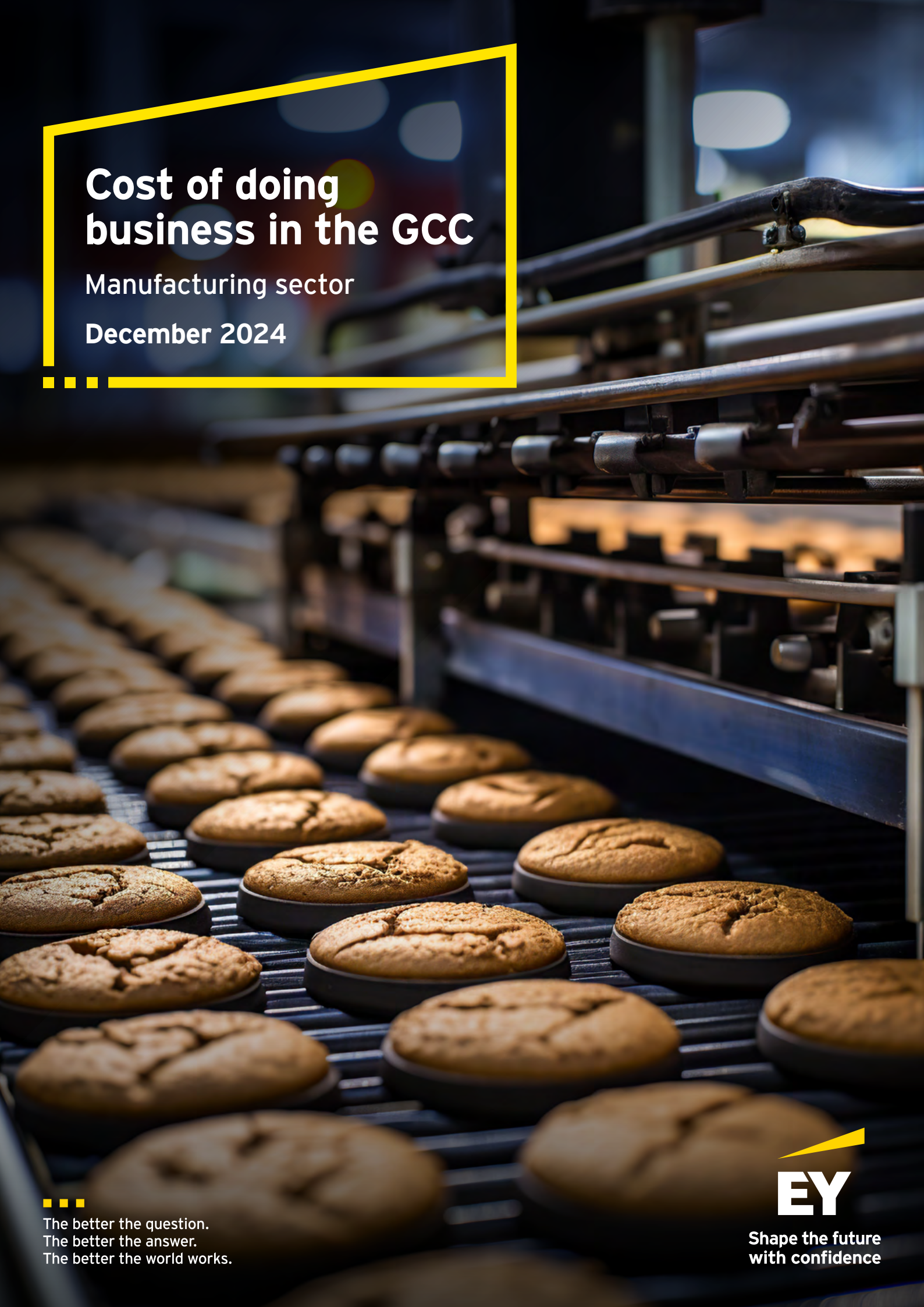


Cost of doing business in the GCC

Manufacturing sector

December 2024

The better the question.
The better the answer.
The better the world works.

Shape the future with confidence

Glossary	
BIIP	Bahrain International Investment Park
CIT	Corporate income tax
D3C	The 3rd Dammam Industrial City
DIP	Dubai Investments Park
DS	Dubai South
GCC	Gulf Cooperation Council
JAFZA	Jebel Ali Free Zone
KAEC	King Abdullah Economic City
KIZAD	Khalifa Industrial Zone
KSA	Kingdom of Saudi Arabia
R3C	Riyadh 3rd Industrial City
RAKFTZ	Ras Al Khaimah Free Zone
SAIF	Sharjah Airport Free Zone
SEZ	Special economic zone
SOHAR	Sohar Port and Freezone
UAZ	Umm Alhoul Zone
UAE	United Arab Emirates
VAT	Value-added tax

Limitations and restrictions

The study was prepared by Ernst & Young WLL (EY Bahrain) with the research and analytical support of the Quantitative Economics & Statistics (QUEST) practice of Ernst & Young LLP (EY US). Certain analyses and findings in this study are based on estimates and assumptions about a case study hypothetical firm to provide a general comparison of the cost of doing business in the GCC. There will be differences between costs shown in this study for the hypothetical case study and for various individual cost metrics because each business faces a unique set of challenges and circumstances, and those differences may significantly impact the cost of doing business. We make no representation of, nor do we take any responsibility over, the correspondence of the cost levels in this study with costs which may be quoted to any individual business. The findings and analyses contained in the study are based on data and information made available to EY teams through the date hereof. Should additional relevant data or information become available subsequent to the date of the study, such data or information may have a material impact on the findings in the study. The global EY organization has no future obligation to update the study.

Neither the study nor any of our work constitutes a legal opinion or advice. No representation is made relating to matters of a legal nature, including, without limitation, matters of title or ownership, legal description, encumbrances, liens, priority, easements and/or land use restrictions, the validity or enforceability of legal documents, present or future national or local legislation, regulation, ordinance or the like, or legal or equitable defenses.

The study is intended solely for informational purposes as an illustration of the cost of doing business for a set of costs based on assumptions for a hypothetical firm at a specific time. We make no representation as to the sufficiency of the study and our work for any business investment decisions or site selection purposes. Any third parties reading the study should be aware that the study is subject to limitations, and the scope of the study was not designed for use or reliance by third parties for investment purposes, or any other purpose. We assume no duty, obligation or responsibility whatsoever to any third parties that may obtain access to the study.

Table of contents

Executive summary

Gulf Cooperation Council (GCC) countries have been investing heavily in special economic zones (SEZs), looking to attract investors, create jobs, increase transfer of technology, stimulate demand for local inputs and diversify away from reliance on natural resources. This study evaluates the cost-competitiveness of major industrial zones in the GCC.

These SEZs (also referred to as "zones" in this study) provide companies with access to modern infrastructure, a relaxed regulatory environment and a variety of cost-saving incentives such as allowances for 100% foreign ownership, no restrictions on repatriation of capital, full exemption of corporate income tax (CIT), exemptions from customs duties and exemptions from value-added tax. SEZs continue to grow in popularity, with more than 70 SEZs currently in the GCC.[1]

This study provides a comparative analysis of the cost of doing business in the region's SEZs with a specific focus on manufacturing-oriented zones. Many of the zones covered are located strategically near ports so that products can be easily exported globally, and have easy access to local and regional markets.

Costs are benchmarked in seven categories related to establishing and operating a manufacturing business. Cost categories include: 1) labor 2) acquiring a manufacturing facility and office space 3) transport and logistics 4) taxes 5) utilities 6) business registration and licensing and 7) other costs, including those related to immigration and work authorization.

The importance of various factors to the overall cost of doing business is illustrated throughout this study by demonstrating the case of a hypothetical company as it navigates labor, rent and other major costs to determine the appropriate place to do business. The company chosen for this case study is a food manufacturing company.

The study finds that Bahrain International Investment Park (BIIP) is the most cost-competitive location to operate a food manufacturing facility for the set of costs measured, as shown in Figure ES-1. At an annual cost of $1.59m, the cost of doing business in BIIP is 15% lower than the average. Sohar Port and Freezone (SOHAR) and the 3rd Dammam Industrial City (D3C) are the next two most competitive locations. In BIIP, the total low cost of doing business is a result of low labor costs, where wages are the lowest across the benchmark group. Jebel Ali Free Zone (JAFZA) is the least competitive location, at an annual cost of $2.24m, 41% higher than BIIP.

Figures ES-2, 3 and 4 show the cost breakdown for the three most competitive zones: BIIP, SOHAR and D3C. Figure ES-2 shows the total annual labor cost for the case study company where costs (in the three zones) range from $1.01m to $1.30m and where BIIP has the lowest costs, followed by SOHAR.[2] Annual cost to rent a pre-built manufacturing facility and commercial office space is lowest in D3C, as shown in Figure ES-3, followed by BIIP, then SOHAR. Annual utility costs are shown in Figure ES-4 and are lowest in SOHAR, followed by D3C and BIIP.

The study also estimates the cost of living for a hypothetical family in order to evaluate the location's competitiveness in regards to attracting expatriate talent. The cost of living for families residing near BIIP is lowest, at an annual cost of $44,000, which is 32% below the average. The cost of living is highest near Dubai Investments Park (DIP); at a cost of $100,000, it is 53% higher than the average and 127% more expensive than BIIP.

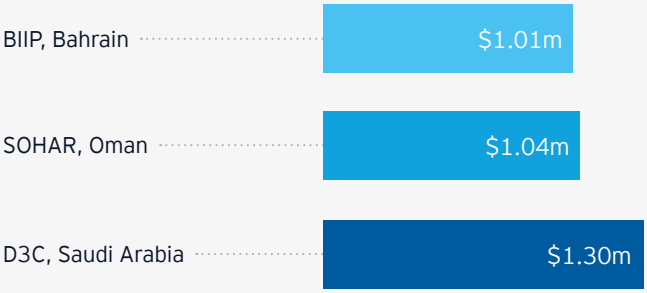
1 Almutawa, Mohammad, "Maximising GCC Economic Zones Benefits," MEED, 30 September 2022.

2 Unless otherwise indicated, all costs are reported in USD.

Figure ES-1. Overall annual costs of manufacturing business operations

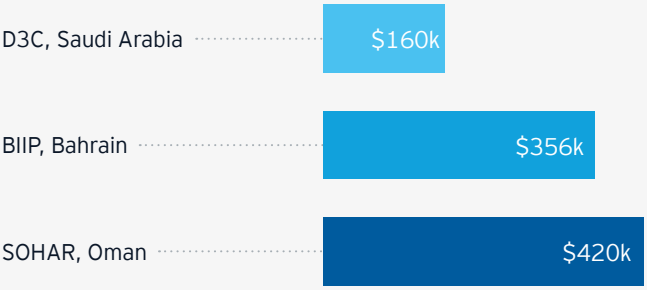
Source: EY calculations.
Note: Calculations of averages and percentages are based on non-rounded values.

