



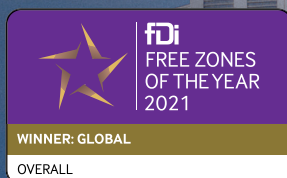
# Global Free Zones of the Year 2021

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Dr Samir Hamrouni

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**fDi**  
FREE ZONES  
OF THE YEAR  
2021

# Global Free Zones of the Year 2021 – The winners

DUBAI'S DMCC HAS WON **fDi**'S GLOBAL FREE ZONE  
OF THE YEAR FOR THE SEVENTH CONSECUTIVE YEAR.  
**JACOPO DETTONI** REPORTS



The DMCC continues to serve Dubai despite the difficult economic climate of the past two years

"SECURING THIS **fDi** GLOBAL FREE ZONE OF THE YEAR AWARD FOR A SEVENTH CONSECUTIVE TIME IS NOT ONLY TESTAMENT TO THE VALUE AND OPPORTUNITY AVAILABLE WITH DMCC, BUT ITS ABILITY TO MOVE WITH GLOBAL DEMAND"

Ahmed Bin Sulayem, executive chairman and chief executive officer, DMCC

**T**he Covid-19 pandemic has turned the global economy upside down, but it did not hit the status of the DMCC, or the Dubai Multi Commodities Centre, as the best free zone in the world as it won 'Global Free Zone of the Year' for the seventh time in a row in 2021.

**fDi**'s Global Free Zones of the Year 2021 awards saw six judges – four external and two from the **fDi** team – assess the 70 zones that submitted their entries this year.

Despite the monumental challenges that free zones across the world had to face because of the pandemic, many of them showed great resilience and capacity to weather the immediate effects of the crisis while still pursuing

their long-term vision.

Once again, the DMCC set the benchmark, but other zones shone amid the many challenges of the past 18 months. The Mauritius Freeport's stand-out performance helped it achieve second place in the global top 10, followed by Chinese heavyweights of the likes of the Dalian Free Trade Zone and the Waigaoqiao Free Trade Zone.

The leading Polish special economic zones (SEZs) also featured highly in the global top 10, with the Katowice SEZ ranking fifth and the Łódź SEZ sixth. The top 10 was rounded out by four up-and-coming zones, with the UAE's Ajman Free Zone ranking seventh, Russian's Kaliningrad SEZ eighth, Costa



Rica's Coyol Free Zone ninth, and the West of London enterprise zone tenth.

The past 18 months have been the most challenging in recent history for zones across the globe. The Covid-19 pandemic has been, first and foremost, a health crisis; however, it has also hindered trade and investment flows and swallowed public resources as governments splashed billions into infection containment and social welfare measures, narrowing the budgetary room for the support of free zones programmes in the long-term.

Overall, the number of foreign direct investment (FDI) projects into the 798 zones tracked by investment monitor fDi Markets fell from 431 in 2019 to 309 in 2020, and stood at 171 between January and July 2021, marking a further 10% decline from the same period last year.

In terms of capital investment, however, following a sharp drop in 2020, as much as \$29.3bn was committed between January and July in 2021, which already matches 2019's full-year figures, fDi Markets figures show. In other words, although the overall number of FDI projects in global free zones remains somewhat below pre-Covid levels, capital expenditure (capex) intensity is on the rise.

Amid the uncertainties the Covid-19 crisis brought, free zones became test-beds for best practices put in place to guarantee the safety of their workers. Their continuity of operations guaranteed a level of continuity to global value chains, and they even actively contributed to the production of much-needed personal protective equipment and vaccines as their tenants pivoted to Covid-related productions.

While the business cases of the zones that have managed to adjust and evolve have been reinvigorated, new challenges lie ahead for SEZ programmes.

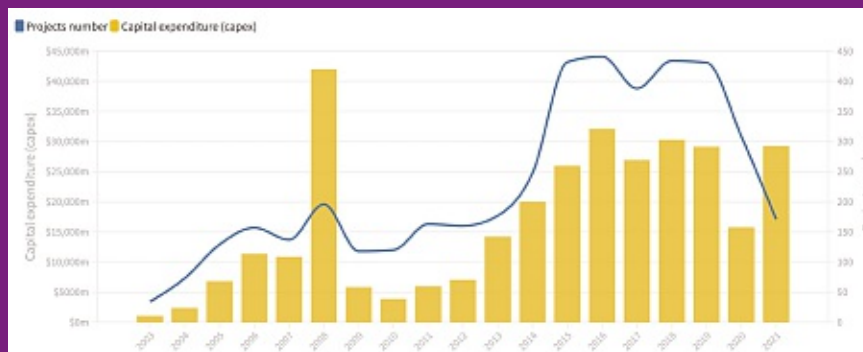
The G20 proposal for a global minimum tax on corporates may limit the room for SEZ programmes to offer fiscal incentives. The kind of budgetary constraints tracing back to growing levels of sovereign debt may further hinder the space for SEZ incentives. Besides, regulatory compliance remains a sticking point for many zones across geographies, particularly as the OECD is pushing for the implementation of its Code of Conduct for Clean Free Trade Zones.

Depending on the perspective, challenges may well be seen as opportunities giving some SEZ programmes new momentum, with the UK joining the group of hopeful countries. After

## fDi's Global Free Zones of the Year 2021 — Top 10 zones globally

Rank	Freezone	Country
1	DMCC	UAE
2	Mauritius Freeport	Mauritius
3	Dalian Free Trade Zone	China
4	Waigaoqiao Free Trade Zone	China
5	Katowice Special Economic Zone	Poland
6	Łódź Special Economic Zone	Poland
7	Ajman Free Zone	UAE
8	Kaliningrad Special Economic Zone	Russia
9	Coyol Free Zone	Costa Rica
10	West of England	UK

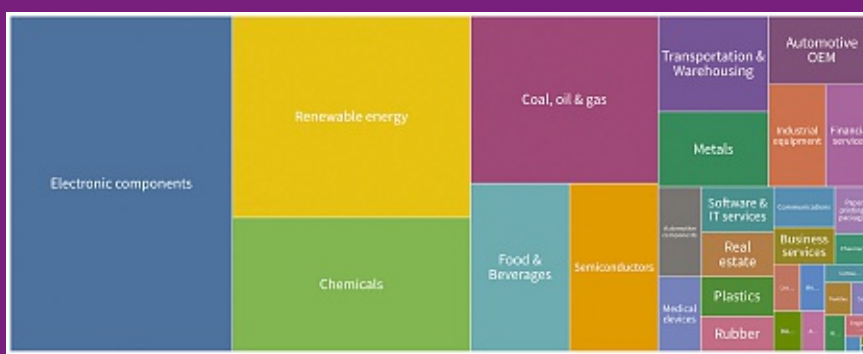
## PROJECTS ARE STILL DOWN, BUT CAPEX IS BOUNCING BACK ANNOUNCED GREENFIELD FDI PROJECTS IN GLOBAL FREE ZONES\*



Source: fDi Markets  
\*fDiMarkets tracks 798 zones across the world \*\*2021 data refers to January to July

## FREE ZONES INVESTMENT MATRIX IN THE COVID-19 ERA

INVESTMENT ATTRACTED BY GLOBAL FREE ZONES\* BY SECTOR SINCE JANUARY 2020



Source: fDi Markets  
fDiMarkets tracks 798 zones across the world

breaking loose from the EU, whose regulation has traditionally limited the scope for the development of free zones, the UK government has announced a new freeports programme and designated eight locations around the country with freeport status. Zones from Latin America and the Caribbean (LAC) are optimistic too, as they are gearing up to benefit from the US-sponsored 'Back to the Americas' initiative, which

supports US businesses in their efforts to reshore production.

Once again, fDi's Global Free Zones of the Year 2021 highlights the best practices of some of the world's most successful free zones. They chart the direction of travel for free zones across the globe, setting a standard for those committed to evolving and adjusting, and thus emerging from the pandemic stronger than ever. ▶



