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**FreeZone Concepts in the Middle East:  
Dubai Technology, E-commerce and Media  
Free Zone**

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## Biographical:

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Karl is educated in England and is the holder of a first degree in Hospitality Management ( Thames Valley University, London), Postgraduate qualifications in research methods ( University of Bradford , UK ) and a Master degree in Computer Science (University of Manchester Institute of Science and Technology , UK ). Karl's research interest, taken from a quantitative perspective, focuses on economic growth and significance, and he has published over 10 articles, conference papers and book chapters on related subjects.

His recent quantitatively based research has focused on the economic growth within Dubai and the UAE. Where he has lived for 10 years. He is currently a partner in a research based company and teaches at the UAE University.

Karl is a member of the Hotel and Catering International Management Association, Hospitality Information Technology Association and the British Computer Society.

## Abstract

With the onset of globalization, global markets and rapid advances in the field of information communication technology (ICT), governments and organizations are increasingly faced with opportunities to achieve economic benefits.

The UAE has firmly established itself as a knowledge-based economy. Following a proactive agenda to innovate, the UAE Government has embarked upon a series of key strategic developments establishing innovative systems in a concerted endeavour to enhance its economic base as well as diversify its income potential. The establishment of free zones was one such initiative. Free zones were first established in the UAE emirate of Dubai to offer companies world class infrastructure, based on the fundamental principles of '100% foreign ownership', 'freedom of capital and profit movement' and 'tax free incomes'. The success of such an initiative resulted in private sector investment flowing significantly into the economy from a variety of internationally based organisations and financial institutions.

In October 2000, the Dubai Government launched the Dubai Technology, Electronic Commerce and Media Free Zone (TECOM), an entrepreneurial economy driver that has stimulated innovation and entrepreneurship within the UAE economy.

One of the key entities of the free zone is the Dubai Internet City, which in a relatively short period has become a central base for both entrepreneurial activities within the region and as a base for many 'world class' companies from the ICT industries.

As Dubai Internet City (DIC) has developed, it has creatively sought to establish itself as an accepted model of a successful 'technology park' (TP) operating within the Middle East. (Madar Research Group 2004). A Technology Parks- also known as research parks, science or innovation centers- is a term used mainly to denote a focus of technology innovation, entrepreneurship and tenant companies involvement in the application of science.

The aim of this research is to delineate, define and clearly identify the factors that have contributed to the success of technology parks in the Middle East. The reason for this research study is that little information is currently available on the role, success and contributing factors of technology parks in the Middle East and how they drive Entrepreneurial activity within the region.

## **Introduction**

The aim of this paper seeks to identify the factors that have contributed to the success of the model of excellence presented by the establishment and development of Dubai's Internet City, the World's first technology, electronic commerce and media free zone.

With the onset of globalization, global markets and rapid advances in the field of information communication technology (ICT), governments and organizations are increasingly faced with opportunities to achieve economic benefits. The success of the Dubai Technology, E-commerce and Media Free Zone successfully illustrates ways, to maximise economic capital investment.

Dubai has firmly established itself as a knowledge-based economy. Following a proactive agenda to innovate, the Dubai Government has embarked upon a series of key strategic developments establishing innovative systems in a concerted endeavour to enhance its economic base as well as diversify its income potential. The establishment of free zones was one such initiative. Free zones were first established in Dubai to offer companies world class infrastructure, based on the fundamental principles of '100% foreign ownership', 'freedom of capital and profit movement' and 'tax free incomes'. The success of such initiative resulted in private sector investment flowing significantly into the economy from a variety of internationally based organisations and financial institutions.

In October 2000, the Dubai Government launched the Dubai Technology, Electronic Commerce and Media Free Zone (TECOM). One of the key entities of the free zone is the Dubai Internet City, which in a relatively short period has become a central base for many 'world class' companies from the ICT industries. These companies are locating to the region in order to exploit emerging markets. Other associated entities within the free zone are Dubai Media City, which is regarded as a leading regional media community and hub and Knowledge Village which is a growing and vibrant learning center.

As Dubai Internet City (DIC) has developed, it has creatively sought to establish itself as an accepted model of a 'technology park' (TP). Integrated and themed economic activities have natured DIC into becoming a successful project undertaken by the Dubai Government, helping to launch this emirate as a world class knowledge-based economy (Madar Research Group 2004).

Building on theories of economic evolution and applied economic research, this study will firstly present a conceptual model for understanding how the TP concept operates. Secondly, the study will examine the success factors that stand as key attributes for the clear establishment and effective operation of DIC. Thirdly, the paper will present a series of informative observations concerning the 'free zone' concept. Finally, the work will critically explore recommendations for the future development of the free zone within the UAE.

## **Background**

Joseph Schumpeter (1934) is widely credited for being one of the major 'founding fathers' of business innovation (Drucker, 1954; Langlois, 1987; Andersen, 1991). Schumpeter and his followers stressed that innovation particularly that associated with technical changes are dynamic actors of capitalism and the main economic drivers of financial growth (Phillimore et al. 2001).

Schumpeter (1947: 83) clearly states:

The fundamental impulse that sets and keeps the capitalist engine in motion comes from new consumer goods, the new methods of production or transportation, the new markets..(This process) incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one. This process of Creative Destruction is the essential fact about capitalism.