Figure ES-2. Total annual labor cost for a manufacturing business
(three most competitive zones in the overall cost)



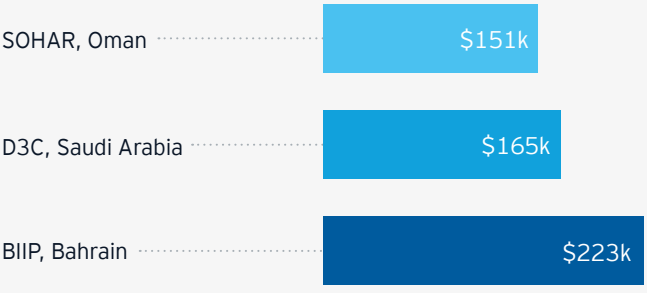
Source: EY calculations.

Figure ES-3. Total annual rental costs for a pre-built manufacturing facility and commercial office space
(three most competitive zones in the overall cost)



Source: EY calculations.

Figure ES-4. Total annual electricity, water and fuel costs for a manufacturing business
(three most competitive zones in the overall cost)



Source: EY calculations.
Note: Calculations are based on 211,780 kilowatt-hours of electricity and 100 m^3 of water consumption per month. We also consider the use of fuel in operating machinery to amount to 5,900 liters per month.

1 Introduction

This study compares costs that a typical manufacturing company may face across SEZs in GCC countries. The importance of these costs to the overall cost of doing business is demonstrated through a case study of a food manufacturing company.

A busines's choice of location has significant implications for countries' foreign direct investment and economic growth. As GCC countries look to create jobs and increase transfer of technology, demand for local inputs and diversification, they have put into place economic strategies to attract businesses using tools such as the establishment of SEZs. Since business costs are a main driver of location choice for businesses with geographic flexibility, the establishment of SEZs is intended to address this specific concern by providing favorable cost environments for businesses.

This study offers an analytical comparison of the cost of doing business within the region's SEZs, particularly emphasizing those zones dedicated to manufacturing activities. Costs in a number of SEZs across the six GCC countries are gathered and analyzed. Figure 1 provides a list of the SEZs covered in the study.

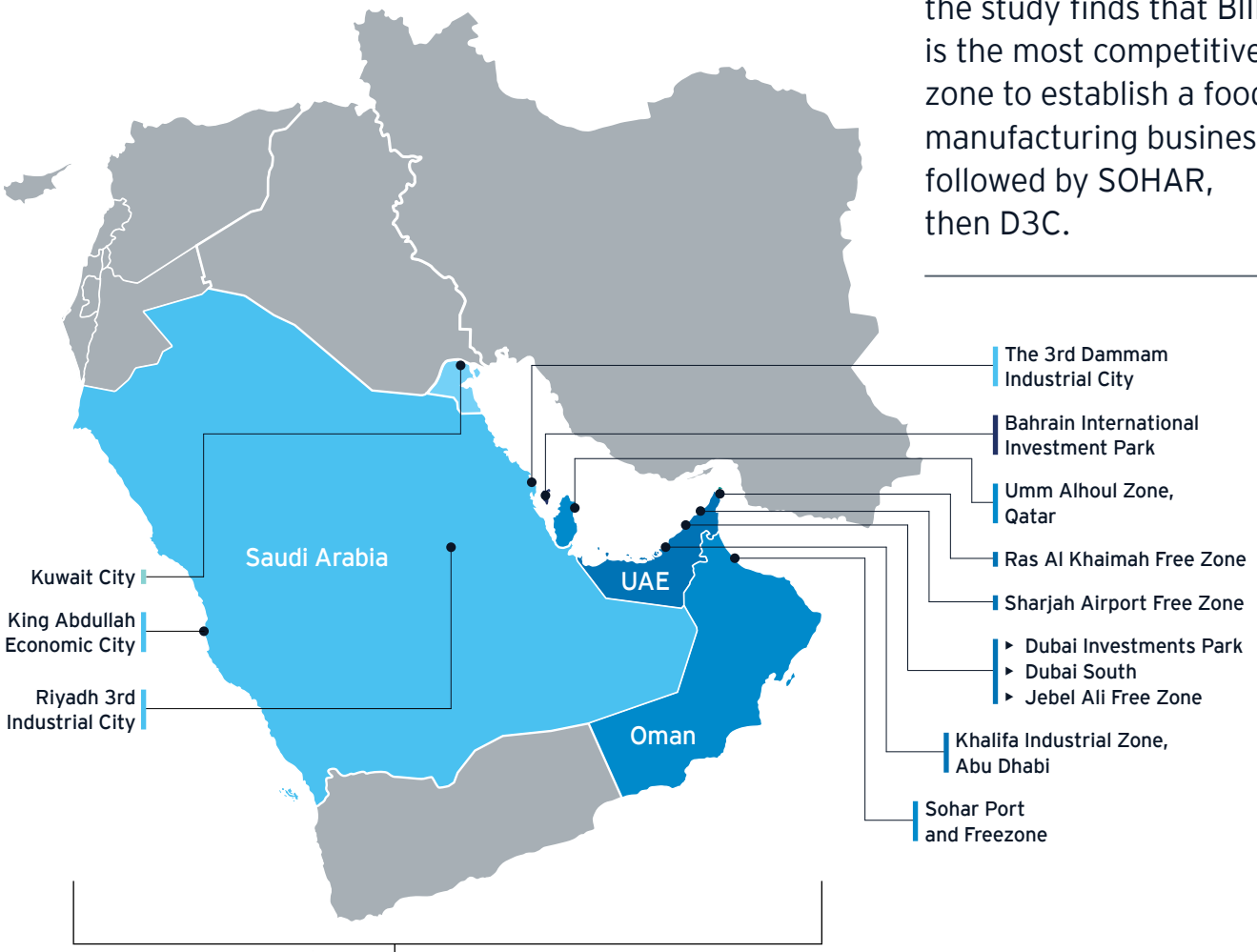
The analysis explores cost categories that are critical for establishing and operating a manufacturing business. While a wide range of expenses are associated with establishing and operating a business, this study zeroes in on those costs most affected by the choice of location. The cost categories analyzed are labor; expenses incurred in acquiring manufacturing facilities and office space; transportation and logistics costs; taxes; utilities; business registration and licensing; and other miscellaneous costs, which include those related to immigration and work authorization.

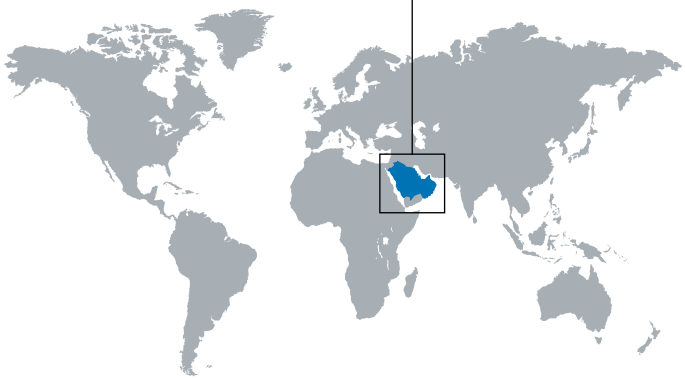
By way of a case study, this analysis navigates the journey, costs and decisions that a manufacturing business makes to identify its preferred location.

Figure 1. Study coverage – locations and cost categories

Comparing major business costs across the region, the study finds that BIIP is the most competitive zone to establish a food manufacturing business, followed by SOHAR, then D3C.

Locations





Cost categories

2 Case study and key takeaways

The relative importance of each of the major costs to the overall cost of doing business is presented in this section by estimating the operational expenditures of a case study company operating a food manufacturing facility in the various zones.

To highlight the result of the comparative analysis of the cost of doing business across the various locations, the annual cost of doing business is estimated for a food manufacturing facility.

This analysis makes a set of assumptions about the company's business profile. These assumptions are used in the calculation of the annual costs and include:

- **Company licensing:** The company pays annual fees related to maintaining a valid license as a manufacturing company engaged in food manufacturing.
- **Labor:** The company employs forty-five workers across management, engineering, administrative, maintenance and production, and semi-skilled labor.[3]
- **Utilities:** The company consumes 211,780 kWh of electricity and 100 m^3 of water per month in addition to consumptionof fuel in operating machinery,[4] amounting to 5,900 liters per month.
- **Rental:** The company rents a 4,000 m^2 pre-built industrial unit and commercial office space amounting to 200 m^2.

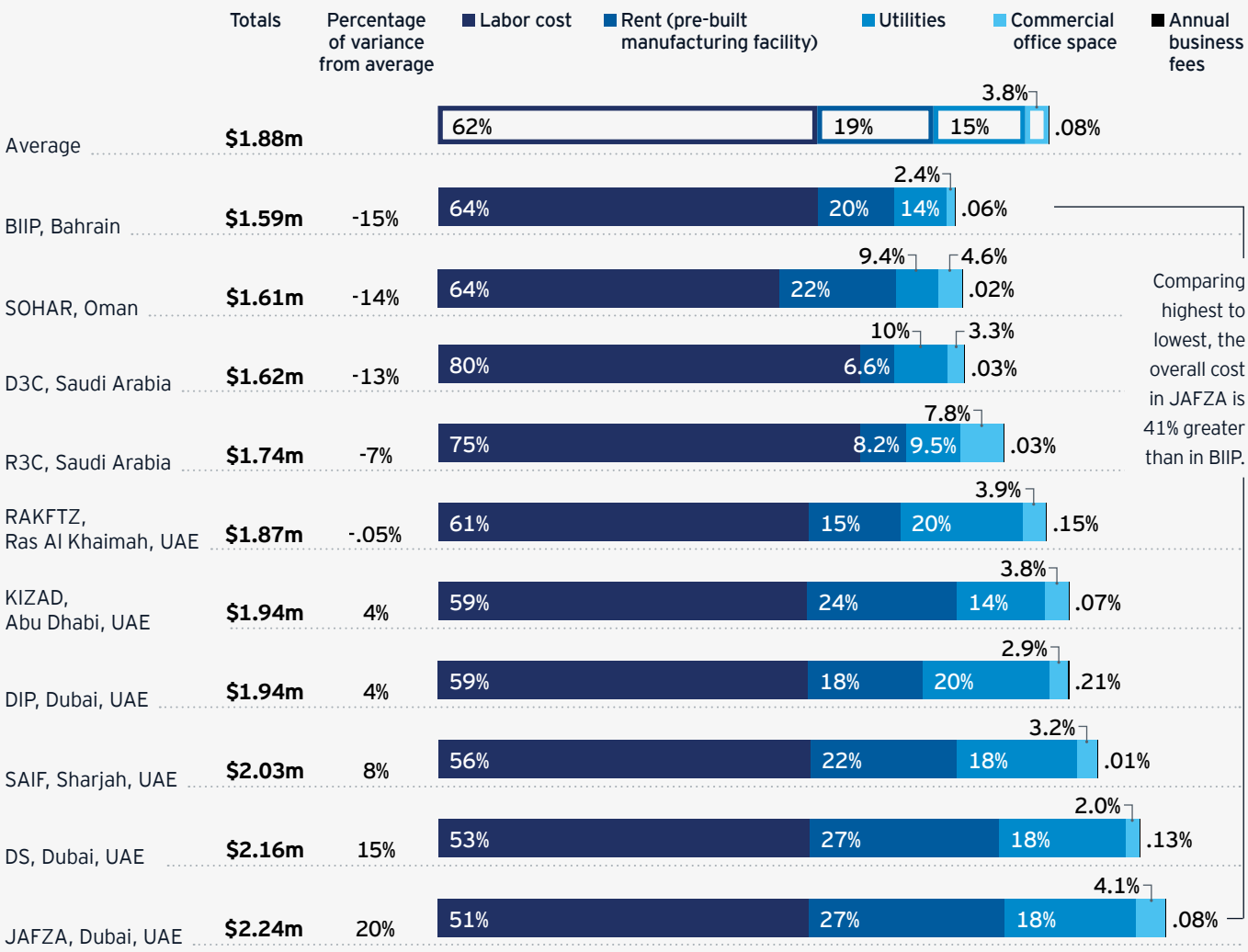
Figure 2 provides the total annual cost of doing business across the major categories of costs analyzed. The analysis finds that BIIP is 15% lower than the average, ranking it as the most cost-competitive zone in which to operate a food manufacturing facility for the set of costs measured. This is mainly driven by the substantial number of employees needed to operate the facility, and BIIP's low-wage environment provides a significant cost advantage. SOHAR is the second-most competitive location in the case study. SOHAR's low costs are also attributed to low wages. Ranking third, D3C's competitive advantage is low rental rates for manufacturing facilities. The total cost of doing business is notably high in zones located in Dubai. JAFZA is the least competitive location; at $2.24m, the cost of doing business is 41% higher than BIIP.