## Winners



### BEST FREE ZONE OVERALL

DMCC, UAE

### HIGHLY COMMENDED OVERALL

Mauritius Freeport, Mauritius

### REGIONAL WINNERS

#### Winner – Africa

Mauritius Freeport, Mauritius

#### Highly Commended – Africa

Lagos Free Zone, Nigeria

#### Winner – Asia-Pacific

Dalian Free Trade Zone, China

#### Highly Commended – Asia-Pacific

Waigaoqiao Free Trade Zone, China

#### Winner – Europe

Katowice Special Economic Zone, Poland

#### Highly Commended – Europe

Łódź Special Economic Zone, Poland

#### Winner – Americas

Coyoil Free Zone, Costa Rica

#### Highly Commended – Americas

Cayman Enterprise City, Cayman Islands

#### Winner – Middle East

DMCC, UAE

#### Highly Commended – Middle East

Ajman Free Zone, UAE

### SME RESULTS

#### Winner – Global

West of England, UK

#### Highly Commended – Global

Dalian Free Trade Zone, China

#### Winner – Africa

Mauritius Freeport, Mauritius

#### Highly Commended – Africa

General Authority for Investment and Free Zones, Egypt

#### Winner – Asia-Pacific

Dalian Free Trade Zone, China

#### Highly Commended – Asia-Pacific

Waigaoqiao Free Trade Zone, China

#### Winner – Europe

West of England, UK

#### Highly Commended – Europe

Łódź Special Economic Zone, Poland

#### Winner – Americas

Zona Franca Occidente, Colombia

#### Highly Commended – Americas

Coyoil Free Zone, Costa Rica

#### Winner – Middle East

Ajman Free Zone, UAE

#### Highly Commended – Middle East

DMCC, UAE

### BEST FREE ZONE FOR LARGE TENANTS

#### Winner – Global

DMCC, UAE

#### Highly Commended – Global

Waigaoqiao Free Trade Zone, China

#### Winner – Africa

Tatu City Special Economic Zone, Kenya

#### Highly Commended – Africa

Mauritius Freeport, Mauritius

#### Winner – Asia-Pacific

Waigaoqiao Free Trade Zone, China

#### Highly Commended – Asia-Pacific

Dalian Free Trade Zone, China

#### Winner – Europe

Katowice Special Economic Zone, Poland

#### Highly Commended – Europe

Łódź Special Economic Zone, Poland

#### Winner – Americas

El Paso Foreign Trade Zone 68, US

#### Highly Commended – Americas

Panamá Pacífico, Panamá

#### Winner – Middle East

DMCC, UAE

#### Highly Commended – Middle East

Hamriyah Free Zone Authority, UAE

#### Commended – Middle East

Ajman Free Zone, UAE

### EXCELLENCE AWARD FOR COVID-19 RESPONSE

#### Winner – Global

DMCC, UAE

#### Highly Commended – Global

Waigaoqiao Free Trade Zone, China

### EXCELLENCE AWARD FOR STRATEGY PIVOT

#### Winner – Global

Mauritius Freeport, Mauritius

#### Highly Commended – Global

Łódź Special Economic Zone, Poland

### EXCELLENCE AWARD FOR ESG PRACTICES

#### Winner – Global

Coyoil Free Zone, Costa Rica

#### Highly Commended – Global

Cayman Enterprise City, Cayman Islands

### EXCELLENCE AWARD FOR INFRASTRUCTURE INVESTMENT

#### Winner – Global

DMCC, UAE

#### Highly Commended – Global

Dalian Free Trade Zone, China

### HONOURABLE MENTIONS

#### Honourable mention for EU regulation compliance

Klaipeda FEZ, Lithuania

#### Honourable mention for logistics adjustment

Manaus FTZ, Brazil

#### Honourable mention for leadership

DMCC, UAE

#### Honourable mention for focus on the wellbeing of people

Corporación Zona Franca Santiago, Dominican Republic

#### Honourable mention for environmental practices

Sri City, India

#### Honourable mention for the development of medical technologies and pharmaceuticals, Covid-19 related

SEZ Technopolis Moscow, Russia

#### Honourable mention for aquaculture

Dalian Free Trade Zone, China

#### Honourable mention for automated driving

Innopolis SEZ, Russia

#### Honourable mention for electric vehicle technology

Katowice SEZ, Poland

Pomeranian SEZ, Poland

#### Honourable mention for 5G innovation

Łódź SEZ, Poland

Klaipeda FEZ, Lithuania

#### Honourable mention for digitisation of services

Companhia Administradora da Zona de Processamento de Exportação do Ceará, Brazil

#### Honourable mention for workforce training

Tatu City Special Economic Zone, Kenya

#### Honourable mention for tenants fighting Covid-19

Dubna SEZ, Russia

#### Honourable mention for sustainability reporting

DMCC, UAE

Coyoil Free Zone, Costa Rica

Ajman Free Zone, UAE

#### Honourable mention for off-grid power solutions

Panamá Pacífico, SEZ, Panama

#### Honourable mention for virtual reality marketing

Daegu-Gyeongbuk FEZ, South Korea





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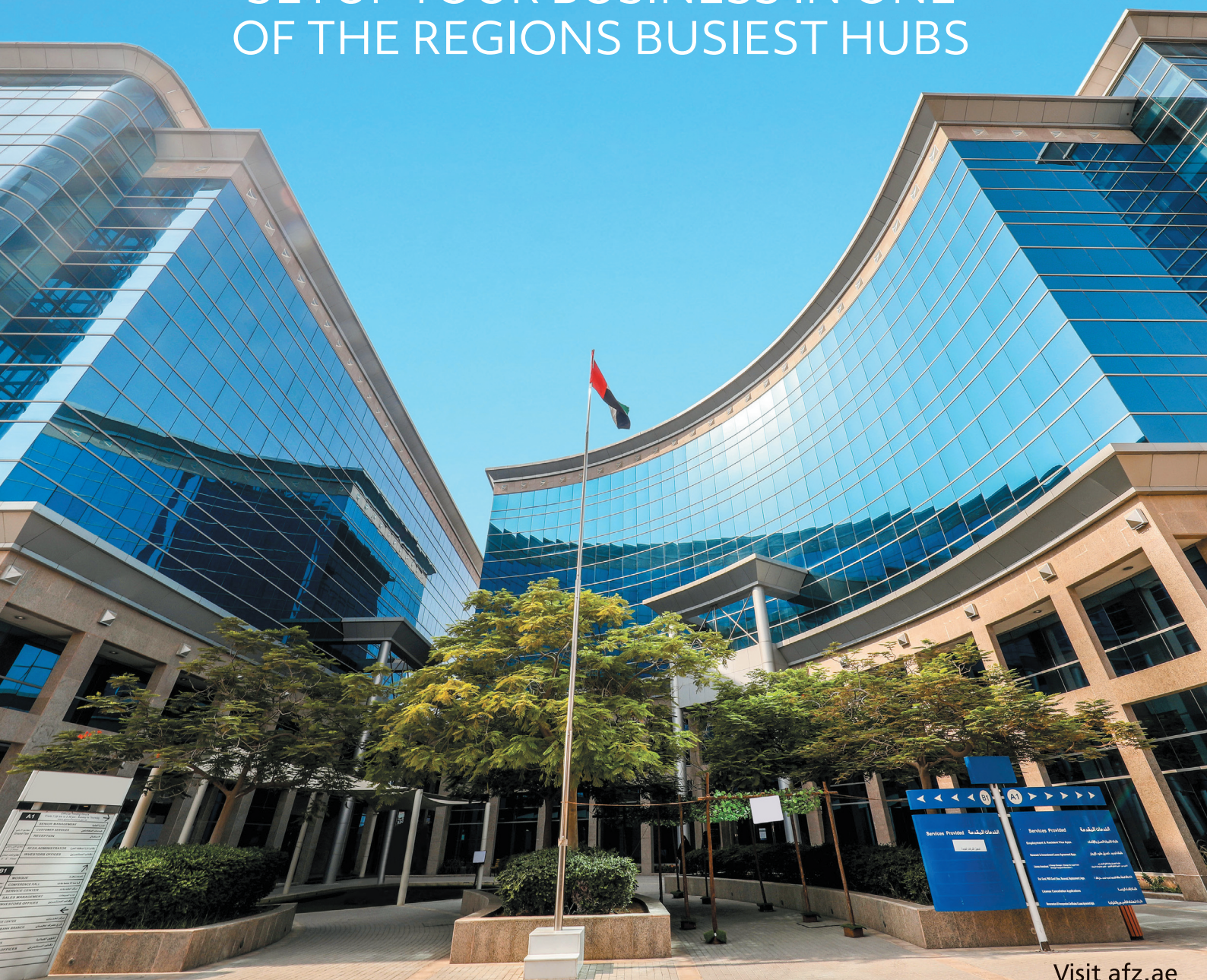
منطقة عجمان الحرة  
Ajman Free Zone



# VOTED TOP 10 GLOBAL FREE ZONE



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## Methodology

fDi's Global Free Zones of the Year Awards 2021 acknowledge the most promising free zones across the world.

For this year's awards, fDi invited free zones, government entities and investment promotion bodies to complete a survey detailing their zone's attractiveness, facilities and incentives offered to investors. In total, 70 entries were received from free zones across the world. A panel made up of four external and two internal judges was appointed and studied each location's response. Judges scored each zone's response to specific questions relating to multiple criteria, such as strategy, Covid-19 response, infrastructure development and promotion of sustainability and ESG-compliant projects.

In addition, some locations which were particularly outstanding have been acknowledged with honourable mentions.

We have also compiled a top 10 ranking of zones, based on the weighting model as follows.

### WEIGHTING (excl. SME/LT awards)

% increase in occupied space 2019-2020	10
Number of SMEs 2020	1.25
% increase in SMEs 2019-2020	2.5
Nominal increase in SMEs 2019-2020	2.5
Number of LTs 2020	1.25
% increase in LTs 2019-2020	2.5
Nominal increase in LTs 2019-2020	2.5
Total number of employees 2020	2.5
% increase in number of employees 2019-2020	5
Nominal increase in employees 2019-2020	5
Total scores of judges' results	65

## BEST ZONES OVERALL

### Global winners

#### Winner: DMCC

The Dubai-based DMCC has won Global Free Zone of the Year for the seventh consecutive time in 2021. The judges rewarded the DMCC's capacity to adapt and thrive amid the pandemic's many challenges. The zone posted a strong year in 2020 as it registered 2025 new companies — up by 13% from the previous year with the highest number in five years.

It carried the momentum into the first half of 2021 too, when it posted its best performance in eight years. The DMCC also achieved a 90% retention rate through a business support package that it labelled as "the business hub's largest ever commercial offer", which made available a wide range of incentives and value-added services to both existing and new companies to help them through the crisis.

During the pandemic, the zone reaped the benefit of the digitisation push of the previous years. Physical visits halved in 2020 and the large majority (95%) of newly registered companies made contact through digital channels. On top of that, the zone ran 19 virtual roadshows and 83 webinars attracting more than 11,000 attendees and strengthening its role as a thought leader in the space of international trade and investment.

Another stand-out element of the DMCC is its continued capacity to adapt and evolve. The zone launched a crypto centre in partnership with the Switzerland-based early-stage venture capital firm CVVC for the development of crypto and blockchain technologies. The zone also opened a representative office in Tel Aviv, following the Abraham Accord brokered by the US in August 2020, aimed at normalising relationships between the UAE and Israel. As the zone approaches its 20th year, it now hosts about 19,000 member companies from 179 countries over 115 hectares and employs 65,000 people.

#### Highly commended: Mauritius Freeport

The Mauritius Freeport — one of the biggest logistics platforms in the Indian Ocean — rose through the ranks of the 'Global Free Zones of the Year' awards and finished in second place this year.

