

The reality of the UAE's experiences in establishing free industrial zones

واقع التجربة الإماراتية في إنشاء المناطق الصناعية الحرة

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Received: 20/07/2023**Accepted:** 05/01/2024**Published:** 06/01/2024**Abstract:**

The study aims to indentify the reality of the free industrial zones in the world as they grow and become more interested and widespread ,highlighting the UAE as models.

The study found that the establishment of these zones was through national initiatives and government support through national policies, by providing avariety of economic incentives to investors. It achieved a number of gains for both UAE economies, due to the massive direct foreign investments flow that contributed to reducing unemployment and increasing the export volumes

Keywords free industrial zones; direct foreign investment; UEA.

JELClassificationCodes:F21,F1,

ملخص:

تهدف الدراسة إلى التعرف على واقع المناطق الصناعية الحرة، في ظل تنامي انتشارها وتزايد الاهتمام بها، وتسليط الضوء على الإمارات العربية المتحدة كنموذج.

وقد توصلت الدراسة إلى أن إنشاء هذه المناطق كانت بمبادرات وطنية، ودعم حكومي من خلال سياسات وطنية شاملة، بتوفير جملة من الحوافز الاقتصادية والإعفاءات الجمركية للمستثمرين، وقد حققت جملة من المكاسب لكل من الاقتصاد الإماراتي الذي حصل بفضلها على تدفق حجم هائل من الاستثمارات الأجنبية المباشرة، ساهمت في تقليل البطالة وزيادة حجم الصادرات.

كلمات مفتاحية: المناطق الصناعية الحرة؛ الاستثمار الأجنبي المباشر؛ الإمارات العربية المتحدة.

تصنيفات JEL: F1، F21.

INTRODUCTION:

The significant economic challenges and shifts experienced by the global economy have greatly affected and continue to have a substantial impact on the economic policies of nations. Consequently, countries, whether developing or developed are actively working towards implementing and successfully executing economic programs in real-world scenarios. This has led to the establishment of what is known as free industrial zones, which serve as designated spaces within the countries' territories aimed at attracting foreign investments, promoting economic diversification, or fostering export growth. In return, these zones offer a variety of tax benefits, legal privileges, and economic freedoms.

Free industrial zones have experienced evolution throughout history and have attracted the interest of many international researchers and economists, considering them as fundamental pillars of economies and a factor in achieving economic development goals. One country witnessing the spread of free industrial zones on its national territory is the United Arab Emirates.

Problem: Given the substantial attention devoted by countries to the issue of free industrial zones, the following problem can be posed:

What is the reality of the free industrial zones in the United Arab Emirates?

Hypotheses: To address the main problem, the following hypothesis or hypotheses have been formulated:

Free industrial zones are an essential component of growth and development in the UAE.

The environment of free trade zones in the UAE is the perfect way to attract investments, create job opportunities, enhance exports, and develop industrial capabilities.

The appeal of free industrial zones in the UAE is increasing, as they provide a platform for establishing and operating businesses, bypassing bureaucratic hurdles and procedures, and possessing essential infrastructure.

Objectives of the study: This study aims to:

- * Respond to and examine the hypotheses put forward in order to validate or disprove them.
- * Provide a definition for free industrial zones and gain insight into their current state and prospects for development.
- * Strive to shed light on the complete process of setting up industrial zones in the UAE and the potential advantages of adopting this model as an example for Algeria.

Study Significance : The significance of the study becomes apparent by:

- * The rising attention towards free industrial zones and their economic repercussions, especially considering the global surge in the establishment of these zones.
- * The study's results can provide insights into specific strengths and weaknesses that can be leveraged when attempting to implement these experiences in Algeria.

Study Methodology: in our quest to accomplish the desired study objectives, we employed a descriptive analytical methodology. The descriptive methodology was applied to present different concepts and definitions related to the subject matter, while the analytical methodology involved the analysis of tables and the extraction of results.

1-What are Free Industrial Zones

The increasing number of free industrial zones worldwide has captured the interest of

scholars and researchers, prompting them to delve into their concept, motivations for establishment, and their economic importance. This is precisely the focus of our discussion.

1-1 Definition and Origins of Free Industrial Zones.

The concept of free industrial zones has captured the attention of researchers with diverse orientations, as they track their expanding numbers and evolving nature over different timeframes.