The work of Joseph Schumpeter provides a counterpoint to the mainstream neo-classical economic perspective, which far too long regarded economic change as an almost 'exogenous action' that was somewhat of a serendipitous event, and little understood by economists (Phillimore et al, 2001). The earlier work of Schumpeter (1951:1939) was predominately concerned with economic growth and technological innovation, today the field of study has developed to include such areas as the study of business cycles, trade, competition, employment and labour relations. The resulting effects on policy and policy decisions makers has increased to such an extent that active support for the Schumpeterian philosophy can be found in such agencies and macro-regional bodies as OECD and the European Union (OECD,1997).

The basic question that needs to be asked in relation to Dubai is: 'What impact will technological change has on the economy?'. This is a question that should concern us greatly and is of particular importance to policy makers, investors and the wider business community.

World wide ICT, innovation and entrepreneurship are widely acknowledged as driving forces behind modern day economic growth. The private sector is seen as an effective ambient for harnessing these forces, towards creating wealth, to generate employment and promote social well-being. This type of activity is also seen as a key driver in helping to diversify developing economies, thereby seeking to offer a range of goods and services to both national and international markets. To capitalise on this, developing countries have formulated strategies to promote innovation and to create entrepreneurial ventures, as well as to target and encourage private sector investment.

Gradual movement towards this belief promotes the growth of government-supported technology parks. This paper summaries the results of initial research and future planned studies concerning the roles of TPs within the Dubai economy. The paper will offer an insight into the framework of an established TP and the influence that this has had on the design of free zones within Dubai. Furthermore, the study will seek to examine the key success factors that are considered to be important in the successful performance of the world's first technology, electronic commerce and media free zone, especially as it continually gains increasing world-wide recognition, forming a major part of the Dubai

government's strategy in having its economy regarded on the global stage as being 'knowledge-based'.

### **Technology Parks: Conceptual and Operational Components**

Technology Parks, also known as research parks, science or innovation centers, is a term used mainly to denote a focus of technology innovation and tenant company's involvement in the application of science. According to Lalkaka (1999):

Technology Parks are longer-term, capital intensive, real estate driven investments, which take advantage of proximity to sources of intellectual capital and infrastructure, to promote scientific research and its utilization.

Research on TPs has clearly demonstrated that they can stimulate regional economic development. Moreover, a technology park can also be seen as a property-based development which has a high quality, physical environment in a park-like setting often located adjacent to, or in a reasonable distance from, a research institute or technical university. TPs place a great deal of emphasis upon activities that promote the growth of research, technology commercialisation and knowledge-based enterprises.

### The Organisation of TPs

TPs vary considerably in the way that they are established and managed. Many are founded as independent legal organisations by state and local governments, universities and research institutes, development foundations, private corporations or any combination of these. TP can be public or not-for-profit operations, or academic-related and hybrid. Other types can be found to be highly dependent upon the institutional character of their founders.

Different types of TPs are listed below:

- Public or not-for-profit
- Private parks and incubators
- Academic-related parks and incubators

While the 'industrialised western model' of a TP is quite diverse, the developing countries, noticeably China, Taiwan and India, have all developed TPs that rely heavily upon Government funded support.

The roles of the relevant stakeholders differ within these models in relation to the overall effects of the TP operation. However, they all serve one major purpose: developing knowledge intensive businesses through increasing the competitiveness of local economies.

### Management within the TP

For the purpose of administering the technology park, TP founders have tended to establish managing companies whose roles and responsibilities span the day-to-day management of the TP. They often have a remit that generally includes full authority over the park's infrastructure and development. Managing companies vary in their establishment, ranging from non-profit institutions or foundations to public corporations, or they can be established as a private company with the express purpose of managing the park, often on a profit basis.

These can be formed as limited liability companies or joint stock companies with government participation.

Management companies often establish subsidiaries to run most of the support services within the park. These services can include the servicing and management of aspects of the TP and its infrastructure: security, cleaning, event management and catering; and in some cases ICT support and provision. Subsidiaries can be financed by tenants of the TP in proportion to the areas they occupy, or on a yearly pay for use basis.

### Legislative and Policy Framework of TP

The success of TPs depends heavily on how effectively they can create an environment conducive to business development. State policies and regulations can significantly contribute in this direction by simplifying the regulatory systems to facilitate the registration cost, time and bureaucracy needed for starting a business; thus encouraging the creation of flexible funding mechanisms, including venture capital funding and loan-guarantee schemes.

Policies can also be provided that can benefit companies in the form of tax incentives, protection of business rights as well as intellectual property.

### The Financing Model of the TP

Lalkaka (1999) list four basic models for the financing of a TP. These are listed below:

- 1: State covered cost
- 2: Social investors
- 3: Private for profit real estates
- 4: Public private partnerships

Funds for the establishment and subsequent development of a TP can come from any one or a combination of the above sources. Each source of investment will have their own mission and cost benefits linked to key reasons for their investment purposes and this may influence the role they will seek to play upon investing in the management and functioning of the TP.

