, from Dh11m ($3m) to Dh5m ($1.4m). In terms of assets, Sharjah Insurance Company recorded a total of Dh294.9m ($80.3m) in 2019, down from Dh326.2m ($88.8m) the previous year. Meanwhile, 2019 financial results for the second-largest Sharjah-headquartered insurance company, Al Buhaira National Insurance Company, showed an improvement in total asset value, from Dh1.7bn ($462.7m) to Dh2bn ($544.4m). Total profit, however, fell from Dh35.5m ($9.7m) to Dh22.1m ($6m).

BUSINESS LINES: According to DSCD data, 343,967 insurance policies were registered in 2019, with car insurance accounting for the largest share, at 69.04% of the total, or 237,485 policies; followed by health, with 15.55% of the total, or 53,495 policies. In terms of direct premium, however, the order of the top-two segments was reversed. Health came in first position, with direct premium valued at Dh863.2m ($235m) in 2019, equivalent to 53.5% of total direct premium in the market and up from Dh656.2m ($178.6m) in 2018. The segment's gross written premium stood at Dh799.2m ($217.5m) in 2019, an increase on the Dh667m ($181.6m) recorded in the previous year. Meanwhile, direct premium of Dh334.9m ($91.1m) from motor insurance, accounting for 20.8% of the total and down from Dh427.8m ($116.4m) in 2018, saw the segment come in second place. Gross written premium for motor also fell, from Dh433.6m ($118m) to Dh403.2m ($109.8m) over the same period.

OUTLOOK: While two of the emirate's four locally incorporated banks saw their financial positions erode in 2020, the losses were moderate in relation to the scale of the pandemic. The banks have demonstrated robust capital buffers and liquidity in the face of lower oil income and slower demand for credit. This is reflected in international credit ratings agencies' favourable outlook for the UAE as a whole. In December 2020 Moody's gave the UAE government an "Aa2" rating – the highest sovereign rating in the region – and a stable outlook. Ongoing support from the national level is expected to support Sharjah's financial services sector as it navigates the pandemic recovery phase. In November 2020 the Central Bank of the UAE announced it would extend the Dh100bn ($27.2bn) Targeted Economic Support Scheme by six months to June 2021. This will enable banks in Sharjah, as well as those in other emirates, to provide temporary relief to private sector and retail customers. Meanwhile, any decision to extend the nationwide trend of compulsory health coverage to Sharjah could significantly boost insurance uptake.

Although Islamic banks were relatively unaffected by the 2008 global financial crisis, Covid-19 is having a more significant impact. Nevertheless, the disruption could provide opportunities to diversify and accelerate expansion as the pandemic subsides. S&P believes that Covid-19 could unlock the sector's long-term potential, noting that the pandemic provides "an opportunity for more integrated and transformative growth with a higher degree of standardisation, stronger focus on the industry's social role and meaningful adoption of financial technology".

The disruption of the pandemic could provide opportunities to diversify and accelerate the sector's expansion as the health crisis subsides, unlocking its long-term potential.

Demand for ethical investments has been increasing in recent years

Sustainable recovery

Countries in the Gulf are turn to ethical investments to support their post-pandemic economic recovery

The Covid-19 pandemic has raised awareness among GCC countries of the importance of environmental, social and governance (ESG) standards. If current trends continue, ESG could become a valuable element of the region's recovery. ESG standards are used to evaluate potential investments, as well as to enable business leaders to formulate responsible and sustainable corporate strategies. Environmental criteria take into account a company's environmental footprint, as well as the actions it takes to offset it. Social criteria evaluate how it manages relationships with its various internal and external stakeholders. Lastly, governance criteria evaluate the inner mechanisms of a company's management and operations.

STRONG DEMAND: Demand for investments that are ethical and sustainable has been increasing in recent years. Globally, more investors are turning to businesses that embrace ESG and this trend has been accelerated by the pandemic. ESG standards have become a central focus of the world's major financial bodies. In January 2021 at the World Economic Forum (WEF) in Davos, it was announced that a coalition of multinationals and business leaders had signed up to the Stakeholder Capitalism Metrics, a set of ESG standards released by the WEF and the International Business Council in September 2020. "Stakeholder capitalism [has become] mainstream," Klaus Schwab, founder and executive chairman of the WEF, told international media at the time. "The public commitments from companies to report not only on financial matters but also their ESG impacts are an important step towards a global economy that works for progress, people and the planet." This trend is expected to continue; according to an April 2020 report published by S&P Global, "Strong ESG performers with stakeholder-focused and adaptive governance structures are likely to remain resilient amid these rapidly changing dynamics."

Meanwhile, the International Financial Reporting Standards Foundation is moving forwards with its plan to develop a single set of internationally recognised sustainability standards. In early February 2021 the foundation announced the goal of producing a definitive proposal by September of that year.

GREEN SHOOTS: In the GCC ESG has become increasingly popular. In late 2020 the CFA Institute – an investment association – announced the results of a study that found that 94% of retail investors in the UAE were interested in or applied ESG principles in 2020, up from 90% in 2018. Significant steps have been taken to transition to a more ESG-oriented future. Qatar National Bank (QNB) established its Green, Social and Sustainability Bond Framework in February 2020, and in September of that year it launched its $600m green bond, for which it received more than $1.8bn in subscriptions. The proceeds will be used to finance or refinance assets in verified eligible projects. QNB's bond was the second such issuance from a commercial bank in the GCC, following the bond issued by the National Bank of Abu Dhabi, as it was then known, in 2017.

In a further sign of interest in such instruments in the region, in April 2020 the Dubai Financial Market launched the UAE ESG index, while in early February 2021 the Abu Dhabi Investment Office launched an ESG policy, which it will deploy in different operations, among them public-private partnerships.

The growing focus on ESG standards dovetails with development priorities shared by countries in the GCC, and the standards tie in to different diversification strategies. The slump in oil prices in early 2020 served to underline the importance of a more broad-based economy, and investments guided by ESG – for example, in renewable energy – offer a way to augment diversification. The Gulf is also on the front line of climate change, where ESG can help to boost resilience and reduce emissions. Moreover, ESG-guided companies have proven resilient in the face of the pandemic. An increased focus on ESG may, as such, constitute a way to drive a sustainable recovery from the health crisis.

Environmental, social and governance standards are being used to evaluate potential investments, as well as to enable business leaders to formulate responsible and sustainable corporate strategies.

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Covid-19 impacted Islamic banks more than the 2008 financial crisis

After the storm

The post-pandemic future of global Islamic banking

While the overall volume of Islamic bond issuance was muted in 2020, there are signs the pandemic could expand the role of these instruments in the future.

While Islamic banks emerged relatively unscathed from the 2008 global financial crisis, Covid-19 is having a deeper impact. Compared to conventional financial institutions, Islamic banks are more exposed to small and medium-sized enterprises (SMEs), microfinance and retail lending – particularly in Asia. The industry was on track for strong growth in 2020, but due both to the pandemic and oil price uncertainty, in June of that year international credit ratings agency Standard & Poor's projected it would record low- to mid-single-digit growth in 2020-21. This is compared to 11.4% growth in 2019, which was underpinned by a more dynamic *sukuk* (Islamic bond) market and new growth opportunities. Nevertheless, the disruption could provide opportunities to diversify the segment and accelerate its expansion once the pandemic subsides.

SUKUK ISSUANCE: Financial certificates similar to bonds in conventional banking, sukuk are a key element of the Islamic finance ecosystem. However, the sukuk market is more concentrated, smaller and less liquid than its conventional counterpart. In addition, the process for issuance remains relatively complex and time-consuming, and involves higher transaction costs. While the overall volume of sukuk issuance was muted in 2020, there are signs the pandemic could expand the role of sukuk. In June 2020, for example, the Islamic Development Bank (IsDB) raised $1.5bn with its first-ever Sustainability Sukuk, designed to aid pandemic recovery in its member countries. Proceeds will go exclusively towards social projects under IsDB's Sustainable Finance Framework, with a focus on "access to essential services" and "SME financing and employment generation". That same month Indonesia issued a $2.5bn *wakala* (agency) sukuk in three tranches, one of which was a $759m green sukuk, dedicated to sustainable development. The principal aim of this sukuk, which was oversubscribed by nearly seven times, was to support the government's Covid-19 programme, and strengthen Indonesia's position in global Islamic finance.

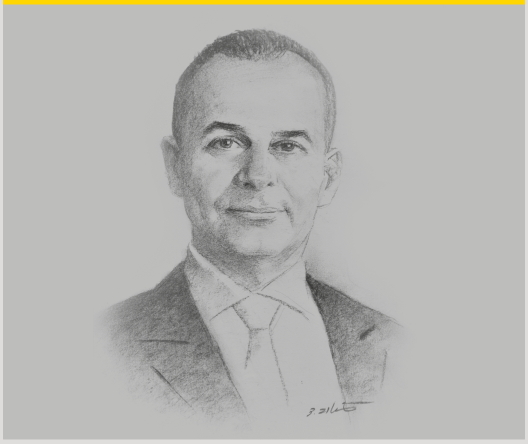
Standardisation is particularly important for Islamic bonds, both in terms of the theory underpinning the vehicle and the associated legal documentation.

Meanwhile, the UAE's First Abu Dhabi Bank issued the first sukuk globally in 2021 – a five-year $500m sukuk in January, which was oversubscribed three times.

POST-PANDEMIC PROSPECTS: While Covid-19 has given rise to industry-wide headwinds, these recent examples demonstrate how it has also prompted increased awareness of the potential of Islamic finance. To sustain and increase this momentum in a post-pandemic world, digitalisation and financial technology (fintech) will be key. "Covid-19 has led us to accelerate the digital transformation that was already under way prior to the pandemic," Ayman Sejiny, CEO of the Islamic Corporation for Development, told OBG. This will expand access and increase the socially transformative role of the segment. In addition, fintech can increase standardisation, streamline processes, reduce costs and boost transparency, making Islamic financial instruments more competitive relative to conventional forms.

Standardisation is particularly important for sukuk, both in terms of the theory underpinning the vehicle and the legal documentation associated with it. Greater standardisation will also enable Islamic banks to move into new areas. "Islamic finance should now explore new sectors such as health and sharia-compliant tourism. We should work hard to develop Islamic banking products suitable for these sectors," Sejiny added.

There is also the potential for Islamic finance to play a greater role in trade, which could help to boost recovery across emerging markets. "The Covid-19 outbreak has put in motion new opportunities for Islamic finance markets, such as the provision of sharia-compliant trade finance products, as well as trade development programmes to promote a stronger focus on social impact, sustainability, innovation and digitalisation," Hani Salem Sonbol, CEO of International Islamic Trade Finance Corporation, told OBG. While Islamic banking faced significant headwinds related to the pandemic, the crisis could ultimately constitute an important watershed in the global development of the industry.



Ahmad Abu Eideh, CEO, United Arab Bank

New reality

Ahmad Abu Eideh, CEO, United Arab Bank, on ensuring resilience and the increasing importance of digitalisation

How has the Covid-19 pandemic affected banks' asset quality and profitability, and to what extent are stimulus measures facilitating recovery?

ABU EIDEH: The pandemic affected all sectors of the economy, and the full extent of its impact will only unfold as more data becomes available. The economy has been in a reactive stage rather than a proactive one, as evidenced by layoffs in several industries and the contraction of business activity – particularly in hospitality and retail. However, not all areas of the economy have been negatively impacted.

The banking sector mirrors the wider economy and profitability is derived from the business activity of our customers. In the UAE, the full impact of the Covid-19 outbreak was cushioned by government stimulus measures, which were announced and executed earlier here than in other Gulf countries. Whether the Central Bank of the UAE's Targeted Economic Support Scheme (TESS) or Sharjah's stimulus package, these measures provided substantial support to retail and corporate customers, particularly by allowing loan instalment deferments and offering support initiatives like reducing business fees or waiving some taxes for affected sectors. As a result of this support, the UAE banking sector has remained quite resilient and committed to the local economy, despite multiple economic shocks.

In what ways are banks aligning their credit requirements with the needs of businesses and customers affected by the pandemic?

ABU EIDEH: Not every customer can provide proof of being impacted by the health crisis, and therefore cannot be included as part of TESS. However, banks are evaluating clients on an individual basis to award deferment mechanisms, helping to settle loans or providing other aid to non-TESS clients, whether retail or corporate. Banks have maintained lending to bankable business deals and continued to support the local business community. However, due to uncertainty in the wider economy, banks have to be extra diligent in assessing financing projects.

However, some businesses or industries have only been minimally impacted by the pandemic and therefore do not require stimulus support. Whereas small and medium-sized enterprises have been more impacted, some segments like financial technology (fintech) or ICT have thrived. While banks remain committed to channelling funds into all segments of the local economy, vigilance is always required as we are custodians of the money of depositors and lending must be subject to stringent risk analysis.

In which ways was digitalisation used to strengthen the banking ecosystem amid lockdown periods and social-distancing restrictions?

ABU EIDEH: Organisations that had already embarked on a digital journey faced much less disruption during the pandemic than those that had not yet embraced digital transformation. Inevitably, there will be a greater drive towards digitalisation across all industries, with fintech receiving more attention. Organisations behind in the digitalisation drive now understand how essential it is to make these investments, and the banking sector sees where it needs to head in this area. Indeed, businesses that do not embrace digitalisation may become obsolete. However, digitalisation comes with risks as well, leading banks to address weaknesses in their systems to reduce their vulnerability to cyberattacks.

A major trend impacting the financial sector is digital banking, which has grown considerably in recent years and is fuelled by a younger population that is increasingly comfortable with fully utilising digital platforms. Digital banking allows for every step of the banking process to be done online, from opening an account to accessing financial products. These tools are being adopted at a high rate by the local market. Similarly, these technologies enable a low-cost base and greater efficiency, which help banks to be more competitive.

The health crisis prompted an overhaul of legacy processing systems

Operations upgrade

New technologies come to the fore after the Covid-19 pandemic

Many activities that were made impossible by public health restrictions, such as visiting a brick-and-mortar bank branch, were supplanted by artificial intelligence-based technologies.

The Covid-19 pandemic has led to a significant acceleration of digital transformation. This trend is especially apparent in financial services, where the health crisis prompted an overhaul of legacy processing systems and the widespread implementation of what are known as ABCD technologies – a catch-all term that encompasses artificial intelligence (AI) and automation, blockchain and bitcoin, cloud computing, and digital and data-driven solutions. While such technologies had been growing in importance within the sector prior to the pandemic, 2020 redoubled this trend.

Each of the four categories brings with it a range of benefits and potential applications. AI can be leveraged within banking and finance in two principal ways: first, banks, brokers and asset managers use the technology to garner insights and make predictions, related both to the market and to customers' needs and risk profiles. Online behaviour – for example, how customers use their online bank accounts – is tracked for analysis, which then feeds into financial technology (fintech) interfaces. Second, AI-based algorithms enable users to leverage so-called Web 2.0 technologies in order to access financial services remotely and seamlessly.

Many activities that were made impossible by lockdown measures, such as visiting a brick-and-mortar bank branch, were supplanted by AI-based technologies. Blockchain, meanwhile, offers the potential to increase efficiency in relation to transactions, and cloud computing keeps systems up to date and secure in comparatively affordable data centres. Digital solutions include mobile banking, which has had a transformational impact on finance in recent years.

EMERGING MARKETS: Even prior to the pandemic, many emerging markets were seeing notable growth in fintech. This was partly fuelled by younger, tech-savvy populations and the expansion of ICT infrastructure. The spread of mobile technology was another key factor, giving previously unbanked consumers access to fintech solutions, subsequently fast-tracking their financial literacy. In Mexico, for example, fintech was seeing rapid growth prior to Covid-19, particularly in traditionally underbanked populations. "A new model, based on bringing services to the consumer without brick-and-mortar branches, holds great promise for inclusion, and opens the door to untapped sources of profit for financial intermediaries," Carlos Serrano, chief economist at BBVA México, told OBG. This increase in access to financial services is seen as one of the key tools in reducing poverty and increasing economic activity in emerging markets. Other countries have also turned to ABCD innovations, including Kenya, with the 2012 launch of M-Shwari, which uses AI to streamline and expand financial services by disbursing micro-loans using automated credit assessments and instantaneous approval decisions. In the UAE, meanwhile, the government is pursuing its Emirates Blockchain Strategy 2021. The strategy aims to transform 50% of government transactions into the blockchain platform by 2021 to ensure the digital security of national documents and transactions, and reduce operational costs.

PANDEMIC RESPONSE: Many emerging markets were able to leverage digital services as part of their response to the Covid-19 pandemic. Indeed, in December 2020 a study carried out by the World Bank, the Cambridge Centre for Alternative Finance and the World Economic Forum found that most fintech services – with the notable exception of lending – had reported strong growth in the first half of 2020. The report found that this growth was higher in emerging regions, with the Middle East and North Africa seeing the strongest performance, at 40%, followed by sub-Saharan Africa and North America, both at 21%.

A December 2020 report found that digital payments saw higher growth in countries that had stringent lockdowns in the first half of the year.

In a sign of the importance that fintech services played in allowing people to adhere to health-protection measures, the report also found that digital payments saw higher growth in countries with stringent lockdown measures, at 29%, nearly double the average in low-stringency jurisdictions over the same period.

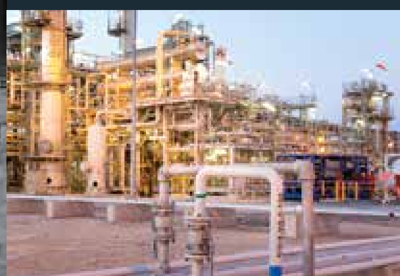
Industry & Energy

Free zones attract increasing levels of investment

High-tech segments poised to lead sector's recovery

New Mahani gas and condensate field comes on-line

Growing focus on renewables and waste management



The emirate's main gas fields are Sajaa, Moveyeid, Kahaif and Mahani

Diversified base

Efforts to support non-oil sectors lead to a strong manufacturing environment and focus on renewables

Sharjah is a significant contributor to the UAE's total manufacturing output, accounting for around one-third of the manufacturing sector.

Industry in Sharjah has benefitted from the emirate's low-cost base, well-developed and connected infrastructure, and proximity to Dubai and the neighbouring northern emirates. This has resulted in Sharjah becoming a key regional industrial player. Indeed, the emirate is a significant contributor to the UAE's total manufacturing output, accounting for around one-third of the country's manufacturing sector. Meanwhile, in recent years the contribution of hydrocarbons production to GDP has remained comparatively small, representing around 4% of the emirate's total GDP. This is thanks not only to a push to diversify the economy, but also higher levels of investment in and utilisation of renewable energy. This trend has enhanced the role that private service providers and independent power and water producers play in the power-generation segment.

PERFORMANCE: Sharjah has been an industrial base since the 1980s, with around 35% of manufacturing facilities in the UAE located in the emirate and its non-oil economy comprising 96% of GDP in 2019. Sharjah has positioned itself as a regional centre for industrial and manufacturing activities, and the sector has supported economic diversification, providing the local market with domestically made consumables and jobs, and improving skills and technological know-how. After wholesale and retail trade – a category that includes the repair of vehicles and motorcycles – manufacturing is the second-largest sector by GDP in current prices. The sector contributed around Dh20.3bn ($5.5bn) to the economy in 2019, according to the most recent "Statistic Annual Book" published by Sharjah's Department of Statistics and Community Development (DSCD). This equalled 16.3% of the emirate's GDP that year and 17% of non-oil GDP. The sector's GDP in current prices has steadily trended upwards since 2010, when it was valued at Dh13.1bn ($3.6bn).

The issuance of industrial licences increased by

17%

in the second half of 2020

INDUSTRIAL ACTIVITIES: Approximately 2500 industrial activities take place in the emirate, including the production of aluminium, building materials and pharmaceuticals. There is also a strong light manufacturing presence of textiles, paper, plastics and processed food for both domestic and international consumption. According to the Sharjah Economic Development Department (SEDD), 56,493 licences were issued in 2020, with the issuance of industrial licences increasing by 17% over the second half of the year. In the first quarter of 2021 digital investor applications through SEDD represented 17% of all transactions – compared to 9% in the first quarter of 2020 – and 1882 new companies set up in the emirate that quarter, up from 1235 firms in the January-March 2020 period. Meanwhile, the Sharjah Chamber of Commerce and Industry recorded 49,131 electronic transactions in the first four months of 2021, covering a wide range of services for the business sector, such as certificates of origin and membership ratifications.