1-1-1 the origins of free industrial zones:

The historical emergence of free industrial zones dates back to the late 19th century. The first free industrial zone was established to facilitate cross-border trade and was strategically located in major hubs of international commerce. Initially, these zones were primarily involved in supply and re-export activities. The practical application of the free industrial zone concept began with the establishment of the first free industrial zone in Manchester, England in 1896, followed by the Chicago zone in 1899 and the Naples zone in Italy in 1904. The phenomenon of free industrial zones started spreading in the 1950s and has witnessed significant development since the 1960s expanding its scope from basic functionalities to encompassing specialized industrial areas. Moreover, these zones have shifted from being located near ports and main trade routes to being established throughout a country, covering substantial areas to accommodate a wide range of projects and attract foreign investments. This evolution has enabled them to encompass simple industrial operations as well as the establishment of large-scale and heavy industries. **(Zineddine, 2000, p. 17)**

Kandla, located in India, became the first free industrial zone to emerge in developing countries in 1965. Since the 1970s, the number of these zones has been steadily increasing. From a mere 20 zones in 1970, the count exceeded 176 zones in 1988 and has continued to grow to this day.

1-1-2 The concept of free industrial zones :

The definition of free industrial zones differs depending on the entity, researcher, or organization. We mention below some definitions found in the following table.

Table (01): Definitions of Free Industrial Zones according to the author, organization, or researcher.

Researcher /Organization	The concept of free industrial zones
Kharuf munir	A foundation for local and foreign industrial units to import investment materials, including essential equipment and raw materials, for the production process. (kharuf & thouamria, 2017, p. 5)
Inter-Arab Investment Guarantees Corporation	These zones are specifically designated for industrial, commercial, and associated service investments, in strict adherence to the state's industrial policy and its inherent limitations (Meddahi & Ousserir, 2020, p. 8)
Peter Gwarr	specific zones located outside the customs borders of the host country, offering economic operators tax incentives, modern infrastructure facilities, and well-developed industrial systems. These zones have an economic environment designed to attract investments. (Chachoua, 2002-2003, p. 43)
United Nations Conference on	a free zone within, typically located near a port or airport, where the importation of foreign goods for industrial purposes is permitted

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Trade and Development (UNCTAD)	without customs duties or limitations. The primary objective is to support the industrial needs of the country. (CNUCED, 1985, p. 16)
Antoine Bazile	It is a defined geographical and administrative area governed by a customs regime that allows for the unrestricted importation of equipment and materials for the production of new good. This system is complemented by an incentivizing legislative framework in the taxation domain, aimed at attracting foreign investments. (Bost, 2011, p. 24)

Source: Compiled by researchers based on a number of written and electronic sources.

Drawing from the previous definitions, we can define free industrial zones as a specific type of free zones characterized by being a defined geographical space under the sovereignty of a country. They are established by governments to support their industrial requirements and operate under specific legal rules. These zones enjoy tax and customs exemptions on the goods entering or exiting them.

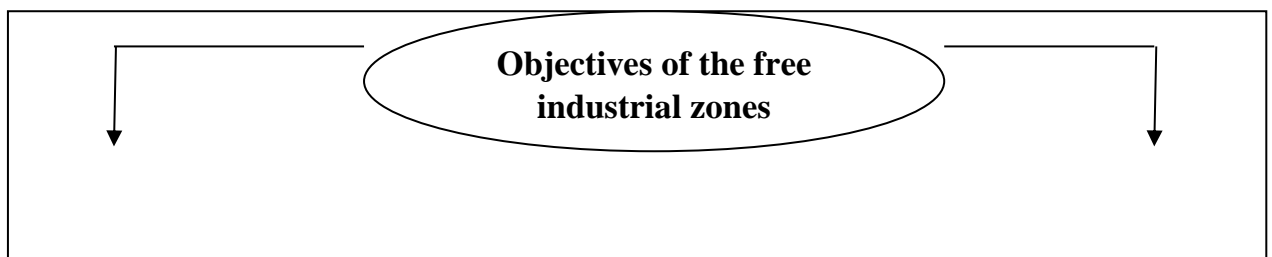
1-3 The objective of free industrial zones and the factors contributing to their success