The remainder of this section provides more detail on the calculations of the major costs for the case study and how they compare across locations.

3 Management (9%); engineering (11%); administrative (7%); maintenance and production (18%); and semi-skilled labor (56%). See Appendix I for more detail on employment assumptions.

4 Includes fuel for forklifts and light trucks.

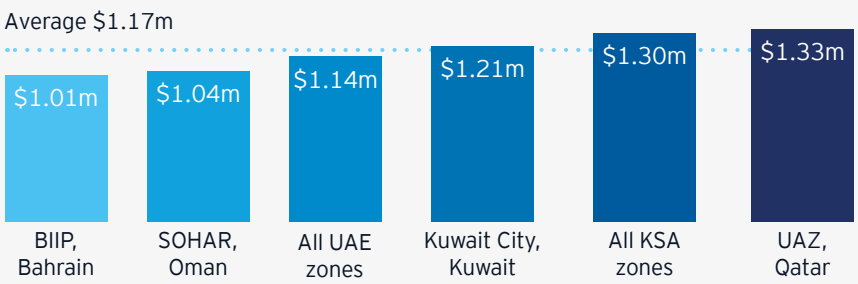
Figure 2. Overall annual cost of manufacturing business operations



Source: EY calculations.
Note: Calculations of averages and percentages are based on non-rounded values.

Labor costs are the most important for the case study company to consider. Of the five categories considered, on an average, labor makes up 62% of the overall cost. Figure 3 shows the total expected annual labor cost for the company. Depending on location, labor cost ranges from $1.01m to $1.33m supporting 45 employees across several categories of occupations.[5] Labor costs are the lowest in BIIP, closely followed by SOHAR. Locating in BIIP can result in savings of 14% on labor costs compared with the average. Labor costs are highest in UAZ – 14% greater than the average.

Figure 3. Total annual labor costs for a manufacturing business



Source: EY calculations.
Note: UAE zones include: Dubai Investments Park, Dubai South, Jebel Ali Free zone, Khalifa Industrial zone, Sharjah Airport Free zone, and Ras Al Khaimah Free zone; KSA zones include: The 3rd Dammam Industrial City, King Abdullah Economic City, and Riyadh 3rd Industrial City. Although All UAE zones and All KSA zones are depicted by one bar for each, these bars represent the value for multiple zones (six zones for UAE and three zones for KSA); the overall average accounts for this.
Note: Calculations of averages and percentages are based on non-rounded values.

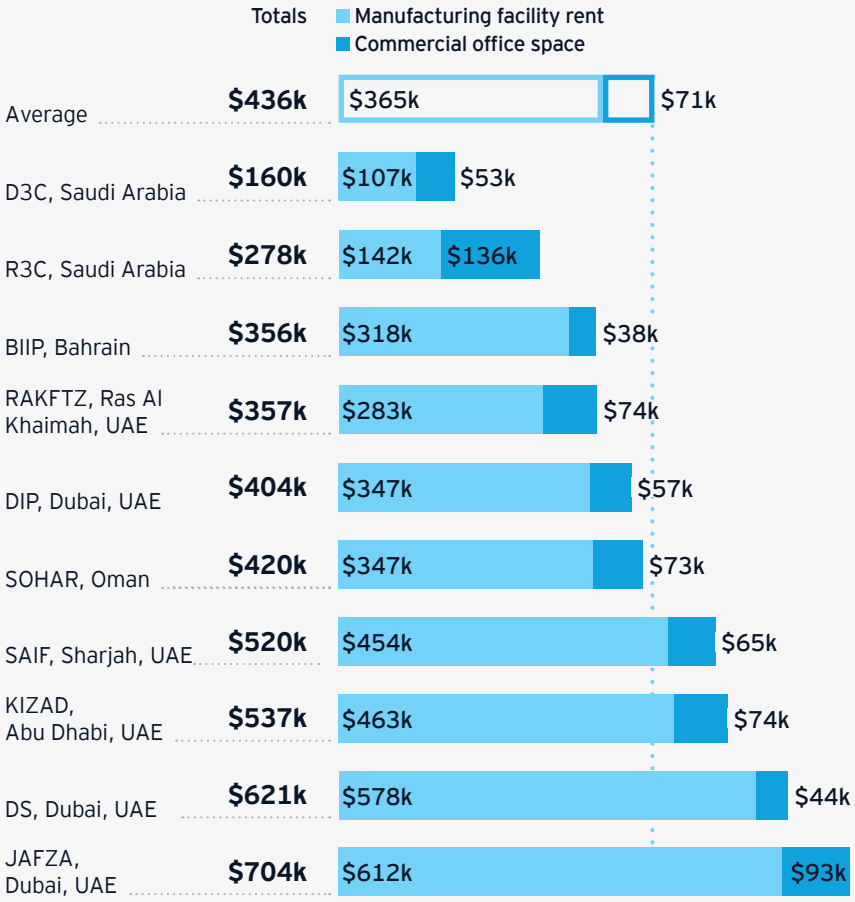
5 Calculations assume the following employee distribution across the job categories: management (9%); engineering (11%); administrative (7%); maintenance and production (18%); and semi-skilled labor (56%).

The second-most important cost for the company to consider is the cost of acquiring a manufacturing facility and commercial office space. The study assumes that the company will rent a 4,000 m^2 pre-built manufacturing facility where it will conduct its manufacturing activities. The costs calculated do not take into consideration rent-free grace periods provided by the zones and do not include deposit requirements. The costs depicted in Figure 4 include annual rent and service fees.

As depicted in Figure 4, D3C is the most competitive location for rental costs. The total annual cost of rent in D3C is $160,000, which is about 63% below the average rate of $436,000. JAFZA is the most expensive zone; at an annual cost of $704,000, the cost of rent is 61% greater than the average.

In Section 3, the study presents an alternative scenario for acquiring a manufacturing facility. In this alternative scenario, the company will rent a plot of land and construct a custom facility, where the specific costs are land rental in the first year, construction and issuing of permits.

Figure 4. Total annual rental costs for a manufacturing facility and office space

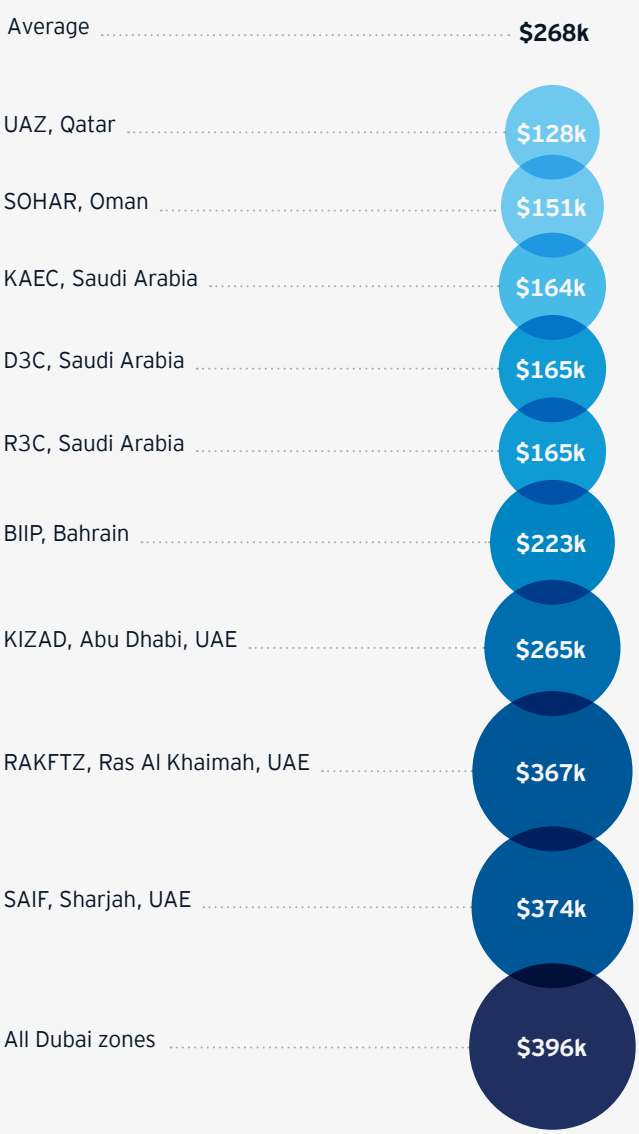


Source: EY calculations.
Note: Calculations of averages and percentages are based on non-rounded values.

Utilities also constitute a significant cost component for the case study company, mainly driven by the high usage of electricity for operating the facility's machinery and the refrigeration of raw materials, followed by the sizable use of fuel in machinery and equipment. Umm Alhoul Zone (UAZ) in Qatar is the lowest-cost location for utilities, where annual cost is estimated to be $128,000. The UAE locations are the highest-cost locations. Figure 5 shows the estimated cost of utilities given the assumptions set out in the case study.