Looking at the number of active licensed factories as of 2019, the largest industrial segment in Sharjah that year was metal products, which accounted for 326 out of a total 1732 licences, according to data from to the DSCD. This was followed by other manufacturing operations, which were granted 192 licences; non-metallic mineral products, with 189 licences; and chemical products, with 157 licences. Metal products was also the top performer in terms of investment that year, attracting around Dh1.3bn ($353.9m); followed by non-metallic mineral products, with Dh1.1bn ($299.4m); food products and beverages, at Dh597.9m ($162.7m); and chemicals, with Dh562.2m ($153m). Moreover, the greatest number of industrial workers were employed in metal production, at 15,456, followed by non-metallic minerals (10,762 workers), garments (9642 workers), rubber and plastics (8773 workers), and chemicals (8347 workers).

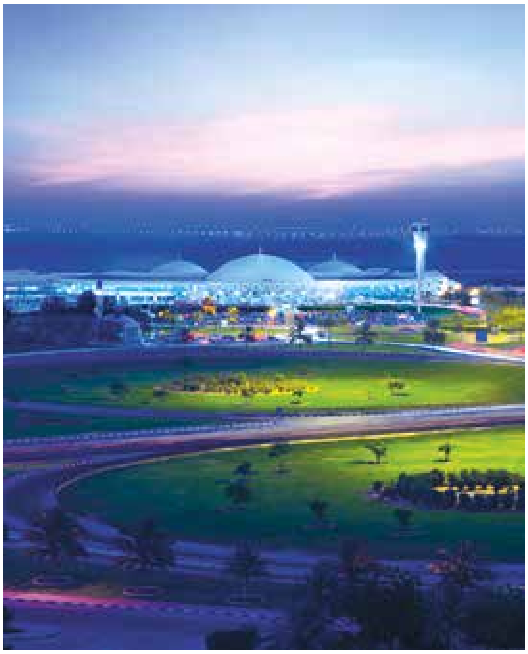
INVESTMENT: Sharjah attracted Dh808.6m ($220.1m) worth of foreign direct investment (FDI) across 24 projects in 2020. In the first quarter of 2021, meanwhile, Invest in Sharjah – a body also known as Sharjah FDI

Office that was created in 2016 by Sharjah Investment Development Authority (Shurooq) – recorded eight projects worth $41m in capital investment. While the pandemic put downwards pressure on FDI flows worldwide, certain segments found space to thrive. These areas of business – which include health and well-being, agri-tech and green technology – have significant potential for expansion, and are posed to help the emirate as it recovers from the multiple economic challenges that were brought on by the pandemic.

PROMOTION: Sharjah officials are working to capitalise on these opportunities. In July 2020 Invest in Sharjah hosted a webinar for US-based investors that highlighted emerging opportunities in high-tech industries that experienced rapid growth despite the challenging economic environment. "The emirate is now shifting from traditional manufacturing activities into new-age and high-tech industries such as artificial intelligence, 3D printing, robotics and drone technology, among others," Mohamed Al Musharakh, CEO of Invest in Sharjah, said at the meeting. "The pandemic has only accelerated this move, and we are seeing a greater focus on tech-driven businesses such as vertical farming, e-learning and e-medicine." Invest in Sharjah continued to host webinars, road shows and delegations for investors from around the world in the second half of 2020 and into 2021. In a similar vein, in December 2020 SEDD organised a virtual workshop to raise awareness for industry and manufacturing in supporting economic diversification, as well as to promote the emirate's position as a regional centre for industry. The meeting focused on Sharjah's strategy to achieve sustainable development centred on innovation, the support of local small and medium-sized enterprises in the industrial sector, and the empowerment of industries that facilitate invention and advanced skills.

At a federal level, the Ministry of Industry and Advanced Technology launched the "Future of Industry Dialogue" initiative in February 2021 to foster partnerships between the government and the industrial sector. The initiative targets heavy industry – which accounts for more than two-thirds of the industrial sector's share of GDP in the UAE – and light manufacturing to facilitate knowledge and expertise exchange between the ministry and domestic and international companies to promote the sector's growth.

FREE ZONES: The pandemic highlighted the importance of leveraging free zones to attract sustained levels of investment and promote economic growth through flexible conditions and incentives. Such zones have a number of advantages, including allowing 100% foreign ownership, the full repatriation of profits and tax exemptions on the condition that commercial activities are primarily export-oriented. Sharjah is home to an established network of free and industrial zones, which include six specialised free zones created to attract FDI in a diverse range of activities. These zones proved successful in the years leading up to the pandemic, with the number of factories in such areas increasing by 5% to reach 3000 in 2019. Moreover, 33 industrial zones that are not a part of

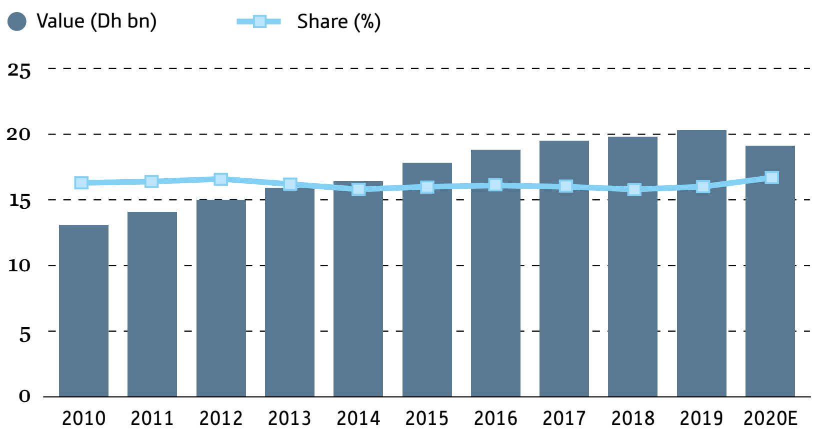


Sharjah Airport International Free Zone is one of six zones in the emirate

the free zones further support the development of manufacturing. Sharjah has two main industry-focused free zones: the Hamriyah Free Zone (HFZ), catering for medium-to-heavy industry, and the Sharjah Airport International Free Zone (SAIF Zone), within the Sharjah International Airport (SIA) complex. The two have government-backed management and together account for a large proportion of industrial activity in the emirate. At 30m sq metres, the HFZ is the largest industrial free zone by area in the emirate and one of the largest in the UAE. The zone hosts around 6500 companies from 163 countries with a focus on industrial and manufacturing activities, though other sectors – such as oil and gas – are represented as well. Features of the zone include 100% ownership of projects and exemption from various taxes and duties, as well as access to a 14-metre deepwater port and seven-metre-deep inner harbour for the import and export of petrochemicals. Between March and mid-October 2020 the HFZ signed deals for 250,900

Free zones have a number of advantages, including allowing 100% foreign ownership, the full repatriation of profits and tax exemptions on the condition that commercial activities are primarily export-oriented.

Manufacturing's contribution to GDP*, 2010-20E



Source: DSCD

*current prices

sq metres of investment, highlighting its attractiveness as a base in the region. The SAIF Zone, meanwhile, is one of the Gulf's oldest free zones and the first in the UAE to be located in an international airport, enabling quick access to global markets. Established in 1995, the zone hosted more than 8000 companies from 165 countries as of 2019, up from 5000 in 2010. Most of the firms based in the SAIF Zone are active in the spheres of trade or services, and the majority of industrial activity is light manufacturing, with a focus on fast-moving consumer goods. In November 2020 the SAIF Zone and HFZ jointly signed a memorandum of understanding with Sharjah Municipality to support the further digital transformation of the zones, enhance mutual cooperation and upgrade work mechanisms, which are expected to simplify and quicken procedures in order to facilitate investment. Sharjah has developed a number of other free zones that also contribute to diversification. These are Sharjah Media City, known as Shams, which offers more than 120 licences centred around media and the creative industries; Sharjah Publishing City Free Zone, focusing on publishing, printing and distribution; Sharjah Healthcare City, standing at 4.5m sq metres and catering for hospitals, clinics, wellness centres and the light manufacturing of medical equipment; and Sharjah Research Technology and Innovation Park (SRTIP), focusing on research and development (R&D) in areas such as renewables and the Fourth Industrial Revolution. The last of these has also contributed to industrial development, especially in tech-focused segments, as evidenced by SRTIP's additive manufacturing centre – the region's largest.

INDUSTRIAL ZONES: Of the 33 industrial zones in Sharjah, two notable locations are Al Saja'a Industrial Oasis and Emirates Industrial City, both developed by Sharjah Asset Management, the investment arm of Sharjah's government. The latter was established in 2005 and is a 7.7m-sq-metre, multi-use zone near SIA with a focus on light and medium manufacturing. The project comprises industrial plots, warehouses, administrative buildings, showrooms, retail outlets and accommodation. Some companies located in the zone, such as Deena Furniture Factory, shifted operations during the pandemic to provide personal protective equipment. The firm dedicated a portion of its facility to the production of medical gowns in April 2020.

HYDROCARBONS: According to the DSCD, the hydrocarbons sector – which includes mining and quarrying, the production of crude oil and natural gas, and supporting economic activities – contributed Dh5.2bn ($1.4bn) to GDP in 2019, or 4.2% of the emirate's total GDP that year. The value of the sector rose from Dh3.5bn ($952.7m) in 2010 to a peak of Dh6.8bn ($1.9bn) in 2013, which was equivalent to 4.5% and 7% of GDP, respectively. However, due to fluctuating international oil prices and shrinking production volumes as Sharjah pivoted towards other industries, the oil and gas sector's contribution both in absolute terms and as a percentage of GDP has fallen. Indeed, while the UAE is one of the world's leading oil and gas producers – with production at almost 3.5m barrels per day (bpd) of oil, 10.5bn standard cu feet of natural gas per day (scfd) and nearly 1m bpd of natural gas liquids – economic diversification has reduced the share of the sector to around 30% of GDP. UAE crude reserves are estimated to be around 100m barrels, while gas reserves are around 215trn standard cu feet (scf) – the seventh largest in the world. In recent years the UAE has pursued a strategy of producing more natural gas to meet growing domestic demand and reduce its reliance on imports. By 2030 the UAE aims to be self-sufficient in gas.

The hydrocarbons sector, which includes oil, gas, mining and quarrying, contributed $1.4bn to GDP in 2019

OPERATORS: The emirate's government-owned oil and gas company is Sharjah National Oil Company (SNOC). Established in 2010 by a decree merging the government's existing oil and gas operators into a single entity, SNOC is tasked with the exploration, production, engineering, construction, operation and maintenance of Sharjah's energy assets. The company owns and operates more than 50 wells, a gas-processing complex, and two storage and export terminals.

SNOC operates the Sajaa, Moveyeid and Kahaif fields – all of which are located around 30 km inshore and produce sweet gas and condensates from fractured carbonates – as well as the company's newest holding, the onshore Mahani gas field, which is the emirate's biggest gas find in three decades. The largest of these, however, is Sajaa, which was developed in 1980 at a depth of 5077 metres. It produces approximately 50,000 bpd of oil condensates and 800,000 scfd of gas.

The Moveyeid field was developed in 1981 at a depth of 4403 metres, and was first converted into a gas storage facility in 2017 as part of a pilot programme. More recently, in March 2020 SNOC awarded UK oil service provider Petrofac the $40m Moveyeid Gas Storage Surface Facility Project, which aims to keep the emirate self-sufficient in gas production and consumption. "The whole idea of the gas storage project came from managing the huge seasonal variations in gas demand," Hatem Al Mosa, CEO of SNOC, told local

In addition to its six free zones, the emirate has 33 industrial zones. One notable area is Emirates Industrial City, which was established in 2005 and is a 7.7m-sq-metre, multi-use zone with a focus on light and medium manufacturing.

The Sajaa field produces approximately

800,000

standard cu feet of gas per day

Most water is sourced locally: in 2019 the Al Layyah plant produced 47m gallons of desalinated water a day – accounting for 46% of the emirate's capacity – while a new plant in Hamriyah produced 12.6m gallons a day.

press at the time. "A storage facility would stabilise this. A strategic gas storage facility for Sharjah was also a key consideration to go ahead with this project."

The Kahaif field, for its part, was developed in 1992, with production starting in 1994. The field had an estimated 553bn scf and 19.3m barrels of gas condensate as of 2019. Lastly, in partnership with Italian multinational Eni, SNOC began extraction and production from the Mahani field in January 2021. Production began one year after the gas was discovered, and marked the first onshore gas field discovery in the emirate in almost 40 years. The Mahani project comprises a high-pressure compressor facility and pipeline, and flow lines to four existing wells in the Moveyeid field. Tests reveal gas flows of up to 50m scfd.

Two other notable players are privately owned Crescent Petroleum and Dana Gas. Crescent is the largest and oldest private upstream hydrocarbons firm in the region, having been founded in 1971. In Sharjah, where the company is headquartered, its focus has been on the offshore Mubarek oil and gas field. Dana Gas, meanwhile, was established in Sharjah in 2005 and was the first in the region to be publicly traded on a stock exchange, listing on the Abu Dhabi Securities Exchange. It operated the Zora field between 2016 and 2019, when production stopped due to low yields.

UTILITIES: Sharjah's power requirements amount to approximately 200m cu feet of energy in the winter and 500m cu feet in the summer. The value of the emirate's utility sector – which comprises electricity, gas, water and waste management – totalled around Dh2.4bn ($653.3m) in 2019, equivalent to 1.9% of GDP for the year, up from Dh1.2bn ($326.6m) and 1.5% of GDP in 2010, according to data from the DSCD.

The government-owned Sharjah Electricity, Water and Gas Authority (SEWA) is responsible for the production, distribution and sale of electricity and water in the emirate. As of the first quarter of 2020 SEWA had an installed electricity generation capacity of 2808 MW, of which 2076 MW was available at the time. Approximately 2361 MW, or 84.3%, of the installed capacity is provided by gas turbines, 432 MW (15.4%) by steam turbines and 9 MW (0.3%) by diesel units.

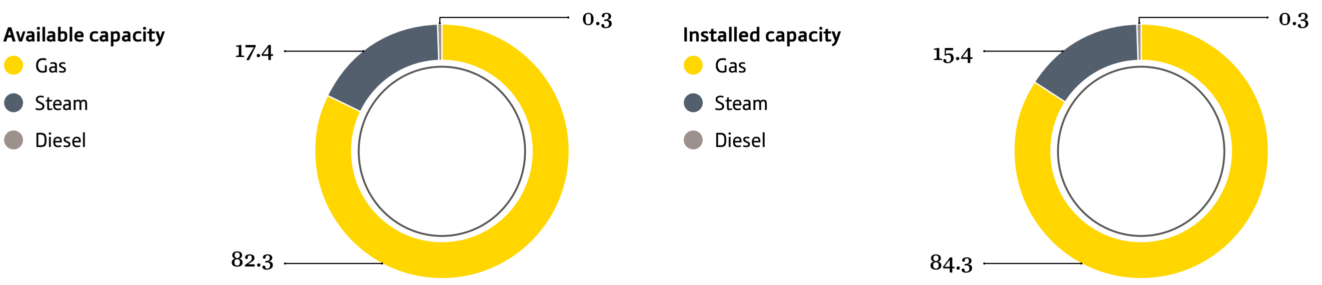
The emirate is adding generation units and transmission substations as part of a wider effort to strengthen transmission and distribution capacities, and boost the electricity grid. In 2020 SEWA began a three-year, 1026-MW expansion of the Al Layyah power plant at a cost of Dh2.1bn ($571.6m). The first phase will see 345 MW generated by October 2021, with an additional 345 MW set to come on-line six months later. The final phase will see remaining 336 MW come on-line by July 2022. The project includes a new power plant that uses natural gas, consisting of two gas turbines, two thermal energy recovery boilers and a steam turbine that will be used to produce desalinated water.

SEWA produced 34.1bn gallons of desalinated water and 2.6bn gallons of groundwater in 2019, down from 33.2bn and 3.9bn gallons, respectively, in 2018. Similarly to electricity, most is sourced from within the emirate: in 2019 the Al Layyah plant produced 47m gallons of desalinated water a day – accounting for 46% of the emirate's capacity – while a new plant in Hamriyah produced 12.6m gallons a day.

SUSTAINABILITY: Sharjah has prioritised waste management and environmental sustainability, with Shurooq highlighting investment opportunities in solar energy, in particular. In March 2019 Shurooq and Diamond Developers from Dubai announced the creation of Sharjah Sustainable City, a Dh2bn ($544.4m) solar-powered and water-efficient residential community built over 669,00 sq km. The project was 35% complete as of November 2020, and the finishing date is set for 2024. Meanwhile, environment and waste management firm Bee'ah is also working on sustainability projects. In July 2020 it announced it was building a 40-MW solar plant on a landfill site, while in 2021 it will construct the UAE's first multi-fuel, waste-to-energy facility in Sharjah in partnership with Masdar. The facility will turn over 300,000 tonnes of non-recyclable waste into 30 MW of electricity per year and contribute to zero landfill waste in the emirate. The emphasis on sustainability is expected to be reflected in other sectors moving forwards.

OUTLOOK: In addition to strengthening its manufacturing base, a sustained focus on emerging opportunities in technology, digital tools and renewables will help Sharjah achieve its economic diversification goals post-Covid-19. While global oil prices rose to around $60-65 per barrel by early 2021, reliable, sustainable energy sources will be essential to power these new industries and help the emirate reach energy self-sufficiency.

Electricity generation, 2019 (%)



Source: SEWA

Hussain Al Mahmoudi, CEO, Sharjah Research Technology and Innovation Park

Innovation ecosystem

Hussain Al Mahmoudi, CEO, Sharjah Research Technology and Innovation Park (SRTIP), on strengthening key areas of the economy through collaboration and entrepreneurship

How can Sharjah and the UAE benefit from high-potential research areas in the coming years?

AL MAHMOUDI: There are five areas that will thrive in 2021 and beyond, generating quick wins, and delivering high strategic and social impact. Two of those areas are closely related to digitalisation. First, the Covid-19 pandemic has shone a spotlight on the importance of e-services and data analysis within government, as well as on the effectiveness and efficiency gains of leveraging artificial intelligence (AI) and big data. SRTIP has assessed the level of digitalisation of 13 government departments and is working closely with three to solve challenges using AI. Second, Sharjah is a well-established centre for education in the region. Hosting 22 higher education institutions, the emirate can be a test-bed for new learning modalities enhanced by technology – from virtual reality to remote teaching.

The other three growth areas are transport and logistics, agriculture and additive manufacturing. These are closely related to the realisation of Sharjah and the UAE's visions. In terms of transport, the emirate is eyeing opportunities in the production of advanced railway elements. An international company located in SRTIP is investing $80m in the development of new types of tracks for next-generation trains. If successful, this could lead to a transformation of the industrial landscape of the country. Beyond this, the park is also seeing activity surrounding solutions to facilitate the last-mile delivery of goods. In agriculture, the park is home to two major research and development centres, generating innovation in aquaponics, hydroponics and vertical farming, as well as working to embed IT solutions into agricultural activities. 3D printing has also become a promising area thanks to a research programme that demonstrated capabilities to print fully functional houses, metal components and various plastic materials. The intellectual properties for these technologies and processes will contribute to the further development of the Fourth Industrial Revolution.

Where do you see opportunities to strengthen the emirate's entrepreneurial fabric?

AL MAHMOUDI: At a general level, alternative forms of funding are an important enabler of a dynamic entrepreneurial ecosystem. In MENA the start-up environment has witnessed growth of 66% compared to the first half of 2018, with the UAE a regional leader in this regard. SRTIP has launched the Sharjah Angel Investors Network to channel capital from high-net-worth individuals into start-ups. The park provides investors with training on the elements of angel investment, as well as risk diversification and deal negotiation.

In addition to funding, gender inclusion in economic and social activity is a long-standing priority in Sharjah, with the first three female federal ministers in the history of the UAE coming from the emirate. Women in Tech, an international NGO that aims to close the gender gap in technology, has had its UAE chapter in Sharjah since 2019. The following year SRTIP organised the NGO's first event in the Middle East, and in February 2021 it hosted its global forum. However, incorporating a gender-equality angle in research and innovation requires sustained attention.

What do recent gas discoveries mean for Sharjah in terms of innovation within the energy sector?