The Mauritius Freeport managed to catch the judges' attention with its strategic thinking. Its operator, MFD Group, implemented a three-pronged approach to

deal with the havoc caused by the Covid-19 pandemic, starting with short-term support to its tenants through export insurance schemes and an extension of the warehousing period for up to an additional 36 months, in addition to other measures. It also worked with the national investment promotion agency EDB to attract domestic companies and offer them feasible business opportunities — particularly in the logistics and infrastructure sectors to promote the diversification of the economy away from the dominant tourism sector, which inevitably got hit hard by the pandemic. Finally, it developed its digital platform to engage with its stakeholders at a distance. The Mauritius Freeport also met the consensus of the judging panel for its environmental, social and corporate governance push, and the several infrastructure projects to the tune of \$150m that are currently underway.

While still lacking the scale of other major free zones, hosting around 250 companies over 39 hectares, the Mauritius Freeport has a chance to strengthen its role as a major logistics hub by making the most of the country's free trade agreement with China and Comprehensive Economic Cooperation and Partnership Agreement with India, which give its tenants access to Asia's two biggest markets by population.

### Regional winners Africa

#### Winner: Mauritius Freeport

The Mauritius Freeport has also emerged at the forefront of the free zones push that is currently underway across Africa. fDi's Global Free Zone of the Year received a record nine entries from African zones representing eight countries in 2021. They represent some of the best examples of a regional movement of free zones that has consolidated around the Africa Economic Zones Organisation since 2015. Ambitious reform efforts are underway in major economies in north Africa, as well as in sub-Saharan Africa, and local free zones are becoming a key testbed for these reforms and economic development models. The Mauritius Freeport is one that stands out as a key piece in the country's efforts to diversify the economy away from the tourism sector by offering high value-added logistics services to the freight transiting along the Cape route, running through the southern Indian Ocean between the Cape of Good Hope and south-east Asia and on to eastern China.



### Highly commended: Lagos Free Zone, Nigeria

Developed by the Singapore-based Tolaram group, the Lagos Free Zone has put together a compelling case this year. It is tying its fortunes to those of the integrated Lekki Deep Sea Port, which is scheduled to come online by the end of 2022 after the project achieved financial closing in March 2020.

Lagos Free Zone is already home to several major tenants, such as Colgate, BASF and Kellogg's, and its grand ambition is to develop an area extending over 810 hectares (ha). Occupied space currently stands at around 130ha. The zone has provided a dynamic response to support its tenants in the wake of the Covid-19 pandemic, making existing leases more flexible and working with local authorities to secure Covid-19 vaccinations for eligible and willing tenants in a country where just 0.8% of the population was fully vaccinated (as of September 6, according to data from Our World in Data).

The Lagos Free Zone has also shown long-term strategic thinking as it reprioritised its priority industry sub-sectors as the world moved towards shorter supply chains. For instance, the zone identified pharmaceuticals and medical consumables as priority sub-sectors and therefore tailored its marketing outreach focused on these segments. It also made available virtual reality tours for interested parties not capable of travelling to the region.

On the environmental, societal and corporate governance front, the zone established a centre of excellence for sustainability management consisting of a dedicated team under the leadership of the chief sustainability officer, who directly reports to the CEO. The zone also introduced a zero-tolerance policy against any discrimination because of gender, age, race, sexual orientation, nationality, ethnicity, religion or disability.

zone in the Asia-Pacific region.

Chinese zones have been testbeds for policy reforms and industrial innovation since the introduction of the first zones in the 1980s, and the Dalian Free Trade Zone continues to uphold this tradition. Following the introduction of the country's 2060 zero-emission targets in 2020, the zone has drawn up its own zero-emission strategy centred around hydrogen, wind power and building-integrated photovoltaics (BIPV). A dedicated hydrogen industrial park is now being developed, while the zone management launched a BIPV initiative with state-owned China Energy to transform buildings and plants across its territory into BIPV, energy-efficient properties.

The zone has also become instrumental to Beijing's 'dual circulation' strategy aimed at reorienting industrial production towards the domestic market. As its survey entry reads, it helped Chinese Haier Group enter the "dual circulation" strategy, and by doing so Haier Dalian achieved a 37% increase in refrigerators output — reaching 820,000 units in 2020 alone, despite the pandemic. The zone is also in the middle of a big infrastructure push. It upgraded its three bonded zones, it opened the Dalian Free Trade Zone International Expo Centre in May 2021 and is gearing up to reap the logistics benefits from the adjacent \$4bn Dalian New Airport, which is currently under construction and is scheduled to come online in 2025.

### Highly commended: Waigaoqiao Free Trade Zone, China

Another Chinese zone, Shanghai's Waigaoqiao Free Trade Zone, was highly commended in the Asian chapter of fDi's Global Free Zones of the Year awards. With 278,000 employees, Waigaoqiao Free Trade Zone stands out as the biggest employer among the 70 zones that participated in the 2021 iteration of the awards.

Waigaoqiao Free Trade Zone impressed the judging panel with its capacity to respond to the pandemic by quickly setting up the physical and soft infrastructure required for its tenants and their employees to operate in safety. It also approved a series of measures to aid small and medium-sized enterprises during the pandemic, including rent reductions and financial support. As of March 11, 2020, 98.96% of companies operating in the zone had resumed work, with 68,591 (65.19%) employees returning to work and 106 (100%) large-scale companies resuming production.

On a more strategic level, the zone has aligned its strategy to reflect the ►

"LAGOS FREE ZONE IS HOME TO SEVERAL MAJOR TENANTS, SUCH AS COLGATE, BASF AND KELLOGG'S"

### Regional winners Asia-Pacific

#### Winner: Dalian Free Trade Zone, China

The Dalian Free Trade Zone in the Liaoning peninsula — the biggest zone in northern China and the zone with the highest number of small and medium-sized enterprises (SMEs) among all the participating zones, with more than 27,000 SMEs active within its territory at the end of 2020 — won as the best





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NO. of Employees

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"AJMAN FREE ZONE HAS MADE AN IMPRESSION WITH ITS ARTICULATED APPROACH TO WEATHERING THE COVID-19 CRISIS WITHOUT COMPROMISING ITS COMPETITIVENESS AND SUSTAINABILITY PUSH"

country's 'dual circulation' mantra and approved a Global Operation Programme to help enterprises in the zone become global operators — high-level headquarters that cover at least two continents and are involved in trade, investment, distribution or research and development. The programme offers participating companies a more tailored approach than typical top-down government support policies and aims to nurture and grow a base of global enterprises carrying out their highest-level headquarters functions from within the zone. Some 41 companies from 11 countries and regions have already signed up. Overall, 118 multinational corporations had their regional headquarters in the Waigaoqiao Free Trade Zone at the end of March 2021, according to the zone's data.

## Regional winners Europe

### Winner: Katowice Special Economic Zone, Poland

Katowice Special Economic Zone, the largest European zone among those participating in fDi's Global Free Zones of the Year 2021 awards and the second-largest overall, was awarded best free zone in Europe. The Polish zone, which now extends across most of the Silesian Voivodeship in southern Poland following the country's reform of the special economic zone regime in 2018, has strengthened the Silesia Automotive and Advanced Manufacturing cluster as existing investors announced major expansion projects.

Korean electric vehicle battery manufacturer SK Hi-Tech Battery Materials announced an €860.8m investment to build its third and fourth local factory for the production of separators for lithium-ion batteries. Italian carmaker Fiat Chrysler Automobiles (FCA) committed €167.7m to upgrading its local production base. The zone has also leveraged its large base of international industrial companies to foster knowledge-sharing and local entrepreneurship through initiatives such as the Digital Innovation Hub Silesia Smart Systems, which aims to prepare entrepreneurs for digital transformation.

Local entrepreneurs and start-ups were the main recipients of several support schemes approved during the pandemic, including the Special Support Zone, which offered entrepreneurs free legal, tax and financial consultations. Despite the ongoing pandemic, the zone

managed to secure a record number of new investment projects and tenants (98) and start-ups (20) since early 2020. Overall, they represent €2.18bn in newly announced investment.

### Highly commended: Łódź Special Economic Zone, Poland

Łódź Special Economic Zone (SEZ) has been highly commended among European zones. The Polish zone has become a beacon for Industry 4.0, as it pushes to develop entrepreneurship and innovation around its base of international industrial companies. The zone accelerated 80 start-ups in 2020 with financial support and supervised their co-operation with big businesses of the likes of Miele, P&G, Siemens, Bosch and Ericsson.

To support start-ups during the pandemic, the zone launched a Zone of Support in cooperation with 20 business partners from different sectors, such as taxes, legal, cyber security, remote education and human resources. It particularly impressed the judging panel with its strategic adjustment in the wake of the pandemic, when it doubled down on its commitment to foster innovation and digital transformation, hand-in-hand with its industrial partners (see page 14).

The Łódź SEZ also stands out as a frontrunner in 5G connectivity with its 5G Campus Network, where start-ups test solutions using high-speed internet and low latencies. Looking forward, to further its efforts in the direction of becoming a functioning new generation SEZ, the zone will help 40 foreign young technological companies with a soft-landing (by offering tax and legal support with opening a company in Poland); business development support (through human resources, networking and partnerships); and acceleration services in the next two years.

## Regional winners Americas

### Winner: Coyol Free Zone, Costa Rica

Coyol Free Zone in Costa Rica has come on top as best free zone in the Americas region in fDi's Global Free Zones of the Year awards 2021.

The zone excelled in the eyes of the judging panel for its environmental, societal and corporate governance (ESG) practices, which proved no match for any other zone participating in the awards (see page 22). Within its elaborated ESG framework, the zone was able



to strengthen its life sciences cluster, which is already made up of top medical companies, by adding German Bayer, which acquired 12 hectares of land for the development of a new local pharmaceutical facility.