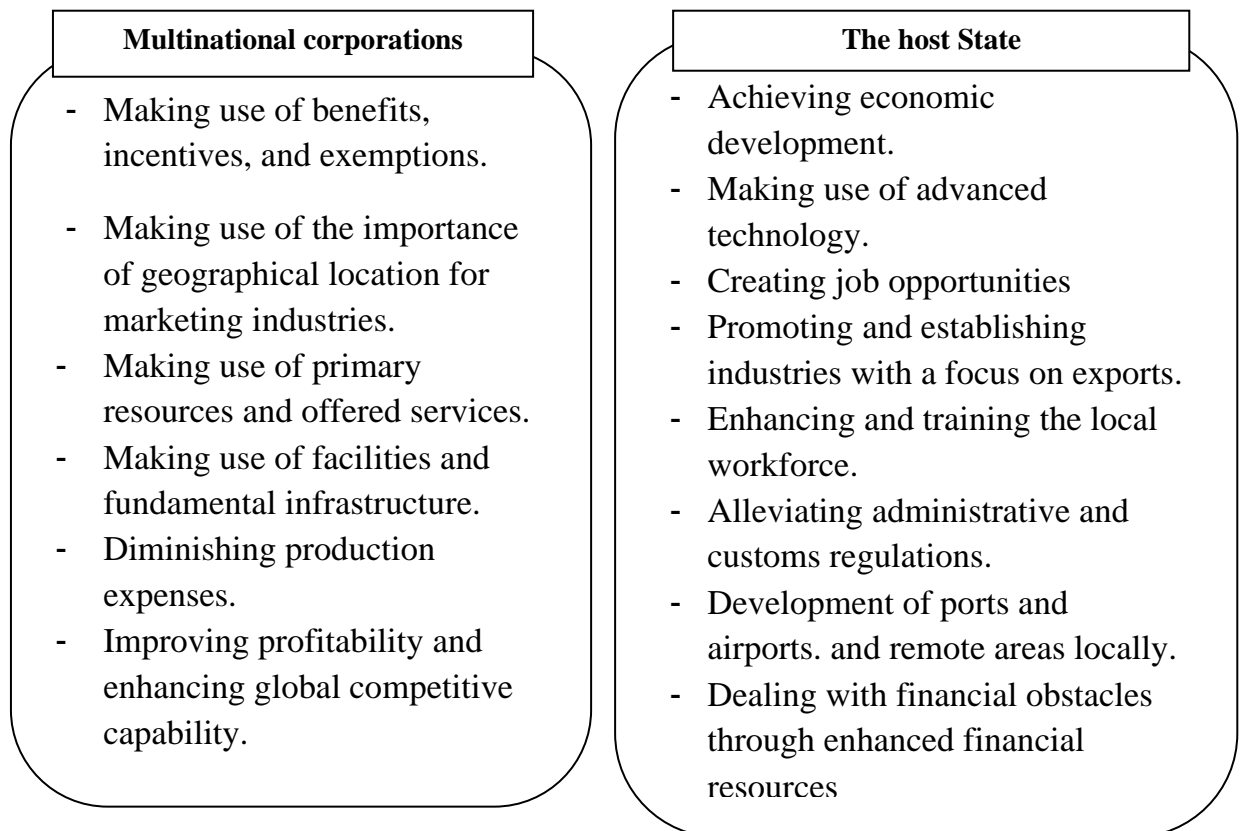
1-3-1 Objectives of the free industrial zones :

The establishment of free industrial zones is driven by countries' pursuit of various objectives, and we aim to mention the most important ones: (Ousserir M. , 2003, p. 41)

- Working towards the development, both economically and socially, of the countries of origin by strategically distributing free industrial zones across various sites including ports, airports, border checkpoints, and transit routes...etc);
- Attracting foreign investments through the provision of appealing exemptions and incentives;
- Creating job opportunities and facilitating the transfer of technology, technical expertise, and managerial experience;
- Generating foreign currency by enhancing export activities; (Al-Qaisi, 2004, p. 29)
- Increasing economic revenue variety by boosting sectors such as services, transportation, and industry;
- Enhancing support for trade movement in the host country;
- Building connections between industries in free industrial zones and the local economic framework . (warr, 1989, p. 65)

Form (01): Objectives of Free Industrial Zones for the Countries of Origin and Multinational Corporations.





Source: Compiled by researchers based on both (Bost, 2011, p. 11) and (Aggrawal, 2005)

1-2-2 Factors contributing to the success of free industrial zones

In order for a free industrial zone to be successful, there are certain factors that need to be present. These factors include the following: (Ousserir M. , 1995, p. 11)

- **Selecting the most suitable geographic location:** The Optimal selection of the geographic location is vital for the success of a free industrial zone, especially with regards to spatial construction costs (accessibility and drainage). These zones are usually located in specified areas and are customs-isolated from other regions of the country.
- **Political and security stability:** Internal conflicts and disturbances, frequent government changes, and constant shifts in economic policies are significant hindrances to the entry of major companies with foreign direct investments into countries.
- **The infrastructure quality:** It encompasses the presence of adequate infrastructure (including roads, public facilities, electricity, gas, public lighting...), provision of financial and banking services, achieving financial inclusion, and ensuring the availability of skilled and cost-efficient workforce.
- **Clarity of set goals:** The obligatory need to precisely specify the purpose of establishing the zone, and the explicitness of supportive plans that contribute to reaching the desired objective, taking into account the country's economic potential.