AL MAHMOUDI: The discovery of the fourth-largest gas reserve in the world in an area between Abu Dhabi and Dubai, and the start of operations at Sharjah's Mahani gas field, mark the beginning of a new stage for the UAE's hydrocarbons wealth. Sharjah hosts the regional headquarters of a leading oil and gas services company, Petrofac, as well as the largest private natural gas company in the Middle East, Dana Gas. However, more could be done in the emirate to support the energy industry. The research ecosystem in Sharjah, cultivated by SRTIP and many universities, could support large players like Abu Dhabi National Oil Company to better leverage the country's energy deposits.

Some countries expanded industrial capacity to respond to Covid-19

Manufacturing reimagined

Logistical and supply chain challenges associated with the Covid-19 pandemic spark a reassessment of historical operations

Industry was affected from the moment Covid-19 began spreading in China, which is the world's largest industrial producer and was responsible for around 28% of global pre-crisis manufacturing output.

The primary challenges associated with the pandemic often differed by segment. Automotive manufacturers were affected by material shortages, while those producing consumer goods such as apparel, fashion and skincare suffered from a fall in demand.

With travel restrictions, closed factories and social-distancing measures in place for much of the year, 2020 was particularly challenging for industrial companies around the world. However, despite such constraints, many countries were able to successfully repurpose production to meet needs associated with the Covid-19 pandemic, while others look set to benefit from shifting trends in global supply chains.

EARLY CHALLENGES: Industry was affected from the moment Covid-19 began spreading across China, which is the world's largest industrial producer and was responsible for around 28% of global pre-crisis manufacturing output. The closure of factories across the Asian country had a dramatic impact on supply chains and industrial activity worldwide. With China producing many parts and processed goods necessary for manufacturing elsewhere, the halt in production had a ripple effect that led to widespread supply constraints. These early challenges were exacerbated when other countries were subsequently forced to cease production as the virus reached their borders.

In parallel to this, the reduction of overall economic activity as a result of lockdowns, travel restrictions and curfews meant that demand dropped rapidly in many industrial segments. In a survey of manufacturers in Asia released by McKinsey in June 2020, a shortage of materials was cited as the main factor disrupting operations (45%), followed by a drop in demand (41%) and labour constraints (30%).

The primary challenges associated with the pandemic often differed by segment. Automotive manufacturers were affected by material shortages, while those producing consumer goods such as apparel, fashion and skincare suffered from a fall in demand. Moreover, some segments witnessed far more significant losses than others. While companies producing medical supplies performed well during the pandemic, those focused on the manufacture of aircraft and aviation parts were among the hardest hit.

REPURPOSING OPERATIONS: Despite disruptions to industrial production, a number of countries were able to repurpose or expand their industrial capacity to assist in the virus response. For example, in the early stages of the outbreak many of Tunisia's 1600 textile companies contributed to meeting the country's need for medical supplies; Tunisian medical equipment manufacturer Consomed operated double shifts in March and April 2020 to produce 50,000 face masks per day. Meanwhile, many companies in Kenya converted their operations to assist national health efforts, one example being the partnership between Haco Industries – a fast-moving consumer goods producer – and East African Breweries, which joined forces to produce hand sanitiser for free distribution.

Elsewhere, some countries were able to expand production of health-related products to a level that allowed them to export their goods. Vietnam took advantage of its successful containment of the virus to boost production of personal protective equipment. This allowed the country to donate medical supplies to Europe and other Asian countries. With 40 firms producing 7m fabric masks a day – and capacity for an additional 5.7m surgical masks – by mid-April 2020 the country had donated 550,000 masks to France, Germany, Italy, Spain and the UK, along with a further 390,000 to Cambodia and 340,000 to Laos. Furthermore, US company DuPont sold 450,000 Vietnam-made hazmat suits to the US government in the first half of 2020.

GLOBAL SHIFTS: The disruptions to industrial production, transportation and logistics caused by the pandemic resulted in governments and private companies reassessing their supply chains and domestic industrial capacity, as well as their vulnerability to international crises and rapid changes in supply and demand. This has led to what is expected to be lasting structural shifts in global industry.

A number of countries have sought to bolster local processing capacity as part of a strategy aimed at developing greater self-sufficiency. In OBG's Africa CEO Survey released in May 2020, 66% of respondents said that the crisis was either likely or very likely to boost industry and manufacturing in their respective countries, compared to 33% answering the same in the Middle East. Meanwhile, 43.5% of CEOs in Latin America said they were likely to relocate their supply chains locally in response to Covid-19.

Furthermore, some international companies have sought to diversify their supply chains or move offshore production closer to home in strategies known as China+1 and nearshoring. In the case of China+1, companies seek to diversify production capacity by setting up factory lines in other countries while maintaining significant operations in China.

EMERGING ASIA: While this reassessment has been under way for a number of years, the challenges stemming from the pandemic have accelerated the debate around the importance of such an operational relocation. With low labour costs, supportive government policies and well-established industrial sectors, a number of countries in South-east Asia have emerged as natural contenders in this space.

In particular, Vietnam has absorbed much of the manufacturing capacity that China lost over this period. The country has signed a raft of trade deals – including being a major supporter of the Regional Comprehensive Economic Partnership – and invested significantly in industrial infrastructure over the past decade. An additional consideration is that labour costs are around 50% less than in China. This has led to growth in labour-intensive industries such as textiles and apparel, as well as more advanced industries, such as electronics. In May 2020 regional media reported that US tech giant Apple planned to shift around 30% of production of its AirPods from China to Vietnam. This was followed by a report from international media in November of that year that plans were also in motion to relocate iPad and MacBook production to the country. Vietnam is not the only beneficiary of Apple's diversifying shift: in March 2021 the company indicated it would move 10% of its iPhone 12 production from China to India.

Smartphone makers are among those shifting production from China

Many countries were able to repurpose production to meet urgent needs associated with the pandemic

NEARSHORING: Moreover, some multinationals are employing the strategy of nearshoring, whereby production is shifted closer to a company's headquarters or target market. Countries in North Africa are likely to be among the options for firms focused on the European market. For companies exporting to the US, Mexico – with its well-established industrial sector and skilled labour force – is an attractive destination, particularly since the signing of the new US-Mexico-Canada Agreement in January 2020. "International companies already active in Mexico who are looking to relocate some or all of their manufacturing bases away from China could benefit Mexico substantially, given that the country offers a sustainable local supply at only a marginally higher cost initially," Martin Toscano, managing director of Evonik México, told OBG.

DIGITAL SOLUTIONS: In addition to changes in the geographical spread of manufacturing, the pandemic looks likely to usher in changes to the nature of industrial production. In particular, there will likely be an increased focus on digital solutions and high-tech manufacturing as the transition to Fourth Industrial Revolution gathers pace. This will include greater use of innovations such as artificial intelligence, virtual and augmented reality, automation and the internet of things. The Sharjah Research, Technology and Innovation Park, for example, offers advanced 3D-printing capabilities, which is helping to position the emirate as a global industry leader.

Some multinationals have sought to diversify their supply chains in a strategy known as China+1, whereby companies set up factory lines in other countries while maintaining operations in China.


centro

Reductions in demand will cause the international energy mix to evolve

Accelerated transition

The pandemic has intensified the shift towards renewable energy

The year 2020 was a dramatic one for the global energy sector, with the Covid-19 pandemic slashing demand for hydrocarbons and upending market norms. Seeing that investment in oil and gas took a hit while renewable energy remained resilient, the pandemic is expected to result in a permanent realignment of the international energy market.

OIL PRICE CRISIS: Travel restrictions and government-imposed lockdowns designed to halt the spread of Covid-19 had a considerable impact on energy demand worldwide. Moreover, with industrial capacity significantly reduced due to social-distancing requirements and disrupted shipments, the need for oil and other forms of energy was significantly reduced over this period. This fall in demand, in combination with a price war between Saudi Arabia and Russia, led to a sharp fall in the international price of oil. After opening the year at $66 per barrel, prices slumped to a low of $19.33 on April 21, 2020 as the pandemic began to take hold.

To help stabilise prices, that month members of the Organisation of the Petroleum Exporting Countries (OPEC), along with other oil-producing nations including Russia, Azerbaijan, Malaysia and Mexico, agreed to cut total global output by 9.7m barrels per day (bpd) – equivalent to around 10% of global production. The 23-nation group, known as OPEC+, decided to scale back the cuts to 7.7m bpd in August 2020, before announcing in early December of that year that they would increase production by some 500,000 bpd starting in January 2021.

However, concerned that this decision could lead to excess oil in the market, Saudi Arabia later announced that it would cut production by an additional 1m bpd between January and late March 2021. While these efforts have helped oil prices recover to around $66 per barrel as of February 2021, the instability of the situation has had a lasting impact on oil companies and major oil-producing nations.

In Saudi Arabia, for example, where oil accounts for around 45% of GDP, the government implemented a series of measures to bolster finances, including tripling the value-added tax from 5% to 15%, suspending certain allowances for public sector workers and reducing expenditures in some elements of its Vision 2030 diversification strategy. Elsewhere, in Nigeria – which sources 10% of GDP, 57% of government revenue and 80% of its exports from oil – the government approved $5.5bn in additional loans to help fund a new budget. In Algeria, where oil makes up 90% of export revenue and finances 60% of the budget, the government announced in May 2020 that it would slash that year's spending plans by 50%.

While the gas industry has not been as dramatically affected as the oil sector, the overall reduction in energy demand has nevertheless had an impact on major gas-producing countries as well.

INVESTMENT: Perhaps unsurprisingly, the drop off in energy demand coincided with a dramatic fall in investment in the sector. The "World Energy Outlook 2020" report, released by the Paris-based International Energy Agency (IEA) in October, predicted that global energy investment would fall by 18.3% in 2020, with total energy demand declining by 5.3% and emissions dropping by 6.6%. The report forecast that over the course of the year investment in oil, coal and gas would fall by 8.5%, 6.7% and 3.3%, respectively, while investment in renewable projects was projected to increase by 0.9%.

Given the IEA's findings, which include a projection that renewables will account for 80% of all electricity demand growth over the next decade, some observers have suggested that the pandemic could precipitate a significant shift in the international energy mix. "I see solar becoming the new king of the world's electricity markets. Based on today's policy settings, it is on track to set new records

While efforts to stabilise oil prices helped them recover to around $66 per barrel as of February 2021, the instability of the situation in 2020 has had a lasting impact on oil companies and oil-producing nations.

80%

of all global electricity demand growth through to 2030 could come from renewable energy

The pandemic is expected to realign the energy market, including by expanding the use of renewables

Global sustainable bond issuance totalled
$288.2bn
in the first nine months of 2020

for deployment every year after 2022," Fatih Birol, executive director of the IEA, told international media at the time of the report's release.

GREEN BONDS: Renewable energy investments have been supported by the rise in the number of sustainability-focused financial instruments issued throughout the course of 2020. Despite the fall in overall energy investment, figures compiled by credit ratings agency Moody's showed that global sustainable bond issuance – consisting of green, social and sustainability bonds – totalled $288.2bn in the first nine months of the year, around 24% higher than the corresponding period in 2019. Moreover, the agency predicted that sustainable bond issuance could reach $450bn by the end of 2020.

While much of this growth has come from developed markets such as Germany – which launched its first two sovereign green bonds in 2020, worth a combined €10bn – emerging markets have also contributed to the trend. In June 2020 the Indonesian government issued a $2.5bn green *sukuk* (Islamic bond), its third venture into the sustainable debt market, while in September of that year Egypt launched its inaugural green bond worth $750m, the first in the MENA region.

In terms of private sector activity, in September 2020 Saudi Electricity Company, which is 80% owned by the government and has a monopoly on electricity transmission in Saudi Arabia, raised $1.3bn with a green sukuk, the first of its kind in the Kingdom. The offering – which was four-times oversubscribed – included five- and 10-year dollar-denominated bonds to finance green projects such as smart metres. The same month Qatar National Bank became the first institution to issue a green bond Qatar, raising $600m via five-year unsecured notes to finance or refinance the bank's green projects.

Meanwhile, building on its government's use of sovereign green bonds, in October 2020 Indonesian power company Star Energy Geothermal sold the country's first green corporate bond with an investment-grade rating, raising $1.1bn for capital expenditures associated with the company's geothermal operations in Darajat and Salak.

TRANSITION PACE: While trends suggest that the energy sector is moving away from traditional fossil fuel sources in favour of renewables, questions remain over the scale and timeline of such a transition. "It has been a tumultuous year for the global energy sector. The Covid-19 crisis has caused more disruption than any other event in recent history, leaving scars that will last for years to come," notes the IEA's world energy report. "But whether this upheaval ultimately helps or hinders efforts to accelerate clean energy transitions and reach international energy and climate goals will depend on how governments respond to today's challenges."

Indeed, despite the dramatic fall in fossil fuel investment, there was still some significant activity in this segment during 2020. In June of that year Abu Dhabi National Oil Company announced a $20.7bn energy infrastructure deal with a global consortium that would lease the rights to 38 gas pipelines, while – despite concerted efforts to diversify away from hydrocarbons – Saudi Arabia's Public Investment Fund invested around $2bn in the oil industry in 2020. The fund also acquired stakes in international oil giants BP, Shell and Total, which were seen as attractive investments given the fall in share prices Moreover, in April 2021 Bahrain announced that drilling at its new offshore Khaleej Al Bahrain field is slated to begin in 2022. The field was discovered in 2018 and the country is seeking investors to tap its estimated 80bn barrels of shale oil.

COSTS: Questions have also been raised about whether emerging markets can afford a green recovery, with some analysts anticipating that countries will prioritise economic growth over environmental goals as they emerge from lockdowns. In South-east Asia, for example, countries such as Indonesia and Vietnam still have significant deposits of coal, which is viewed in some quarters as a cost-effective option for boosting power generation. "As South-east Asia rapidly becomes more developed, the need for energy service provision will continue to grow," Roberto Lorato, CEO of Indonesian energy company MedcoEnergi, told OBG. "There is still great potential for exploration activity in this region and, given that it is growing as a key economic bloc, it is imperative that established energy players are able to serve this dynamic market well."

Questions have been raised about whether emerging markets can afford a green recovery, with some analysts anticipating that countries will prioritise growth over environmental goals as economies recover.

Nevertheless, the transition towards renewables in the energy mix of countries across the spectrum is likely to continue apace in the coming years. "It is only a matter of time before green energy will control the market; it has been increasing its supply at a much higher pace than the fossil fuel industry," Hatem Al Mosa, CEO of the Sharjah National Oil Corporation, told OBG. "Green energy will capture most of the market within the next two decades."

Khaled Al Huraimel, Group CEO, Bee'ah

Brighter days

Khaled Al Huraimel, Group CEO, Bee'ah, on the future of environmental management and sustainability

How has Sharjah's environmental sustainability drive evolved during the Covid-19 pandemic, and how can it contribute to a green recovery?

AL HURAIMEL: Since 2010 Sharjah has prioritised waste management and environmental sustainability. Today these policies are evolving to include air quality, energy efficiency, health care technology, sustainable transport and digitalisation. Thanks to previously implemented policies, Bee'ah – a public-private partnership company – was able to act quickly and lead a national disinfection programme for public areas, as well as implement a remote work system across the country. Sharjah's environmental sustainability initiatives are further supporting a green recovery. Bee'ah continued to emphasise the green agenda during the pandemic by establishing new recycling and zero-waste facilities. This trend is set to continue in the coming years. Sharjah has already achieved a 76% waste diversion rate, which is the highest in the Middle East. The Sharjah waste-to-energy plant – a joint venture by Bee'ah and Masdar through the Emirates Waste to Energy Company – will help Sharjah achieve 100% waste diversion when it becomes operational in 2021, with no waste in landfills.

To what extent has the pandemic affected sustainable environmental policies?

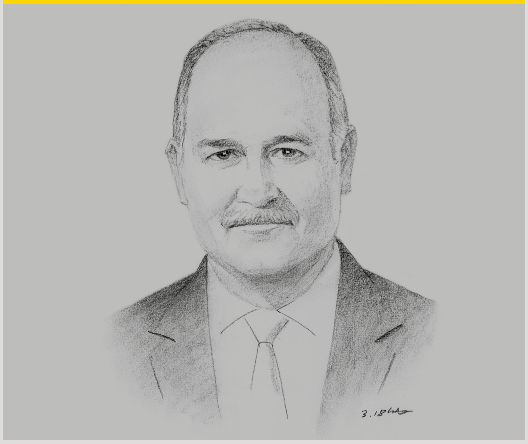
AL HURAIMEL: The pandemic resulted in a greater need for sustainability. Most notably, the health crisis highlighted the importance of keeping our cities clean and hygienic, and reminded us of the usefulness of the digital sector, which is now central to our professional and personal activities. The latter has proven to be essential in achieving a sustainable and circular economy. At Bee'ah, we believe that sustainability and digitalisation are the foundations of a modern economy. Outreach and public participation are key, so in 2010 we launched the Bee'ah School of Environment, a project that works with schools to develop awareness and conducts outreach programmes for societal education.

What can be done to ensure improvements in air quality do not come at the expense of industry?

AL HURAIMEL: There are seven air quality monitoring stations in Sharjah under the management of Bee'ah's consultancy and research division. Results showed an improvement of up to 60% in air quality during the worst months of the pandemic. Transport significantly impacts air quality, and for companies such as Bee'ah with strong transport components, it will be necessary to invest in technologies that allow us to continue performing business activities while keeping the effects on the environment minimal. Making the fleet of company vehicles cleaner is essential and, as such, we are working to electrify our fleet in the short term and develop sustainable transport solutions. Towards this end, in 2018 Bee'ah launched ION, a sustainable transport company as a joint venture with UAE-based Crescent Enterprises. ION aims to establish green mobility solutions and multi-modal, inter-urban transport networks for a more sustainable quality of life.

Where do you identify opportunities for environmental management in the MENA region?

AL HURAIMEL: Opportunities are vast in the MENA region, and the key will be to replicate regionally what was successful at a local level. Saudi Arabia and Egypt are prioritising waste management, sustainability and digital transformation. Bee'ah is present in these markets, with projects in Medina and Egypt's New Administrative Capital. Regional governments, municipalities and communities know the importance of accelerating the digital agenda to promote a sustainable environment and a circular economy. Being at the centre of these trends will inevitably bring more growth opportunities for companies.



Hatem Al Mosa, CEO, Sharjah National Oil Corporation

Enhanced supply

Hatem Al Mosa, CEO, Sharjah National Oil Corporation (SNOC), on harnessing the potential of new discoveries

How is Sharjah pursuing its energy security goals amid rising demand for power?

AL MOSA: Managing energy security involves a multifaceted approach that relies on the diversification of supply. In addition to SNOC's production, Sharjah's gas supply includes pipeline imports, access to existing liquefied natural gas regasification units and gas from across the UAE. To further strengthen these efforts, SNOC established a gas storage facility, a project that was commissioned in late 2020.

Sharjah was the main source of gas for the northern emirates in the 1980s and 1990s, and as such all supply lines converged at the plant in Sajaa. This infrastructure remains in place and has the capacity to transport more than 1bn standard cu feet per day (scfd) of gas – a capacity that is underutilised. Indeed, SNOC was able to process natural gas found in early 2020 at the onshore Mahani-1 well with almost no additional infrastructure. Natural gas from the well was connected to the Sajaa processing complex, with production starting in January 2021. The quick commencement of operations was a significant achievement for Sharjah and enhanced gas supply for local energy needs. The new production came two years after completion of the First Sharjah Licence Round, and additional areas of Sharjah will be licensed in line with the emirate's strategic plans in the coming years.

In what ways can digitalisation be harnessed to boost efficiency across the oil and gas sector?

AL MOSA: Incorporating digital technologies into business processes and interactions has significantly improved efficiency, productivity and decision making in this sector. While the industry is still far from the full adoption of digital tools, investment in big data could unlock some of the sector's potential by enabling the more efficient use of products and better management of market needs. For example, big data could play a role in the marketing, transportation and trading of gas. There are currently several gas suppliers, and many users and owners of pipelines. All transactions between these players are done on a one-to-one basis. An open trading platform could grant each player access to available capacity at a transparent cost. Any gas supplier would have the ability to place their merchandise on the market, while any customer could pick it up and transport the gas.