The zone has also added a new chapter to its established efforts in providing free training and upskilling opportunities for its workforce by launching a virtual platform, Academia Coyol. This provides online tools and training across a diverse range of medical industry courses since March 2021. More than 4600 people have enrolled.

Other Covid-relief measures guaranteed a high level of business continuity during the pandemic, allowing the zone to make 2020 the year with the largest number of new square metres developed in its history. In addition, all recruitment and training services were adapted to become virtual and 1500 new positions were hired digitally throughout the year. Now, 14 years into its existence, the zone hosts 31 companies from across the life-sciences cluster, with a workforce of more than 16,500 people.

#### **Highly commended: Cayman Enterprise City, Cayman Islands**

Cayman Enterprise City (CEC) has been highly commended among free zones in the Americas region. The zone offers a platform for 262 firms in knowledge-based industries, as of the end of 2020, helping them grow and thrive in an off-shore jurisdiction.

The Cayman Islands emerged from the pandemic relatively early and unscathed, as daily life returned to almost normal in June 2020, giving initiatives such as the CEC a chance to shore up the domestic economy, which would be battered by the inevitable downturn in tourism.

Although the pandemic was shorter here than in many other countries, the CEC used the crisis to elaborate on a new marketing strategy to rebrand the zone and position it as a global business innovation hub. The zone also commissioned an audit on its governance, which reads: "The level of transparency demonstrates CEC's commitment to proper governance and the socio-economic progress of the Cayman Islands."

Overall, in its first 10 years of operations since its inception in 2011, the CEC estimates that the zone had an estimated economic impact of \$502m on the national economy. Some \$9.4m has been spent on the development of the main campus over the past four years, and another \$437.5m will be directly invested in the coming years.

## **Regional winners Middle East**

### **Winner: DMCC**

See page 8.

### **Highly commended: Ajman Free Zone, UAE**

The Ajman Free Zone has been highly commended for the Middle East region in fDi's Global Free Zones of the Year 2021 awards. The zone has made an impression with its articulated approach to weathering the Covid-19 crisis without compromising its competitiveness and sustainability push. With regards to the latter, the zone will publish its first sustainability report in 2021, detailing its efforts and achievements with regards to securing sustainable investments and operations. On a more strategic level, the management aims to build the future of Ajman Free Zone around business clustering. According to Ajman Chamber of Commerce, the zone contributed to 29% of Ajman's total exports and 35% of the country's re-exports in 2020.

## **BEST FREE ZONES FOR SME TENANTS**

## **Global winners**

### **Winner: West of England, United Kingdom**

The West of England enterprise zone, which comprises seven enterprises zones scattered across the region, won best free zone for small and medium-sized enterprises (SMEs) in fDi's Global Free Zones of the Year 2021 awards. Also known for its established aerospace cluster, the area has become fertile ground for the growth of start-ups and SMEs, with locations such as Bristol — home of one of the seven enterprise zones and of one of the country's largest urban regeneration programmes comprising 100 hectares of land — emerging as a hotbed for entrepreneurship in the creative, digital and high-tech sectors.

Among the zones that participated in the awards, the West of England enterprise zone is second only to the massive Chinese zones of Shanghai and Dalian in terms of number of SMEs active in the territory. The West of England Combined Authority and the European Social Fund

are co-founding the 'Workforce for the Future' programme that work with SMEs with fewer than 250 employees to help them develop their future workforce, meeting their current and future needs.

### **Highly commended: Dalian Free Trade Zone, China**

The Dalian Free Trade Zone (FTZ) has been highly commended for small and medium-sized enterprise (SME) tenants. Among the zones participating in the awards, the Dalian FTZ declared the highest number of SMEs, which has almost doubled since the 2018 iteration of the fDi's Global Free Zones of the Year awards. The quick rise in the number of SMEs active in the zone also mirrors the measure taken by the national government to design the Dalian FTZ as one of the country's first cross-border e-commerce comprehensive pilot areas, which introduced support and incentives to stimulate e-commerce SMEs to locate and growth from within in the zone.

## **Regional winners Africa**

### **Winner: Mauritius Freeport, Mauritius**

The Mauritius Freeport won best free zone for small and medium-sized enterprises (SMEs) in Africa. To support its SMEs during the Covid-19 crisis, enterprises with an annual turnover of up to \$1.5m benefitted from a reduced interest rate of 2.5% (instead of 3.9%) under the zone's SME Factoring Scheme. Enterprises with annual turnover ranging between \$1.5m and \$45m benefitted from a reduced interest rate ranging between 2.5% and 3.35% per annum for lease or modernisation of goods and equipment.

### **Highly commended: General Authority for Investment and Free Zones, Egypt**

The General Authority for Investment and Free Zones (GAFI) was highly commended for small and medium-sized enterprise tenants in Africa in fDi's Global Free Zones of the Year 2021 awards. GAFI implemented several measures to support its base of tenants during the pandemic, including allowing free zone projects to sell 50% of their products in the local market and extending deadlines for submitting financial statements, issuing letters of guarantee and renewing insurance policies for a period of six months. ►

"THESE AWARDS REFLECT THE EFFORT WE ARE MAKING TO ATTRACT FDI THAT WILL RESULT IN A BETTER QUALITY OF LIFE FOR THOUSANDS OF PEOPLE IN COSTA RICA"

Carlos Wong, managing director,  
Coyol Free Zone

## Regional winners Asia-Pacific

**Winner: Dalian Free Trade Zone, China**

See page 13.

**Highly commended: Waigaoqiao Free Trade Zone, China**

Shanghai's Waigaoqiao Free Trade Zone has been highly commended for small and medium-sized enterprises (SMEs) among the Asia-Pacific zones. The zone, the second-largest among the participants for number of SMEs, implemented a series of measures to support SMEs during the pandemic. It reduced the rent on plants, warehouses, office buildings and commercial facilities for 1200 SMEs, and coordinated with banks and financial institutions to help SMEs. It also provided financial support to SMEs, granting \$15.1m to 561 SMEs in the first round of the support scheme.

Occidente won best zone for small and medium-sized enterprise tenants among zones in the Americas.

The zone promoted e-commerce with its entrepreneurs so that their end-customers could distribute different products, since many of their points of sale had to be closed due to quarantines. The strategy consisted of reviewing dispatch schedules that could work 24/7, with entry of customers to withdraw goods without requiring prior authorisation while still complying with all biosafety protocols. Additionally, the zone worked with local authorities to extend the industry and commerce tax exemptions for 10 years to encourage entrepreneurs to move to the zone.

**Highly commended: Coyol Free Zone, Costa Rica**

Coyol Free Zone in Costa Rica has been highly commended for small and medium-sized enterprise (SME) tenants in the Americas region in fDi's Global Free Zones of the Year awards 2021. The zone has developed a fertile ecosystem of SMEs working in the life sciences industry alongside major players such as Medtronic and Phillips.

## Regional winners Europe

**Winner: West of England, United Kingdom**

See page 13.

**Highly commended: Łódź Special Economic Zone, Poland**

Łódź Special Economic Zone (SEZ) has been highly commended for small and medium-sized enterprise (SME) tenants among European zones. The zone has made entrepreneurship and innovation a pillar of its development strategy. Using EU funds, it set up services and products for SMEs to implement digital transformation processes with a specific focus on 5G infrastructure, predictive maintenance technologies and virtual/augmented reality solutions. As part of its start-up accelerator programme, Łódź SEZ supported 80 start-ups in 2020, with financial support and co-operation from industrial tenants like Miele, P&G, Siemens, Bosch and Ericsson.

## Regional winners Middle East

**Winner: Ajman Free Zone, UAE**

Fifth overall for the number of small and medium-sized enterprises (SMEs) located within its premises, the Ajman Free Zone won best zone for SME tenants in the Middle East. The zone introduced an auto-license renewal scheme for SMEs to support them during the pandemic.

The zone also signed a memorandum of understanding (MoU) with the National Bank of Ras Al Khaimah (Rakbank) to form a strategic alliance to support SMEs. As part of the deal, Rakbank will offer businesses based in the Ajman Free Zone easy access to account opening services, loans, credit facilities and other banking solutions. "SMEs play a significant role in driving social and economic development of the country, and Ajman Free Zone is committed to supporting them through strategic partnerships that facilitate their business operations," Ali AlSuwaidi, director general of Ajman Free Zone, said when the MoU was announced in July.

## Regional winners Americas

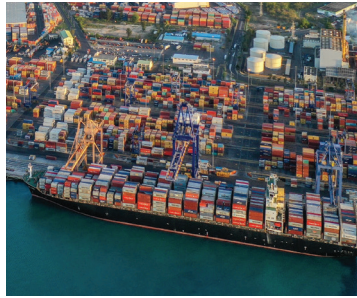
**Winner: Zona Franca Occidente, Colombia**

Located in the outskirts of Colombia's capital city Bogotá, Zona Franca

**Highly commended: DMCC, UAE**

Dubai's DMCC has been highly commended for small and medium-sized





## Mauritius Freeport: Runner-Up Worldwide and First in Africa for Global Free Zone of the Year 2021

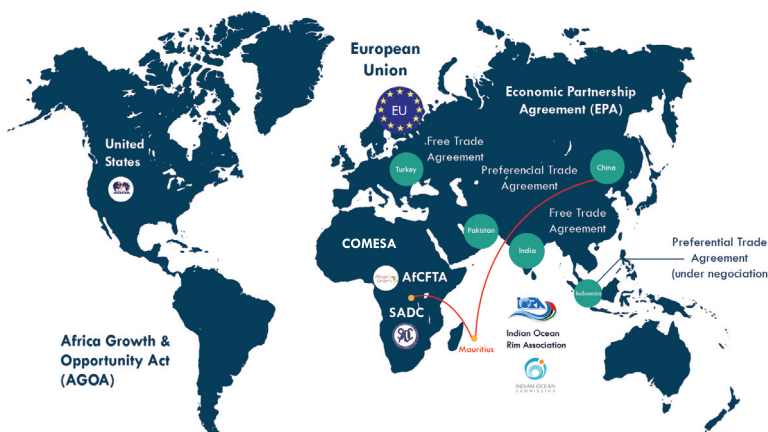


Mauritius, through its myriad of bilateral and multi-lateral agreements, provides preferential access to almost 70% of the world market. The Mauritius Freeport is the ideal logistics and value addition platform in the region.

