

BIZWORTHY



THE SUN RISES ON DUBAI



By Janet Haney

No taxes, sunny skies, and warm weather. Sounds like paradise, and for some companies, Dubai, United Arab Emirates, is proving to be fresh stomping ground for big technology business.

"The three-year-long surge in oil prices has done much to keep many Gulf economies liquid," writes Thomas Vavra, senior research manager for IDC in an April 2005 research note. "The result has been greater momentum in liberalization and privatization efforts as well as increased private investment. Information technology spending has received a considerable boost from this trend." Consequently, information technology and telecommunications industries research firm IDC forecasts healthy IT market growth for the "foreseeable future" in the Middle East and Africa.

"While negative forces and obstacles exist in each country, their negative influence is outweighed by growing IT needs sparked by a mixture of improving economic performance and growing competition in key industry sectors," Vavra writes.

Certainly, without corporate or income taxes, foreign exchange controls or trade barriers, it seems companies would be scrambling to build a base in Dubai, a city of with approximately a million residents. Trade, technology, tourism, finance, manufacturing and other industries support its economy. At the center of the technology hub is the Dubai Silicon Oasis, a 7.2 million square meter high-technology design and manufacturing campus for the microelectronics and semiconductor industries.

"Our vision is to make Dubai Silicon Oasis one of the world's leading centers of advanced electronic innovation, design and development," says HH General Sheikh Mohammed bin Rashid Al Maktoum, crown prince of Dubai and United Arab Emirates Minister of Defense. According to the Dubai Silicon Oasis Web site, investments in the technology park are expected to surpass \$10 billion over the course of 20 years.

Still, not everyone is convinced Dubai is the new technology hotspot.

PROVING THAT GOOD THINGS DO COME IN SMALL PACKAGES, AMERICAN COMPANIES ARE INTERESTED IN DUBAI'S GROWING ECONOMY

"Right now, the place that is getting most of the attention is China. They are investing heavily into high tech," says Joanna Itow, managing director, Semico Research Corp., a marketing and engineering research company. "Tax incentives, access to engineering talent and potential markets are a real magnet for semiconductor production facilities."

Mere numbers may outdo the weightiness of Dubai's hopes for the future. China is a country packed with nearly 1.3 billion people, and market researcher IC Insights predicts the country's integrated circuit (IC) market will rise 11 percent to \$34.3 billion in 2005. If that happens, China will be the largest regional IC market in the world.

Meanwhile, the United States — home of Silicon Valley and Research Triangle Park, not to mention headquarters for some of the most successful technology companies in the world — boasts 295.7 million inhabitants. The United Arab Emirates has more than 3 million people living in an area smaller than the state of Maine, with expected growth to over 4 million people by 2010. Arabic and English are widely spoken languages, along with Persian, English, Hindi and Urdu. Dubai's population is comprised of 185 nationalities due to its large number of expatriates.

Proving that good things do come in small packages, American companies are interested in Dubai's growing economy. Heavyweights such as Microsoft, Cisco Systems, Hewlett-Packard, Oracle and IBM, among others, are partners in Dubai Internet City, an IT and telecommunications center built in a free-trade zone. Likewise, General Electric has signed an agreement to create a new regional facility at the Dubai Internet City. According to the Dubai Internet City Web site, the non-oil sector in Dubai is projected to grow to 94 percent by 2005 from the current level of 90 percent.

Time will tell if this city with its bustling airport, manmade islands, and one of the world's tallest hotels will continue to attract technology companies from around the world.

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