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Free industrial zones are known for a range of advantages and distinctive features, such as:

- The industrial performance of free industrial zones is exemplary, and their operations contribute to advancing the country's industrial sector through based on the principle of competition;
- Creating a suitable infrastructure for production, storage, transportation, and export;
- The underlying objectives of these zones include promoting equality, reducing bureaucracy, and attaining global connectivity, ultimately leading to access to **global markets**;
- They are granted a set of customs, tax incentives, and facilities aimed at attracting investments to the free zones, despite being under the authority of the state.
- The freedom to transfer profits abroad without any restrictions (customs isolation).

1-3 Types of Free Industrial Zones and Their Implications on Economies:

1-3-1 Types of Free Industrial Zones:

The free industrial zones exhibit a diverse range of forms and classifications, which can be categorized as follows (Shemoula, 1992, pp. 15-19) (Chachoua, 2014-2015, p. 39)

- **Manufacturing Zones:** These are small-scale free zones created to support the needs of particular industries such as jewelry, gas, electronics, clothing, and more. Companies investing in this type of zone have the flexibility to choose their location anywhere. Examples of manufacturing zones include Indian jewelry manufacturing zones. This concept is also applicable in Bermuda, Japan, South Korea, Panama, and Taiwan.
- **Export-Focused Industrial Zones:** The export-focused industrial zone is a designated area within the national territory protected by customs regulations. It is typically situated near a port or airport, allowing for the duty-free importation of goods, equipment, and raw materials for processing and subsequent exportation. Customs duties are levied upon the entry of these goods or products into the protected national territory of the country where the zone is located. The Shannon Free Zone in the Republic of Ireland was the pioneering collective export-focused free zone. Hence, the export-focused industrial zone represents an industrial complex interconnected with trade infrastructure.
- **Free Zones for Institutions and Business Operations:** The production in these zones is not primarily oriented towards exports; it is based on the capacities of the local market. The purpose is to stimulate and revive the national economy and promote employment. This type of zone exists in industrialized countries due to the requirements for their establishment, as they

provide all the necessary facilities for the institutions operating within them. This type initially emerged in Britain in the 1980s with the aim of activating and invigorating economic life in cities, and then it spread to the U.S.A. (Chachoua, 2014-2015, p. 35)

1-3-2 The implications of establishing free industrial zones on national economies:

The importance of free industrial zones lies in their role as a foundation for production and export growth in the countries that establish them. This is achieved through the development of projects operating within these zones and their potential for exporting to the international market. Furthermore, there are various economic and social implications that can be outlined as follows: (ouserir, 2005, pp. 181-182)

- Diversifying the economy by expanding the production and industrial capacity and moving away from dependence on natural resources (such as fossil fuels and minerals).
- Freeing the local currency and reevaluating the exchange rate in line with the international currency basket.
- The establishment of multinational corporations in these areas acts as a catalyst for the development of related industries by providing materials and goods from the local market, thereby enhancing the technical capabilities of local industries and propelling their growth.
- The products originating from free industrial zones are known for their high level of competitiveness and trading experience, resulting in an improved share of the country of origin in international trade through export expansion.
- The potential to directly impact export enhancement, especially through the establishment of mixed companies in partnership with local partners, facilitating knowledge transfer.

They contribute to technology transfer to recipient countries through the utilization of local institutions in workforce training and skill acquisition, allowing them to benefit from knowledge and experience. Free industrial zones play a role in reducing unemployment rates, particularly among educated and skilled individuals, thus mitigating the emigration of national talents abroad. Moreover, the facilitations and incentives offered by these zones attract direct foreign investment to them

2- The UAE's experience with free industrial zones

Free industrial zones are gaining more attention from countries worldwide, irrespective of their economic levels and capacities. Currently, 177 out of 195 countries globally have adopted the concept of establishing free industrial zones. The United Arab Emirates is among the Arab nations that have successfully implemented free industrial

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zones across its territories.