### Authorized Activities in the Mauritius Freeport



With nearly 30 years' of experience, the Mauritius Freeport is embarking on a new chapter where Freeport Developers and Operators provide quality services, coupled with good governance, to MNCs and international companies using the Mauritius Freeport platform as a gateway between Africa, Europe and Asia.



- Duty-Free and VAT free for goods and equipment imported into Freeport zones
- Attractive Tax Regime
- 100% foreign ownership
- Reduced port handling charges





"USING EU FUNDS, ŁÓDŹ SPECIAL ECONOMIC ZONE SET UP SERVICES AND PRODUCTS FOR SMEs TO IMPLEMENT DIGITAL TRANSFORMATION"

enterprise (SME) tenants in the Middle East. The zone is home to around 13,000 SMEs. Among other initiatives, it co-operated with Mashreq Bank, a major bank in the UAE, to provide member companies with more diverse banking options, and provide flexibility in their banking needs. This included the facilitation of fast-track account opening and the introduction of DMCC members to Mashreq NeoBiz – the first digital business-banking platform in the UAE dedicated to SMEs. The zone also made it easier also for SMEs to set up an office without upfront fees, so that businesses were able to explore the Dubai market ecosystem without any initial investment.

## BEST FREE ZONES FOR LARGE TENANTS

### Global winners

#### Winner: DMCC, UAE

The DMCC came out on top as best free zone for large tenants in fDi's Global Free Zones for the Year 2021 awards. The Dubai-based zone scored a few notables wins in the large tenants space, with the likes of Korean powerhouse Hyundai, French carmaker Renault Middle East, Japan Tobacco International and Saudi state oil company Saudi Aramco establishing a footprint in the zone in the past 18 months.

Large tenants from across the globe have also been lured by a refined set-up package in nine languages providing companies with the opportunity to establish an office with a free six-month trial in as little as five working days. The zone also played to its strengths by launching a discount campaign halving set-up fees for diamond companies to attract new players to its diamond trading floor – the largest in the world. The DMCC reported the highest number of registered large tenants in 2020 among the zones surveyed by fDi.

#### Highly commended: Waigaoqiao Free Trade Zone

Shanghai's Waigaoqiao Free Trade Zone has been highly commended for large

tenants globally. The zone, which featured in the top five for registered large tenants among those zones surveyed by fDi, added a few notable names to its tenant base in 2020, including US oil company Exxon Mobil, UK consumer goods Unilever and Japanese conglomerate Marubeni. Multinational companies that locate within the zone enjoy a liberal business environment from which they can strengthen their Chinese and global operations. They can also enjoy the zone's highly diversified mix of industries, with trade as the mainstay, together with life sciences, datacentres, smart manufacturing, e-commerce, electronic information, financial leases, global maintenance and high-end consumer goods to create a cluster effect.

### Regional winners Africa

#### Winner: Tatu City Special Economic Zone, Kenya

Tatu City Special Economic Zone won as best African zone for large tenants. The zone has been rapidly expanding its large tenants base. New tenants include Distell, the multinational brewing and beverage company, and Cold Solutions, the cold storage network that is part of Arch Emerging Markets Partners; while Copia, the Silicon Valley-founded e-commerce company in Kenya, expanded its fulfilment centre in Tatu City in 2020.

The zone has refined its infrastructure offer for large tenants as it extended its road network and connected them to its high-speed fibre internet network, which complements a generous incentive package featuring, among others, corporate tax rate reductions for 20 years.

#### Highly commended: Mauritius Freeport, Mauritius

Mauritius Freeport has been highly commended for large tenants among African zones. It continues in expansion mode, and several logistics and port companies are actively participating in its development.

One of them is Medlog, the logistics arm of Mediterranean Shipping Company, which wrapped up phase one of its local logistics facilities in July 2021. Another one is Chantier Navale de L'Océan Indien, which has completed the construction of additional facilities for ship repairs, building and

maintenance near the Port area with an investment to the tune of \$75m.

### Regional winners Asia-Pacific

#### Winner: Waigaoqiao Free Trade Zone, China

See opposite.

#### Highly commended: Dalian Free Trade Zone, China

Dalian Free Trade Zone has been highly commended for large tenants among zones in Asia-Pacific in fDi's Global Free Zones of the Year awards 2021. The Japanese powerhouses Toyota and Panasonic established a local joint venture, Prime Planet Energy & Solutions, in 2020 to develop state-of-the-art electric vehicle batteries, which will be manufactured in the zone's \$400m Prime Planet Dalian Plants.

The world's third-largest semiconductor manufacturer, SK Hynix, also became a new tenant in 2020 after acquiring Intel's \$2.5bn facilities in the zone. The zone has thus continued to leverage its existing ties with Japanese and Korean investors that trace back to its geological advantages, industrial history and abundant Japanese- and Korean-speaking talents.

### Regional winners Europe

#### Winner: Katowice Special Economic Zone, Poland

Katowice Special Economic Zone has won best zone for large tenants in Europe. The zone managed to attract 98 investment projects by large tenants in 2020, including a €441.4m project by Electromobility Poland – the first such project developed by a Polish company that is strengthening the local electromobility clusters. The zone has also identified more than 1000 hectares of land that can be prepared and made available for strategic projects, with 300 hectares in the location of Jaworzno alone.

#### Highly commended: Łódź Special Economic Zone, Poland

Łódź Special Economic Zone has been highly commended for large tenants. The zone reported several investment wins in 2020. The list of new investors

features, among others, Polish poultry group Drosed, Swiss eyecare firm Alcon, US producer of wood-cutting equipment Wood-Mizer, German producer of corrugated sheetboards ProGroup and Luxembourg's chemical firm S54.

## Regional winners Americas

### Winner: El Paso Foreign Trade Zone 68, US

El Paso Foreign Trade Zone 68 has won best zone for large tenants in the Americas. The zone welcomed new investors of the likes of Baxter Health, FedEx, DHL, Expeditors, Eaton and Amazon in 2020 and saw other major investors of the likes of Robert Bosch increase their local operations during the year.

### Highly commended: Panamá Pacífico, Panama

Panamá Pacífico has been highly commended for large tenants among the

American zones surveyed by fDi. It is one of the biggest in the region for the number of large tenants, featuring the likes of Hyundai, Komatsu and H&M — the last of which decided to expand in 2020, growing its business with a qualified talent pool in a collaborative ecosystem with benefits to improve operations powered by the zone's logistics and services clusters.

## Regional winners Middle East

### Winner: DMCC, UAE

See opposite.

### Highly commended: Hamriyah Free Zone Authority, UAE

Hamriyah Free Zone has been highly commended for large tenants. Steel powerhouse Arcelor Mittal launched its local operations in 2020, thus leading a long list of major tenants that have established a first-time presence

"NEW TENANTS AT TATU CITY INCLUDE DISTELL, THE MULTINATIONAL BREWING AND BEVERAGE COMPANY, AND COLD SOLUTIONS, THE COLD STORAGE NETWORK"

in the zone or expanded their local operations in 2020.

### Commended: Ajman Free Zone, UAE

Ajman Free Zone was commended for large tenants in among free zones in the Middle East. The zone featured among the top five zones for number of large tenants in 2020 among those surveyed by fDi.

Pan-African payment solutions provider Paylogic Morocco set up shop in Ajman in 2020 while Legend Jewelry has become a poster child for the zone as it rose through its ranks and became its biggest tenants only five years after setting up an office presence in the zone. The company has now bought new land to develop and add to the four warehouses it already manages. ■

## SPOTLIGHT ON KALININGRAD REGION SEZ PARTNER CONTENT



# AN EYE ON THE FUTURE

Kaliningrad's SEZ is aiming to be carbon-neutral by 2035, before Russia and the EU

**Located between Poland and Lithuania on the coast of the Baltic sea, the Kaliningrad region is a very interesting place in many regards.** Not only is it one of the biggest Special Economic Zones (SEZs) in Russia, but it is also a place where we test many new technological initiatives to line up with the global trends. Allow me to tell you about the low-carbon emission measures that we have introduced here in Kaliningrad.

Global economy and new regulations have created a framework to introduce new international trade elements. Monitoring and measuring of greenhouse gas emissions and carbon footprints, creating integrated emissions trading systems, and supporting sustainable finance are becoming vital to stay competitive. For this reason, we are creating what we call 'carbon landfills' to carry out research on carbon emissions and carbon absorption corresponding to both Russian and the EU standards. Due to its location, the Kaliningrad region is accurately representative of a large part of the European natural environment. Therefore, tests carried out here would be accepted by the EU with the aim of integrating with the European emissions trading system.

Currently, the Kaliningrad SEZ consolidates 275 companies, providing employment for more than 41,000 people. Hevel Solar, a new major resident, is about to

arrive. This major player in the green economy market is investing \$272m in its gigafactory to manufacture solar ingots, wafers and heterojunction cells in the Kaliningrad region for both national and foreign markets. The industrial complex with two plants will occupy 21.7 ha of land and involve 1150 professionals working full time. When full production capacity is achieved, this will be the largest photovoltaic equipment manufacturing facility in Europe.

Our goal is to become a carbon-neutral region by the year 2035, which is more ambitious than Russia and the EU, both of which are aiming for 2050. This is a challenge, but the cost of inaction is greater still.