Artificial intelligence also has a role to play in digitalisation, adding value by optimising all elements of field production, including analysis of well and reservoir performance, as well as processing plants. However, sustained investment in cybersecurity will be necessary to safeguard these digitalisation efforts.

What initiatives are being deployed to minimise the environmental impact of existing assets?

AL MOSA: The environmental agenda was a priority for Sharjah's oil and gas sector before the establishment of SNOC, when emissions began to be tracked and programmes implemented to reduce them starting in 1999. These efforts resulted in a reduction of more than 95% of methane emissions by deploying projects aimed at eliminating sources of direct methane venting into the atmosphere. Flaring has also been reduced to minimal levels, keeping only enough lit for an emergency, since the ability to flare is an essential part of the plant's safety system. We have achieved less than 300,000 scfd of flaring. Neighbouring countries, such as Iraq or Iran, flare 2bn scfd on average, while shale gas operators in Texas flare 600m scfd.

In addition to recycling initiatives and environmental awareness programmes, we installed solar energy systems in the liquefied petroleum gas terminal to in order to reduce electricity imports. This has resulted in lower levels of fuel consumption. Approximately 20% of the terminal's power needs are now met with solar energy. The plan is to expand the renewables programme to further reduce SNOC's carbon footprint.

Aviation is an industry that has benefitted from issuing transition bonds

The right direction

Industries not eligible for the green bond market have a new option to fund their shift towards sustainable activities

As companies look to shift towards more environmentally sustainable operation, those in fossil fuel or heavy-polluting sectors are increasingly turning to transition bonds – a relatively new class of debt instrument used to fund a company's transition towards reduced environmental impact or lower carbon emissions. They are often issued in large carbon-emitting industries that would not normally qualify for green bonds, such as oil and gas, iron and steel, chemicals, aviation and shipping. In the UAE, for example, Etihad Airways issued a $600m *sukuk* (Islamic bond), which was linked to its carbon-reduction targets. The airline is committed to net-zero carbon emissions by 2050 and a 50% reduction in net emissions by 2035. Amid a heightened awareness of the need to reduce carbon emissions, many expected transition bonds to play a large role in global financial markets in 2021. However, data compiled by BloombergNEF found that, as of mid-May 2021, just six had been issued. A total of 11 were issued during 2020 as a whole, according to non-profit organisation Climate Bonds Initiative (CBI), so the 2021 figure to May did not represent a considerable increase. The deals in the first half of 2021 included a $780m issuance by the Hong Kong branch of Bank of China in January for projects aligned with the country's goal to achieve carbon neutrality by 2060, and the $300m sale from Hong Kong's Castle Peak Power in February to help construct a gas turbine unit at a power station in the area. Elsewhere, in January the European Bank of Reconstruction and Development issued an A$280m transition bond to finance its portfolio of green transition projects, while in February Italian energy infrastructure company SNAM launched a €750m dual-tranche transition bond to help meet its goal of carbon neutrality by 2040.

APPETITE FOR CHANGE: There are some signs that transition bonds will play a more prominent role. In February 2021 the London Stock Exchange announced the establishment of a transition bond segment in its sustainable bond market, while there have been calls for Japan's Ministry of Economy, Trade and Industry to introduce a goal of selling 30 transition bonds by 2023. Significantly, in May 2021 the Asian Development Bank (ADB) announced that it would no longer fund coal mining or oil and natural gas exploration and production. While this was a blow to companies active in fossil fuels, the announcement was an encouraging sign for the future of transition bonds in emerging markets, as the bank noted that it would continue to provide financial support for plants transitioning to cleaner solutions. "ADB will support developing member countries to mitigate the health and environmental impact of existing coal-fired power plants and district heating systems through financing of emission control technologies," it said in a statement. Analysis from the CBI released in April 2021 found that, despite the severe economic impact of Covid-19, a record $700bn in green, social and sustainable finance was issued in 2020 – almost double the $358bn in 2019. Indeed, in March 2021 S&P Global predicted that transition finance could account for $1trn of the estimated $3trn in annual funding needed to meet long-term climate goals.

TRANSITION-WASHING: Although many observers are optimistic about the benefits of transition bonds, others are sceptical about whether the vehicles will bring about the expected outcomes. A common criticism revolves around how ambitious the projects that many transition bonds back are, while the absence of clear international standards raises concerns about the potential for "transition-washing" by companies. To help address the latter point, in December 2020 the Switzerland-based industry trade group International Capital Market Association published the "Climate Transition Finance Handbook" to provide a framework for transition strategies. The guide, which aims to create general rules for transition-themed green bonds and sustainability-linked bonds, stated that bonds with the transition label should clearly stipulate how the funding will be used to support the Paris Agreement.

11
transition bonds were issued globally in 2020

Transition bonds are predicted to account for $1trn of the estimated $3trn in annual funding needed to meet the long-term climate goals of countries around the world.

Abdulwahab Al Sadoun, Secretary-General,
Gulf Petrochemicals and Chemicals Association

Creating value

Abdulwahab Al Sadoun, Secretary-General, Gulf Petrochemicals and Chemicals Association (GPCA), on the industry's recent performance and near-term outlook

How has the GCC petrochemicals industry been affected by the Covid-19 pandemic?

AL SADOUN: The health crisis had a significant effect on the petrochemicals industry. In the first half of 2020 demand collapsed and prices plunged, a challenge compounded by supply chain disruptions related to the closure of ports in China and increases in freight rates to as much as three times the market price prior to the Covid-19 pandemic, eroding the profits of producers in the GCC. Business activity bounced back in the third quarter of 2020, although it has yet to make a full recovery. The increase in demand for raw materials used in products such as medical equipment, sanitisers, and health testing and treatment tools enabled companies to maintain stable operational rates of 93%. While regional companies' trade volume for 2020 was down by 9.2%, they outperformed the global average of a 20% contraction. Furthermore, over the course of 2020 the GCC's chemical output expanded by 1.5% despite the challenges, compared to a global decline of 2.6%.

Where do you see opportunities for innovation in terms of product development?

AL SADOUN: The chemicals segment has the opportunity to put innovation at the core of its business strategy. It is well positioned to develop processes and products in the areas of sustainability, the circular economy, recycling, decarbonisation, feedstock technology evolution and digitalisation. Specific to feedstock, the production of chemicals, hydrogen and ammonia from CO_2 and renewable energy sources is of increasing importance as producers seek to reduce their carbon footprint. Moreover, petrochemical firms can help their clients pursue sustainable and circular economy goals with innovative products and inputs. The GCC market has been developing programmes to reduce carbon emissions, with efforts mainly focused on processes, energy optimisation, renewables and technology development. GPCA members have prioritised sustainability and climate change, resulting in a 23% drop in CO_2 emissions since 2013, despite an expansion of the industry's production capacity by 4.36% between 2013 and 2020.

To what extent has the industry's project pipeline for the short to medium term been reconfigured?

AL SADOUN: The value of petrochemical projects due to be commissioned between 2020 and 2024 is $71bn, but companies in the Gulf may postpone bringing additional capacity on-line until demand recovers. Projects such as the crude-to-chemicals deal between SABIC – Saudi Arabia's state petrochemicals company – and Saudi Aramco may be downsized, and others such as the North Field expansion in Qatar, the Duqm refinery in Oman and the Al Zour refinery in Kuwait have been delayed. Nevertheless, other projects like the Farabi Petrochemicals facility in Yanbu, Saudi Arabia came on-line in 2020, while the country's Amiral petrochemical and Phosphate-3 complexes – as well as the Borouge-4 plant in the UAE – are on track for completion. Moreover, the pandemic accelerated the sustainability agenda, and industry players are focused on renewable technologies and circular economy initiatives.

Which challenges need to be overcome in order to boost the industry's contribution to economic diversification in the region?

AL SADOUN: The GCC chemical industry contributed about 2.9% to regional GDP and provided 149,500 jobs in 2019. The focus from commodity chemicals production to speciality and added-value chemicals will further increase its contribution and create more employment. Advancing regional economic diversification will require the industry to focus on technology acquisition, investing in research and development, forming joint ventures with the right partners, and building critical mass through mergers and acquisitions. The development of industrial clusters is another important enabler for economic diversification.

Transport & Logistics

Maritime trade rebounds in the third quarter of 2020

East Expansion project adds four new airport gates

Road link to Khorfakkan spurs additional development

Pandemic accelerates structural changes in global trade

Sharjah has three deepwater ports, each with its own specialisation

Stronger connections

A new cross-emirate road and airport expansion solidifies Sharjah's reputation as the gateway to the northern UAE

Sharjah's central location and borders with the other six emirates make it a key stepping-off point in the UAE, with several major motorways and a growing international airport supporting connectivity.

Sharjah's strategic location between Europe and southern Asia has enabled it to become a central player in global transport and logistics networks. Its manufacturing sector with ample resources has the potential to increase import and export cargo volumes, leading to the creation of jobs. The importance of this was highlighted in the 2021 launch of the Sharjah Exports Development Centre aimed at investing in and growing the emirate's exports operations. Moreover, Sharjah's central location and borders with the other six emirates make it a key stepping-off point in the UAE, with several major motorways and a growing international airport supporting connectivity.

OVERSIGHT: The Sharjah Roads and Transport Authority (SRTA) develops and maintains the emirate's networks, with the wider aim of encouraging interoperability, sustainability and innovation. Established in 2014, the body has grown in tandem with Sharjah's economy and has assumed an increasingly central role in infrastructure development. The SRTA operates public transport and taxis, issues licences, directs large-scale public infrastructure projects, executes budgetary directives and manages public-private partnerships. In line with the emirate's push towards e-government and digital transformation, many of the authority's services are offered online.

The Department of Civil Aviation (DCA), for its part, oversees the development of Sharjah's air transport system, and issues landing grants, air freight licences, free zone licences for aviation-related activities and no-objection certificates. In November 2020 the DCA signed a five-year contract with airport management company Serco Middle East to upgrade air navigation services at Sharjah International Airport (SIA) and boost Emiratisation to a targeted 47% of the workforce by 2025. Established in July 2020, Sharjah Seaports, Customs and Free Zones Authority (SSCFZA) is the newest government entity in the sector and oversees the management of the emirate's ports.

Foreign direct investment in logistics and distribution is forecast to increase by

46.2%

in 2021

On a national level, the Federal Transport Authority (FTA) is responsible for motorways and certain aspects of maritime operations. Established in 2006 as the National Transport Authority and renamed in 2014, the FTA promotes integration, sustainability and innovation in transport networks. In recent years the FTA has prioritised the safety, security and environmental protection of the country's maritime assets.

INVESTMENT & SPENDING: Both foreign direct investment (FDI) and government spending on infrastructure have risen in recent years, which is central to strengthening transport networks. In 2020 Sharjah attracted \$220m in FDI for 24 projects, with the number of projects increasing by 60% between the third and fourth quarters of the year as the economy began to recover from the pandemic. This fuelled job creation in areas such as e-commerce, financial technology and logistics. FDI in primary sectors is expected to trend upwards, with consulting firm Wavteq forecasting in January 2021 that FDI in Sharjah's logistics and distribution activities would increase by 46.2% that year. The firm predicted that small and medium-sized enterprises would find high-yield investment opportunities in secondary industries such as e-commerce and smart logistics. "The e-commerce boom fuelled by the pandemic saw a parallel increase in the number of players in the last-mile delivery segment, resulting in heightened competition and price drops," Sarmad Al Zadjaly, CEO of Tawseel, told OBG. "However, by the beginning of 2021 we were seeing signs of consolidation as consumers became more selective."

Emirate-level authorities have prioritised infrastructure development in recent years, and earmarked budgetary funding accordingly. Capital projects accounted for 23% of the emirate's \$7.9bn budget for 2020, and included the construction and improvement of road networks and tunnels. In total, one-third of the general budget was allocated for infrastructure development. This figure rose to 43% in the 2021 budget, which was Sharjah's largest to date, at $9.1bn. Capital projects also accounted for a larger share of the budget that year – at 32% – and included new and upgrade projects for the transport network, tourism facilities and other service facilities. The authorities intend to leverage the budget to stimulate the economy, encourage socio-economic development and enhance financial stability.

STIMULUS: The emirate crafted fiscal support packages to help alleviate the economic impacts of the pandemic. The first stimulus, valued at Dh481m ($130.9m), was issued in early 2020, while in February the SRTA granted a 50% discount on all fines from the authority between January 1 and October 31, 2020.

In November of that year the government released an additional Dh512m ($139.4m) in funding to bolster affected sectors. Several incentives under the second stimulus package were related to business with the SSCFZA, including discounts of 20-50% on new licences, depending on the commercial activity; an exemption from inspection fees for commercial companies; a 50% reduction in the tariff on truck stops within designated port areas; an exemption from storage fees for 90 days for bulk cargo; an exclusion from bank guarantee requirements for shipping and Customs clearance companies; and a 20% discount on fees related to handling, loading and unloading. Also included in the November package was a 50% reduction in licensing fees for travel and tourism companies under the DCA, a discount in rental fees for taxi plate numbers and an exemption from trip fees for limousine companies. Taxis and public transport operators were granted an exemption from fees for quality control services as well.

SUSTAINABILITY: The government prioritises the sustainable development of transport networks in line with a wider set of policies intended to establish Sharjah as a centre for environmentalism in the Middle East. To incentivise people to use public transport and reduce the amount of private vehicles on the road, the SRTA purchased 110 new buses in October 2019 that conform to EU carbon-emission standards, for an investment of Dh70m ($19.1m). The purchase adds to the number of public buses under the management of the SRTA, which stood at 175 in 2017.

Furthermore, the authority is utilising innovative technology to shrink the environmental footprint of public transport. Towards that end, in late 2018 it rolled out 28 solar-powered, air-conditioned bus stations at a cost of Dh16m ($4.4m). The main terminal for the initiative was the Al Jubail bus station, where 16 routes begin. The next year the SRTA introduced the emirate's first electric bus, which can drive 200 km with one charge. More recently, in November 2020 Yousef Saleh Al Suwaiji, chairman of the SRTA, told local media that the body had launched several initiatives to promote sustainability in transport, including a pilot programme for the expanded use of electric buses and the purchase of 750 hybrid taxi cabs.

SKYWAY: The emirate has also been exploring creative solutions to mobility issues. In October 2019 the Sharjah Research, Technology and Innovation Park (SRTIP) began a trial of its SkyWay public transport project to move passengers in pods along a suspended line in a manner much faster than cable cars. The initial driverless, elevated network spans 2 km across SRTIP, with a plan to build a 130-km route from Sharjah to Khorfakkan for freight before 2025.

As of mid-2021 the trial was in its testing stages, and transport officials have emphasised the project's potential to transform commutes in the region: stations can easily be created close to residential and commercial centres since lines can be constructed without having to clear roads. This will alleviate congestion in a sustainable way, as the electric motors can harness solar and wind energy as well.

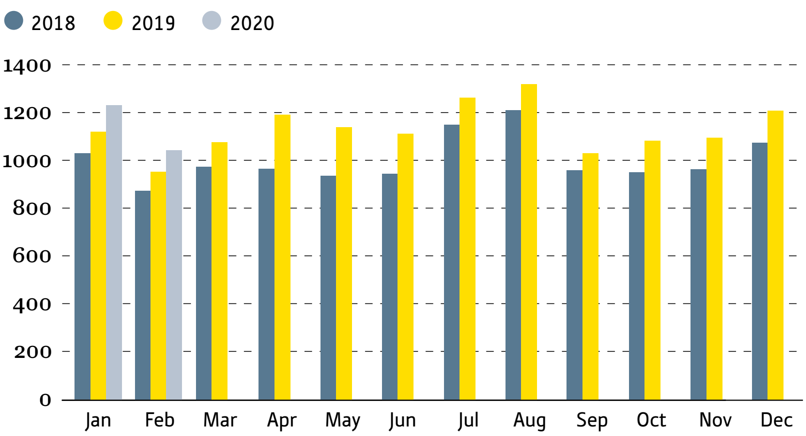
RIDE-HAILING: In line with its emphasis on sustainability and enhanced urban mobility, the SRTA announced in September 2020 that it would partner with UAE-based mobility solutions firm ION to create a sustainable ride-hailing app in the emirate. The mobile app will show riders the estimated time of arrival, the number of available vehicles and the carbon offset of the trip. The service will use electric vehicles such as the Tesla Model S and Model 3, with plans to eventually extend to the rest of the country. Another ride-hailing service, Buraq, was launched that same month, which also allows customers to request a delivery pick-up or drop off. It is a partnership between Sharjah Asset Management and automotive platform OWS Auto.

International ride-hailing apps also entered the market in recent years. Uber launched services in Sharjah in August 2020, after being in Dubai and Abu Dhabi since 2013 and 2018, respectively. Careem began inter-city services between all seven emirates in January 2021; previously, city-to-city rides were permitted only between Dubai and Abu Dhabi. This expansion came after Careem introduced courier services in Sharjah and Abu Dhabi in April 2020 in response to demand for deliveries due to social-distancing measures imposed after the outbreak of Covid-19.

ROADS: In 2019 a road linking Sharjah City with Khorfakkan was launched to enhance regional connectivity,

The trial for the SkyWay public transport project was in its testing phase as of mid-2021. Stations can easily be created close to residential and commercial centres since lines can be constructed without having to clear roads.

Passengers handled by Sharjah International Airport, 2018-20 (000)



Source: SIA

In the years leading up to the Covid-19 pandemic Sharjah International Airport saw growing demand for its services. In 2019 it managed the movement of 86,506 aircraft, up from 77,627 in 2017 and 81,262 in 2018.

cutting travel time from 90 to 45 minutes. The $1.6bn project comprised 14 intersections, seven underground crossings, and five tunnels across 89 km of desert and mountains. The road set the stage for new investment in the emirate's eastern region: in August 2020 the authorities announced a string of major projects to improve the area's transport and tourism infrastructure. These included new and refurbished roads, and leisure works such as the Dh95m ($25.9m) Khorfakkan Beach project, the Dh119m ($32.4m) Kalba Waterfront project and the construction of two five-star hotels. At the national level, in July 2021 three major new roads that cut travel times and improve traffic flows at a cost of Dh1.9bn ($517.2m) were opened. These include connections between Mleiha in Sharjah and Al Shuwaib in Abu Dhabi; and Hatta in Dubai, Masfout in Ajman and Ras Al Khaimah.

AIR: Sharjah is regarded as a regional centre for air transport, offering access to neighbouring emirates and other Gulf countries. SIA first opened in 1977 and became the hub of the Middle East's first low-cost carrier, Air Arabia, in 2003. In the years leading up to the Covid-19 pandemic the airport saw growing demand for its services. In 2019 SIA managed the movement of 86,506 aircraft, up from 77,627 in 2017 and 81,262 in 2018. The number of passengers increased in turn, from 11.4m in 2017 to 12m in 2018 and 13.6m in 2019, before dropping to 4.2m in 2020. Monthly aircraft movements, meanwhile, increased from 6075 in February 2019 to 6755 in February 2020, according to the most recent data available from SIA as of mid-2021. Passenger volume similarly increased, from 954,741 to 1m over the same period. However, the onset of the pandemic led to flights being suspended between late March and early June 2020. To accommodate the increased traffic, the Sharjah Airport Authority announced a multi-phase scheme in March 2017 that would expand the existing terminal to support 25m passengers annually by 2025. As part of the plan the authority embarked on the $10.9m East Expansion project, which was completed in October 2020 and covers 4000 sq metres of space over two floors. The building includes four new gates to ease passenger movement, nine waiting areas and facilities for people with reduced mobility.

The transport authorities' focus on sustainability is reflected in the air travel segment as well. In June 2020 SIA was recognised as the first carbon-neutral airport in the GCC and second in the Middle East by Airports Council International (ACI). To strictly monitor water and energy consumption, the airport has incorporated energy conservation initiatives, and water management and recycling into its operations. The airport also has a waste management system that leads to little landfill waste and a sewage treatment plant.

SIA was also the first airport in the UAE to obtain an Airport Health Accreditation certificate from the ACI in January 2021, highlighting the health measures implemented in order to facilitate safe travel for passengers during the Covid-19 pandemic. The certification takes into account health and safety protocols such as cleaning and disinfection, social-distancing measures and security inspections.