The United Arab Emirates stands out as a leading country in the establishment of free industrial zones, given their immense significance to the local economy. It is highly regarded as one of the most attractive destinations for investment, thanks to the state's diligent efforts in creating a conducive investment atmosphere

2-1 The origins of free industrial zones in the UAE

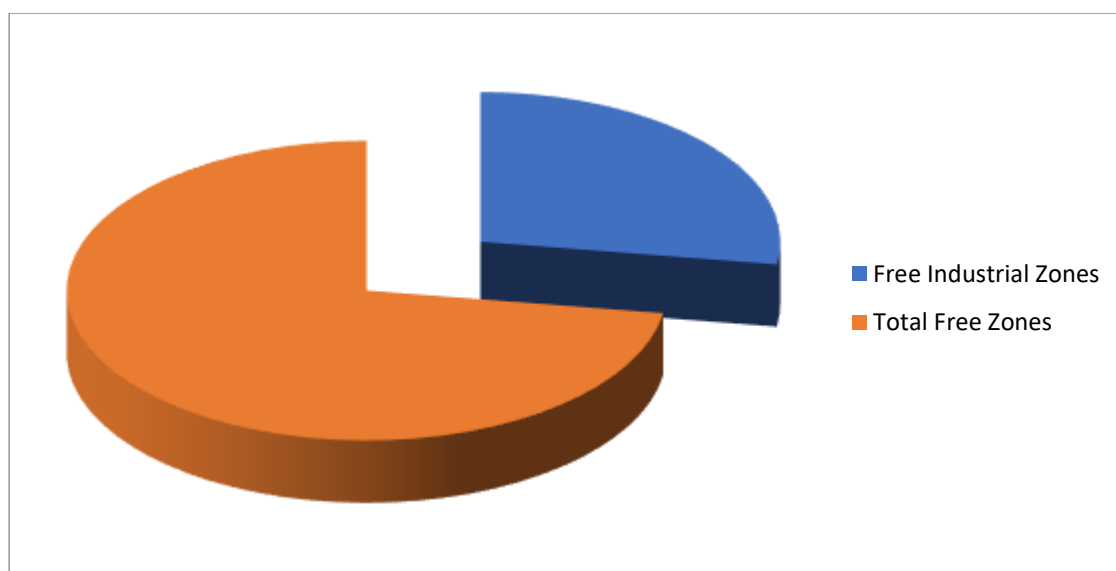
The UAE has established free zones to attract both local and foreign investors, and the number of these zones has reached 45, with 17 of them currently being industrial free zones. This success can be attributed to various factors, including advanced infrastructure, ownership of state-of-the-art and largest seaports in the region, utilization of cutting-edge technologies, and the presence of modern international airports. These zones also provide necessary raw materials for industries, such as crude oil and natural gas.

It is important to mention that the UAE introduced its first free industrial zone in 1985 in order to diversify its economy. This was prompted by the limited sectors covered by the economy at that time, as well as the small population size. As a result, large foreign companies chose the UAE as a destination to establish their businesses. To attract investment, the UAE provided a range of incentives and exemptions, allowing foreign investors to have full ownership of their companies. There are no restrictions on transferring profits to other countries or requiring local partnerships in order to establish a company.

By the year 2000, free industrial zones had spread across the entire country, with each emirate boasting at least one free industrial zone. The significant success of these zones in attracting entrepreneurs from different sectors to establish their businesses within them and promote industry-related activities played a key role in their widespread presence.

The free industrial zones account for approximately 38% of the existing free zones in the United Arab Emirates, highlighting the UAE's significant focus on the industrial sector.

Form 2: The percentage of free industrial zones to the total number of free zones in the United Arab Emirates.



Source: compiled by researchers based on data from previous tables.

2-2 Free Industrial Zones in the United Arab Emirates

Free Industrial Zones have become a crucial part of the United Arab Emirates' economy, regardless of their different variations.

Table 01: The geographic layout of free industrial zones in the United Arab Emirates.