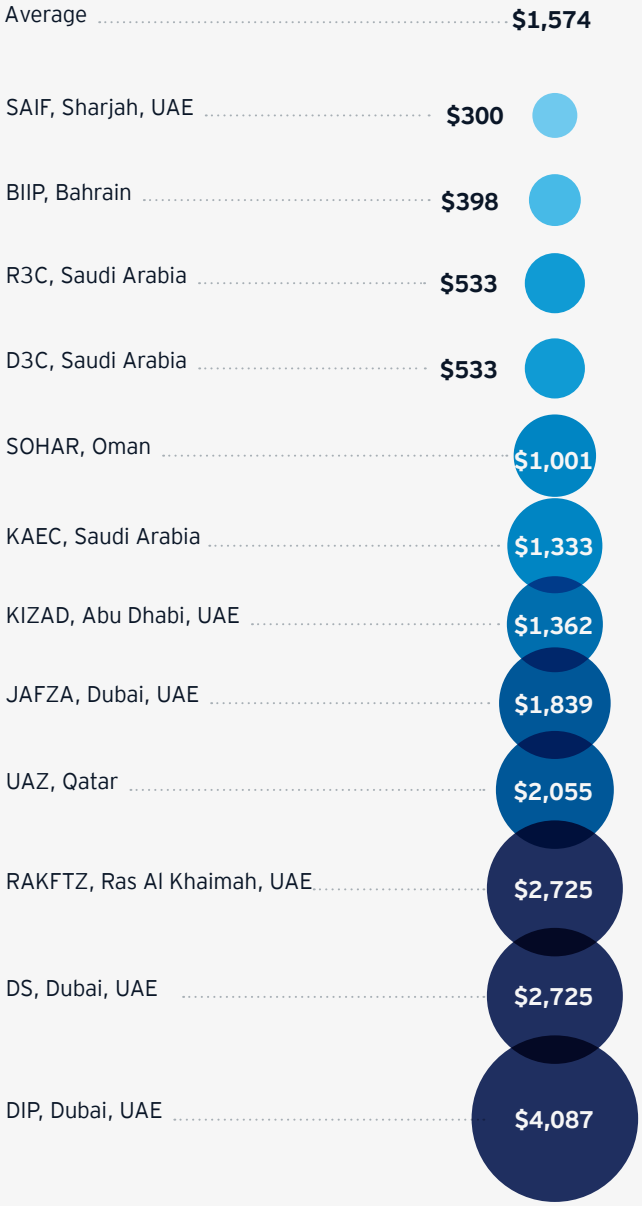
Figure 6 provides a comparison of the total annual business fees that the case study company is likely to face in order to maintain its license and legal standing. Sharjah Airport Free Zone (SAIF) and BIIP have the lowest fees, both below $400. They are closely followed by Riyadh 3rd Industrial City (R3C) and D3C, where the fees are $533 in both zones.[6] Again, similar to other cost categories, zones in Dubai tend to be toward the higher end for this cost. The average annual fees for the case study company in Dubai Investments Park (DIP) are 160% higher than the average.

Figure 5. Total annual utility and fuel costs for a manufacturing facility



Source: EY calculations.
Note: Calculations are based on 211,780 kilowatt-hours of electricity consumption per month, and 100 m^3 water consumption per month. The analysis considers the use of fuel in operating vehicles and machinery to amount to 5,900 liters per month. Although "All Dubai Zones" is depicted as one item on the chart, the average presented takes into consideration all three Dubai zones included in the case study.
Note: Calculations of averages and percentages are based on non-rounded values.

Figure 6. Total annual business registration and licensing costs for a manufacturing business



Source: EY calculations.
Note: Calculations of averages and percentages are based on non-rounded values.

6 Note that R3C and D3C fall under the jurisdiction of The Saudi Authority for Industrial Cities and Technology Zones "MODON" and therefore many fees and charges will be common across the two locations.

Case study for the cost of living for a typical family

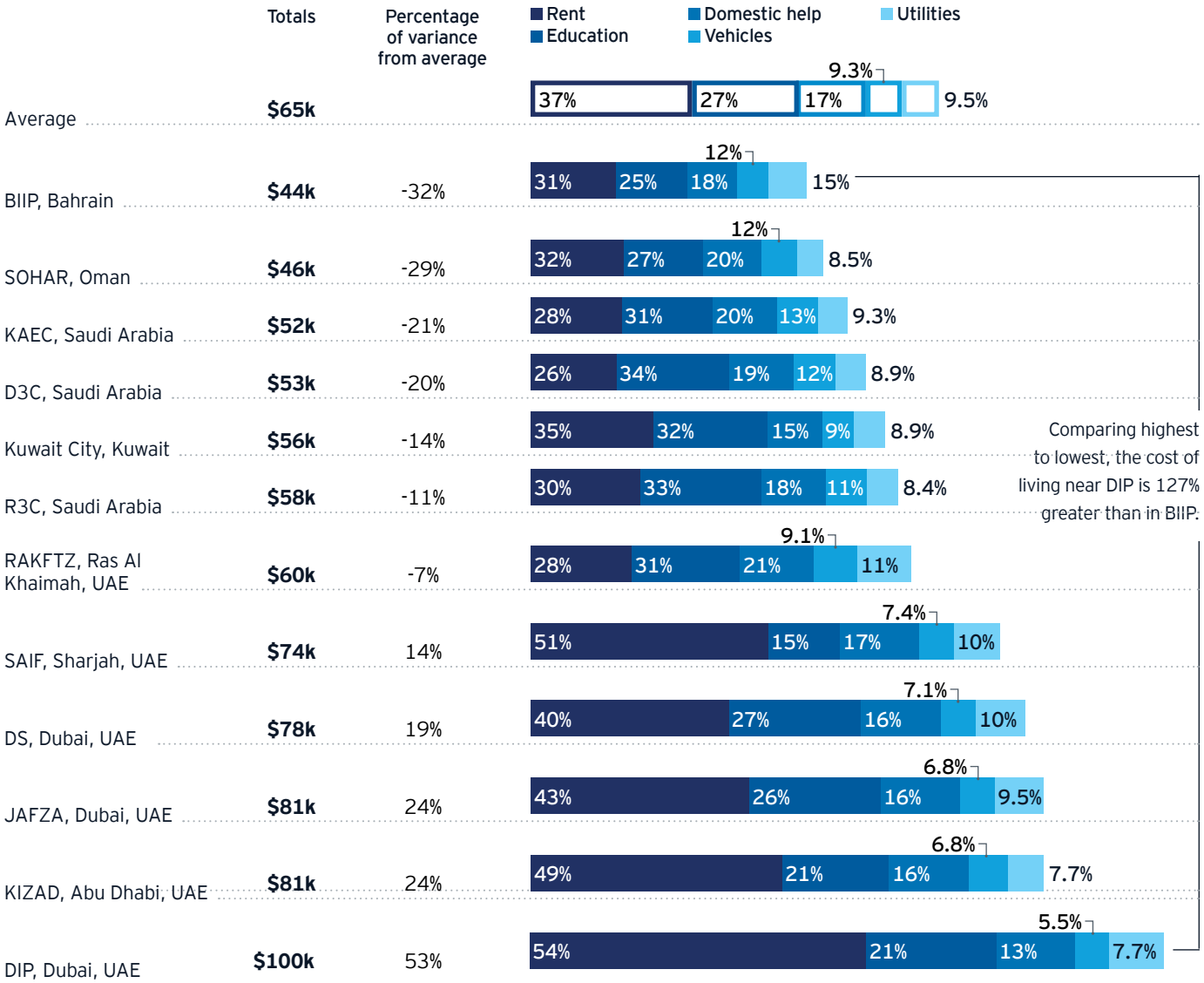
Considering that in many cases companies attract global talent, this analysis also evaluates the cost of living for a family that may consider relocating near the facility. This study considers costs related to residential rent and utilities, owning a vehicle, education for dependents and domestic help.

The list below details the profile of a family used as a case study:

- A family of four, two parents and two children.
- Residential rental and utility costs are associated with a three-bedroom villa near the zone.
- Ownership of a middle-tier vehicle.
- Private schooling near the zone for two children: one at the primary level and another at the secondary level.
- One full-time domestic help.

Figure 7 provides a calculated total annual cost of living for a family given the family profile. Cost of living for families residing near BIIP is lowest, followed by SOHAR and King Abdullah Economic City (KAEC). At an annual cost of $44,000, the cost of living near BIIP is 32% lower than the average. This constitutes an annual savings of $21,000 for the case study family per year. This lower cost of living is a result of relatively low costs for housing and education near BIIP. On the other hand, locations near zones in the UAE tend to be at the higher end of costs, with the exception of RAKFTZ. DIP ranks highest where the cost of living is 127% greater than in BIIP.

Figure 7. Overall annual cost of living for a case study family



Source: EY calculations.
Note: Calculations of averages and percentages are based on non-rounded values.

3 Key cost components

This section provides a detailed review of individual costs that contribute to the overall cost-of-doing-business in the zones for key cost categories. Some of the costs presented in this section have been introduced in Section 2. Here, the study provides information on the disaggregated costs and benchmarks costs not presented previously.

For each cost category, the section presents detailed cost tables, analyzes the costs and highlights major takeaways. Where appropriate, the section links these takeaways to the case study presented in Section 2. The section is organized based on the relative importance of the cost category to a typical manufacturing company.

Before delving into the cost analysis, it is important to note the significant impact of geographic location choice on key costs not fully covered in this study, namely transportation. While the study analyzes transportation costs, it does so only for a limited number of destinations. It is generally understood that in the manufacturing sector, to reduce the cost of final goods, factories should be easily accessible to suppliers and the customer base. This is particularly true in the case of food manufacturing, where products must be maintained at a specific temperature throughout the supply chain. Establishing businesses in locations that facilitate easy access to densely populated areas provides opportunities to serve large markets at lower transportation costs. In the following paragraphs, the study provides an evaluation of the locations from this perspective.

Locations in Dammam and Bahrain allow for easy access to markets in Saudi Arabia, the largest economy in the region. Locating in either of these areas provides access to a potential customer base in the entirety of Bahrain and the Dammam metropolitan area, and easy access to the Riyadh metropolitan area. In total, this provides access to a population of roughly 11.6m people.[7] In the case of Bahrain, the 25-kilometer causeway, acting as a land bridge between Saudi Arabia and Bahrain, further amplifies the strategic importance of Bahrain by enabling seamless land and sea transport.

Locations in UAE are advantaged by a large local population of more than nine million people concentrated in a limited number of urban areas. UAE locations are also advantaged by having large ports that are serviced by major shipping lines like Jebel Ali Port in Dubai and Khalifa Port in Abu Dhabi, providing easy access to global distribution of the company's products.

SOHAR's location allows companies to distribute locally to Omani residents in the Muscat and Sohar metropolitan areas, serving a customer base of roughly 1.6 million. Moreover, with relatively easy access to the UAE, companies that take advantage of the lower-cost environment in Oman may also expand their customer base to an additional nine million people.

Across the GCC, trade is enhanced by the numerous free trade agreements (FTAs) that GCC countries have negotiated, either independently or as a block, granting them preferential access to various international markets. These FTAs enable businesses to export their products with minimal tariffs. Through these agreements, GCC member states have established themselves as an appealing hub for food manufacturers aiming to enter international markets.