### **The Practical Implications and Operational Factors**

Tps are primarily designed to facilitate the production and commercialisation of advance technologies. Several key determinants and factors have been identified that are considered to be important in order to facilitate the successful adaptation and implementation of these ideas in the market place, to this end the TP should be seen to provide some of the following:

- Co-operation in research and development in association with scientific research institutes and laboratories.
- Financial consulting and assistance in obtaining 'venture capital funding'
- Professional, technician, administrative and legal assistance
- Information and telecommunication services: Internet based high speed networks

- Supportive business infrastructure
- Access to University facilities, library resources and systems, as well as proprietary technologies
- Intellectual property protection
- Access to knowledge-based workers (e.g. graduate students)
- Access to continuing education and customized training

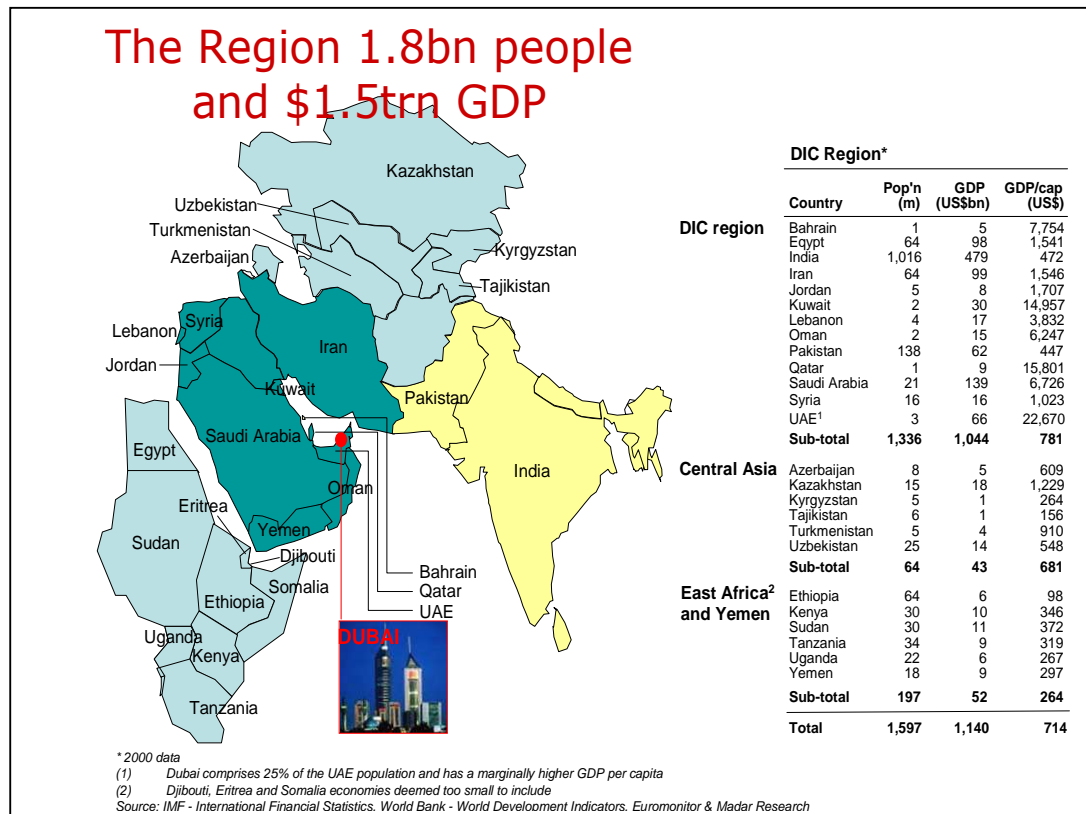
In the provision of the above, TPs are seen as aiding the growth of tenant companies and as such they in turn are seen as playing a significant role in the development of the local economy. This can be seen most noticeably in the following areas:

- Creation of new jobs
- Attracting foreign capital
- Increasing local and national competitiveness (i.e. competitive differential advantage)

This development role is crucial for transitional and developing economies, such as can be observed within Dubai.

## Dubai Technology, E-commerce and Media Free Zone (TECOM): A case study of Dubai Internet City, Dubai, UAE

Dubai has traditionally been seen as a trading post and industrial hub benefiting from its unique strategic location. Today, Dubai is located at a gateway to some 1.8 billion potential consumers providing a strategic base for companies and business ventures targeting the emerging markets of the Middle East, the India Sub continent, Africa, South Asia and the CIS countries. This region combined has a GDP worth estimated at US\$1.5trn (see Diagram 1 below).



**Diagram 1:** Source IMF: Euromonitor and Mader Research, 2000.

Dubai has made tremendous progress within recent years towards the establishment of a knowledge-based economy. Economic solutions have been embarked upon that rely heavily on Dubai's capabilities to access and use the world's assets of knowledge and experience, especially to enable this emirate to create its own knowledge environment. The Dubai government has undertaken several large scale and capital intensive initiatives to strengthen its industrial base and to diversify its economy and income.

The following analysis concerns one of the key initiatives of the Dubai Governments strategy and a key entity of the TECOM free zone the DIC. An attempt will be made to evaluate the structure of the DIC in relation to the above presented framework, highlighting areas of good practice and future research towards the development of the Dubai's world class free zones.

Sources of information supporting this analysis were obtained from secondary sources published in various media sources and from the DIC web site and web site of DIC partners.

## The Organisation of TECOM

Dubai Technology, Electronic Commerce and Media Free Zone (TECOM) was established in 2000: Under Law No.1 of 2000 of The Emirate of Dubai. This law is formally known as the 'Dubai Technology, Electronic Commerce and Media Free Zone Law No.1 of 2000' (appendix 1) issued by H.H. Maktoum Bin Rashid Al Maktoum, The Ruler of Dubai.

Article 3 of Law No.1, establishes the boundaries of the free zone known as the Dubai Technology, Electronic Commerce and Media Free Zone (TECOM), which was to be financially and administratively independent, but it was to form part of the Government of Dubai.