RAIL: While the UAE has a well-connected road network, a new rail system is being designed as an efficient and sustainable alternative for moving freight and passengers around the country. It is envisioned to connect industrial areas, urban centres, ports and sources of raw materials. Moreover, it will significantly reduce road traffic emissions. Etihad Rail, as the project is known, has three phases of development. The first was completed in 2016 and connects Al Ruwais, Habshan and Shah in Abu Dhabi. The second phase will comprise 605 km of track from Ghuwaifat on the border with Saudi Arabia to Fujairah and Khorfakkan in Sharjah, while the third stage will extend the network to the northern emirates. The second stage was nearly 60% complete as of January 2021.

The entire rail network is slated for completion in 2024, and it will cover 1200 km to link the UAE with Qatar, Saudi Arabia and Oman. Etihad Rail is preparing for freight and passenger operations by expanding its fleet. In August 2020 the railway's managers signed an agreement with Chinese rolling stock manufacturer CRRC to purchase 842 new wagons – tripling the fleet to more than 1000. A greater number of wagons means the rail system will be able to move containerised and bulk freight such as petrochemicals, construction materials, industrial and perishable goods, waste, aggregates and general cargo.

MARITIME: The emirate has a long history of maritime commerce, evidenced by archaeological findings of 6000-year-old pottery from Mesopotamia and 4000-year-old beads from the Indus valley on the coastline. Sharjah Creek was also home to an important historical harbour at Al Khan, the bay that separates Sharjah from Dubai, particularly for pearl diving and boat building. Today, Sharjah is home to three deepwater ports, which are situated on both the Gulf and the Gulf of Oman: Port Khalid, Hamriyah Port and Khorfakkan Port. Each have their own specialisations. Port Khalid transports general goods, passengers, and major container traffic to and from Sharjah City, and positions itself as a gateway; Hamriyah Port moves general cargo, industrial goods, hydrocarbons and petrochemicals; and Khorfakkan Port is a major container terminal for trans-shipment, and it being upgraded as a multi-purpose cargo terminal. The SSCFZA is responsible for seaports, Customs, border crossings, Hamriyah Free Zone (HFZ) and Sharjah Airport International Free Zone (SAIF Zone). The authority has worked to improve resource management in these areas, and in November 2020 was recognised by the Sharjah Finance Department for its efforts to reduce public costs and promote responsible expenditure practices. Throughput at Sharjah's three ports was greater in the third quarter of 2020 than the same period of 2019, according to data from the SSCFZA as of early 2021 – a notable

Throughput at Sharjah's three ports was greater in the third quarter of 2020 than the same period of 2019

achievement in the context of the pandemic. Imports, exports, re-exports and general cargo shipments increased by 44.7% over that period, from 1.64m tonnes to 2.38m tonnes. The number of imported and re-exported vehicles rose by 30.8% to 39,878.

FREE ZONE CONNECTIONS: Sharjah is home to six free zones that are strategically located in or near major transport centres to facilitate the logistics needs of investors. They are Sharjah Media City (Shams), HFZ, SAIF Zone, SRTIP, Sharjah Publishing City (SPC), Sharjah Health Care City (SHCC).

Shams was established in 2017 as a centre for the creative industries and media, and licensed over 6000 companies between January of that year and March 2020. HFZ is a 30m-sq-metre facility that hosts 6500 companies in industry, commerce and services, with access to the Hamriyah Port and inner harbour. SAIF Zone is one of the oldest free zones in the Middle East and the first in the country to be located in an international airport, easing access to markets in Asia, Africa and Europe. SRTIP is the emirate's newest free zone, established by royal decree in December 2020, while SPC caters for publishing companies, education providers and related businesses. The latter attracted 100 new enterprises from 23 countries in 2020. SHCC, for its part, offers 4.5m sq metres of land adjacent to SIA for facilities such as hospitals, polyclinics and rehabilitation centres, as well as manufacturing sites for health care equipment.

OUTLOOK: Increased government spending on infrastructure development, coupled with stimulus financing and foreign investment, is poised to strengthen Sharjah's transport and logistics networks. While the emirate is in a competitive region, its ports on both sides of the Strait of Hormuz means it is well placed to serve a larger share of logistics needs. Meanwhile, the expansion of SIA and an emphasis on sustainability will serve the emirate well when air travellers return to the skies in greater numbers as the pandemic subsides.

The second stage of the Etihad Rail project, which will comprise 605 km of track from Ghuwaifat on the border with Saudi Arabia to Fujairah and Khorfakkan in Sharjah, was nearly 60% complete as of January 2021.

Yousef Al Mutawa, CEO, Sharjah Sustainable City

The right ingredients

Yousef Al Mutawa, CEO, Sharjah Sustainable City (SSC), on green mobility and building a strong community

What are the main aspects to consider when designing and implementing green mobility solutions, especially in the Gulf region?

AL MUTAWA: Mobility is one of the main components to consider when designing a sustainable community. It is well known that people in the Gulf tend to drive rather than walk or take public transport, even when covering short distances for daily activities like buying groceries and taking children to school. Therefore, our task is to maximise the convenience of alternative means of transport – or simply walking – to discourage the use of private vehicles. To this end, sustainable mobility has to be considered from the inception phase of any large-scale project and be reflected in the master plan as a primary component of quality of life.

SSC has been laid out in a grid to facilitate traversing the city on foot to reach mixed-use spaces. Cycling tracks have also been integrated, while a transport system that comprises electric shuttles and autonomous vehicles is being developed specifically for the city. This will ultimately link with Sharjah's public transport system to further promote the use of mass transit. To that end, since the planning phase SSC has been actively collaborating with the Sharjah Roads and Transport Authority, which is also exploring green mobility solutions.

What is more, we believe that education plays a key role in maximising infrastructure utilisation, thus awareness is being raised through marketing strategies to ensure that prospective homebuyers are keen to embrace all aspects of an eco-friendly community, including green mobility.

The location of the community itself is also crucial. It should be situated in a way that movement in and out of the area is streamlined. SSC, for example, is well connected to neighbouring residential and commercial areas, the downtown district, Sharjah International Airport and Sharjah University City.

In which ways can sustainability principles be better integrated into the development of residential and mixed-use real estate?

AL MUTAWA: Building an environmentally sustainable community requires the adoption of a demand-side approach to energy planning and its application from the micro level upwards: from housing units to the entire urban layout. In this regard, the development of SSC builds upon stakeholder experience gained from the commercialisation of the original Sustainable City in Dubai.

Technology is continuously evolving, be it for solar power equipment, building materials or energy-efficient house appliances – particularly air conditioning systems. Therefore, continuous adaptation is a must. In addition to enhancing the tangible components underpinning sustainability, since SSC is formed through a joint venture with Shurooq, we are also deepening cooperation with entities relevant to the development of Sharjah, including government and academic institutions. This has led to an agreement with the American University of Sharjah to host seminars and conduct research by leveraging data collected throughout the SSC project, thereby expanding the knowledge base in the emirate.

Beyond environmental considerations, the other two pillars for the development and commercialisation of a healthy community are social and economic sustainability. The real estate sector was impacted by the Covid-19 pandemic in 2020, and SSC was no exception. We took immediate measures to safeguard the health of our workforce both in the office and at construction sites. SSC also prioritised sourcing from local suppliers, which had the added benefit of limiting the impact of supply chain disruptions. With regards to commercialisation, we introduced flexible payment plans as a response to tighter client budgets. This move further strengthened the economic sustainability pillar of SSC.

New regional trade deals were either signed or implemented in 2020

Trade realignment

Disruptions to supply chains in 2020 prompted new short-term solutions and accelerated existing trends

From national lockdowns to closed airspace and borders, Covid-19 resulted in unprecedented disruption to the mechanics of most economies, regardless of their size or stage of development. In particular, such barriers placed a major strain on global supply chains. This was felt most keenly in the case of essential linkages for food and medicine, and the global distribution of such products became a key focus of response efforts during the early stages of the pandemic.

MEDICINE & FOOD: In the first months of 2020 China – the world's largest producer of active pharmaceutical ingredients – severely curtailed industrial production to limit the spread of Covid-19, causing a shock along the entire medicine value chain. Although India is a global leader in the production of generics, 70% of its raw materials come from China. Of these, one-third come from Hubei, where the outbreak originated.

Response to the disruption varied by country: some repurposed civilian aircraft to bring in pharmaceutical supplies, while others turned to technology to minimise the impact. Dubai Customs, for instance, introduced new practices, technologies and equipment to speed up the clearance of medical supplies into the emirate. In March 2020 Dubai International Airport reported a 49.4% year-on-year increase in the volume of pharmaceutical cargo handled.

Looking beyond immediate responses, the pandemic could result in a significant realignment of supply chains away from China and India, and lead to long-term benefits for the local industries of other emerging markets – particularly those with large domestic consumer bases relative to others in their immediate region, such as Egypt, Indonesia, Saudi Arabia and Mexico.

The global network of food supply chains was also heavily affected by the pandemic. As with pharmaceuticals, a combination of complex value chains and production processes made management challenging. Recognising the potentially serious impact of the breakdown of such networks, in April 2020 the UN Food and Agriculture Organisation, the International Fund for Agricultural Development, the World Bank and the UN World Food Programme issued a joint statement on the impact of Covid-19 for food security and nutrition: "Agriculture and its food-related logistic services should be considered as essential. Increased efforts are needed to ensure that food value chains function well and promote the production and availability of diversified, safe and nutritious food for all."

Many governments reacted with new efforts to facilitate the movement of food. For example, that same month all members of the GCC agreed to establish a food supply network to meet needs in the region. Moreover, in Sharjah reefer container imports – primarily of foodstuffs – grew by 13.5% during the crisis, according to Gulftainer. Going forwards, this trend could result in countries adding more value at home to offer a greater variety of products directed at local and regional markets, instead of exporting further afield.

While the initial shocks of the pandemic resulted in short-term solutions and rapid realignments, it is becoming increasingly clear that the crisis will also give rise to broader, long-term structural shifts. Among these is a move away from an over-reliance on China as a production site and supplier of raw materials.

NEW PRODUCTION BASES: Even before the onset of Covid-19, rising Chinese labour costs and increased tariffs related to the US-China trade dispute in 2018 and 2019 were leading some companies to move industrial operations to other countries, while maintaining production bases in China – a strategy referred to as China +1. The pandemic has served to accelerate this trend, with the EU, Japan and the US all making public statements about the possible relocation of companies with China-based factories. Many international firms were looking to diversify their supply chains to reduce future risks by shifting to countries in the Association of South-East Asian Nations (ASEAN) like Vietnam, Thailand and Malaysia. Other manufacturers

The pandemic could result in a significant realignment of supply chains away from China and India, and lead to long-term benefits for the local industries of other emerging markets – particularly those with large domestic consumer bases relative to others in their immediate region.

In April 2020 all members of the GCC agreed to establish a food supply network to meet needs in the region

began to bring their production capacity closer to home, a trend known as nearshoring.

In addition to increasing resilience to supply chain disruptions, nearshoring offers a range of potential advantages over traditional offshoring, including fewer cultural, linguistic and time-zone differences, greater regulatory alignment and lower risk of intellectual property theft. Due to its proximity to the US, Latin America has seen some benefits from this trend, with two countries in the region standing out as affordable nearshoring options: Mexico and Colombia. Mexico, in particular, has several characteristics that make it an advantageous nearshoring location, including many cities with the necessary infrastructure, a developed labour pool and a shared border with the US. The US-Mexico-Canada Agreement that entered into force in July 2020 further cemented this potential.

Asian countries are likewise well placed to benefit. Prior to the pandemic, Vietnam had already absorbed much of the manufacturing capacity that China had lost. The former has also signed a raft of international trade deals and invested heavily in industrial infrastructure in recent years. In Indonesia, meanwhile, the Omnibus Bill on Job Creation became law in October 2020. The legislation allows for increased corporate flexibility in hiring practices and opens the door to labour-intensive industry. This stands the country in good stead to attract regional and global multinationals seeking to apply the China +1 strategy.

On a similar note, manufacturing hubs in North Africa are competitive nearshoring destinations for European industrial firms. With well-established trade links to European markets, Morocco is a particularly attractive proposition. The country has been recognised for its response to the pandemic, which has seen it leverage its industrial capacity to produce medical supplies.

Nearshoring offers a range of potential advantages over traditional offshoring, including fewer cultural, linguistic and time-zone differences, greater regulatory alignment and lower risk of intellectual property theft.

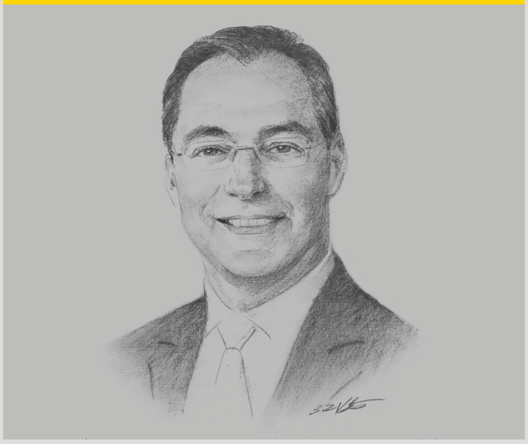
AfCFTA: Beyond accelerating the trend of nearshoring, 2020 saw significant activity on regional trade deals. In Africa the pandemic has sped up the adoption of various measures associated with the African Continental Free Trade Area (AfCFTA). Initially agreed upon in March 2018 and subsequently signed by 54 of the 55 African Union member countries, the deal aims to create a single market across the continent. The AfCFTA requires members to remove 90% of tariffs on goods, facilitate the movement of capital and people, and take steps to create an Africa-wide Customs union to substantially boost regional trade. When fully operational by 2030, the trade bloc is expected to cover a market of 1.2bn people with a total GDP of $2.5trn.

In late September 2020 Wamkele Mene, the secretary-general of the AfCFTA Secretariat, told a business conference in South Africa that negotiations over e-commerce and digital trade would be fast-tracked, given that the Covid-19 pandemic heightened the need for an adequate legal and governance framework. Talks on these topics – initially planned for phase three – will now take place in 2021 as part of phase two, alongside competition policy, intellectual property rights and investment protocols. Per international media, the 54 signatories are also moving ahead with talks on the taxation of e-commerce platforms, which have seen substantial growth during the pandemic.

RCEP: In Asia, meanwhile, the Regional Comprehensive Economic Partnership (RCEP) was finally signed in November 2020 on the sidelines of the annual ASEAN summit. Marking a significant regional milestone, it is hoped that the deal will help its signatories recover from the economic fallout of the pandemic by boosting trade linkages, and making it easier for companies to establish a production base in an ASEAN member state for exporting to other members of the bloc.

The deal's signatories – the 10 ASEAN members plus China, Australia, Japan, New Zealand and South Korea – together constitute 30% of the world's population and just under 30% of its GDP. The 510-page agreement should provide a substantial fillip to regional trade, lower tariffs, standardise Customs procedures and improve regulatory harmony among its members. The 20 chapters cover topics such as digital procedures, financial services and intellectual property rules. "We acknowledge that the RCEP agreement is critical for our region's response to the Covid-19 pandemic, and will play an important role in building the region's resilience through an inclusive and sustainable post-pandemic economic recovery process," the Joint Leaders' Statement noted on the occasion of the signing.

As the deal had been under negotiation for some years, it is widely thought that the pandemic accelerated the signing of the RCEP and convinced sceptics of the benefits associated with greater regional integration. The pandemic has indeed underlined how multilateralism and regionalisation can help to mitigate global shocks. By developing more efficient and agile supply chains with neighbours, countries have reduced the risks that stem from an over-reliance on trade with the world's largest economies. Going forwards, lessons learned from the health crisis should sustain efforts to boost supply chain resiliency, diversify trade relations and foster wider cooperation among trading partners.



Charles Menkhorst, CEO, Gulftainer

Charting the course

Charles Menkhorst, CEO, Gulftainer, on environmental sustainability and leveraging competitive advantages

How will the challenges associated with the Covid-19 pandemic influence logistics in the future?

MENKHORST: The logistics sector has experience dealing with risks to supply chains stemming from changes in regulations, military conflicts, cyberattacks, trade disputes and pandemics. During the current health crisis transport and logistics companies managed to ensure the flow of vital supplies. However, the extent of the disruption and instability has been historic, leading to considerable losses across the global economy. As a result, even after the pandemic subsides, the heightened awareness about the importance of supply chain resilience will not fade.

Before the pandemic innovation was taking place in road transportation, especially regarding last-mile delivery services. However, all transport and logistics companies are now reviewing their traditional strategies and methods, with a particular focus on the potential of new technologies, including process digitalisation and the use of predictive tools such as artificial intelligence. As port and terminal operators strive to become end-to-end service providers, companies developing and integrating new technological enablers are set to see more investment. As such, we expect considerable capital flows in that direction, given the renewed interest of private equity investors and sovereign wealth funds.

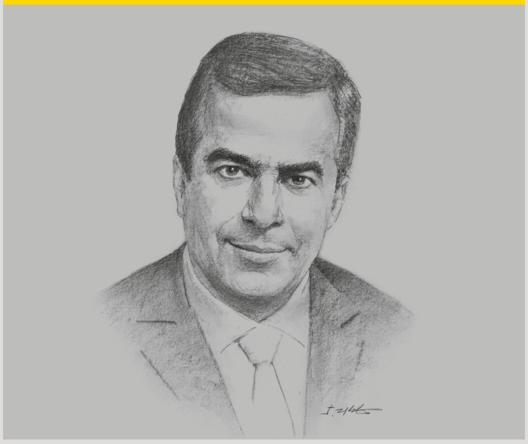
To what extent is the focus on environmental sustainability shaping logistics services?

MENKHORST: Environmental sustainability is a major theme across economies worldwide and the Middle East is no exception. However, even as environmental awareness is gaining ground in the region, transport and logistics companies are lagging behind their peers in Europe and North America – markets where being environmentally friendly is a qualifier. Here, such an emphasis is a differentiator around which competitive strategies can be built. While sustainability is discussed in most boardrooms, many companies are focused on surviving the pandemic and therefore are not actively transforming their business to better align with environmental standards. As a result, logistics companies able to position themselves as emissions-free providers will have a competitive edge in the future.

What can be done to capitalise fully on the main competitive advantages of Sharjah's position as a transport and logistics centre?

MENKHORST: Sharjah holds significant potential. First, one of its key competitive advantages is its highly diversified economy, which makes it more resilient in times of crisis. Second, Sharjah's geographic location gives it access to both the Gulf of Oman and the Gulf. Along with the quality of its transport infrastructure – which will be further improved upon once the environmentally friendly rail system begins operation – access to both coasts means that the shortest route to any point in the GCC from India is through Sharjah. Third, Sharjah is an industrial centre, with many companies in manufacturing assembly and sub-assembly, and this is a strong demand driver. This is complemented by the emirate's network of free zones, with Sharjah Airport International Free Zone and Hamriyah Free Zone focused on industrial activity and allowing full foreign ownership. Furthermore, Gulftainer – with support from the Sharjah Investment and Development Authority and Invest in Sharjah – will develop the Sa'jaa Industrial Park into a logistics centre for Sharjah and the Northern Emirates.

Sharjah's attractive business climate is at least partially due to its minimal bureaucracy and competitive costs when compared to its local and regional counterparts. It has also been sustained by exceptionally low barriers to entry, authorities who are modern in their thinking and easy to engage with, and a younger generation that is well-educated and strives to bring the emirate to the next level in terms of professionalism.



Adel Abdullah Ali, Group CEO, Air Arabia

Above the clouds

Adel Abdullah Ali, Group CEO, Air Arabia, on how the aviation sector can adapt to changing demands and priorities

To what extent will the Covid-19 pandemic have long-term consequences on airlines' strategies, marketing and operations?

ALI: The pandemic had an adverse impact on the aviation industry, especially in light of the travel restrictions and border closures. The crisis was unprecedented, but at the most critical moments the joint efforts of all stakeholders – governments, airlines, airports and regulators – allowed us to address these challenges and build back confidence in the segment. It was especially important to be cautious, and to implement the highest standards of safety and security for our personnel and passengers. The stakeholders did well in this regard, which has led passengers to trust the airports and airlines again. In the future it will be necessary to harmonise international regulations and procedures so there is more certainty should the world face a similarly disruptive event.

At the corporate level, the key lesson from the crisis is that we must remain agile and be able to react quickly. In Air Arabia's case, we took measures that enabled us, to some extent, to control overall costs while ensuring business continuity.