We seek to promote sustainable investment in Russia, attract talent and create opportunities for international players. We are here to raise the living standards of our people, encourage professionals, and provide tailored business placement conditions. I am sure that such a holistic approach will allow us to jointly ameliorate the environment of the Baltic region while providing positive and long-term socio-economic effects.

We warmly welcome everyone to the Kaliningrad region, an incomparable place for business and for life!

**Anton Alikhanov, governor of the Kaliningrad region**



**DR SAMIR HAMROUNI**

# Free zones will emerge 'future-ready'

THE CEO OF THE WORLD FREE ZONES ORGANIZATION, REFLECTS ON THE ADJUSTMENTS OF THE PAST 18 MONTHS WITH **JACOPO DETTONI**



**T**he global economy has been on a rollercoaster over the past 18 months and free zones have been no exception. The Covid-19 crisis hit right at a time when free zones across the world were already dealing with early signs of a deep restructuring of global value chains (GVCs), mounting pressure from the Organization for Economic Co-operation and Development (OECD) to tighten up transparency and governance standard illicit trade (which has often found fertile ground in free zones in the past) as well as calls by the international community to rethink their incentives-based model, with regards to the possible introduction of a global minimum corporate tax. Dr Samir Hamrouni, CEO of the World Free Zones Organization (World FZO), believes that following the inevitable adjustment demanded by the Covid-19 crisis, zones will become 'future-ready' and continue to thrive.

**Q**How have special economic zones (SEZs) around the world adjusted to the challenges of the past 18 months?

**A** SEZs have maintained a positive outlook regarding their current and future growth amid challenges that we experienced in the last 18 months. In fact, as per our latest survey for SEZs worldwide, 53% of free zones reported normal economic conditions. We also witnessed how they readjusted their operations and strategies to ensure business continuity.

Alongside these adjustments, World FZO has been helping member free zones to turn these challenges into opportunities as economies are starting to recover, thanks to enhanced regional coordination, policy reforms and the latest technology adoption. Through these efforts, we believe that SEZs will become future-ready as they affirm their environmental, social, health, safety, security and governance commitments in line with the UN Sustainable Development Goals.

**Q**Many SEZs have struggled to attract new tenants. Has the pandemic weakened or strengthened the business case for the

development of free zones? Why?

**A** The pandemic has affected every business, and companies operating within SEZs were not exempt from it. However, it is safe to say that free zones remain attractive for businesses. According to the UN, global FDI flows decreased by 42% in 2020 due to Covid-19. Despite that, free zones across the world witnessed growth in inward FDI flows, according to our own survey.

Nevertheless, World FZO is keen on helping member free zones address other areas that need additional improvements. One significant factor for the challenges faced by free zones was the disruption in GVCs. To address this concern, producers need to diversify their supply chains. This can provide opportunities for free zones to expand into new markets and activities, ultimately benefiting their respective countries due to demand and investments from abroad.

World FZO envisions a better future for the global business ecosystem, particularly of free zones, which includes being pandemic-proof. To ensure this, businesses within advanced countries are in an ideal position to spearhead collective economic recovery, although companies from emerging economies also have a crucial role to play. After all, enhanced GVCs ultimately require the participation of all global players for healthier market growth and transition.

**Q**How is the restructuring of GVCs affecting free zones around the world?

**A** GVCs have been restructuring for over a decade now, although the pandemic has indirectly helped expedite the much-needed transformation. So far, we have been witnessing benefits and advantages for free zones because of this.

For instance, governments and policy-makers are beginning to appreciate the role of free zones in driving cross-border trade and investments. Most small and medium-sized enterprises within free zones have achieved considerable growth, leading to additional foreign investments. Also, free zones are given the opportunity to highlight their resilience

amid business disruptions, not to mention their active participation in building more sustainable supply chains.

The restructuring of GVCs has also provided an opportunity for free zones to showcase their faster and more cost-effective business set-up compared with mainland set-up. Aside from fiscal and regulatory advantages, free zones were given more ways to offer turnkey solutions on business support services compared with their mainland counterpart.

To take advantage of these benefits, we recommend free zones maintain a proactive delivery of smart solutions and enhance their inter-zone collaboration to expand market opportunities for all stakeholders. This should include technology adoption for tech-ready zones, introduction of sustainability best practices and more public-private partnerships, to mention a few.

**Q To what extent will environmental, social, and governance (ESG) credentials determine the success, or failure, of free zones following the Covid-19 pandemic?**

**What are the best practices for free zones to become beacons for sustainable investment and development?**

**A** Since the outbreak of the pandemic, we have been witnessing a greater appreciation of the integration of ESG programmes into the strategy of businesses. Organisations are becoming more aware of the key potentials that come with implementing ESG goals to minimise their ecological footprint and engage the larger community in addressing social needs.

Top priority areas for sustainability best practices include climate change mitigation and clean energy transition, which will help drive increased independence from non-renewable power sources. Customers are now paying more attention to ESG metrics of their favourite brands, including banks and non-essential consumer goods manufacturers. They are also becoming more participative in the enhancement of the company's social and economic impact by providing feedback regarding the company's principles, services and campaigns.

Now that more investors and customers are favouring companies that have strong ESG values, free zones can focus on advancing their ESG agenda to help businesses align their operations with the market's preferences. By taking their customers' and investors' feedback into consideration, they can promote transparency and accountability, ultimately fostering business-consumer trust. In turn, this will enhance their business operations and profit in the long run.

**Q How has the OECD's 'Code of Conduct for Clean Free Trade Zones' impacted free**

**zones? Has it contributed to better governance and transparency so far?**

**A** The Code of Conduct for Clean Free Trade Zones, launched in 2019 by the Task Force on Countering Illicit Trade of the OECD, has helped free zone companies establish better business credibility, transparency and governance. With our ongoing efforts to educate companies regarding the risks associated with illicit trade and financial crime, companies have become more vigilant with their transactions.

World FZO has designed its Safe Zone Certification as a new global compliance standard for free zones. This programme incorporates our WCO SAFE Framework AEO concept and the Authorized Economic Operator (AEO) model of the WTO Trade Facilitation Agreement. It also adheres to the OECD's code of conduct to ensure maximum compatibility among other established standards.

So far, companies within our member free zones are more confident with their operations, especially that the certification clearly identifies free zones that are committed to clean trade and are compliant with global value chain requirements. We will continue enhancing our policies in line with OECD guidelines to advance transparent and responsible operations within free zones.

**Q The proposal of a global minimum tax has gained widespread support from more than 130 countries. How will this affect the argument in favour of free zones?**

**A** The proposal to implement a global minimum tax has yet to reach its full maturity, and there are other things that will be examined before it gets implemented. The core of this proposal is to balance opportunities for everyone by providing a basic and minimum threshold of the tax that will be charged.

This will of course apply to overseas profits, although each respective government could still set whatever local corporate tax rate it deems necessary and beneficial for their economy. In that case, offshore companies that pay lower rates in another country could be subject to additional taxes by their home governments to match the minimum rate.

On the other hand, special economic zones are known to increase exports, FDI attraction and local employment. They are also pivotal to promoting investment and competitiveness in developing economies. However, since there are no exemptions to the application of the minimum tax rate, we could reasonably expect overseas businesses and operations to comply. Currently, there are rules and nuances that need to be worked out based on the OECD's blueprint, and we look forward to seeing more consistency to resolve concerns. ■



# Global Free Zones of the Year 2021 — Excellence awards

**fDi's JUDGING PANEL SINGLES OUT THOSE ZONES THAT STOOD OUT  
FOR THEIR BEST PRACTICES ACROSS FOUR CATEGORIES THAT WILL  
MAKE OR BREAK THE SEZs OF THE FUTURE**



Shanghai's Waigaoqiao Free Trade Zone was highly commended for its Covid-19 response

**F**ree zones across the globe have been navigating unsettling waters since the beginning of the Covid-19 crisis. In fDi's Global Free Zones of the Year 2021 awards, 70 zones participated in a survey where they detailed their short- and long-term adjustments following the Covid-19 crisis.

fDi created the excellence awards to single out the best in class for specific elements of their strategic adjustment.

## **EXCELLENCE AWARD FOR COVID-19 RESPONSE**

### **Winner: DMCC, UAE**

Free zones were thrown on the frontline of the global response of the Covid-19 crisis as their business continuity was paramount in limiting the unfolding

disruption of global value chains. They found themselves striving to shore up the global economy, while still safeguarding their own business model and success. The DMCC won the excellence award for its Covid-19 response. Dubai's DMCC rolled out a comprehensive strategy to tackle the immediate fallout from the Covid-19 crisis to support, and further expand its tenant base.

Some of the key measures feature a business support programme; the largest incentive programme it has ever implemented; a renewed offer for international tenants featuring, among other things, a six-month free trial; incentives to diamond companies; targeted support of the food and beverage sector; flexible payments and banking options; focused and timely support; a push to go 100%

digital with regards to onboarding admin; online engagement with a programme of virtual roadshows; and online webinars.

### Highly commended: Waigaoqiao Free Trade Zone, China

Shanghai's Waigaoqiao Free Trade Zone was highly commended for its Covid-19 response. As soon as Covid-19 got out of control in Wuhan in early 2020, the zone quickly developed an app to help companies resume work and production. At the same time, the zone was divided into 20 sub-zones and a government officer was assigned to each sub-zone to work with the property management for daily temperature checks and sign-ins, to keep the operation of the zone in order. The zone also supplied companies with personal protective equipment, infrared thermometers and disinfectants. As of March 11, 2020, 98.96% companies operating in the zone had resumed work, with 68,591 (65.19%) employees returning to their jobs. The zone also implemented a specific support package for small and medium-sized enterprises.