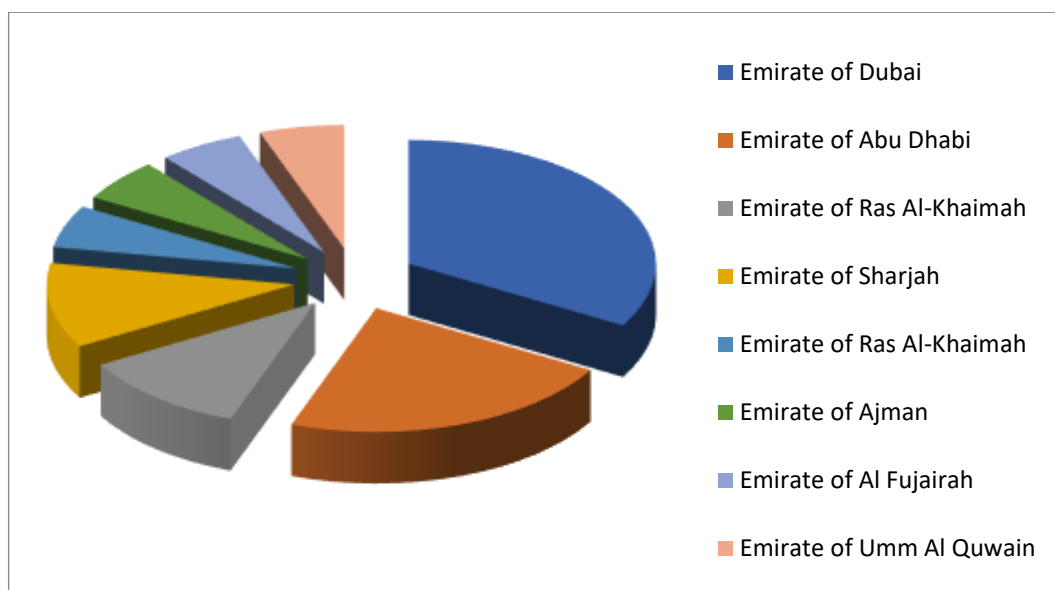
Emirate	Zones	Its Names
Dubai	6	(1) Jabal Ali Zone,(2) Dubai Airport Free Zone, (3) Dubai Automotive Zone (4) Silicon Oasis, (5) Technopark, (6) Dubai South.
Abu Dhabi	4	(1) Khalifa Industrial Zone, (2) Masdar City,(3) Higher Corporation for Specialized Industrial Zones,(4) Media Zone Authority.
Ras Al Khaimah	2	(1) Ras Al Khaimah Free Zone (2)Ras Al Khaimah Investment Authority Free Zone.
Sharjah	2	(1) The Hamiri Free Zone (2) Sharjah International Airport.
Fujairah	1	Fujairah Free Zone
Ajman	1	Ajman Free Zone
Umm Al Quwain	1	Ahmed Bin Rashid Free Zone

Source : (Compiled by researchers based on all the relevant websites of the UAE Free Trade Zones)

According to the table, we can see that there are 17 free industrial zones, with 6 zones located in Dubai, followed by Abu Dhabi with 4 zones. This accounts for 58.82% of the total free industrial zones in the country. Sharjah and Ras Al Khaimah hold the third and fourth positions, with two industrial zones each. Additionally, Ajman, Umm Al Quwain, and Fujairah each have one industrial zone.

Form (03): The Geographical layout of free industrial zones in the UAE in proportions.

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Source: (Compiled by researchers based on all the relevant websites of the UAE Free Trade Zones)

Table 02: Major Free Industrial Zones in the United Arab Emirates.

Zone name	Year	Location and activity
Jabal Ali Free Industrial Zone (Jafza)	1985	Situated in Dubai, this free zone is a fully integrated complex and system. It is renowned for its rapid growth and has played a pivotal role in the economy of the United Arab Emirates. The achievements of this zone can be attributed to the privileges it offers, including foreign currency, tax, and customs exemptions.
Fujairah Free Zone	1987	Situated in the Emirate of Fujairah, it boasts a strategic location and serves as a vital link to the rest of the world. Its primary objective is to attract foreign investments by providing ideal solutions.
Ajman Free Zone	1988	Situated in the Emirate of Ajman, in close proximity to Ajman Port, it features a world-class infrastructure. It ranks second after Jebel Ali Free Zone and is highly appealing to investors due to its abundant energy resources and vast areas suitable for various industrial projects.
Al Hamriyah - Sharjah	1995	It occupies an ideal location in the Emirate of Sharjah, providing easy access to global markets. It includes world-class facilities, including ports overlooking the Arabian Gulf, offering investors opportunities to enhance employment prospects.
Dubai Airport Free Zone (Davis)	1996	The zone is situated in one of the most dynamic areas in the world, Dubai. It is in close proximity to some of the busiest international airports globally. The zone provides a range of facilities for companies across different sectors and is known as one of the fastest-growing free zones in the region.

Ras Al Khaimah Zone (RAKEZ)	2000	Positioned in the center of Ras Al Khaimah Emirate, it acts as a powerful industrial hub, offering personalized solutions for multinational corporations. It excels in attracting investment opportunities that foster economic growth and prosperity.
Dubai South Free Zone	2006	A smart and sustainable emerging city, currently housing the largest airport under development in the world. It serves as a destination that supports all types of businesses and provides investment options in new industries. Investors benefit from the advantages of low operational costs and its proximity to the port, granting them a competitive edge.
Khalifa Industrial Free City (KIZAD)	2012	Situated in the emirate of Abu Dhabi, it stands as one of the largest integrated industrial hubs in the region. It attracts specialized multinational corporations and offers comprehensive infrastructure and operational capabilities. Its strategic location enables easy access to diverse local and global markets, establishing it as a frontrunner in manufacturing across various sectors.