7 Total population estimate of 11.6 is the sum of the population in Riyadh (8.6m), Dammam (1.5m) and Bahrain (1.5m). Sources of data are the General Authority for Statistics for Saudi Arabia and the World Bank's World Development Indicators for Bahrain.

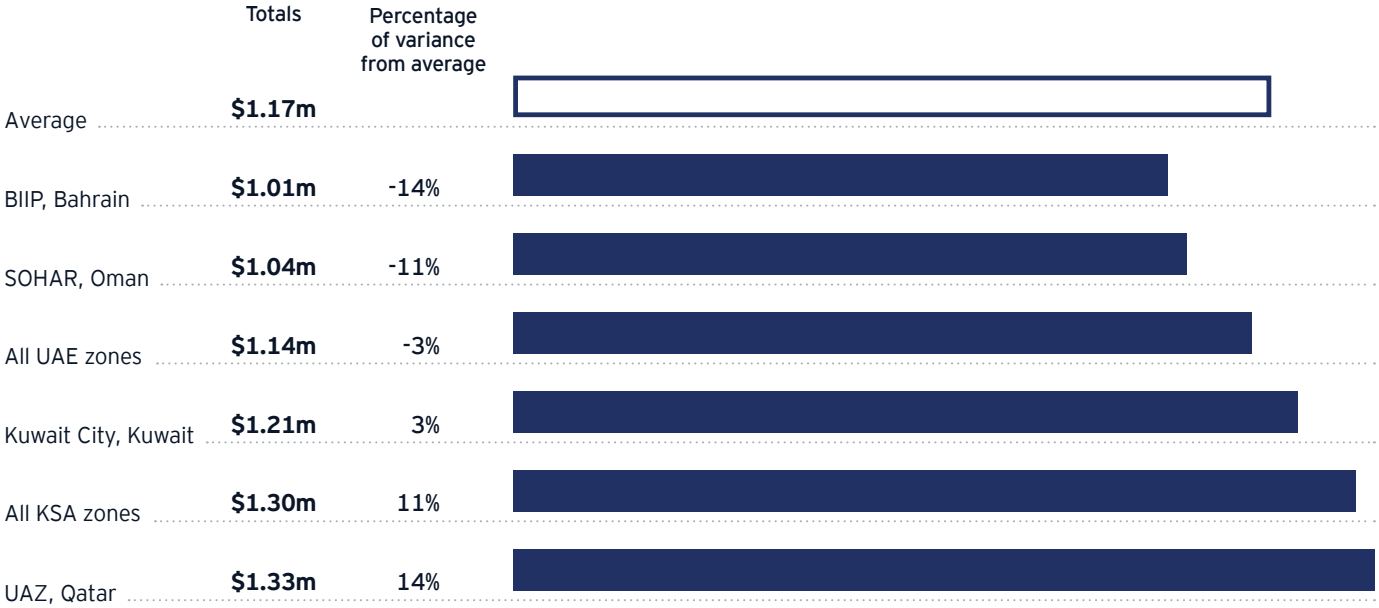
Labor cost

Labor is the most important cost-driver for most sectors, and especially in food manufacturing. Labor serves as the backbone of production processes, transforming raw ingredients into consumable products. Choosing a location with lower wages can provide a competitive edge, as lower labor costs contribute directly to overall profitability.

This study makes use of proprietary data collected from various company HR departments to analyze wages by occupation in the industry. The analysis provides data for 17 typical occupations for a food manufacturing business and uses it to calculate the total labor cost for the case study company. Each company will have unique circumstances requiring it to maintain an occupation mix appropriate to its needs. The occupations reviewed in this study are selected based on their relative importance to the sector. Together, the occupations selected make up the top 80% of total employment in the sector based on data from the U.S. Bureau of Labor Statistics.

This study finds that BIIP is the lowest-cost location for labor. Annually, the company can expect to spend roughly $1.01m in total wages, far below the $1.33m cost in UAZ, the highest-cost location. The total wages in BIIP are about 14% lower than the average – producing $158,000 in expected annual savings. Labor costs are also low in SOHAR, where the total annual labor cost is $24,000 above that of BIIP.

Figure 8. Total annual labor costs for a manufacturing business

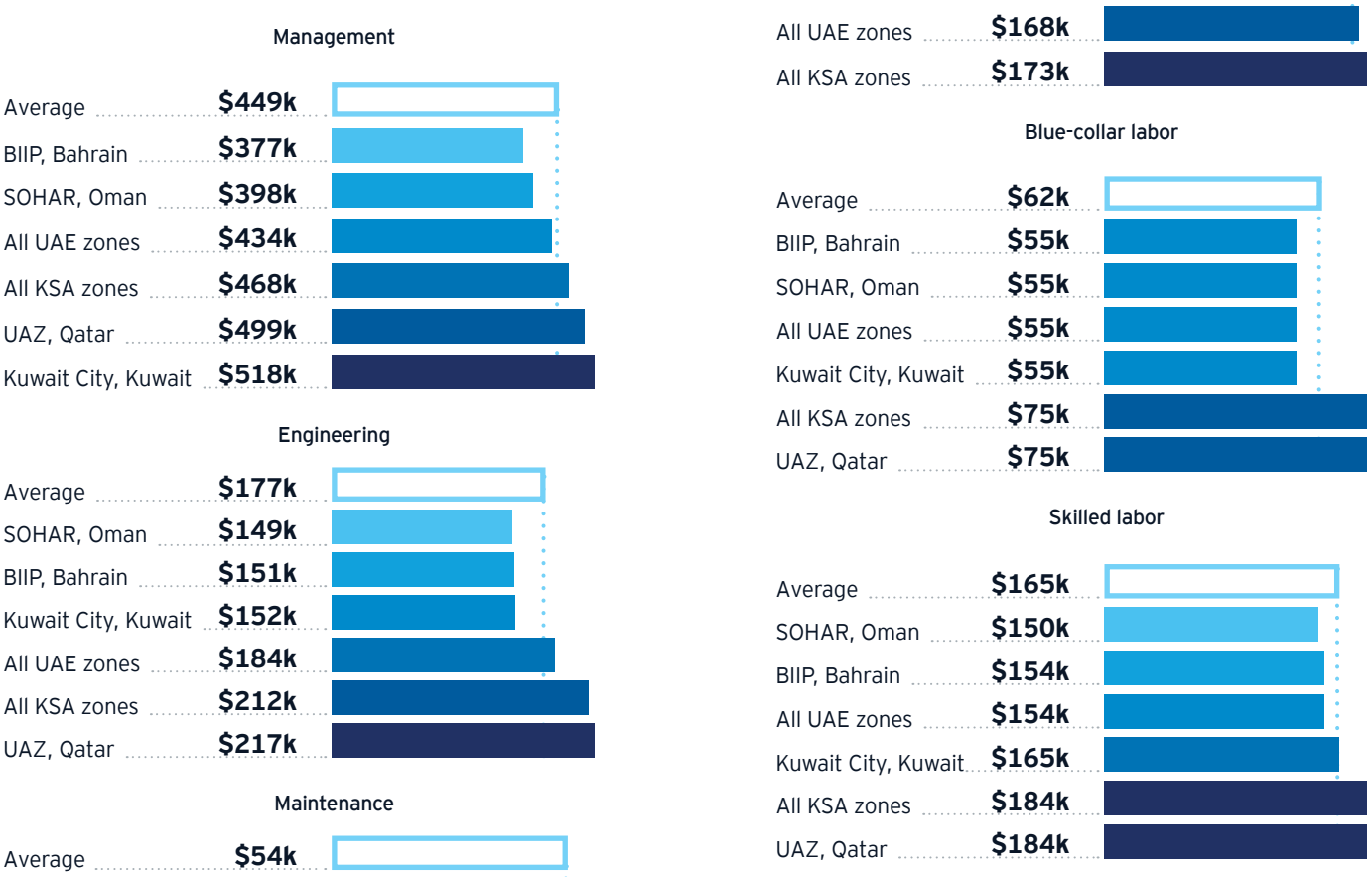


Source: EY calculations.
Note: Saudi Arabia zones include R3C, D3C and KAEC. UAE zones include DIP, DS, and JAFZA, KIZAD, RAKFTZ and SAIF. Although All UAE zones and all Saudi Arabia zones are depicted by one bar each, these bars represent the value for multiple zones (six zones for UAE and three zones for Saudi Arabia) and the overall average accounts for this.
Note: Calculations of averages and percentages are based on non-rounded values.

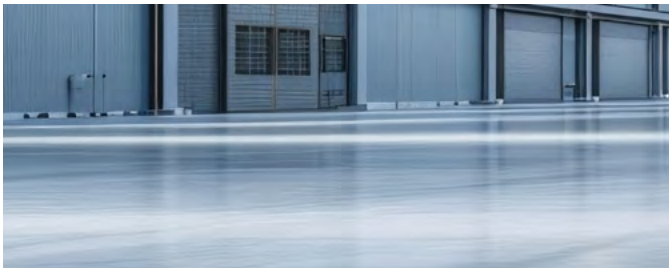
Figure 9 disaggregates the total annual labor cost for the food manufacturing company by category of occupations. For each category, the total cost is calculated as the sum of all annual wages for all employees in the category (see Appendix II for a breakdown of wages by occupation).

Labor costs in BIIP are the lowest in the majority of categories and SOHAR is the lowest in the remaining categories. Management occupations make up the largest percentage of costs compared with other job categories. In these roles, the company's expected total labor cost in BIIP will be $377,000, 16% lower than the average. After management, engineering is the second most important labor cost category in the case study. Here SOHAR ranks lowest, closely followed by BIIP. Labor costs for blue-collar labor are the same in BIIP, SOHAR and all UAE zones, where the expected annual cost is $55,000; the costs are also comparable in Saudi Arabia's zones and UAZ at an annual cost of $75,000.

Figure 9. Total annual labor cost by category of job for a manufacturing business



Sources EY calculations.
Note: Saudi Arabia zones include R3C, D3C and KAEC. UAE zones include DIP, DS, and JAFZA, KIZAD, RAKFTZ and SAIF.
Note: Calculations of averages and percentages are based on non-rounded values.



Acquiring a factory and commercial office space

A major cost for the manufacturing company is the cost of acquiring the appropriate facility and general office space for its operations.

There are generally two options presented to companies that wish to set up operations in the zones. The first option is to rent a pre-built facility. The second option is to rent land from the zone authority and construct a custom manufacturing facility. Details about each of these options are provided below.