### EXCELLENCE AWARD FOR STRATEGY PIVOT

#### Winner – Mauritius Freeport, Mauritius

If the short-term adjustment to the Covid-19 pandemic was vital for zones to support their tenants and guarantee business continuity, it soon became clear that the longer-term strategic adjustment forced by the pandemic was equally important for zones to secure their long-term success because of the deep changes unfolding in the global economy. Mauritius Freeport won the excellence award for strategy pivot following the Covid-19 crisis. The management of the port approached top Mauritian companies from various sectors, and encouraged them to use the port premises and incentives to implement a diversification strategy geared towards logistics and other port-related operations. The objective was to encourage companies to set up freeport and logistics infrastructural facilities, in collaboration with existing freeport developers, and to invest in promising sectors to mitigate the impact of Covid 19. ▶

"DMCC ROLLED OUT A COMPREHENSIVE STRATEGY TO TACKLE THE IMMEDIATE FALLOUT FROM THE COVID-19 CRISIS TO SUPPORT, AND FURTHER EXPAND ITS TENANT BASE"



## Powerful location benchmarking for your organisation



fDi Benchmark is the only online tool to benchmark the competitiveness of countries and cities worldwide in more than 70 sector profiles. You can use our fDi Benchmark tool to:

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A service from the Financial Times



"THE DALIAN NEW AIRPORT, 30 MINUTES AWAY FROM THE ZONE, WILL COST RMB26.3BN (\$4BN) AND IS ESTIMATED TO OPEN IN 2025"

**Highly commended — Global: Łódź Special Economic Zone, Poland**

Poland's Łódź Special Economic Zone (SEZ) was highly commended for its strategic pivot following the pandemic, which sharply accelerated the ongoing digital transformation across many different industries. Łódź SEZ's long-term strategy "centres around digital transformation and prepares companies for the future shocks by making the processes more automated, and employees more qualified to work with the newest technologies", the zone said in its survey. As part of this strategy, the zone put its weight behind the development of 5G connectivity and applications with industrial partners such as Swedish telecommunications company Ericsson enabling machine-machine communication and supply chain management.

**EXCELLENCE AWARD FOR ESG PRACTICES**

**Winner: Coyo Free Zone, Costa Rica**

The pandemic also created incredible momentum for the rise of environmental, social and corporate governance (ESG) finance and investment, putting sustainability at the heart of any future conversation on economic development. Free zones were no exception to this; Costa Rica's Coyo Free Zone confirmed the country's track record in sustainable development and won the excellence award for ESG practices. The zone presented its first-ever sustainability report in mid-2021, highlighting a series of indicators that show its efforts to support Costa Rica's economic reactivation and growth, in balance with the environment. These indicators feature employment indicators, education indicators and environmental sustainability indicators.

**Highly commended: Cayman Enterprise City, Cayman Islands**

Cayman Enterprise City has been highly commended for its environmental, social and corporate governance practices. The zone implemented a comprehensive recycling programme. It gave its tenants complimentary membership to its corporate social responsibility programme. With regards to governance, it has publicly reported annually since 2013 on how the concessions it receives are deployed and how the financial contribution of its activities impacts the wider economy. In 2020, it engaged with an independent global economist to provide an independent assessment of its project and development.

**EXCELLENCE AWARD FOR INFRASTRUCTURE INVESTMENT**

**Winner: DMCC, UAE**

Infrastructure availability and investment remain a key element in the recipe of success of zones across the world. Dubai's DMCC won the excellence award for infrastructure investment. In 2020, it signed a memorandum of understanding (MoU) with Zug-based early-stage venture capital CVVC and CV Labs to launch a Crypto Centre in Dubai.

The now-launched DMCC Crypto Centre is a hub for the development and application of crypto and blockchain technologies. Also in 2020, the construction of the first phase of their Uptown Dubai district, Uptown Tower, reached 153 metres, with more than 32 floors completed. DMCC also completed an extensive review of Uptown District Masterplan to significantly reduce capital requirements and improve projected financial returns. At the same time, following the signing of the Abraham Accords, DMCC's Dubai Diamond Exchange signed an MoU with the Israeli Diamond Exchange, following which DMCC opened a representative office in Tel Aviv.

In November 2020, DMCC also opened a representative office in Shenzhen, China, to better support Chinese businesses wishing to set up in Dubai. Among other infrastructure development projects, DMCC also launched a new medical science facility, a multi-level storage facility, announced the expansion of its coffee and tea trade centres, as well as the plan to launch a state-of-the-art cacao centre.

**Highly commended: Dalian Free Trade Zone, China**

China's Dalian Free Trade Zone has been highly commended for its infrastructure investment. In April 2021, the three bonded zones in the zone were upgraded to comprehensive bonded zones, China's highest bonded zone tier. The bonded zones have undergone a complete renovation with state-of-the-art infrastructures, including a blind-spot-free security system, non-interference security inspection facilities and a seamless sea-rail logistic network. In May 2021, the Dalian Free Trade Zone International Expo Center was opened for the first time. This Rmb600m (\$92.5m) project is the newest expo centre in northern China. Additionally, the Dalian New Airport, 30 minutes away from the zone, is currently under construction. The new airport will cost Rmb26.3bn (\$4bn) and is estimated to open in 2025. ■

# Global Free Zones of the Year 2021 – Honourable mentions

**fDi HIGHLIGHTS THE GLOBAL FREE ZONES THAT IMPRESSED  
THE JUDGES FOR PARTICULAR ATTRIBUTES, AND WHY**



The Dominican Republic's Corporación Zona Franca Santiago won acclaim for its focus on the wellbeing of people, and for infrastructure planning and implementation

**T**he judges singled out the free zones that especially impressed them in certain areas. Below we list the honourable mentions in fDi's Global Free Zones of the Year 2021, and their standout qualities.

## **Lithuania's Klaipeda Free Zone, for EU regulation compliance:**

**Tony Restall:** "I identified it as doing a great job within the confines of the EU regulations."

## **Brazil's Manaus Free Trade Zone, for logistics adjustment:**

**Tony Restall:** "There is a cost and an environmental cost – the value of which, I believe we are now fast realising, is very high. Manaus FTZ has had logistic delivery difficulties in the past and it has addressed them with transport gateways through Venezuela and now possibly through Guyana."

## **Dubai's DMCC, for leadership.**

**Tony Restall:** "The DMCC has become too big to ignore. Strong leadership is essential to attract foreign direct investment."

## **Dominican Republic's Corporación Zona Franca Santiago, for its focus on the wellbeing of people:**

**Richard Bolwijn:** "The zone focuses on the quality of life of the working community and surrounding neighbourhoods, and encourages social coexistence through the realisation of wellbeing activities. Social practices in the zone illustrate the benefits SEZs could have on the broader community, by offering services that would benefit both employees and the inhabitants of the surrounding communities, offering a better quality of life for both, including residential areas, healthcare and education facilities, recreational areas and other services." ►





**"TECHNOPOLIS SHOWED AN EXCELLENT AND HOLISTIC COVID-19 RESPONSE"**

Preston Martin, Adrianople Group

**India's Sri City, for environmental practices:**

**Richard Bolwijn:** "High environmental standards are increasingly becoming a feature of SEZs. Sri City has maintained good environmental practices for years, limiting the potential negative environmental impact of the zone on the region. The zone meets all the pollution parameters for the past 12 years and has never defaulted; it is the only industrial park in India that does not use groundwater. The zone also minimises non-renewable energy consumption by using recycled products. It has green spaces to regulate air quality and reduce air temperature and also minimises waste through the centralised management of effluents and sewage."

**Preston Martin:** "My honourable mention for environment practices went to Sri City for the investment and implementation of sustainable and green infrastructure in a new urban environment, unifying industrial and residential best practices for a contemporary built environment."

**Russia's SEZ Technopolis Moscow, for the development of medical technologies and pharmaceuticals related to Covid-19:**

**Richard Bolwijn:** "During the pandemic, the mission of the zone was aimed at medical cluster development. It has implemented unique medical projects, including the first registered vaccine for Covid-19 prevention, Sputnik-V; a portable artificial lung ventilation device for patients with complications after coronavirus infection; and it manufactured disinfection equipment and medical gas supply systems for the main anti-Covid hospital. The zone demonstrates the strong impact SEZs can have on medical development. They can play an important role in scientific research and the development of medical technologies."

**Preston Martin:** "Technopolis showed an excellent and holistic Covid-19 response by combining local government collaboration; measures against the spread of Covid-19; support to affected enterprises; mobilisation of relevant enterprises in the struggle against the pandemic; and their overall strategy adaptation."

**Dominican Republic's Corporación Zona Franca Santiago, for infrastructure planning and implementation:**

**Preston Martin:** "Corporación Zona Franca Santiago showed progress in planning and developing modern infrastructure for their free zone, including renewable energy generation, health and tech campuses, a botanical park, and residential centres."

**China's Dalian Free Trade Zone, for aquaculture:**

**Alex Irwin-Hunt:** "Norwegian aquaculture specialist Morenot Dalian Dykorn is set to invest \$5m into a new automatic logistics warehouse at its existing operations, building upon Dalian's ocean-oriented development strategy."

**Russia's Innopolis SEZ, for automated driving:**

**Alex Irwin-Hunt:** "Russian tech giant Yandex has been testing unmanned food delivery in the park. Over the last two years, about 12,000 local trips have been made by unmanned taxis."

Poland's Katowice SEZ and Pomeranian SEZ, for electric vehicle technology:

**Alex Irwin-Hunt:** "SK Hi-Tech Battery Materials Poland invested €860.8m into the production of separators for lithium-ion batteries, building its third and fourth factories in Poland in the Katowice SEZ. Meanwhile, Sweden-based Northvolt will build a highly automated and modern production plant and a research and development centre for battery modules, and solutions for energy storage and production processes, in the Pomeranian SEZ."