Article 4 of Law No1, stipulates that the TECOM authority shall constitute:

- a) a Chairman
- b) a Director General
- c) an Executive Body

Article 5 states that the Chairman shall be appointed by the Ruler of Dubai, and shall be formally known as the Chairman of the Authority. The task of the chairman will be to undertake the supervision of the free zone with powers and authority to issue rules and regulations deemed necessary for the operation and administration of the free zone, and for the implementation of Law No.1. The current chairman is His Highness Sheikh Maktoum bin Mohammed bin Rashid Al Maktoum.

Article 6 of the law states that the director general shall also be appointed by the His Highness The Ruler of Dubai and shall be formally known as the Director General of the Authority. Since March 2002, the director general of the Dubai Technology, Electronic Commerce and Media Free Zone (TECOM) has been Mr. Ahmad Bin Byat, who is also a member of the TECOM board (Appendix 2).

Article 7 states that the chairman shall have special regulation governing the recruitment and appointment of employees of the Authority's Executive Body. Other members of the executive body, include, the respective CEO's of Dubai Internet City, Dubai Media City and Knowledge Village. Importantly the board operates as an independent legal organisation establishing the laws, rule and regulations under which the organisation and its partners operate. Essentially, the TECOM board acts as a for profit board, which operates under the authority of the Government of Dubai.

The authority objectives are laid out in article 8 and article 9 of Law No. 1, stipulating how the objectives are to be achieved in relation to functions and responsibilities.

The stated aims of TECOM was to create an advance infrastructure, freedom of capital movement and a tax free environment, coupled to an attitude that modern businesses need to operate globally and efficiently in a knowledge-based economy.

To date, TECOM comprises of Dubai Internet City and Dubai Media City, Knowledge Village and the American University in Dubai. Initially, it was estimated that some two hundred technology and high technology firms would locate to the free zone site. Such is the success of the free zone that local and international private sector investment has significantly impacted economic generation and re-generation within the region.

The value proposition as quoted on the Dubai Internet City web site for companies seeking to locate into the free zone is stated as:

- One-stop-shop for all business and associated needs
- Business-enabling physical infrastructure
- High performing and adaptable technology infrastructure
- A community of like minded individuals and businesses
- An environment rich with networking opportunities
- 100 % tax free
- 100 % foreign ownership
- International business environment
- Access to a large pool of knowledge workers
- Straightforward laws and regulations
- Prestigious business addresses
- Housing facilities
- E-learning programs
- Recreational facilities

[\(http://www.dubaiinternetcity.com/\)](http://www.dubaiinternetcity.com/)

#### The Management of Dubai Internet City

Dubai Internet City comes under the direct management of the TECOM free zone. However, the day-to-day administration of DIC is under the supervision of the Chief Executive Officer (CEO) of the DIC. The present CEO of DIC is Dr. Omar Bin Sulaiman, who is also a member of the executive board (Appendix 3). The CEO manages DIC in accordance within the provisions of the laws and rules and regulations issued by the executive body.

The management of DIC has a mission is to create an infrastructure, environment and attitude that will enable information and communications technology (ICT) enterprises to operate locally, regionally and globally from Dubai, with significant competitive advantages.

His Highness General Sheikh Mohammed bin Rashid Al Maktoum Crown Prince of Dubai, Defense Minister of the UAE has informatively stated:

The 'attitude' dimension in our mission is vitally important. It means approaching our customers and business partners with a view to solving their problems (<http://www.dubaiinternetcity.com/>)

DIC is now the largest IT infrastructure in the Middle East, providing companies located within it with the largest commercial internet protocol telephony system in the world.

The management company has established subsidiary companies to run many of the support services required in the free zone, for example:

- Telecommunications
- Data hosting and IT security
- Hospitality and events
- Information services
- Cleaning and security
- Property management.

These services are either subsidised by the tenants of the free zone from their rental income, or are paid for directly by users in relation to the usage of the services. Centralized billing and coordination of the services is undertaken by TECOM.

#### Legislative and Policy Framework of DIC

Dubai Internet City has established free zone specific corporate laws that empower the companies in the community to help them grow. The legislative and policy framework of DIC is governed by the decrees issued by TECOM as described above.

The range of laws, regulations and codes of practice issued can be found in appendix 4. The significant laws, however, are:

- Law No. 1 of 2000 of the Emirate of Dubai establishing the Dubai Technology, Electronic Commerce and Media Free Zone.
- Law No. 9 of 2003 of the Emirate of Dubai amending Law No. 1 of 2000 establishing the Dubai Technology, Electronic Commerce and Media Free Zone
- Law No. 11 of 2004 of the Emirate of Dubai amending Law No. 1 of 2000 establishing the Dubai Technology, Electronic Commerce and Media Free Zone.
- Law No. 2 of 2002 of the Emirate of Dubai – Electronic Transactions and Commerce Law.
- Decision No. 3 of 2004 concerning the Dubai Technology and Media Free Zone Private Companies Regulations 2003
- Decision No. 1 of 2005 Concerning Changing the Name of a FZ-LLC in the Dubai Technology and Media Free Zone issued on 15 February 2005.
- Decision No. 3 of 2005 concerning Licensing Categories for Dubai Internet City, Dubai Media City, Knowledge Village, Dubai Outsource Zone, International Media Production Zone, Dubai Studio City, Dubai Biotechnology and Research Park and Dubai Land issued on 18 July 2005.

This legislative framework governs the operation of the free zone establishing ways in which companies must function.

## The Financing Model of TECOM

The sole source of initial funding for the TECOM project was the Dubai Government with an initial funding of US \$272million. Initially it was seen that the government were responsible to: “put together the initial building blocks..(where they) led all the development work” Dr Omar Bin Sulaiman CEO DIC and Member of the Executive Board TECOM (Gulf News 2003).