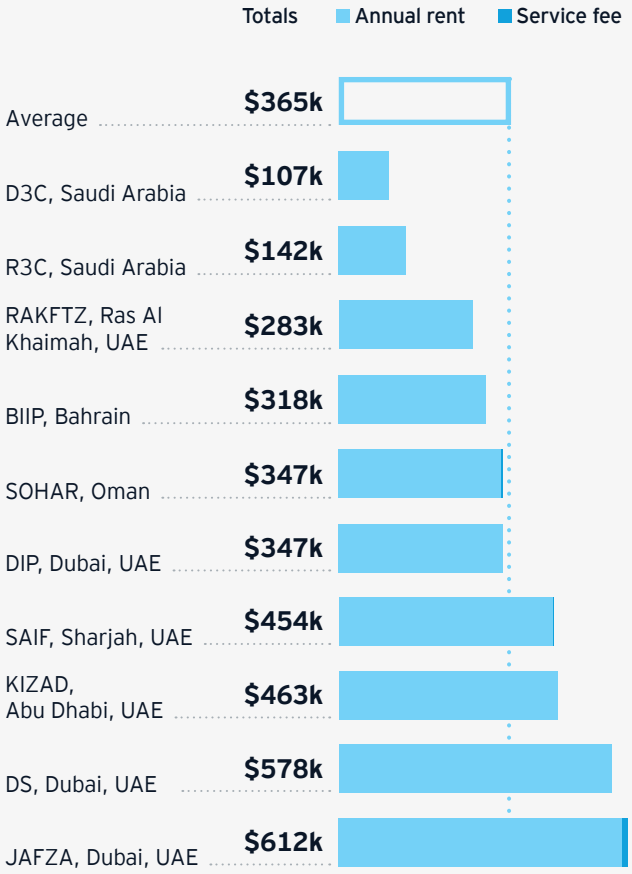
Option 1: pre-built factory rental

Most locations provide options to rent a pre-built facility. In some locations, the zone authority directly manages the rental of its facilities, while in other locations, the authority enters into long-term land leases with commercial real estate developers who in turn develop and lease the facility.

D3C provides the most competitive rates; assuming a built-up area of 4,000 m^2, the total annual cost of rent in D3C is $107,000, which is about 71% below the average rate and 83% lower than the cost in JAFZA – the zone with the highest cost.

Rental rates are generally set at a cost per m^2. In most zones, these rates are negotiable, with more favorable rates provided for larger facilities and longer-term leases. Table 1 provides more detail on rent and other various costs associated with renting pre-built manufacturing facilities in the respective locations. Monthly rent for a pre-built facility ranges from $2.22 per m^2 per month in D3C to $12.49 per m^2 per month in JAFZA.

Figure 10. Total annual rental cost of a 4,000 m^2 pre-built manufacturing facility



Source: EY calculations.
Note: Calculations of averages and percentages are based on non-rounded values.

Service fees generally fund the maintenance of common areas and are levied in addition to base rent. Service fees are highest in JAFZA, where fees are 2% of annual rent. For the case study (4,000 m^2), this amounts to $12,082 annually. BIIP imposes a fee amounting to $1 per m^2 per year (1.25% of rent). Some zones build the cost of common-area maintenance into the rental price.

A grace period may be offered to provide companies an opportunity to begin operations free from the financial liabilities. Only four of the eight locations in Table 1 offer a rent-free grace period. For the locations that do offer a grace period, the duration varies from one to three months. BIIP, Khalifa Industrial Zone (KIZAD) and Dubai South (DS) offer the most generous grace period.

Table 1. Monthly rental rates and other fees for a pre-built manufacturing facility

	Bahrain International Investment Park BIIP	Sohar Port and Freezone SOHAR	The 3rd Dammam Industrial City D3C	Riyadh 3rd Industrial City R3C	Khalifa Industrial Zone KIZAD	Dubai South DS	Jebel Ali Free Zone JAFZA	Sharjah Airport Free Zone SAIF
Rent amount (USD/m^2 month)[1]	$6.63	$7.80	$2.22	$2.96	$9.65	$12.03	$12.49	$9.43
Rent deposit	3 months of rent	1 month of rent	N/A	N/A	3 months of rent	5% of annual rent	10% of annual rent	$1,362 of annually
Service fee/ charges on rent	$0[2]	1% of rent	N/A	N/A	N/A	N/A	2% of annual rent + $82 annually	$1,717 annually
Grace period[3]	Up to 3 months	Up to 4 weeks	N/A	N/A	Up to 3 months	Up to 3 months	N/A	N/A

Sources: EY conducted interviews in 2024 with representatives of the various SEZs included in this study, regional real estate companies, and other government authorities.
Note: DIP and RAKFTZ are not included in the table due to data limitations; however, rental rates for pre-built industrial units in these two zones are $87 and $71 per m^2 per month, respectively.

[1] Generally, rates are negotiable.

[2] A $1 per m^2 monthly service fee is included in the base rent.

[3] A rent-free period provided to the renter.

N/A = Not applicable

Option 2: land rental plus construction

Figure 11 provides a comparison of the costs in this option. The figure displays the overall cost, which is calculated as the sum of the cost of construction and construction permitting of a 4,000 m^2 light-duty factory in addition to rental costs (including service charges) of a 7,000 m^2 plot of land in the first year. The figure also disaggregates this overall total by its components to allow for comparison of each component across the locations.

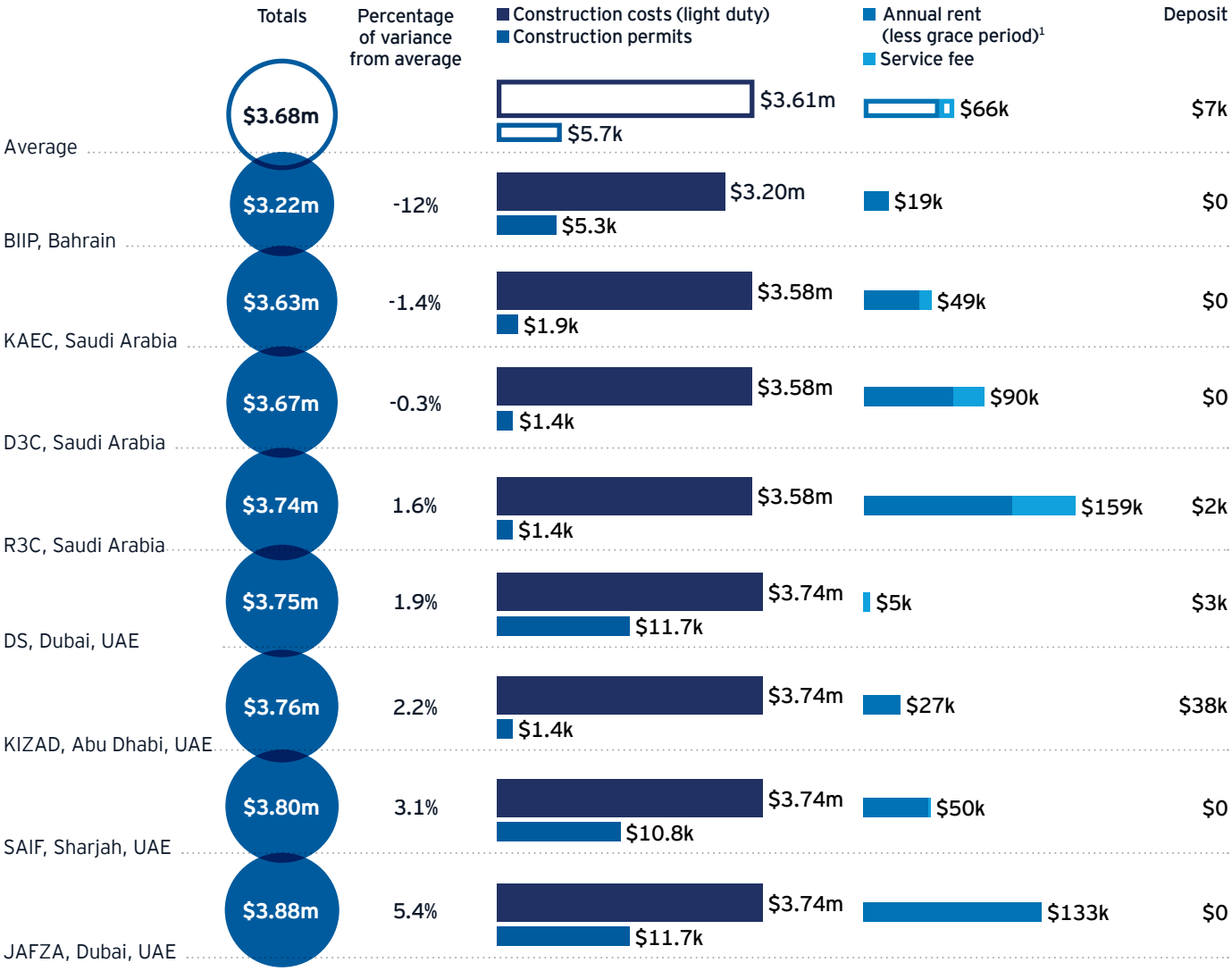
BIIP is the most competitive location, mainly due to lower construction costs. The estimated cost to rent a plot of land (in the first year) and construct a light-duty factory in BIIP is $3.22m, which is roughly 12% lower than the average cost and 17% lower than the cost in JAFZA — the highest-cost zone. On the other hand, in JAFZA, it is estimated to cost $3.88m in the first year, which is $199,000 greater than the average. The next three paragraphs discuss the individual components contributing to the overall cost of this option.

Construction costs of a light-duty factory are lowest in BIIP, where it is estimated to cost $3.20m, $411,000 lower than the average. On the other hand, construction costs are estimated to be the highest in all UAE zones, where it is estimated to cost $3.74m.

Construction permit costs vary significantly across locations. Permits are least expensive in D3C, R3C and KIZAD; permits are most expensive in DS and JAFZA.

Rental cost is calculated for the first year since construction is likely to occur then. Total cost of rent in the first year may not be representative of rent in subsequent years due to grace periods provided by the zones. The total cost of rent also includes service charges imposed by the zones. Since rent deposits are generally refundable or could be applied to rent, they are presented in Figure 11 but are not included in the total cost. The total annual cost of rent for a 7,000 m^2 plot of land in the first year is lowest in DS due to the one-year grace period provided by the zone. In contrast, costs are highest in R3C due to a hefty service charge that is imposed by the zone and only paid in the first year.

Figure 11. Total cost of land rental and construction in the first year for a manufacturing facility



Source: EY calculations.
Note: Calculations of averages and percentages are based on non-rounded values.
[1] DS provides a one-year rent free grace period while KIZAD and SAIF provide six-month grace periods.

Land rental

Table 2 provides details on rent and other costs associated with renting a plot of land in the various locations. Standard advertised rental rates range from as low as $2.66 per m^2 per year in BIIP to as much as $19.07 per m^2 per year in JAFZA.

Rent deposit requirements vary across locations. In some locations, an advance payment equivalent to the rent for a part of a year or the entire year is required, while in other cases, the deposit is a percentage of annual rent such as in DS and JAFZA. Larger and longer-held deposits reduce companies' liquidity and constrain their capital investment.