**Poland's Łódź SEZ and Lithuania's Klaipėda FEZ, for 5G innovation:**

**Alex Irwin-Hunt:** "Łódź SEZ has built its own 5G campus network, where start-ups can test solutions and demonstrate 5G-related products."

**Jacopo Dettoni:** "In December 2020, Klaipėda FEZ became the first industrial territory in Lithuania to be fully covered by a 5G network. This underscores the zone's efforts in upgrading its connectivity infrastructure to underpin industry 4.0 applications."

**Brazil's Companhia Administradora da Zona de Processamento de Exportação do Ceará, for digitisation of services:**

**Alex Irwin-Hunt:** "The zone moved from a totally face-to-face and paper-based way



South Korea's Daegu-Gyeongbuk Free Economic Zone caught the judges' eye for its for virtual reality marketing

of working to a 100% paperless and computerised model. This included the use of QR codes on cell phones for entry to the park."

#### **Russia's Dubna SEZ, for its tenants' work in fighting Covid-19:**

**Alex Irwin-Hunt:** "WestMedGroup, based in Dubna, has opened a new workshop for medical equipment, including for the treatment of Covid-19. Other biomedical companies, such as PSK Pharma, Granat Bio Tech, Ailiton, Polex Beauty, ELS-MED, MedipalTECH and others, quickly repurposed their production towards new technologies to combat coronavirus."

#### **Kenya's Tatu City Special Economic Zone, for workforce training:**

**Alex Irwin-Hunt:** "Tatu City provides free skills training to members of the local community, issuing them with nationally recognised qualification certificates. The zone has trained more than 1000 people and serves 1400 meals daily to local state primary schools."

#### **Dubai's DMCC, Costa Rica's Coyoil Free Zone and UAE's Ajman Free Zone, for sustainability reporting:**

**Jacopo Dettoni:** "Both the DMCC and Coyoil Free Zone have published

sustainability reports, while Ajman Free Zone is in the process of publishing its first sustainability report. The DMCC also created a financial incentive for its members to join and comply with the UN Global Compact by providing a business licence discount between 10% and 30%, along with the coverage of their annual membership fees. These kinds of measures are setting a new benchmark for best practices and sustainability in free zones."

#### **Panama's Panamá Pacifico, for off-grid power sourcing:**

**Jacopo Dettoni:** "Panamá Pacifico created for one of their clients the first energy micro-grid, with solar energy panels on roofs and industrial-level battery for electric self-consumption in Panama and Central America."

#### **South Korea's Daegu-Gyeongbuk Free Economic Zone, for virtual reality (VR) marketing:**

**Jacopo Dettoni:** "The Daegu-Gyeongbuk Free Economic Zone built a virtual zone to best showcase its assets at a distance, and held a virtual zone/augmented reality investment summit in late 2020. Following that experience, it set up a VR/AR R&D centre with private investors, to foster further research into these kinds of applications." ■



## JUDGING PANEL

### Kavan Bhandary



Kavan Bhandary is the global director and heads the business intelligence unit of Wavteq, a global strategy consulting firm advising governments and public sector institutions in building resilient economies by offering creative solutions around new job creation and accelerating capital investment. Kavan has close to two decades of experience working with some of the world's leading regional and national investment promotion agencies, securing greenfield, strategic investment projects and providing actionable insights on economic development growth strategies. In addition, Kavan has a wealth of experience in corporate location strategy, global trade and market entry for companies of all sizes.

### Richard Bolwijn



Richard Bolwijn is the Head of Investment Research in UNCTAD's Investment and Enterprise Division, based in Geneva. He is the research coordinator for UNCTAD's annual flagship World Investment Report, as well as for a range of other publications on investment and enterprise development. Prior to joining UNCTAD in 2010 Richard was a senior manager in McKinsey, based in the Milan office, advising corporate clients worldwide on strategy and business development. He also worked in the economics group of KPMG, based in the London office. Richard holds degrees in International Economics and Management from Bocconi University in Milan, and in International Relations from Groningen University in the Netherlands.

### Jacopo Dettoni



Jacopo Dettoni is the editor of **fDi** Intelligence, where he leads the title's multimedia editorial coverage and strategic development. Prior to joining **fDi**, he lived and reported in Europe, Asia and Latin America, covering some of the world's fastest-growing economies for international media. He is a regular speaker and moderator at events discussing the perks and perils of global trade and investment. He holds a master's degree in economics and finance from the Catholic University of Milan, Italy, where he focused on trade policies and economic welfare.

### Alex Irwin-Hunt



Alex Irwin-Hunt is global markets editor at **fDi** Intelligence. He covers the latest trends in cross-border investment, writing features about themes shaping investment decisions across industries and producing reports on investment destinations worldwide. He has focused his attention on writing about the international expansion of technology companies and produced **fDi**'s first Start-up Attraction Index and Venture Capital-powered FDI ranking. He has contributed to FT special reports and regularly hosts panel sessions at global conferences on topics such as investment, technology, start-ups and real estate.

### Preston Martin

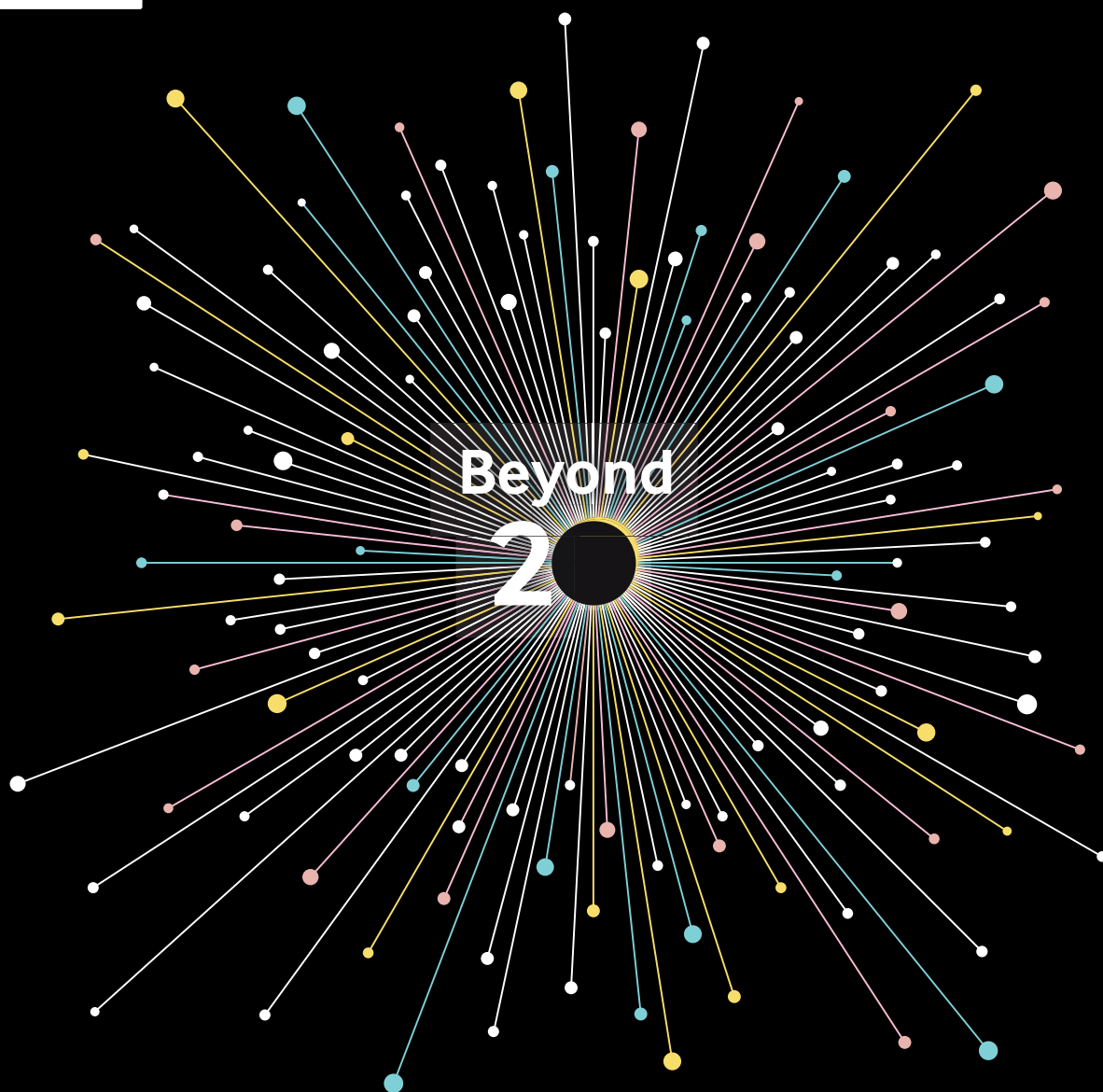


Preston Martin, along with co-founder Thibault Serlet, founded Adrianople Group (AG) in 2018 as a business intelligence advisory firm with a focus on the special economic zones industry. From its inception, the vision of the company has been to bring actionable intelligence, operational capacity, and growth capital to economic zones and city development projects. Over the years, AG has grown to become one of the world's leading BI firms in the field of SEZs, forming a bridge between private equity and special jurisdictions.

### Tony Restall



Tony Restall operates his consultancy company DSI Ltd providing free zone expertise to many Governments embarking on Free Zone programmes throughout the World. He has 40 years of experience in working with free zones and free ports globally. He was the team that launched the first Middle East free zone, Jebel Ali, and went on to set up some of the most successful Free Zones in the Middle East & Africa. ■



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# Out Now: Tourism Investment Report 2021

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Covid-19 precipitated a global stalling of the tourism industry. Now, as vaccine rollouts help lockdown measures ease, investment into the tourism cluster has started to pick back up, with domestic tourism leading the recovery.

Tourism Investment Report 2021 produced by fDi Intelligence in association with the UN World Tourism Organisation (UNWTO)

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