In the third year of operation, DIC opened up to outside investment in the form of partnerships between the government and private sectors. This has yielded recently private sector developments in the form of commercial office space being built. The first high rise office space development was released for occupancy in late 2005. Furthermore, twenty seven buildings are currently under development and are expected to be completed within the next five years (Property Weekly, 2005); to be developed under a scheme known as the Property Management Leasing Agreement.

The operational protocol is for private sector investors to develop buildings while TECOM runs and manages the property. In this scheme, TECOM is responsible for all aspects of sales and marketing of value added aspects of such property services as maintenance and management of the facilities (Property Weekly, 2005).

This recent development is seen as the catalyst in enabling the free zone to meet its expansion strategy, thereby providing capacity for an ever expanding tenant population linked to the knowledge industry (Gulf News 2003).

## **Discussion and Conclusion**

Rapid development within the economy of Dubai has been characterized by integrated and highly innovative themed projects. Many of which have been undertaken on a significant scale, benefiting from injections of immense capital funding. The establishment of the Dubai Internet City was no exception to this, initially established in 2000 as the World’s first free trade zone for technology, electronic commerce and media. It is regarded as a key initiative of the Dubai Government, apparent in its plans for economic transformation and diversification within a dynamically growing region of the world.

The policies and strategies devised and adopted by the Dubai Government conceptually implicate the work of Schumpeter. Who, as far back as the mid-1900’s, established that innovation, particularly that which is associated with technological change, is considered to be a driving force of capitalist movements; and as such should considered be to be key driver of financial growth, derived from economic development and expansion within a given economy.

Much of the success of Dubai Internet City is derived from the Government of Dubai and the TECOM executive body, who have actively undertaken sustained efforts towards positioning

Dubai as a regional 'hub' for the production and commercialization of ICT based goods and services.

The establishment and operation of the articles in the Dubai Technology, Electronic Commerce and Media Free Zone Law No.1, is directly aligned to the conceptual model presented within this paper. A model that conforms to accepted best practices in relation to the organisational establishment, management, legislative framework and financial capacity of a successful TP. The implementation of the law under the chairmanship of is His Highness Sheikh Maktoum bin Mohammed bin Rashid Al Maktoum, the Director General Mr. Ahmad Bin Byat and Dr Omar Bin Sulaiman the CEO of DIC; all working as members of the executive board with the powers to act as an independent organisation, benefiting from the full support of the Dubai Government, has enabled DIC to increase the ICT competitiveness within the Dubai economy.

This can be observed in the introduction of innovative systems related to the management of the TP and the long-term financing models adopted, which draw upon government and private sector sources of capital, which are all in place to ensure DIC's continual growth. The infrastructural support, such as state of the art telecommunications services, have all combined to ensure that communication, dissemination and processing of information is conducted in a highly innovative way, which is a fundamental aspect of any knowledge-based economy.

Clear institutional and legislative frameworks have been provided and implemented to allow for a series of incentives, often of a financial nature, to encourage the development of the free zone. Subsequently the growth of DIC has had a tremendously impact in making Dubai a highly attractive and competitive knowledge-based economy. McGraw and Schleicher (2005) profoundly assert:

The development of modern 'knowledge economies' reflects a move from a economy based on land, labour and capital to one in which the main component of production is information and knowledge: The most effective economies are those with the largest production of information and knowledge and in which they are easily accessible to the greatest number of individuals and enterprises.

The results to date have produced foreign investment that has come into the emirate in increasing amounts, fuelling economic growth in areas related to health care, financial markets, real estate and building construction, education, tourism and leisure, and ICT. DIC is at the forefront of the ICT movement, whereby many national and multi-national organisations and companies have established a presence within the DIC.

The establishment of DIC was to provide tenants of the free zone with world class infrastructure, facilities and incentives that support the ICT community, especially by eliminating bureaucratic obstacles and allowing for the free movement of goods, services and capital. This objective has certainly been achieved. The current figure of occupants at DIC stands at some 303 companies from 35 countries (Madar Research Group, 2004).

Plans are also in place for the development of a 'Greenfield' site (Gulf News 2003) to house research and development centers, this is to be known as the Dubai Biotechnology and Research Park; a government free zone initiative, under the management of TECOM with direct management and organisational links to DIC (<http://www.dubiotech.ae/>)

Practically speaking, the DIC free zone is a world class model of excellence that is being replicated globally. TECOM authorities are currently communicating with governments and organisations in Africa, India and the Middle East, who are seeking, to emulate the success of the Dubai based model in an endeavour to ensure clear economic benefits.

It is the intent of the authors to engage in empirical-based research to address the ontological dimensions of the operational and strategic structures of Dubai Internet City, thereby investigating through both qualitative and quantitative means the multi-layered structures and systems of this rather innovative technology park. Consequently, empirical-based data will help inform those conceptual-based models directly concerned with understanding elements of 'good practice'. The key concerns should deal with the multifarious perspectives of companies operating within Dubai Internet City. Such perspectives relate to the systemic relationships between companies and TP management, potential research and development activities of the companies themselves; as well as issues of access to funding resources and venture capital. Here, it is essential to address the strategic vision and innovations of key companies operating in DIC, particularly in the context of investment capacities for Dubai's economy as a whole.

Moreover, it is necessarily to address how companies gain access to knowledge-based workers and knowledge-based information systems, establish training implementation schemes, procure and effectively utilize training and educational resources, and institute and pioneer quality-based management systems. The overall intention is to further re-define the model of excellence which underpins Dubai Government's ambition to propagate the success Dubai Internet City and to export this model globally.