With vaccinations being rolled out around the world, and players continuing to focus on safety and security protocols, it is expected that demand will recover quickly. Beyond maintaining a high level of cooperation, airlines can take steps to drive demand further by increasing passengers' safety. For example, Air Arabia introduced free global Covid-19 medical and quarantine coverage for all passengers travelling on our flights from Sharjah and Abu Dhabi.

What are the prospects for low-cost carriers (LCCs) in the GCC, and what role can they play in the drive for environmental sustainability?

ALI: The LCC segment has strong potential in the GCC, a fact that was reflected in the launch of Air Arabia Abu Dhabi in July 2020. The carrier was formed following an agreement between Etihad Airways and Air Arabia to establish the capital's first LCC. Shortly after the first Air Arabia Abu Dhabi flight departed for Alexandria, Egypt in July 2020, the carrier launched nine additional routes from Abu Dhabi International Airport.

It is likely that cost concerns will force airlines worldwide to adjust their business models to be closer to those of LCCs, as we have seen with several legacy carriers in Egypt. Moreover, environmental sustainability is a shared responsibility of all aviation players, including LCCs. We must explore all available options for more efficient operations – including adopting paperless procedures and other digitalised services – and take steps to limit the industry's carbon footprint. There are other considerations related to the design and retrofitting of aircraft, including the use of devices such as Sharklet wingtips that can cut fuel consumption by about 3.5% and ultimately reduce CO_2 emissions.

How are projects under development at Sharjah International Airport (SIA) working to support aviation and tourism in the northern UAE?

ALI: Sharjah's location gives it a strategic advantage as an aviation centre, with access to both Dubai and the Northern Emirates. To support this role in the UAE's aviation sector, in October 2020 the Sharjah Airport Authority completed work on the East Expansion project, which will help the airport operate more flights and increase its capacity to a targeted 20m passengers by 2025. The expansion took into consideration passenger feedback, including a review of Covid-19 safety protocols, and is designed to be user friendly. In many airports travellers need a lot of time to check in, but the size of SIA allows these processes to be less time-consuming, making the journey more pleasant for passengers.

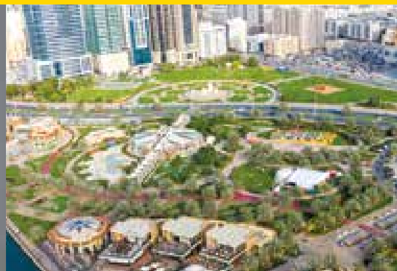
Construction & Real Estate

Mixed-use communities fuelling building activity

Retrofitting driven by a focus on green development

Value of property transactions increasing with demand

Stimulus measures aim to steady sector performance


Mixed-use developments have been emerging to meet high demand

On solid ground

Local production of materials drives development as the value of real estate transactions increases with demand

The Authority of Initiatives Implementation and Infrastructure Development was established by royal decree in early 2020 to promote infrastructure development.

The emirate of Sharjah has worked to brand itself as a unique place within the UAE and the wider GCC, which has resulted in an uptick in work for contractors as they try to close the gap in supply and demand for real estate, especially in the residential segment and for other family-friendly infrastructure. Although the Covid-19 pandemic temporarily disrupted the market, mixed-use developments that incorporate residential units, schools and retail outlets – along with a healthy dose of leisure activities and green spaces – have been emerging to meet high demand. In addition to demand coming from residents who want a less expensive alternative to other neighbouring emirates, a lot of recent interest has been coming from individuals and families who are drawn to Sharjah's laid-back and authentic Arab culture. While many of the emirate's residents do work in Dubai, the support the economy receives from both supportive government initiatives and inflows of foreign direct investment (FDI) is leading to the continued construction of office and industrial real estate. This is furthering the vision to create places of work and leisure closer to residents' homes.

STRUCTURE & OVERSIGHT: Sharjah has a relatively diversified economy compared to other emirates and its GCC neighbours, with around 90% of GDP derived from non-oil sectors. In 2019 the construction and real estate sectors accounted for approximately 11% and 12% of GDP, respectively. Multiple government bodies are involved in construction and real estate activities in the emirate, including the Sharjah Department of Town Planning and Survey (SDTPS). Established in 1998, the SDTPS prepares comprehensive plans for all districts within its jurisdiction; implements housing policy; allocates residential, industrial, commercial and agricultural land; carries out urban renewal projects and re-plans older cities; and conducts transport and traffic studies. The department also monitors new buildings' designs to preserve the local heritage and culture through the use of Islamic architectural styles.

The Sharjah Directorate of Public Works, meanwhile, is charged with the design, development, management and maintenance of government projects and facilities. Among the organisation's strategies is the implementation of smart systems and use of technology to help improve performance and lower costs, while strengthening the unique identity of the emirate as the population grows and the economy develops. The Sharjah Directorate of Housing, for its part, provides housing support for citizens. The body provides loans and grants; works to construct permanent housing; and offers short-term accommodation in the case of fire, natural disaster or other emergencies. The department leverages e-services to process housing requests from citizens and handle contractor requirements.

Sharjah Investment and Development Authority (Shurooq) is the emirate's primary investment-promotion body, but it also operates as a strategic partner in real estate projects, focusing on mixed-use developments that incorporate hospitality, leisure and cultural offerings. The Authority of Initiatives Implementation and Infrastructure Development was established by royal decree in early 2020 to promote infrastructure development and ensure government projects are executed according to international standards. The government office that is in charge of registering all developments in the emirate is the Sharjah Real Estate Registration Department (SRERD).

BUILDING MATERIALS: Construction materials in Sharjah are sourced from a mix of local producers, manufacturers in neighbouring emirates, and importers through airports and seaports. Two primary domestic producers are the Sharjah Steel Pipe Manufacturing Company (SSPMC) and Ginco Steel. The SSPMC was established in 1982 and currently operates at a capacity of 40,000 tonnes per annum (tpa) of welded line and pile pipes for the construction and petroleum sectors. Ginco Steel was established seven years prior and is active in the design, fabrication and erection of steel structures, most notably for the governments of Sharjah, Dubai and Abu Dhabi, as well as for the regional oil and gas industry.

Other large players include Sharjah Cement and Industrial Development, which owns Sharjah Cement Factory, the Paper Sacks Factory, and Gulf Rope and Plastic Products (GRPP). Sharjah Cement Factory has a grinding capacity of 1.1m tpa, while the Paper Sacks Factory can produce 120m sacks per year that can be used to package cement, fertiliser, chemicals and more – a portion of which is exported beyond the GCC. The GRPP plant has the capacity to produce 10,000 tpa of synthetic rope, which is both used locally and exported to more than 25 countries.

PRICE INDEX: Building materials have been subject to a 5% value-added tax (VAT) in the UAE since early 2018. Although Sharjah does not have its own index that tracks the price of construction materials, the index produced by the Chamber of Commerce in Dubai can provide insight into the cost of inputs in its neighbouring emirate. According to the chamber's construction materials price index, in the first quarter of 2018 – after VAT had been implemented – all categories saw a quarter-on-quarter rise, with the cost of wires and cables up 13%, steel up 7.7%, bricks up 6.3%, and pipes and fittings up 5.3%. While the market has since adjusted to VAT, prices continue to tick upwards. In the fourth quarter of 2020, eight of the 16 categories tracked by the index recorded year-on-year price increases, ranging from 1.2% for glass and mirrors; to 6.8% for wires and cables; to 9.3% for both pipes and fittings, and metal products; and 17.1% for steel. Only cement and gypsum, and ready-mix concrete recorded declines of 11.4% and 10.4%, respectively, while prices in the remaining categories remained steady.

ALJADA: One of the emirate's largest construction undertakings in recent years is Aljada, a Dh24bn ($6.5bn), 2.2m-sq-metre, mixed-use community in the Al Zahia district of New Sharjah. Launched in 2018, Aljada comprises nine residential clusters with flats, villas and townhouses; entertainment venues; retail and dining options; and schools. Sharjah-based developer Arada is leading the project, with contractors awarded different roles. The second half of 2020 saw several contracts assigned, including a Dh423m ($115.1m) agreement signed in August with Best Building Contracting to erect 16 apartment blocks – comprising almost 2000 units – in the East Village cluster aimed at younger adults. East Village was 95% sold out at the time of the agreement, demonstrating sustained demand for flats in integrated communities.

The following month an agreement was signed with Al Zamalek General Contracting to build the Dh220m ($59.9m) SABIS International School – Aljada. The K-12 institution is the first of three planned for Aljada, with the initial phase of construction focusing on kindergarten through third grade set for completion by September 2021 for the 2021/22 school year. Additional grades will be added for the start of the 2022/23 and 2023/24 academic years, for a total capacity of 4000 students. October 2020 saw another contract, valued

In 2019 the construction and real estate sectors accounted for around 11% and 12% of GDP, respectively

at Dh102m ($27.8m), awarded to Al Marwan General Contracting for all infrastructure – including the electricity, water, communications and road networks – for East Village, the student housing cluster Nest, SABIS International School – Aljada and other structures in the fourth phase of the project. Aljada is also set to include 250,000 sq metres of green areas, 500,000 sq metres of office space, 165,000 sq metres of leasable retail space, and a 200,000-sq-metre recreation area featuring 10 attractions and four hotels. When construction began in 2018, the mega-project had a targeted completion date of 2025.

One of the emirate's largest construction undertakings in recent years is Aljada, a $6.5bn mixed-use community in the Al Zahia district of New Sharjah.

SHUROOQ PROJECTS: Shurooq is a key player in the market and often works in partnership with other major developers. Some of its most recent developments include the $30m Al Luluyah Beach and $23.7m Al Hira Beach projects, which were launched in June 2021. Another major project was the House of Wisdom – a high-tech library and social centre – which was constructed to celebrate the emirate receiving the title of UNESCO World Book Capital 2019, a first for the GCC. Designed by UK-based Foster + Partners and inaugurated in December 2020, the 12,000-sq-metre structure features contemporary Arab architecture and serves as reminder of the emirate's emphasis on literature, education and culture. In partnership with UAE developer Eagle Hills, Shurooq is also working on the Dh4.5bn ($1.2bn) Maryam Island project, a mixed-use development spanning 460,000 sq metres that will have residences, hotels, waterfront dining, shops and leisure facilities. The first phase, which wrapped up in December 2020, included nearly 700 residential units, 40 food outlets, swimming pools, a playground and beach access. The second phase, focusing on the Maryam Gate Residences, is targeted for completion in 2022. Meanwhile, Shurooq is partnering with Kuwaiti developer Mabanee to build the 65,000-sq-metre Avenues Mall Sharjah in the Mughaider suburb, due for the end of 2022. There will be approximately 70

The House of Wisdom – a high-tech library and social centre inaugurated in December 2020 – celebrates the emirate receiving the title of UNESCO World Book Capital 2019, a first for the GCC.

Live a Better Today
For a Happier Tomorrow

The authorities released 8100 plots of commercial and industrial land in the first eight months of 2020

In 2020 the value of real estate transactions amounted to

$4.3bn

units for lease, 30% of which will be reserved for food outlets. In Kalba, on the coast of the Gulf of Oman, another waterfront shopping and entertainment area is being developed by Shurooq and Eagle Hills. The Dh160m ($43.6m) project is set to open in the second quarter of 2021, spanning 17,000 sq metres, and will include 86 retail outlets, a supermarket, a food court and a family entertainment centre. Shurooq is also developing projects in Khorfakkan, including a five-star, 66-key property located along the Khorfakkan Beach, which will also include the city's first waterpark.

SUSTAINABILITY: The UAE has redoubled its focus on sustainability in recent years, adopting international green building certificates in 2006. Retrofitting initiatives gained momentum across the country in the decade leading to 2020, and in 2018 the Sharjah Electricity and Water Authority launched the emirate's own programme that focuses on the top-100 energy consumers. Overhauling the construction of these buildings is expected to reduce energy consumption by approximately 30% on the premises. As of mid-2020, 18 buildings had been completed under the programme.

Another important green construction initiative is the development of Sharjah Sustainable City. In partnership with Dubai-based Diamond Developers, Shurooq is set to create the first fully integrated, net-zero-energy community in Sharjah, comprising homes, a school, a mosque, and play and sport facilities. The city targets 100% renewable energy – largely from rooftop solar panels – and total water reuse for irrigation. The ultimate goal is energy use intensity of 80 KWh per sq metre per year, compared to the UAE average of 330 KWh. As of early 2021 the first phase of the city was complete and the second was under way.

Al Rahmaniya was the preferred location for those looking to purchase villas in the third quarter of 2020, with listings in the area starting at $354,000.

REAL ESTATE: Real estate entered 2020 in a strong position, with Dh24.2bn ($6.6bn) worth of transactions in 2019 – up 7.3% from 2018. Of the deals conducted in 2019, over 11,500 were title deeds worth Dh9.6bn ($2.6bn), while around 3300 were sales covering approximately 4.3m sq metres. The bulk of sales (2963) occurred in Sharjah City – valued at Dh4.8bn ($1.3bn); and of these, the Muwaileh commercial area saw 567 deals worth Dh1.2bn ($326.6m). Meanwhile, Khorfakkan recorded 117 sales transactions totalling Dh73.4m ($20m), largely for industrial and commercial spaces; the Central Region recorded 114 sales transactions totally Dh102.9m ($28m); and 110 sales were registered in Kalba, totalling Dh49.3m ($13.4m). Dibba Al Hisn, for its part, recorded 24 sales worth Dh18m ($4.9m).

The pandemic and related disruptions negatively affected Sharjah's real estate sector. According to UAE property website Bayut.com, in the third quarter of 2020 sale and rental prices in Sharjah experienced declines similar to those seen across the UAE, yet return on investment (ROI) in established communities remained strong, topping 6% in Al Majaz, Al Nahda and Al Khan – a waterfront area close to Dubai. However, the total value of real estate transactions fell to Dh15.9bn ($4.3bn) by the end of 2020, according to the SRERD. Of all the sales transactions that year, 75.3% were residential properties, 11.1% were commercial, 10.4% were industrial and 3.2% were agricultural plots. Of the 3773 transactions recorded in 2020, the categories to see the most activity were residential land (1006 transactions), apartments (901 transactions), residential built-in land (712) transactions and industrial land (268 transactions). The highest-ranked areas in terms of transactions were Hoshi, Al Khan and Al Nahda, at 753, 515 and 337 transactions, respectively.

RESIDENTIAL: Al Majaz was the most popular area in which to rent flats, with rents in that area declining by 5.6% for studios and 4% for one-bedroom apartments quarter-on-quarter (q-o-q), while rent for two-bedroom apartments rose by 2.9%. Al Nahda and Al Taawun saw a similar drop in rents for studios – both down 5.6% – while rents for one-bedroom apartments fell by 4% and 3.8%, respectively. The popularity of two-bedroom apartments – which cost an average of Dh34,000 ($9250) to Dh35,000 ($9530) per year – is a reflection of Sharjah's reputation as a family-friendly location, with quality schools and entertainment options. Meanwhile, Al Jazzat garnered the most interest from villa renters in the third quarter, due to the area's connectivity, proximity to major attractions and affordable rates, as asking rents on the Bayut website began at Dh25,000 ($6810). Sharqan continues to be a popular option to lease homes, with posted rents in the third quarter starting at Dh65,000 ($17,700).

The most highly searched areas for apartment purchases were Al Khan and Al Majaz, which saw slight q-o-q increases in prices per sq foot – at 1.3% and 1.2%, respectively. The price for a two-bedroom flat averaged Dh697,000 ($190,000) in Al Khan, and Dh502,000 ($137,000) in Al Majaz. Al Rahmaniya was the preferred location for villa purchases, with listings starting at Dh1.3m ($354,000). Buyers – particularly those with families – also showed interest in Muwaileh, on the outskirts of Sharjah City, due to its proximity to schools, transport, malls and restaurants. Muwaileh villas listed on Bayut.com during the third quarter

Continued investment inflows should help sustain demand for offices

The high sales rates of off-plan residential properties in 2020 underscored the attractiveness of Sharjah's location, while stimulus packages facilitated the uptake of properties.

ranged from Dh1.1m ($299,000) to Dh3.8m ($1m). For investors looking to purchase villas to rent out, ROI was highest in Al Noaf, at 11.5%, while Al Sabkha, Barashi, Muwaileh, Hoshi and Al Gharayen had rental yields above 5%. While the pandemic was expected to put downward pressure on both the real estate sector and the wider economy, there were signs that the market would emerge from the crisis in a relatively strong position. Arada, for example, closed 2020 with record sales of Dh1.8bn ($490m), up 35% on 2019. The company sold 2337 residential units during the year, 1977 of which were located in Aljada.

OFFICE & INDUSTRIAL: According to Cavendish Maxwell, office rents in Sharjah declined slightly between the first and third quarters of 2020. In the July-to-September period the prices per sq foot in Abu Shagara/Al Qasimia and Sharjah City's industrial area were even, at Dh24 ($6.53) to Dh29 ($7.89) for shell and core space, and Dh38 ($10.34) to Dh48 ($13.07) for fitted offices. Prices in Al Khan and Al Majaz, as well as around Al Taawun Road, were a bit more expensive, at Dh24 ($6.53) to Dh33 ($8.98) for shell and core units, compared to Dh38 ($10.34) to Dh57 ($15.52) for fitted space. While a shift to remote work has slowed demand for office space, continued investment inflows are expected to keep demand strong in the longer term. Indeed, the emirate attracted 24 FDI projects valued at a combined $220m over the course of 2020, with FDI expanding by 60% between the third and fourth quarters, according to a study by FDI intelligence firm Wavteq. This trend is expected to continue into 2021, with the company projecting FDI in ICT and life sciences to increase by 55.6% and 74%, respectively, in 2021. This is forecast to help sustain demand for office space.

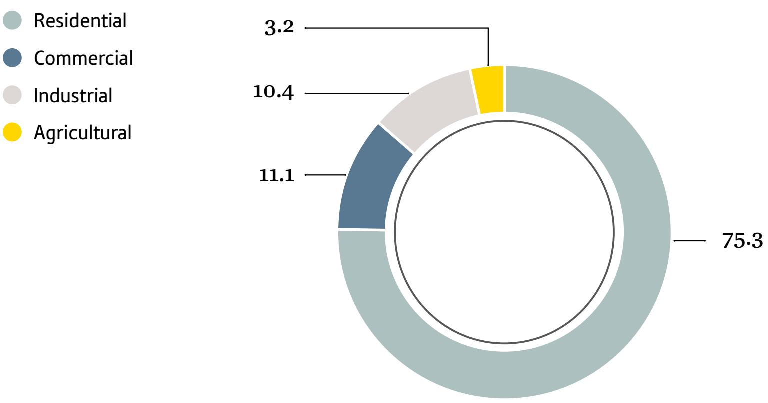
Sharjah is also working to expand the availability of commercial and industrial land. In August 2020 the Sharjah Executive Council released a second round of land grants, bringing the year-to-date number of plots to 8100. The batch included 178 commercial and 362 industrial plots. The emirate has steadily expanded its industrial footprint in recent years by building designated zones for business, with warehouses leasing for Dh15 ($4.08) to Dh30 ($8.17) per sq foot as of the third quarter of 2020. Highlighting the segment's potential, Sharjah's FDI in logistics and distribution is expected to increase by 46.2% in 2021, according to Wavteq.

STIMULUS: In November 2020 Sheikh Sultan bin Mohammed bin Sultan Al Qasimi, crown prince, deputy ruler of Sharjah and chairman of the Sharjah Executive Council, announced the emirate's second stimulus to counteract the negative effects of the pandemic on businesses, individuals and the government. The Dh512m ($139.4m) package follows an earlier stimulus worth Dh481m ($130.9m), and allows owners of commercial and industrial properties to make utilities payments in instalments. Other measures pertaining to real estate include the waiving of rental payments for investment properties until March 31, 2021, as well as a 25% discount on rents for temporary sites.