Source: (The information was compiled by researchers based on multiple online sources including the website of the UAE Ministry of Economy)

Based on the previous table, we can observe that the Jabal Ali Free Zone (JAFZA) was the first industrial zone established in the Arab world and specifically in the UAE in 1985. It is one of the six zones located in Dubai, followed by several other industrial zones throughout the emirates. Since then, the United Arab Emirates has been establishing a new free industrial zone every year, providing a favorable business environment and a highly supportive atmosphere for attracting direct foreign investments. These zones offer excellent investment opportunities, along with tax exemptions, incentives, and tax breaks, enabling global competitiveness with the required quality standards. Additionally, all the UAE's free industrial zones (Hamriyah, Sharjah, Ras Al Khaimah, Fujairah) are strategically located near ports, airports, and highways, facilitating efficient product distribution. Moreover, each of these zones has its own dedicated management and administration companies (Jafza, Dafiz, Kizad, etc.), contributing to overcoming bureaucratic, administrative, and regulatory obstacles faced by investors.

2-3 The significance of free industrial areas and investment incentives:

2-3-1 The economic value of free industrial areas in the UAE

The economic significance of free industrial zones in the UAE stems from their contribution to economic diversification, income generation, attracting foreign investment, and knowledge transfer. These zones have been established based on goals and principles that align with the state's philosophy, and their importance can be summarized as follows: (Al-Ananbah, 2015, p. 13)

- Attracting and stimulating foreign and local investments for economic progress and development.
- Enhancing exports and generating foreign currency reserves by introducing new technologies.
- Creating new job opportunities for the workforce and developing their skills.

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- Offering new resources to support the national economy and enhance income diversification.
- Revitalizing the service trade sector (banking, finance, transportation, and communication services), driven by the increasing demand within the free zones. (Al-Ananbah, 2015, p. 14)

2-3-2 Incentives and Factors of Success for Free Industrial Zones in the UAE:

2-3-2-1 Incentives for the Success of Free Industrial Zones in the UAE

The UAE's remarkable standing in the Arab region and the Middle East in terms of free industrial zones is a direct outcome of the incentives and guarantees offered within these zones. Factors such as political and economic stability, the country's strategic geographical position as a regional hub, attractive investment prospects in various sectors, simplified investment procedures, and robust infrastructure all contribute to the success of these free industrial zones. (2015, p. 13)

- Foreign ownership of companies up to 100% without the need for a local partner.
- Total exemption from import and export taxes.
- Complete freedom to transfer capital and profits.
- Tax exemption for companies for a period of 15 years, renewable for an equal duration.
- Personal income tax exemption.
- Assistance in providing workforce and additional support services such as sponsorship and accommodation.
- Low expenses for operations, pre-established offices, factories, and warehouses.
- Quick and efficient setup and licensing procedures, accompanied by comprehensive administrative services.

Ability to work 24 hours a day in an outstanding infrastructure and an attractive work environment.

2-3-2-2 Key Factors for the Success of Free Zones in the UAE:

The UAE has relied on a set of economic and environmental variables that represent a range of factors that have contributed significantly to the success of these zones, including (Compiled by researchers based on all the relevant websites of the UAE Free Trade Zones): (www.moec.gov.ae)

- The advanced construction of infrastructure in the social and productive services sector, particularly in transportation and communication, including the establishment of the region's largest seaports, the creation of specialized docks for the repair and maintenance of large vessels, a number of international airports, and the development of a sophisticated network of roads and communications.

- Given its location, the UAE holds a prominent position as a commercial center with a rich history in maritime transportation and trade operations throughout the Gulf and the Pacific Ocean.
- The state's economic policy is grounded in the principle of a free economy, with no quantitative or administrative restrictions on international trade. Minimal customs duties or taxes are levied, and there are no specific taxes on commercial activities (except for municipal tax on residential rents). Moreover, there are no restrictions on foreign currency.
- Industries in the UAE source their machinery, services, and workforce from international markets at globally competitive prices, without any additional expenses. This leads to economic savings, both in cash and non-cash forms, bolstering competitiveness in production and exports.
- The UAE has abundant reserves of essential raw materials, such as oil, that are required by industries. It stands out globally in terms of both production quantities and reserves.

2-3-2-3 Accomplishments of the free industrial zones in the United Arab Emirates.