## Appendix 1

### Law No.1 Of 2000 Of The Emirate Of Dubai

#### Law No.1 of 2000 of The Emirate Of Dubai

#### The Dubai Technology, Electronic Commerce & Media Free Zone Law

**We, Maktoum Bin Rashid Al Maktoum, The Ruler of Dubai, do hereby enact the following Law:**

##### Article 1

This Law shall be known as "Dubai Technology, Electronic Commerce and Media Free Zone Law No. (1) of 2000".

##### Article 2

The following words and phrases shall have the following meaning appearing opposite each of them, unless the context implies otherwise.

The Ruler	H.H. The Ruler of Dubai
The Government	The Government of Dubai
The Emirate	The Emirate of Dubai
UAE	The United Arab Emirates
Free Zone	Dubai Technology, Electronic Commerce and Media Free Zone
Authority	The Free Zone Authority
Chairman	The Chairman of the Authority
Director General	The Director General of the Authority
Electronic Commerce	business which is conducted by an electronic medium predominantly on the Internet
Technology	all aspects of computing, data recording, television, video, telecommunications, storing, retrieval and sending of information by the use of technology, computer equipments, computer hardware and software, telecommunications systems and networks, including, without limitation, those referred to in Article 10 herein.
Media	human and technological methods available for the communication and distribution of printed

	or digital, audio and visual information to specified or unspecified parties, including, without limitation, cable and satellite television broadcasting, and television production.
Products	all goods including, without limitation, materials, equipments and merchandise of all types whatsoever.
Free Zone Establishment	any natural or corporate person licensed to carry on business in the Free Zone pursuant to this law and regulations issued in relation thereto, including all kinds of commercial companies.
Other Free Zones	Jebel Ali Free Zone, Dubai International Airport Free Zone, and any other zone or zones established in the Emirates.

### **Article 3**

#### **There shall be established by this Law:**

- a. a free zone to be known as Dubai Technology, Electronic Commerce and Media Free Zone, which location, area and boundaries shall be as set out in the map attached to this Law.
- b. a corporate entity known as Dubai Technology, Electronic Commerce and Media Free Zone, which shall be financially and administratively independent and may sue or be sued in this capacity. Its main premises shall be in the Free Zone, and it shall be part of the Government.

### **Article 4**

#### **The Free Zone Authority shall be constituted of:**

- a. a chairman
- b. a director general
- c. an executive body.

### **Article 5**

The Chairman shall be appointed by the Ruler, and shall undertake the supervision of the Free Zone. The Chairman shall have the power and authority to issue rules and regulations necessary for the operation and administration of the Free Zone, and for the implementation of this Law.

### **Article 6**

The Director General shall be appointed by the Ruler, and shall undertake the administration of the Free Zone, under the supervision of the Chairman in accordance with the provisions of this Law and the rules and regulations issued in relation thereto and shall represent the Authority towards third parties.

### **Article 7**

The Chairman shall issue a special regulation governing the recruitment and appointment of employees of the Authority's Executive Body, and the terms and conditions of their employment, dismissal, salaries, duties, rights and other matters involving them.

### **Article 8**

The objects of the Authority shall be:

a. to draw up strategies and policies, and methods of implementation thereof, in order to promote Dubai as a centre for Technology, Electronic Commerce and Media.

b. to prepare researches and advise the Government in relation to laws appropriate to the regulation and encouragement of Technology, Electronic Commerce and Media in the Emirate, including but not limited to:

1. data protection
2. protection of intellectual property right.
3. control of crimes associated with Electronic Commerce

c. to establish, own and promote, either solely or with others, establishments in the Free Zones, including but not limited to, a University and a research centre.

d. to co-ordinate with the other Free Zones in relation to matters of mutual interest.

### **Article 9**

**To achieve its objects, the Authority shall undertake the following functions and responsibilities:**

1. procure infrastructure, buildings, management and any other services required to achieve the Authority's objects.

2. regulate business and activities within the Free Zone.

3. provide telecommunications and Internet services.

4. authentication of Internet and Electronic Commerce sites and issuing of the necessary terms and conditions in relation thereto. The Authority may also license other establishments within the Free Zone to perform the authentication process of such sites.

5. establish and license establishments in the Free Zone.

6. regulate commerce between establishments in the Free Zone and any other parties outside the Free Zone.

7. enter into agreements with other Free Zones to enable the Free Zone establishments to carry on business in those other zones.

8. provide the Free Zone establishments, upon request, with executives, managers technicians, craftsmen and other workers in accordance with the provisions of this Law, the regulations issued in relation thereto, and any terms and conditions agreed upon by

the Authority and these establishments.

9. enter into leases of plots and buildings that may extend to periods up to (50) years, with any establishment in the Free Zone, to enable it to carry on its activity according to terms and conditions agreed upon.

10. provide of all kinds of services.

11. levy and charge fees for the services it provides.

12. establish an investment fund for providing capital to the Free Zone establishments, and for investing the Authority's funds in the manner and method, and in the activities and projects, which the Chairman deems fit.

### **Article 10**

**The business and activities carried on in the Free Zone shall include the following:**

1. the design, development, use and maintenance of everything relevant to Information Technology.

2. business of Electronic Commerce

3. Telecommunications and media services

4. provision of services through the Internet or through any other medium including banking, financial services, insurance, education, call centres, marketing operations, information and recreation services .

5. integrated marketing and public relations services.