Separate service fees are not imposed in BIIP, KIZAD and JAFZA, where presumably the cost of common area maintenance is built into the rent amount. Among the locations that charge a separate service fee, DS has the lowest fee, $0.68 per m^2, equivalent to 6% of the base rent. Assuming a lot size of 7,000 m^2, R3C will have the highest service fees, set at $6.67 per m^2, which amounts to $46,700 in the first year. However, unlike other locations, this fee is only collected in the first year.

While grace periods are usually negotiated with the zones, only three locations offer a grace period as a standard feature. These are DS, KIZAD and SAIF, with DS providing the most generous grace period of one year.

Table 2. Annual rental rates and other fees for a plot of land

	Bahrain International Investment Park BIIP	The 3rd Dammam Industrial City D3C	King Abdullah Economic City KAEC	Riyadh 3rd Industrial City R3C	Khalifa Industrial Zone KIZAD	Dubai South DS	Jebel Ali Free Zone JAFZA	Sharjah Airport Free Zone SAIF
Industrial land (USD/m^2/year)[1]	$2.66	$9.60	$5.53	$16.00	$7.63	$10.90	$19.07	$13.62
Rent deposit	$0[2]	$0	$0	$0	$0[2]	5% of annual rent	2% of annual rent	$0
Service fee/ charges on rent	$0	$3.24 per m^2 per year	$1.48 per m^2 per year	$6.67 per m^2 one-time payment	$0	$0.68 per m^2 per year	$0	$2,262 annually
Grace period[3]	N/A	N/A	N/A	N/A	6 months minimum	1 year	N/A	6 months

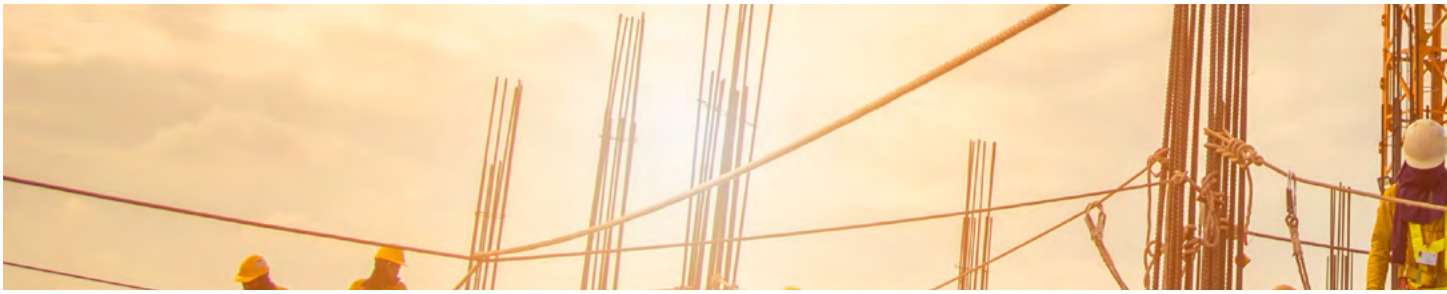
Sources: EY conducted interviews in 2024 with representatives of the various SEZs included in this study, regional real estate companies, and other government authorities.
Note: RAKFTZ is not included in the table due to data limitations; however, rental rate for industrial land is $11.5 per m^2 per year.

[1] Generally, rates are negotiable.

[2] The full amount of the first year of rent is paid in advance.

[3] A rent-free period provided to the renter.

N/A = Not applicable



Construction cost

Table 3 presents the cost per m^2 to construct a light-duty and heavy-duty factory. The costs provided in the table are averages for major cities within each country. The study assumes that these construction costs are reflective of the costs in the zones.

Construction permit

Table 4 shows the costs associated with obtaining a construction permit. In most zones, these costs vary according to the size of the structure and are presented by a price per square meter (or foot)[8] or implemented at a flat rate. Construction permits are the highest for zones in Dubai where costs are roughly 2.5 times the average cost. SOHAR and KIZAD's flat rate of $1,300 and $1,362, respectively, are likely the most attractive, especially for larger projects, while the per m^2 rate is lowest in D3C and R3C ($0.27).

Table 3. Construction costs per m^2

	Bahrain	Saudi Arabia	UAE	Qatar	Kuwait City, Kuwait
Light duty	$800	$895	$934	$931	$854
Heavy duty	$1,200	$1,304	$1,420	$1,305	$1,318

Source: EY calculations.

Table 4: Cost of construction permits

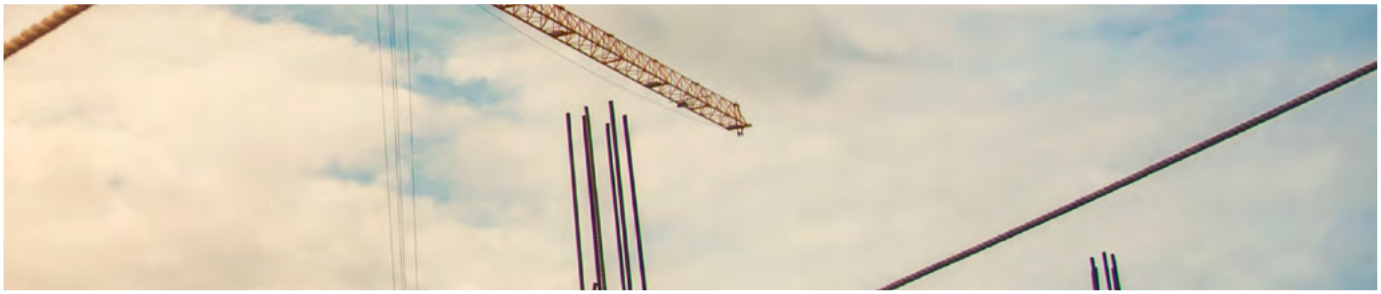
	Permit Cost Structure	Estimated permit cost for a 4,000 m² facility
BIIP, Bahrain[1]	$1.33 per m²	$5,320
SOHAR, Oman[2]	$1300 (flat rate not by m²)	$1,300
UAZ, Qatar	$0.97 per m²	$3,880
KAEC, Saudi Arabia[2]	$270 per building + $0.41/m²	$1,910
D3C and R3C, Saudi Arabia	$0.27 per m² (minimum of $1,350, maximum of $6,750)	$1,350
KIZAD, Abu Dhabi, UAE	$1,362 (flat rate)	$1,362
All Dubai zones	Normal submission: $2.93 per m² on total built-up-area (minimum $54).	$11,720
SAIF, Sharjah, UAE	$2.72 per m²	$10,800

Sources: Al Ain City Municipality, 2014; Dubai Development Authority, 2023; Ministry of Commerce and Industry, 2016; Ministry of Municipalities Affairs and Agriculture, 2023; MODON, 2022; EY conducted interviews with SEZ authorities; and EY calculations.

[1] Bahrain imposes a $2.65 per m² deposit as part of the permit application process. This deposit amounts to $10,600 for a facility of 4,000 m².

[2] Permit charges are unique to the zone.

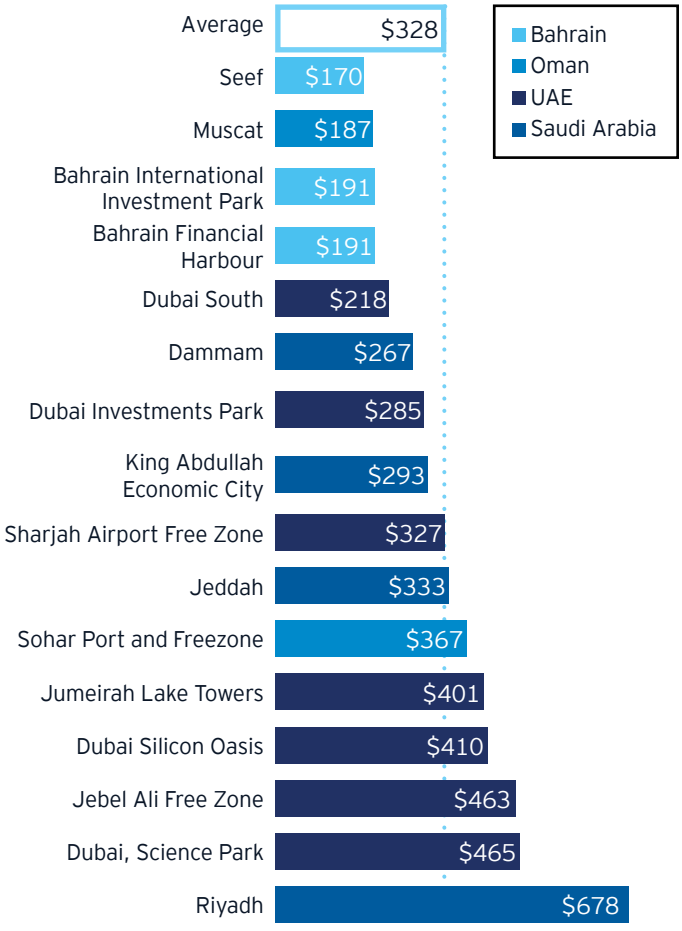
8 For ease of comparison, this analysis converts all fees to per m^2; however, some locations present these as per square foot, as is the case of Dubai.



Office rental

Companies may opt to locate management, back office and support, and other staff in commercial office space in office parks near the factory. For this purpose, the study provides a comparison of the costs to rent commercial office space in various office parks near zones. Seef (Bahrain) offers the most competitive rates for Grade A office space; this is followed by office space in Muscat, then in BIIP and Bahrain Financial Harbour (Figure 12). Rates in Seef are $158 below the region's average rate of $328. On an annual basis, this can mean savings of up to $32,000 for the case study company (assuming 200 m^2 of office space). At a per m^2 cost of $678, Grade A commercial office space is most expensive in Riyadh, 107% greater than the average rate.

Figure 12. Commercial office space cost in zones and nearby locations (annual, per m^2)



Sources: EY conducted interviews in 2024 with representatives of the various SEZs included in this study; Corporate Parks Sohar Port Free Zone, LinkedIn, n.d.; Dubai Land Department, n.d.; Knight Frank, 2023; and JLL, 2022.

Industrial utilities and fuel

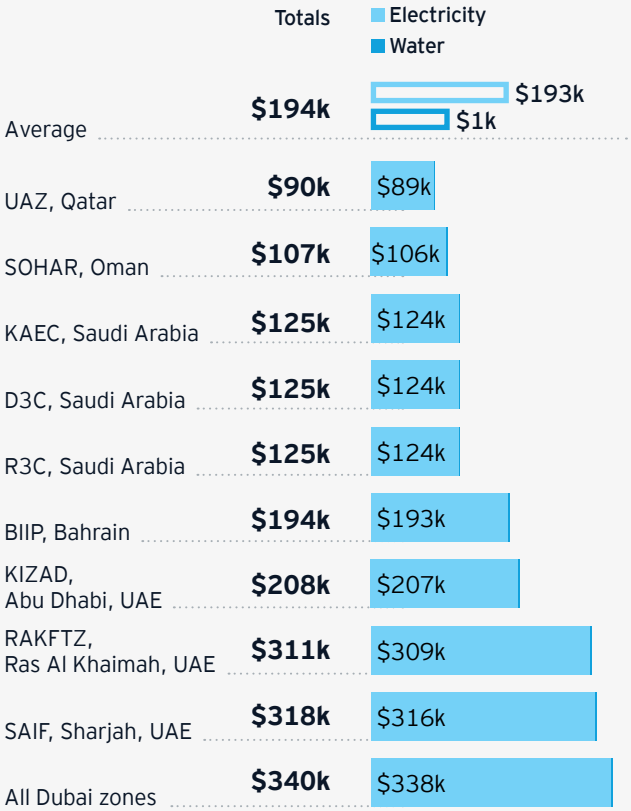
Electricity and water

Utility costs hold significant importance for a food manufacturing company due to their substantial impact on operating expenses and overall profitability. Since these facilities rely on energy-intensive machinery and equipment, and climate control systems to maintain necessary temperature and humidity levels for perishable goods, consumption of utilities such as electricity is high. Therefore, monitoring utility costs is important.