Table 03: Accomplishments of some free industrial zones in the United Arab Emirates

Zone name	The area in hectares	Accomplishments			Industrial Activity Type
		Number of workers	Projects	The number of countries.	
Jabal Ali zone	5700	135000	- 9500	100	Petrochemicals, automobiles, and spare parts.
Fujairah Zone	400	3500	17	100	Textiles, mining, furniture.
Ajman zone	16	9000	1489	185	Automobiles, chemicals, construction.
Al Hamriyah - Sharjah	24	6500		153	Construction, textiles, heavy industries, wood, oil.
Khalifa Industrial	550	70,000	1750	125	Automobiles, metals, specialized chemicals.
Ras Al Khaimah Industrial Park	186	22,000	14500	100	Automobiles, ships, traditional industries, fertilizers.
Total	6860	246000	26023	180	-----

Source: (Compiled by researchers based on all the relevant websites of the UAE Free Trade Zones)

From the previous table, we can see that the free industrial zones in the UAE have been allocated a vast geographical area of approximately 6,860 hectares. It is noteworthy that every emirate of the seven comprising the country has at least one free industrial zone. Among them, Jabal Ali Free Zone stands out as the largest, successfully attracting a

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significant influx of foreign investments and employing around 135,000 workers. It boasts a remarkable number of 9,500 projects. Following closely is Khalifa Industrial Zone, covering an area of 550 hectares and offering 70,000 job opportunities through 14,500 investment projects, both permanent and non-permanent. The third spot is occupied by Ras Al Khaimah free industrial zone, which has created approximately 22,000 job positions within 14,500 investment projects. As for the remaining free industrial zones, namely Hamriyah, Ajman, and Fujairah Free Zones, they have contributed to a total of 19,000 job opportunities across 1,506 investment projects. These statistics indicate the deliberate efforts made to attract foreign individuals, regardless of their nationality, while concurrently fostering employment opportunities and driving overall development.

Conclusion:

Our analysis of the United Arab Emirates' experience with free industrial zones and our thorough investigation of the subject have revealed that the establishment and triumph of these zones are contingent upon the provision of economic, political, and environmental prerequisites, as well as the governments' dedication to enacting several laws and implementing a range of measures, supported by the presence of incentivizing policies.

Looking at the accomplishments of the United Arab Emirates in expanding the range of free industrial zones in different forms, which have played a pivotal role in stimulating both local and foreign investment, reducing unemployment rates, increasing export levels, and driving the gradual and rapid transition towards economic diversification and decreased reliance on fossil fuels and natural resources, it underscores the vital significance of these zones in the global economy.

Results and Discussions:

- Free industrial zones are among the most significant forms of foreign investment in the modern era, as they have become prevalent in nearly all countries worldwide. They are characterized by special customs treatment and regulations.
- The sustainability and advancement of free trade zones, along with their ability to attract both foreign and local capital and increase their contribution to exports, rely on the presence of essential success factors such as a suitable location, economic and political stability, granted exemptions and incentives, and the availability of necessary infrastructure.
- The United Arab Emirates is a leading country in the establishment of free industrial zones, with a primary focus on creating and supporting the success of these zones to attract multinational corporations. Jabal Ali Free Zone was the first Arab free industrial zone established by the UAE in 1985, and subsequently, many zones have been established, distributed across the seven emirates, with Dubai hosting the majority of these zones, accounting for 6 out of 17 zones.
- The United Arab Emirates is among the countries that embraced the concept of establishing free industrial zones and placed their bets on their success, thanks to

the presence of key factors such as geographical location, incentives and concessions provided to investors, availability of the necessary infrastructure, and effective marketing and advertising strategies.

- The success of free industrial zones is closely tied to the existence of a clear and transparent economic strategy within the host country to attract foreign direct investment and fulfill the goals of their establishment. In this regard, the United Arab Emirates grants several privileges, including those related to ownership, profit repatriation, customs procedures, currency utilization, and streamlined administrative processes available through a single window.
- The United Arab Emirates possesses various internal factors that have been utilized in the creation of free industrial zones, enabling them to achieve significant export volumes. Currently ranked 14th globally, the UAE serves as a model for Algeria to become a prominent player in the international industrial landscape by effectively leveraging its internal resources and capitalizing on its strategic location.

Recommendations:

Through our study of the Emirati-Moroccan experience in establishing free industrial zones, we can provide a number of targeted recommendations to benefit from these experiences:

- The government's sincere political resolve to create an attractive investment environment in Algeria, leveraging its advantageous geographical location, abundant natural resources, and a qualified workforce comprising graduates from institutes and universities.
- Enhancing the system of incentives and rewards in Algeria and making necessary amendments to the investment law that align with the economic qualifications for establishing free industrial zones.
- Replicating the successful practices in free industrial zones, such as the UAE and other nations, and capitalizing on their experiences and knowledge.
- Creating long-term strategic plans aimed at achieving economic diversification and gradually decreasing reliance on oil revenue.
- Giving priority to value-creating activities in the economy, especially in the manufacturing sector, to build a strong economy that brings significant benefits to Algeria.

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