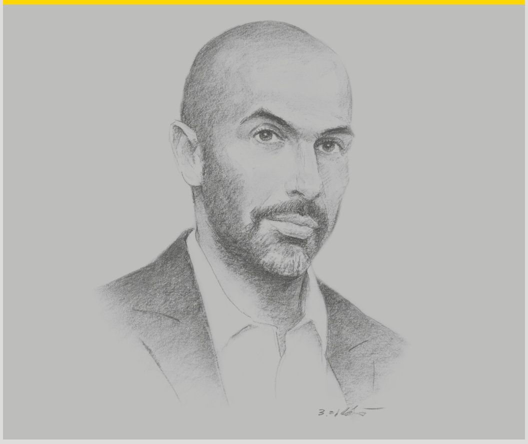
Moreover, the SRERD reduced buyer fees for non-GCC citizens from 4% to 2% of the property's sale value in the stimulus. In 2014 the emirate's real estate investment laws were amended to allow foreigners of any country to buy property, widening the scope beyond GCC nationals. However, foreign investors had to hold valid residency, and were restricted to certain locations and a maximum of five purchased properties. A subsequent amendment in 2018 allowed foreigners to purchase property without a residence permit, but location constraints remain in place, especially for non-Arab buyers. The law does not allow expatriates to own freehold property in Sharjah, but buyers have the right of usufruct for a maximum of 100 years.

OUTLOOK: While the pandemic resulted in disruptions to many business activities, construction and real estate in Sharjah were less affected. The high sales rates of off-plan residential properties underscored the attractiveness of Sharjah's location, while stimulus packages facilitated the uptake of properties. As the emirate continues to develop its economy, office and industrial space are expected to see steady demand.

Breakdown of real estate sales transactions in Sharjah, 2020 (%)



Source: SRERD


Ahmed Alkhoshaibi, CEO, Arada

Building principles

Ahmed Alkhoshaibi, CEO, Arada, on emerging development trends and environmental standards

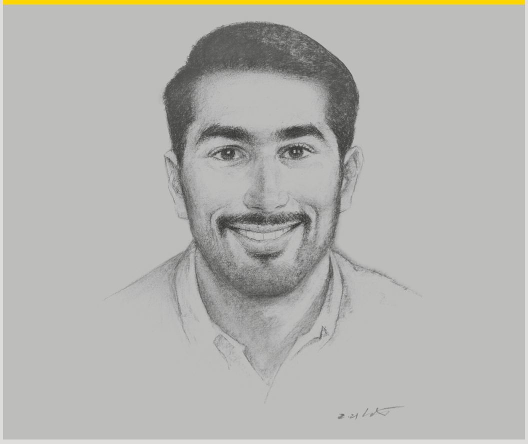
In what ways are real estate developers pursuing differentiated residential projects or aligning their products with the needs of target markets?
ALKHOSHAIBI: Similar to the importance of diversification to Sharjah's economy, a wide range of products for end users and investors is key for developers. For instance, Nest at the Aljada mega-project is a first-of-its-kind student accommodation in the Gulf. To meet investor demand, we have structured a product that allows them to invest in a unit at an accessible price and get a guaranteed return on investment after either five or 10 years. Other products Arada has recently introduced include Sharjah's first branded residences in association with Emaar Hospitality. This caters to a different segment of the market and increases the investment opportunities in our portfolio. To successfully attract end users, developers need to be agile and listen to customers, and develop products accordingly. There are various floor plans and amenities within the community to ensure all the needs of end users are met.

What factors are driving the attractiveness of the Sharjah real estate market?
ALKHOSHAIBI: Sharjah has historically enjoyed a reputation for stability and growth. A lot of this recognition comes from the fact that the government has been consistently supportive of the real estate market, whether by delivering record state budgets or through legislative reforms. Sharjah opened the real estate market to foreign residents in 2014, and more recently allowed non-residents to buy property in 2018. All of these factors have increased the attractiveness of Sharjah's market, as seen reflected in the 5.1% annual growth in real estate transactions witnessed in 2020, reaching Dh15.9bn ($4.3bn).

Location is critical for property development and demand growth has been concentrated in New Sharjah, where we have strategically identified the need for well-designed, all-encompassing communities. Sharjah's value proposition is not limited to affordability, but also includes quality. Therefore, as a developer we seek to differentiate our offerings and amenities – whether through aesthetics, technology or material selection – by delivering value for money and identifying gaps we can fill. We have seen large growth for entertainment in Sharjah, particularly family entertainment that can address community needs. We are thus developing an entertainment district at Aljada – the first phase of which is already open – that will cater for not only our residents, but tourists and visitors from other emirates as well. This district will include several attractions aimed at generating footfall, from entertainment to food and beverage outlets. We will also include retail space, concentrating on attracting tenants that will add value to the entertainment strategy.

How can property development expand while ensuring compliance with environmental standards and sustainable practices?
ALKHOSHAIBI: Sustainability relies heavily on the emphasis we place on the master-planning process of a mixed-used community or building. Developers are often tempted to rush the master-planning because they want to launch projects quickly. However, this compromises the sustainability potential of the project. During the master-planning process, we ensure that green and open areas are sufficiently integrated, as these add value; property can depreciate over time but green spaces appreciate. This approach is at the heart of our most recently launched project, Masaar.

Key sustainability principles we employ include recycled water for irrigation, the use of smart technologies, pedestrian friendliness and mobility. We make sure residential spaces and amenities are connected in a way that encourages residents to walk. A new partnership we recently signed with the UAE Ministry of Environment and Climate Change will help us to follow sustainable building practices wherever possible.



George Khouzami, COO, Al Thuriah Group

Staying competitive

George Khouzami, COO, Al Thuriah Group, on how technology is optimising real estate services

Which factors are driving demand for residential real estate in Sharjah, and how has the Covid-19 pandemic impacted these trends?

KHOUZAMI: Sharjah has recently emerged as one of the most in-demand emirates for real estate due to its vibrant environment, prime location and affordability. Middle-income individuals benefit from spacious homes, a lower cost of living, and reasonable and high-quality education options. The larger residential properties proved desirable during the pandemic, as people working from home were able to effectively separate recreational areas from work areas to help maximise productivity, and enjoy lots of natural sunlight while indoors.

Positive market conditions prior to the pandemic had allowed many families to make the leap from tenants to first-time homeowners. Additionally, residential investors enjoy higher rates of return compared to neighbouring emirates due to high occupancy rates and lower service charges, further boosting the attractiveness of the Sharjah property market.

How much awareness is there about the value proposition of facilities management within the Sharjah property market?

KHOUZAMI: To remain competitive, real estate developers must continuously look for new ways to raise service quality and adopt new technologies that enhance the way we deliver solutions to clients. Aside from financial stability, we must also be particular on health, safety and environmental standards, therefore ensuring our staff is fully compliant with internal and external regulations. During the pandemic the primary role of facilities management co has been to create a safe environment through frequent sanitisation, which helps reduce the risk of transmission. To expand this further, facilities management is a key differentiating factor to strengthen the economic and physical sustainability of projects.

Environmentally friendly practices are also a major responsibility of any service company. Our facilities management department has acquired an ISO certification that demonstrates our improving environmental performance. Employees are involved in finding solutions beneficial to the organisation, its clients and the environment.

To what extent is the industry harnessing technology to strengthen operational efficiency?

KHOUZAMI: Technology has long played a significant role in our everyday lives, and this has become more apparent than ever during the pandemic. Its development in recent years has had wide-ranging effects on all industries today, including construction and real estate. Its effects on the business environment have resulted in faster communication and more efficient production, which has led to a positive long-term economic outlook.

Our recently implemented enterprise resource planning software has allowed us to link our activities under a detailed work breakdown structure with the contracts and procurement departments. Through business intelligence and analytics, we have adopted a just-in-time model for our inventory, optimised our bulk purchasing across projects and companies, and increased efficiency and utilisation of all fixed assets, among other improvements. Our ability to track activities in real time has optimised our manpower planning, resources, inventory levels, fixed assets and cash flow. Additionally, this has provided each of our employees – including those at remote offices – with easy access to our database, which contains workflow information, details about tenants, payments and deliveries. These are a few examples of how new technologies are facilitating innovations that can contribute to our competitiveness, prepare our company for any unexpected challenges and enable it to stay on top of new trends in the industry.

The Digital Silk Road promotes the use of smart-city technologies

Road to growth

Sustainability, well-being and digitalisation emerge as central aspects of global infrastructure programmes

Following a year of pandemic-related disruptions, there appears to be a greater focus on sustainable, digital and health-related projects; for example, in the Belt and Road Initiative (BRI), of which the UAE is one of the key participants in the Middle East. Launched in 2013, the BRI is an ambitious international initiative that aims to revive ancient Silk Road trade routes through large-scale infrastructure development. By the start of 2020 some 2951 BRI-linked projects – valued at a total of $3.9trn – were planned or under way across the world.

However, as borders closed and lockdowns were imposed, progress stalled on a number of BRI infrastructure developments. In June 2020 China's Ministry of Foreign Affairs announced that 30-40% of BRI projects had been affected by the pandemic, while a further 20% had been "seriously affected". Restrictions on the flow of Chinese workers and construction supplies were cited as factors behind project suspensions or slowdowns in countries such as Pakistan, Cambodia and Indonesia. However, even as the health crisis resulted in a global drop in overseas investment, China remains firmly committed to the BRI. In November 2020 Meng Wei, a spokesperson for the National Development and Reform Commission – responsible for overseeing BRI projects – insisted on the project's continuation, but sketched a reformed vision for its future, emphasising three aspects: sustainability, health and technology.

GREEN VISION: At the second Belt and Road Forum for International Cooperation in April 2019, China's President Xi Jinping outlined a vision of "open, green and clean cooperation" guided by the UN's 2030 Agenda for Sustainable Development. The need for sustainability has been accentuated by the onset of the pandemic. This focus on sustainable BRI projects dovetails with broader Chinese policy moves, such as the September 2020 announcement that the country was aiming to become carbon neutral by 2060, a goal which will require it to cut emissions by as much as 90%. While it is currently a world-leading emitter of carbon, China has been steadily increasing the contribution of renewables to its energy mix. In 2020 renewables accounted for 57% of China's total investment in energy infrastructure, up on 2019's figure of 38%, according to the International Institute of Green Finance.

HEALTH: China is also seeking to expand health-related infrastructure and innovation capacity as part of the BRI. This speaks to the country's broader push to position itself as a global health leader, an ambition that has been in evidence throughout the pandemic. The BRI has helped to facilitate the distribution of Chinese-produced vaccines to emerging economies. For instance, the UAE, a major recipient of BRI investment, was the first country outside of China to approve the mass use of its Sinopharm vaccine. The partnership between the UAE and China had been strengthening prior to the pandemic; at the Annual Investment Meeting in April 2019 Marwan bin Jassim Al Sarkal, the executive chairman of Sharjah Investment and Development Authority, outlined the emirate's role in forging stronger economic ties with Chinese investors.

INNOVATION: In line with the rapid digitalisation across industries that resulted from social-distancing measures associated with the pandemic, China is placing renewed focus on the BRI as a facilitator of digital and technological innovation. The Digital Silk Road was launched in 2015 under the umbrella of the BRI, and it was associated with digital and space industry-related projects in its early stages. This focus has been expanded to include cloud computing, smart cities, surveillance, e-commerce and digital payments. More recently, it has also taken in diagnostic and track-and-trace capabilities to combat the virus. Looking ahead, the emphasis on sustainability, health care and digital systems is expected to create opportunities for collaborative innovation with the potential to create high-value jobs, develop infrastructure and tackle global challenges, although some observers remain cautious about the proliferation of intrusive surveillance technologies.

By the start of 2020 some 2951 Belt and Road Initiative-linked projects – valued at a total of $3.9trn – were planned or under way across the world.

In 2020 the number of infrastructure projects globally rose by 5%

Green base

Infrastructure spending and a focus on sustainability support economic recovery in emerging markets

The world is facing a $400bn gap in infrastructure investment in 2021, a figure that could cumulatively grow to $15trn by 2040 if current rates of spending continue.

Many emerging markets are turning to infrastructure projects to stimulate recovery from the Covid-19 pandemic, with a particular focus on green and sustainable developments. Despite the broader downturn in 2020 – which the IMF says resulted in the global economy contracting by 3.5% – the number of newly announced infrastructure projects increased by 5%, according to analysis from global financial data company Refinitiv. In total, 2550 new projects were announced in 2020, with a combined value of $739bn. Of these, 56% were classified as sustainable – primarily made up of renewable energy projects in the solar, wind, biomass and hydroelectric segments. This was the fourth consecutive year in which the number of sustainable projects increased, rising from 808 in 2016 to 1437 in 2020. A majority of infrastructure projects were in the power sector (63.7%), followed by transportation (11.4%), leisure and property (7.9%), and oil and gas (5.6%). While the majority were in Western Europe (604) and North America (419), 297 were announced in Latin America and 257 in South-east Asia. Indeed, Vietnam connected more than 9 GW of solar power to the system over 2020.

GREEN PROJECTS: An expansion in the volume of infrastructure projects is expected to continue into 2021, as restrictions ease and governments look to stimulate their economies. An example of a potential infrastructure-led recovery is US President Joe Biden's proposed multibillion-dollar Build Back Better plan, which aims to repair much of the country's physical infrastructure – such as roads, bridges and airports – while investing significant amounts in new broadband internet developments and green energy projects.

From a global perspective, green developments are once again expected to be one of the major drivers of infrastructure growth, spurred on by growing demand for renewable energy and governmental efforts to meet carbon-reduction targets. The value of green bonds defied the pandemic-related slowdown to reach a record high of $269.5bn in 2020, according to the Climate Bonds Initiative, a figure that some suggest could be as high as $400bn-500bn in 2021.

Examples of major sustainability-minded infrastructure strategies include the EU's €1trn European Green Deal plan, which envisages massive investment in sustainable projects to ensure the bloc is climate neutral by 2050, and China's Belt and Road Initiative, which is placing greater emphasis on sustainable infrastructure in the wake of the pandemic through its Green Silk Road plan. Elsewhere, significant investment is expected in telecommunications infrastructure following the rapid uptake of digital services throughout the pandemic.

As global demand patterns shift, renewed investment is necessary to bridge the ongoing infrastructure gap. Despite an increase in projects last year, the world has long been underinvesting in infrastructure. According to the Global Infrastructure Hub, a G20 initiative, the world is facing a $400bn gap in infrastructure investment in 2021, a figure that could cumulatively grow to $15trn by 2040 if current rates of spending continue.

LEADING THE WAY: Emerging markets are expected to be a key engine of growth for global infrastructure investment. According to projections from insurance company Swiss Re, of the $66bn in infrastructure spending expected between 2021 and 2040, some $43bn is to come from emerging markets. Much of this will be driven by emerging Asia, which will account for $35bn in infrastructure spending over the period.

In Sharjah, for example, the Sharjah Investment and Development Authority, better known as Shurooq, has prioritised waste management and environmental sustainability in the emirate, highlighting significant investment opportunities in solar energy, in particular. In March 2019 Shurooq and Diamond Developers from Dubai announced the creation of Sharjah Sustainable City. The Dh2bn ($544.4m) solar-powered and water-efficient residential community is being built over 669,00 sq km. The sustainable project was 35% complete as of November 2020, and the finishing date is set for 2024.

Of the $66bn in global infrastructure spending expected between 2021 and 2040, approximately $43bn is to come from emerging markets.

The Guide

Hotel listings for both business and leisure travellers

Useful information for new arrivals to the emirate

Details on current visa requirements for tourists

AL BADAYER RETREAT

KINGFISHER RETREAT

AL FAYA RETREAT

THE MOON RETREAT

myskhotels.com


The Chedi Al Bait

Stay awhile

THE CHEDI AL BAIT
Heart of Sharjah, Al Mareija
PO Box 62727
T: (+971) 6 502 5555
www.ghmhotels.com/en/the-chedi-al-bait-sharjah
reservations@chedialbaitsharjah.com

Rooms: 10 heritage and new houses with a total of 53 guest rooms and suites. Guests can choose to book an entire home or individuals rooms. All accommodation features an interactive flat-screen television, Nespresso coffee machines, pillow menu upon request and bathroom amenities.
Business & Conference Facilities: Private meeting room and conference space on-site, and facilities for business lunches, weddings or family gatherings. Business centre with printer and Wi-Fi, and secretary services can be arranged with reception. All dining venues are available for private events, with indoor or outdoor seating.
Health & Leisure Facilities: Spa with separate male and female facilities, each equipped with relaxation lounges, a hammam, and steam and sauna rooms. The fitness centre is open 24/7 and features equipment for kinesis, cardio, stretching and ARKE. Also available for guests is a 15-metre-long, temperature-controlled outdoor swimming pool.
Guest Services: Complimentary Wi-Fi, healthy in-room amenities and refreshments, 24-hour reception, and laundry and dry-cleaning services. Multi-lingual concierge team is available to meet guest needs. Cultural tours and visits to museums, golf courses, spas and restaurants can be arranged. Assistance with air tickets, foreign exchange or transfers available.
Dining: The Arabic restaurant features Levantine specialties served family-style. The restaurant also offers international cuisine through à la carte breakfast and lunch menus. Coffee, pastries and dessert available at The Café. Al Bareed cafe offers coffee, ice cream and pastries.

PULLMAN SHARJAH
Al Taawun Street, Al Khan
PO Box 482
T: (+971) 6 591 0000
www.pullman-sharjah.com
pullmansharjah@accor.com


Pullman Sharjah

Rooms: 180 rooms comprising 140 deluxe rooms and 40 one-bedroom suites with option of connecting rooms. All accommodation comes with free Wi-Fi, mini-bars, safes, LED televisions with satellite channels, wireless music stations and toiletries.
Business & Conference Facilities: 10 meeting rooms, a 225-sq-metre ballroom and lounge.
Health & Leisure Facilities: An outdoor swimming pool and jacuzzi, two indoor pools, a fitness centre and full-service spa.
Guest Services: Complimentary shuttle service to Al Khan beach, free parking and daily housekeeping.
Dining: The Junction lobby cafe offers light pastries, desserts and coffee, and Al Khan offers international cuisine throughout the day.

TIME EXPRESS HOTEL – AL KHAN
Al Khan Street, Al Khan
PO Box 6605
T: (+971) 6 516 4777
www.timehotels.ae
reservations@timehotels.ae

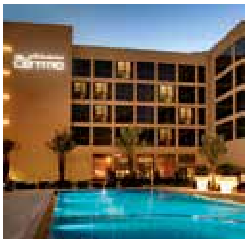
Rooms: 55 units including five deluxe rooms, five executive suites and 45 superior rooms.
Business & Conference Facilities: One multi-purpose room with capacity for 30 guests.
Health & Leisure Facilities: Two gyms open 24 hours a day, and male and female sauna, steam room and spa. Rooftop, temperature-controlled pool.
Guest services: Daily housekeeping, free self-parking, 24-hour security, laundry and dry-cleaning services, and special services on request.
Dining: Foodio restaurant offers an à la carte menu.


Time Express Hotel – Al Khan


Occidental Sharjah Grand

OCCIDENTAL SHARJAH GRAND
Al Meena Street, Al Khalidiah
T: (+971) 6 593 7979
www.barcelo.com/en-gb/occidental-sharjah-grand
sharjahgrand@occidentalhotels.com

Rooms: 221 units of presidential, deluxe, executive, junior and family suites, as well as sea-view, cabana, family and deluxe city-view rooms. Cabana rooms have direct access to the pool and private beach, and all other accommodation have balconies. All rooms include complimentary amenities such as tea and coffee makers, and bottled water.
Business & Conference Facilities: 52-sq-metre conference room with the capacity to accommodate up to 30 persons, and a 422-sq-metre ballroom with the capacity to accommodate between 450 and 600 persons.
Health & Leisure Facilities: Private beach, temperature-controlled outdoor swimming pool with slide, and separate children's pool and kids club area. Fitness centre with scheduled times for men and women, and spa and wellness centre with steam bath and jacuzzi. Water sports activities, tennis court, table tennis and beach volleyball pitch.
Guest Services: 24-hour room service, in-house laundry service, free high-speed Wi-Fi, complimentary shuttle service to shopping destinations in Sharjah and Dubai. Free parking on-site.
Dining: Al Meena restaurant offers a morning buffet breakfast. La Bamba restaurant is located on the beach and features an à la carte menu. Coffee shop for hot and cold beverages, including non-alcoholic mocktails.