6. assembly and packaging of products manufactured within or outside the Free Zone.

7. import, export and storage of products.

8. the development and manufacture of products.

9. warehousing, logistics, distribution and redistribution services.

### **Article 11**

Subject to the provisions of Article (23) of this Law and the regulations issued in relation thereto, the Free Zone shall be open to all kinds of products from all sources, whether local or foreign.

### **Article 12**

The products brought, manufactured, produced or developed in the Free Zone shall be exempt from customs duties, and shall not be subject to any customs duties or any other fees when exported.

### **Article 13**

Products kept in the Free Zone, used in any process, or integrated in the manufacturing of any product in the Free Zone shall be exempt from customs duties.

#### **Article 14**

Products exported from the Free Zone to the "Customs Zone" in Dubai shall be deemed to have been exported from abroad for the first time, and shall be subject to customs duties.

#### **Article 15**

Free Zone establishments and employees shall be exempt from all taxes including income tax with regard to their operations within the Free Zone. They shall also be excluded from any restrictions on repatriation and transfer of capital, profits or wages in any currency to any place outside the Free Zone for a period of (50) years. This period may be renewed for further similar periods by a resolution issued by the Chairman. Such period shall be calculated from the date of the beginning of work of such establishments or employees.

#### **Article 16**

Assets or activities of the Free Zone establishments shall not be subject to nationalization or any measures restricting private ownership, throughout the period of their activities in the Free Zone.

#### **Article 17**

Free Zone establishments may employ or hire whomsoever they choose in their operations in the Free Zone, provided that such employees are not subject to any countries politically or economically boycotted by the UAE.

#### **Article 18**

The operations of Free Zone establishments or employees, within the Free Zone, shall not be subject to the laws and regulations of Dubai Municipality, the Department of Economic Development of the Government of Dubai, or the powers and authority falling within their jurisdiction.

#### **Article 19**

Companies with limited liability may be incorporated in the Free Zone in accordance with the Free Zone Regulations, and shall be considered as Free Zone establishments. These companies may have one or more shareholders, whether natural or corporate persons, local or foreign.

#### **Article 20**

The Authority shall have the power to approve the establishment and registration of the Free Zone establishments, and to regulate all procedures and matters relating thereto, including incorporation and registration of companies referred to in Article

(19), levying registration fees, setting out terms and rules governing such companies, regulations regarding their liquidation or any other matters as the Authority deems necessary for the proper supervision and control of such companies.

#### **Article 21**

Every limited liability company incorporated in accordance with Article (19) of this Law, shall set out beside its name the following particulars, in all its activities, contracts, notices invoices, correspondence and publications:

- a. that the company is incorporated in accordance with this Law, and that it is a limited liability company.
- b. that it is a company in the Free Zone.

in the cases where clause (a) and/or clause (b) of this Article are disregarded, the company's owner or owners shall be personally liable for the obligations of the company.

#### **Article 22**

The Chairman, the Director General or the employees and workers of the Authority shall not be liable to any third party for the operations or obligations of the Free Zone Establishments or their employees.

#### **Article 23**

**The following products, goods and services shall be prohibited in the Free Zone:**

- a. goods and services in violation of intellectual property law, including those in violation of laws and rules relevant to trademark, patent, copyright and design rights.
- b. products boycotted by the UAE
- c. all goods, products and services prohibited under the laws in force in the Emirate and/or the UAE. The Authority shall have power to specify or amend the list of prohibited products and services in accordance with the laws of the Emirate, as well as the power to grant exemptions from such prohibitions.

#### **Article 24**

**The following activities shall be prohibited within the Free Zone:**

- a. any unlicensed activity by any natural or corporate person, which requires a license within the Free Zone:
- b. any activity contrary to the Free Zone Regulations.
- c. any wilful activities designed to disrupt computer networks & software such as the creation and distribution of computer viruses.

#### **Article 25**

Assignment of the license issued by the Authority, to another party, shall be prohibited without the prior written consent of the Authority.

#### **Article 26**

The Authority shall have the power to control and inspect the activities of Free Zone establishments which are suspected to be in breach of the provisions of this Law or any other regulation.

#### **Article 27**

The Ruler may establish a court and/or an arbitration tribunal with the jurisdiction of hearing claims and suits arising out of, or in connection with, activities carried out by Free Zone Establishments within the Free Zone, including claims and suits between these establishments and any other parties outside the Free Zone.

#### **Article 28**

The Director General may impose civil penalties on any person who is in breach of any provision of this Law and the Regulations issued in relation thereto, or in breach of the terms and conditions of the license issued by the Authority, all in accordance with a special regulation to be issued by the Chairman.

#### **Article 29**

Any provision of any other law or legislation which conflicts with this Law is hereby repealed to the extent to which it is in conflict with the provisions hereof.

#### **Article 30**

This Law shall be published in the Official Gazette and shall come into effect on the date of its publication.

Maktoum Bin Rashid Al Maktoum  
Ruler of Dubai  
Issued in Dubai on 29 January 2000  
Corresponding to 23 Shawwal 1420 AH

Source: <http://www.dubaiintencity.com>

## Appendix 2

### **PROFILE OF AHMAD BIN BYAT, DIRECTOR GENERAL OF THE DUBAI TECHNOLOGY, E-COMMERCE AND MEDIA FREE ZONE**

Ahmad Bin Byat has been Director General of the Dubai Technology, Electronic Commerce and Media Free Zone (TECOM) since March 24, 2002. He is also a member of the TECOM Board.