Centro Sharjah by Rotana

CENTRO SHARJAH BY ROTANA
Al Dhaid Road
PO Box 3677
T: (+971) 6 508 8000
www.rotana.com/centrosharjah
res.centrosharjah@rotana.com

Rooms: 306 rooms, classic studios and one-bedroom suites with complimentary high-speed Wi-Fi, tea and coffee-making facilities, satellite television and business desk.
Business & Conference Facilities: Three meeting rooms with individual capacities of up to 90 people and a combined capacity of up to 200 people, as well as a business centre.
Health & Leisure Facilities: Fitness centre, outdoor temperature-controlled pool, jacuzzi, sauna and table tennis.
Guest Services: 24-hour reception, gift shop, babysitting and childcare services upon request, complimentary shuttle to Dubai Mall and the beach, currency exchange, laundry and dry-cleaning services, valet parking and concierge.
Dining: c.taste restaurant offers all-day dining, and buffets for breakfast and dinner. c.deli offers snacks and beverages, and 24-hour room service.


Sheraton Sharjah Beach Resort & Spa

AL SALAM GRAND HOTEL
New Al Taawun Road, Al Taawun
T: (+971) 6 501 4222
www.al-salam-grand-hotel.hotels-sharjah-uae.com

Rooms: 80 standard and 70 deluxe rooms, 13 suites and two club rooms with a flat-screen television and satellite channels, a refrigerator, bathtub, rain shower, toiletries and personal concierge.
Business & Conference Facilities: Al Khan banquet hall with a maximum capacity of 140 people and Al Taawun meeting room with capacity of 20 people. Other business facilities include complimentary Wi-Fi, secretarial services, a dedicated event manager, and a business centre for guests' printing, copying and fax needs.
Health & Leisure Facilities: Fitness centre, spa, jacuzzi, sauna, steam room and outdoor swimming pool.
Guest Services: Express check-in and check-out, non-smoking and smoking rooms, laundry and dry-cleaning services, luggage storage, complimentary high-speed Wi-Fi, indoor parking, car rental desk, connecting rooms, concierge and 24-hour room service.
Dining: Continental and buffet breakfast, and all-day dining.

SHERATON SHARJAH BEACH RESORT & SPA
Al Muntazah Street, Al Heerah Suburb
T: (+971) 6 563 0000
www.sheratonsharjah.com
reservations.sharjah@sheraton.com

Rooms: 349 rooms and suites featuring a work area, optional balcony, complimentary Wi-Fi, interactive LED television, tea and coffee-making facilities, bottled water, toiletries, and separate bathtub and shower.
Business & Conference Facilities: 11 conference venues offering a combined 2100 sq metres of meeting space. Two ballrooms, each of which can accommodate up to 700 guests. Dedicated event planner and culinary experts on staff. Equipment includes microphones, portable stage, projectors, audio-visual tools, copy and fax facilities, and a full-service business centre.
Health & Leisure Facilities: Private beach, two outdoor infinity pools, play area with a supervised kids club and pool, dedicated male and female fitness facilities, and a spa with 15 treatment rooms, a jacuzzi, sauna and steam room.
Guest Services: Complimentary daily shuttle to Dubai Mall, 24-hour front desk, 24-hour room service, concierge, multi-lingual staff, free valet parking and airport shuttle.
Dining: Marasea (seafood), Arjwan (Emirati), Gusti (Italian), Al Qubtan (international and grilled options), Link@Sheraton Café (pool bar) and Al Mahattah Lounge (snack and cigar bar), as well as an in-house pastry chef.

MYSK AL FAYA RETREAT
Al Faya Road, Al Batayeh
PO Box 867
T: (+971) 6 538 7857
www.myskhotels.com
book.alfaya@myskhotels.com

Rooms: Four deluxe and one superior non-smoking rooms with a skylight and firepit. All rooms have air conditioning and a flat-screen television.
Business & Conference Facilities: Small library.
Health & Leisure Facilities: Herbal and Himalayan salt rooms, outdoor pool, sauna and tropical walk.
Guest Services: Complimentary Wi-Fi, multi-lingual staff, daily housekeeping, express check-in and check-out, free private parking, concierge and laundry services, 24-hour front desk, room service and currency exchange. Picnic area, sun terrace and barbecue facilities.
Dining: Restaurant serving international cuisine and à la carte breakfast. On-site coffee house.

MYSK MOON RETREAT
E55, Al Shuwaib - Umm Al Quwain Road
PO Box 867
T: (+971) 50 618 0694
www.myskhotels.com
book.moon@myskhotels.com

Rooms: Two one-bedroom tents, four two-bedroom tents and 10 domes. All come with a private pool and bathroom facilities, air conditioning, small refrigerator, and tea and coffee facilities.
Health & Leisure Facilities: Excursions to archaeological sites, dunes and camel farms. Trekking, horseback riding and yoga. Spa on-site.
Guest Services: Complimentary Wi-Fi and parking, non-smoking rooms, barbecue facilities, 24-hour security, communal outdoor deck.
Dining: All rooms are provided food baskets for their private grills.

MYSK KINGFISHER RETREAT
Kalba Corniche, Kalba
PO Box 867
T: (+971) 9 201 1900
book.kingfisher@myskhotels.com
reservations.sharjahcollection@myskhotels.com

Rooms: 20 tents with private plunge pools and Wi-Fi, including 13 one-bedroom tents with sea view, five three-bedroom tents with sea view and two one-bedroom tents with mountain view.
Business & Conference Facilities: 349-sq-metre meeting room with capacity of up to 20 people. It is equipped with audio-visual equipment and a break-out room. Option to book the entire retreat for a wedding or other special event.
Health & Leisure Facilities: Beach, private plunge pools, female and male spas, cycling facilities, beach yoga, volleyball and kayaking.
Guest Services: Room service, complimentary Wi-Fi, viewing deck and nature experiences.
Dining: Al Qurm restaurant with indoor and outdoor seating, romantic beach cabana dinners, tent BBQ and picnics on the beach.

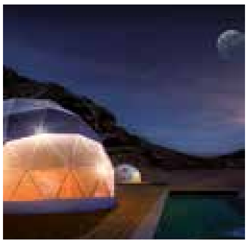
MYSK AL BADAYER RETREAT
Al Madam Badayer, Hatta Oman Road, Al Modam
PO Box 867
T: (+971) 6 801 2000
book.albadayer@myskhotels.com
reservations.sharjahcollection@myskhotels.com

Rooms: 21 rooms including 11 deluxe king rooms and 10 deluxe twin rooms. 10 tents with private pools, including seven one-bedroom king tents, and three two-bedroom king or twin tents.
Business & Conference Facilities: 357-sq-metre meeting room with capacity of up to 30 people. Audio-visual equipment available.
Health & Leisure Facilities: Spa, gym, indoor pool and outdoor pool for adults and children, amphitheatre for events, complimentary falcon show and movie night.
Guest Services: Room service, complimentary Wi-Fi and nature experiences.
Dining: Al Madam restaurant with indoor and outdoor seating is open all day and serves contemporary international and regional cuisine, tent BBQ and Shalimar Lounge for signature mocktails. Shalimar Lounge can be booked for private events.

COPTHORNE HOTEL SHARJAH
Al Majaz 3, Buheira Corniche Road
PO Box 39887
T: (+971) 6 593 0555
www.milleniumhotels.com
reservation.chsj@milleniumhotels.com

Rooms: 255 rooms, including executive suites, and premium and superior rooms. All are equipped with satellite television, complimentary Wi-Fi, electronic safe, mini-bar, bathtub, shower, hair dryer and other amenities. Executive suites feature a living room, dining area and private spa.
Business & Conference Facilities: Four meeting rooms (Emerald, Ruby, Topaz and Pearl), and a business centre with a private office for guests. Fax and photocopying facilities on-site.
Health & Leisure Facilities: Swimming pool, spa, and separate male and female fitness centres. Tours and themed dinner nights.
Guest Services: Business centre, laundry, valet parking, airport shuttle, ladies' beauty salon, daily housekeeping, shoeshine and 24-hour front desk. Ticket, luggage and concierge services. Currency exchange and safety deposit boxes.
Dining: The Lagoon (all-day dining), La Veranda (snack and juice bar located on the health floor) and Tim Hortons. 24-hour room service and club lounge also available.


Mysk Al Faya Retreat


Mysk Moon Retreat


Mysk Kingfisher Retreat


Mysk Al Badayer Retreat

Time Ruby Hotel Apartments

Radisson Blu Resort Sharjah

Aryana Hotel

TIME RUBY HOTEL APARTMENTS
Al Khan
PO Box 7041
T: (+971) 6 593 2222
www.timehotels.ae
reservations@timehotels.ae

Rooms: 145 non-smoking, air-conditioned one- and two-bedroom apartments with flat-screen televisions with cable channels, fully equipped kitchens, washing machines and tumble dryers, dining and work areas, and toiletries. Family rooms are available upon request.
Business & Conference Facilities: Complimentary wireless and wired internet, laptop-compatible safes, desks and VIP room facilities.
Health & Leisure Facilities: Separate male and female health club with jacuzzi, sauna, steam room and spa.
Guest Services: 24-hour security and front desk, laundry, dry-cleaning and concierge services, express check-in and check-out, multi-lingual staff, airport shuttle and other special services on request. Car hire and babysitting for a surcharge.
Dining: Bites Café and room service.

RADISSON BLU RESORT SHARJAH
Corniche Road
PO Box 3527
T: (+971) 6 565 7777
www.radissonblu.com/resort-sharjah
reservations.sharjah@radissonblu.com

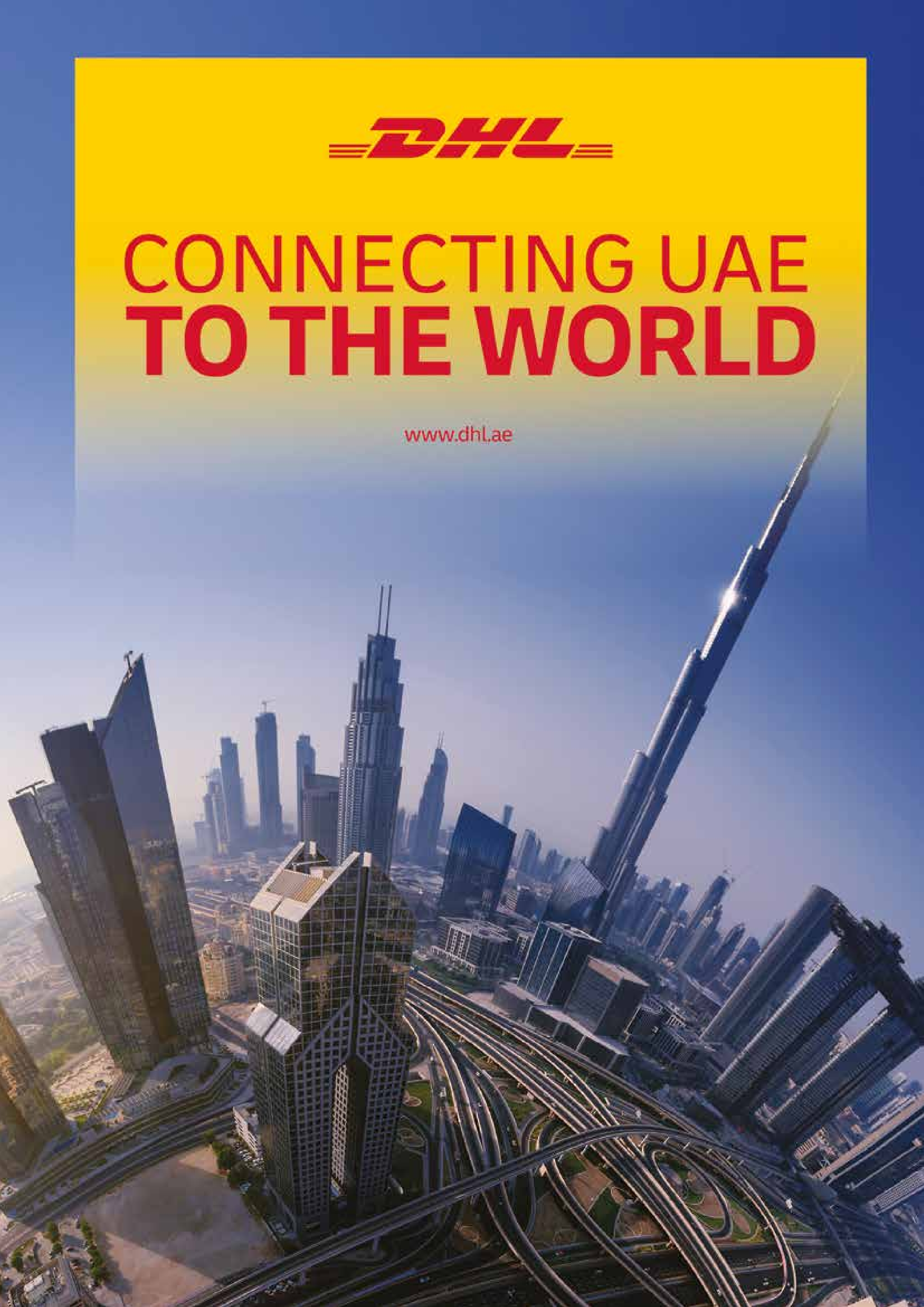
Rooms: 306 units with five types of rooms and suites and 20 pool-side cabanas. All rooms include access to the amenities at the Bay Club, and air conditioning, a mini-bar and flatscreen television.
Business & Conference Facilities: Eight meeting rooms able to accommodate 14-80 guests. There are also two ballrooms with a capacity of 800 guests and palm garden by the beach. Audio-visual equipment and catering, dedicated ballroom parking, Wi-Fi, presentation materials and event coordinators are available.
Health & Leisure Facilities: Fitness facilities include a gym exclusively for women, two tennis courts, four temperature-controlled pools, motorised and non-motorised water sports, private beach and lagoon access, separate saunas for men and women, and massage services.
Guest Services: 24-hour room service, high-speed Wi-Fi, shuttle services to shopping destinations in Sharjah and Dubai and the airport, free parking, three-hour express laundry, daily housekeeping, multi-lingual staff, and grab-and-run breakfasts available for early flights.
Dining: Café at the Falls restaurant with a breakfast buffet, Calypso pool restaurant with a juice and non-alcoholic cocktail bar, 24-hour Chillout Café, The Terrace restaurant with outdoor dining and Soya Chang restaurant offering Cantonese cuisine.

ARYANA HOTEL
Al Taawun Road, Al Qasba Area
PO Box 84443
T: (06) 525 5523
www.aryanahotels.com
reservations@aryanahotels.com

Rooms: 144 units overlooking a lagoon, including standard twin rooms, deluxe rooms, business executive suites, one-bedroom suites and two-bedroom suites. Family rooms and facilities for disabled guests are available upon request. Each room features luxury bedding, large windows with black-out curtains, mini-bar, air conditioning and a work desk. The hotel is non-smoking.
Business & Conference Facilities: Business centre with dedicated staff, meeting room with a 45-person capacity. Audio-visual equipment, and photocopy and fax machines available.
Health & Leisure Facilities: Indoor swimming pool and a fitness centre featuring workout equipment, showers and lockers.
Guest Services: Luggage storage, currency exchange, daily housekeeping, airport transfers available upon request, limousine bookings, and tour and travel assistance. Small gift shop in the lobby, complimentary Wi-Fi throughout the hotel, laundry, pressing and dry-cleaning services, complimentary on-site parking, 24-hour front desk, security and concierge services, currency exchange, on-call doctor, and express check-in and check-out.
Dining: Marhaba (coffee shop open 24 hours) and Lagoon restaurant (international and local cuisine served both à la carte and buffet-style). 24-hour room service also available.

GOLDEN SANDS HOTEL SHARJAH
Al Nahda Street 115
PO Box 60553
T: (+971) 6 530 0003
www.goldensandshotelsharjah.com
reservation@goldensands.ae

Rooms: 343 rooms, including one-bedroom apartments, one-bedroom club suites, two-bedroom apartments and deluxe apartments. All are air conditioned and feature safes, flatscreen televisions, mini-bars and toiletries. Apartments include kitchens with washing machines, refrigerator and cooking facilities.
Business & Conference Facilities: Six meeting and event venues that can accommodate up to 200 guests, as well as a business centre and club lounge.
Health & Leisure Facilities: Male and female fitness centres with massage rooms, and indoor swimming pool with outdoor terrace.
Guest services: Complimentary beach shuttle bus, tour desk, club lounge, multi-lingual staff, free Wi-Fi, and express check-in and check-out.
Dining: Elysian Restaurant (international cuisine) and 24-hour in-room dining.


DHL
CONNECTING UAE
TO THE WORLD
www.dhl.ae

Facts for visitors

Useful information for new arrivals

COMMUNICATIONS: The country code for the UAE is +971, followed by Sharjah's dialling code, 06. There are three local telecoms providers: du, Etisalat and Virgin Mobile. Pay as-you-go SIM cards for the three can be obtained at most shopping malls upon presentation of a valid passport.

CURRENCY: The UAE dirham (Dh) is pegged to the US dollar at $1:Dh3.67. ATMs are widely available in the emirate and cash can be exchanged in most malls. Credit cards are widely accepted throughout hotels and retail outlets.

DINING & DRINKING: Reflecting its diverse population, Sharjah offers a wide variety of international cuisines, with nonetheless strong Middle Eastern and South Asian influences. Alcohol consumption is strictly prohibited throughout the emirate.

TIPPING: There are no strict conventions concerning tipping, although restaurants often include a 10% service charge. In the absence of such a charge it would be advisable to tip 10-15%. Taxi drivers do not expect a tip, but it is often easier and more convenient to round up your fare. Hotel staff can be tipped between Dh5 ($1.36) and Dh10 ($2.72).

ETIQUETTE & DRESS: Hospitality plays a central role in Emirati culture and longer greetings are an important prelude before proceeding to other matters, be it in business or social interactions. Seeing as how Sharjah is a conservative and family-oriented emirate, modesty in dress is advised.

HEALTH: Sharjah's health services are good, and UAE nationals have access to full medical coverage provided by the state. Tourists who do not possess travel health insurance can visit private hospitals, where English-speaking staff can commonly be found and payment is expected upon treatment.

ELECTRICITY: The UAE uses the same square, three-pin sockets as the UK, although some outlets are compatible with europlugs. Adapters are widely available. The electricity supply is 220/240 V at 50Hz.

LANGUAGE: Arabic is the official language of the emirate, but English is widely spoken, especially in business settings. Public signs are commonly in both Arabic and English. Other languages in public use include Hindi, Urdu, Tagalog, Farsi and Chinese.

TIME MANAGEMENT: Government offices are open from 8.00am to 2.30pm, while most private businesses operate from 9.00am to 6.00pm, although some are closed between 1.30pm and 4.30pm. Ramadan business hours are 9.00am to 2.00pm. As in other Arab countries, the weekend falls on Friday and Saturday. The UAE National Day is on December 2, and the time difference is three or four hours ahead of GMT, depending on the season, since daylight saving time is not observed.

TRANSPORT: Taxis are generally the most reliable way to get around Sharjah. The minimum fare is Dh3 ($0.82) at daytime (6.00am to 10.59pm) and Dh4 ($1.09) at nighttime (11.00pm to 5.59am). Crossing the border to or from Dubai will add an extra Dh20 ($5.45) charge to the bill. Tourists in possession of a driving licence from any of the 36 government-approved countries can drive without a local licence. Chauffeur-driven car services such as Careem can also be booked via smartphone apps. Uber extended its operations to Sharjah with UberSelect, the company's most affordable line of service, in 2020.

VISA REQUIREMENTS: GCC citizens do not require an entry visa to the UAE, but requirements for other nationalities vary. It is recommended to confer with your country's embassy prior to travel. Most UK, US and East Asian travellers can obtain a 30-day tourist visa on arrival, which can be extended at an immigration office. The EU signed a short-stay visa waiver agreement with the UAE, allowing its citizens to stay for a period of 90 days within any 180-day period. Regulatory changes were introduced to promote inbound tourism, allowing for Chinese and Russian tourists to obtain visa on arrival at any point of entry.

مؤسسة نفط
الشارقة الوطنية

Sharjah National Oil Corporation
(SNOC)

EXPLORATION & PRODUCTION

PROCESSING & EXPORTING

STORAGE & LOADING

Today, we continue to look for new and innovative ways to maximize the value of our resources, pioneering those approaches and technologies that will ensure we are able to meet the demands of an ever-changing energy market, and continue to have a positive impact on the Sharjah economy for future generations.

Petroleum Council Building
Al Layyah, Sharjah, P.O.Box 787, UAE
T: +9716 5199700 | F: +97165199777
Email: info@snoc.ae | www.snoc.ae