Prior to becoming Director General, Ahmad Bin Byat was Chief Executive Officer (CEO) of Dubai Internet City, one of the entities of TECOM. He was appointed CEO of Dubai Internet City when it was founded in October 2000.

Bin Byat is a graduate in IT and management from the United States of America and was involved in network and IT planning and developing sales strategies earlier in his career. Bin Byat's educational background, leadership qualities and technology skills have made him a highly resourceful and inspiring corporate leader. Before joining TECOM, Bin Byat worked in a senior managerial capacity in Etisalat, the UAE state telecom service provider. He is credited with several significant achievements in Etisalat.

As CEO of Dubai Internet City, Bin Byat was able to guide the development of a strong platform of value for information and communication technology (ICT) companies to set up offices there. Under his leadership, Dubai Internet City developed new business units including security company DATAFORT and the Dubai Internet City-IBM Data Centre.

As Director General of TECOM, he now looks forward to developing the Free Zone into a global hub for knowledge economy companies.

Source: <http://www.dubaiinternetcity.com>

## Appendix 3

### **PROFILE OF DR. OMAR BIN SULAIMAN HAS BEEN CHIEF EXECUTIVE OFFICER (CEO) OF DUBAI INTERNET CITY**

Dr. Omar Bin Sulaiman has been Chief Executive Officer (CEO) of Dubai Internet City and Member of the Board of the Dubai Technology and Media Free Zone since March 24, 2002.

Before joining Dubai Internet City, Dr. Bin Sulaiman worked in various business fields including trade, international sales and marketing and the information and communications technology (ICT) industry.

Dr. Bin Sulaiman can be characterised as an entrepreneur, an inspiring leader and a strategic planner. Under Dr. Bin Sulaiman's leadership, Dubai Internet City achieved more than 100 per cent growth in less than a year. Dubai Internet City has today developed into a large ICT community that includes several global ICT giants – Microsoft, Oracle, HP, IBM, Compaq, Dell, Siemens, Canon, Logica, Sony Ericsson and Cisco to name a few. Dr. Bin Sulaiman is now driving Dubai Internet City's efforts to develop new initiatives aimed at the development of the region's ICT industry.

Before assuming the post of CEO, Dr. Bin Sulaiman was Chief Operating Officer (COO) of the subsidiary companies of Dubai Internet City. As COO, Dr. Bin Sulaiman led the development of the eHosting Centre, the region's first facility that provides managed hosting services. The facility was built by Dubai Internet City in an alliance with IBM.

Dr. Bin Sulaiman has actively assisted the Dubai Tourism and Commerce Marketing (DTCM) in promoting Dubai and the UAE, especially its Free Trade Zones, in the US, Canada and South America. He was also involved in setting up technology businesses and other entrepreneurial ventures.

Dr. Bin Sulaiman holds a Bachelors degree in Industrial Engineering, a Master of Science in Education and a Master of Business Administration (MBA) in Finance. He also has a Doctorate in Leadership.

Source:<http://www.dubaiinternetcity.com>

## Appendix 4

### TECOM List of Laws Regulations and Codes of Practice

[Law No. 1 of 2000 of the Emirate of Dubai establishing the Dubai Technology, Electronic Commerce and Media Free Zone.](#)

[Law No. 9 of 2003 of the Emirate of Dubai amending Law No. 1 of 2000 establishing the Dubai Technology, Electronic Commerce and Media Free Zone](#)

[Law No. 11 of 2004 of the Emirate of Dubai amending Law No. 1 of 2000 establishing the Dubai Technology, Electronic Commerce and Media Free Zone.](#)

[Law No. 2 of 2002 of the Emirate of Dubai – Electronic Transactions and Commerce Law.](#)

[Law No 6 for 2002 - Formation and Protection of the Telecommunication Network for Dubai Internet City.](#)

[Dubai Technology and Media Free Zone Private Companies Regulations issued on 9 April 2003](#)

[Dubai Technology and Media Free Zone Licensing Regulations issued on 25 September 2003](#)

[Dubai Technology and Media Free Zone Broadcasting and Publication Standards Tribunal Regulations issued on 4 November 2003](#)

[Dubai Technology and Media Free Zone Codes of Guidance issued on 4 November 2003](#)

[Dubai Technology and Media Free Zone Broadcasting and Publication Standards Tribunal Regulations - Schedule of Fees \(Regulation 10.2\) issued on 4 November 2003](#)

[Application Form for the Broadcasting and Publication Standards Tribunal](#)

[Dubai Technology and Media Free Zone Employment Regulations issued on 29 March 2004](#)

[Decision No. 2 of 2004 Concerning Authorised Signatories for the Dubai Technology and Media Free Zone issued on 21 April 2004](#)

[Decision No. 3 of 2004 concerning the Dubai Technology and Media Free Zone Private Companies Regulations 2003](#)

[Decision No. 5 of 2004 concerning the Hotel and Leisure Services Segment issued on 21 December 2004](#)

[Decision No. 1 of 2005 Concerning Changing the Name of a FZ-LLC in the Dubai Technology and Media Free Zone issued on 15 February 2005.](#)

[Decision No. 2 of 2005 Concerning Advertising by Knowledge Village Licensees issued on 1 June 2005](#)

[Decision No. 3 of 2005 concerning Licensing Categories for Dubai Internet City, Dubai Media City, Knowledge Village, Dubai Outsource Zone, International Media Production Zone, Dubai Studio City, Dubai Biotechnology and Research Park and Dubai Land issued on 18 July 2005.](#)

Source: <http://www.dubaiintencity.com>

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