The calculation of utility costs varies across locations due to unique tariff structures for electricity and water.[9] This analysis calculates utility costs given the assumptions of the case study, taking into consideration special pricing in peak hours and months.

Figure 13 presents the total annual cost of utilities based on the assumptions set for the case study.[10] UAZ by far has the lowest utility costs, followed by SOHAR. Dubai zones have the highest utility costs.

Figure 13. Annual electricity and water costs for a 4,000 m^2 manufacturing facility



Source: EY calculations.
Notes: Regular usage calculations are based on 211,780 kWh of electricity consumption per month and 100m^3 water consumption per month. Assumes a factory size of 4,000 m^2.
Note: Calculations of averages and percentages are based on non-rounded values.

9 See Appendix III for electricity and water tariff schedules.

10 211,780 kilowatt-hours of electricity and 100 m^3 of water per month.

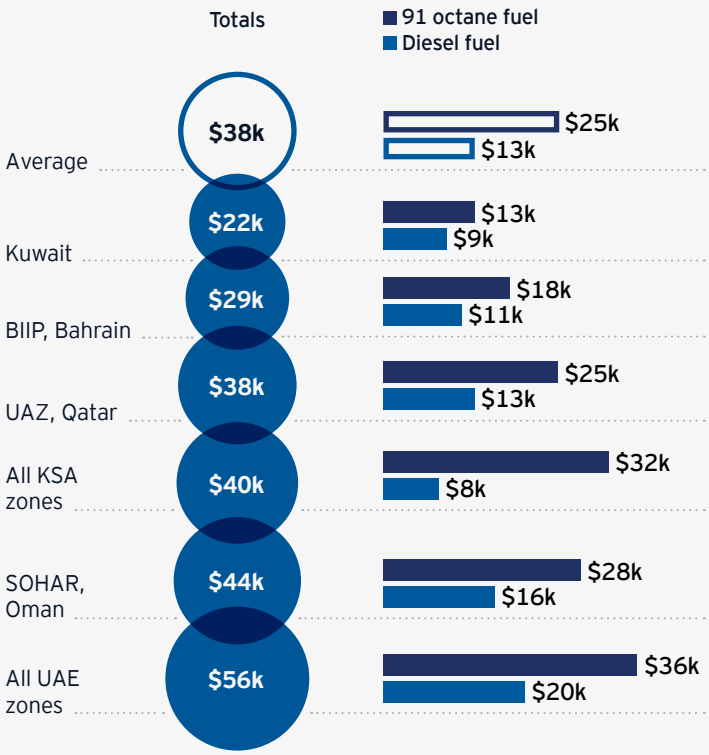
Gasoline and diesel

Transportation of raw materials to the facility and the subsequent distribution of finished products to customers rely heavily on fuel. Differences in fuel costs across locations can impact the overall cost of moving goods and ultimately the price of the final goods. Facilities located in strategic locations with proximity to suppliers and customers can reduce fuel expenses by reducing distances.

The case study considers fuel as an operational cost of the factory, which can include uses of fuel in machinery, equipment and vehicles. The study assumes consumption of 4,000 liters of gasoline and 1,900 liters of diesel per month. Figure 14 displays the result of the analysis. Overall fuel costs for the case study company are lowest in Kuwait (42% below the average) mainly due to the low cost of gasoline 91 and the country's exemption of fuel from VAT. Companies in UAE zones will face the highest fuel costs, 47% above the average.

Table 5 shows the per liter costs for diesel, gasoline 91 and gasoline 95. GCC countries set fuel costs at the national level; therefore, fuel costs are uniform within each country. Prices are set and updated by the respective energy ministries or national oil companies on a monthly basis.

Figure 14. Annual cost of fuel for a manufacturing business



Source: EY calculations.
Note: Assumes use of fuel in operating machinery to amount to 5,900 liters per month is considered. EY calculations using data from AECOM Property and Construction Guide, and Compass International. KSA zones include R3C, D3C and KAEC. UAE zones include DIP, DS, and JAFZA, KIZAD, RAKFTZ and SAIF.
Note: Calculations of averages and percentages are based on non-rounded values.

Table 5: Gasoline and diesel per liter

	Bahrain	Kuwait	Oman	Qatar	Saudi Arabia	UAE
Value-added tax rates on fuel	0%	0%	5%	0%	5%	15%
Gasoline 91	$0.37	$0.28	$0.60	$0.53	$0.67	$0.77
Gasoline 95	$0.53	$0.34	$0.62	$0.58	$0.71	$0.82
Diesel	$0.48	$0.37	$0.67	$0.56	$0.35	$0.86

Sources: Aramco, 2024; Emarat, 2024; EY Global Tax Guide, 2024; Ministry of Oil of Bahrain, 2024; Kuwait National Petroleum Company, n.d.; Oman National Subsidy System, 2024; and The Peninsula Qatar, 2024.

Transport and logistics

Transportation expenses play a crucial role in determining the optimal location for the company's manufacturing facility. The chosen location should offer easy accessibility for both customers and suppliers, utilizing various transportation modes such as land, sea and air. This section of the study conducts an examination of road, air and sea transport costs, featuring a case study for analysis. Additionally, it explores typical expenses associated with sea and air transport, including those related to storage and handling.

Transport cost case study

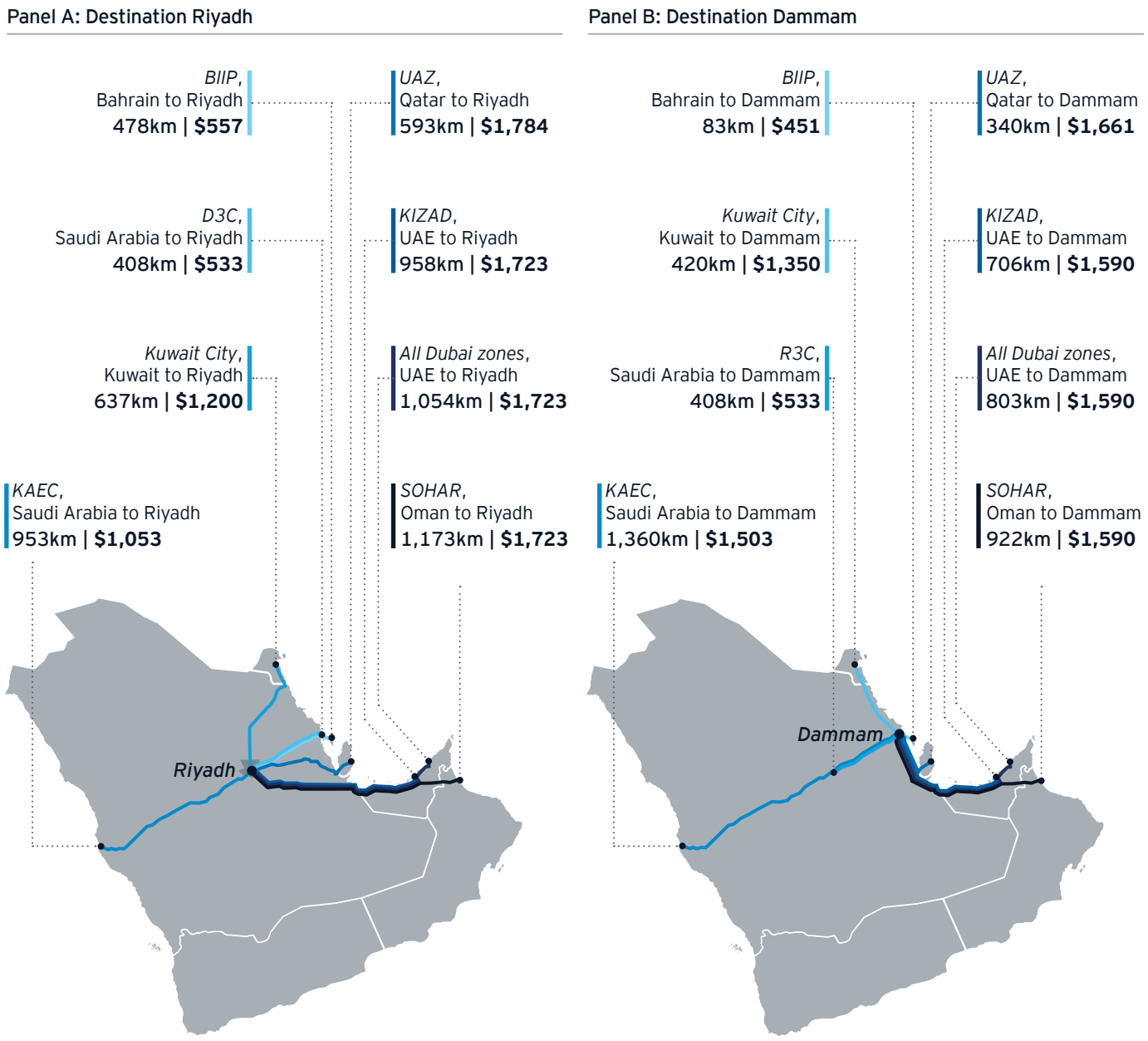
To demonstrate the strengths and weaknesses of different locations concerning transportation expenses, the analysis focuses on studying the costs of road and air transport specifically to Riyadh and Dammam, two of the largest cities in Saudi Arabia, the largest economy in the region. Further, Riyadh is selected because it is central to the region. The analysis will first review costs of road freight, then air freight and finally sea freight.

Road transport costs

Road transport is a critical factor for the sustainability of a food manufacturing facility, as it directly influences operational costs. These costs and the final goods prices hinge largely on how economically feasible it is to transport raw materials to the facility and distribute end products to customers. Therefore, it is crucial to choose a location easily accessible to a large customer base, in places like Riyadh or Dammam, and suppliers.

Panel A of Figure 15 details the costs and routes for road transport to Riyadh. The average distance from all the examined locations to Riyadh is approximately 782km. Consequently, the closest location is D3C with a distance roughly half the average (408km), closely followed by BIIP, with a distance of 478km to Riyadh.

Figure 15. Road transport routes and costs, 40-foot container

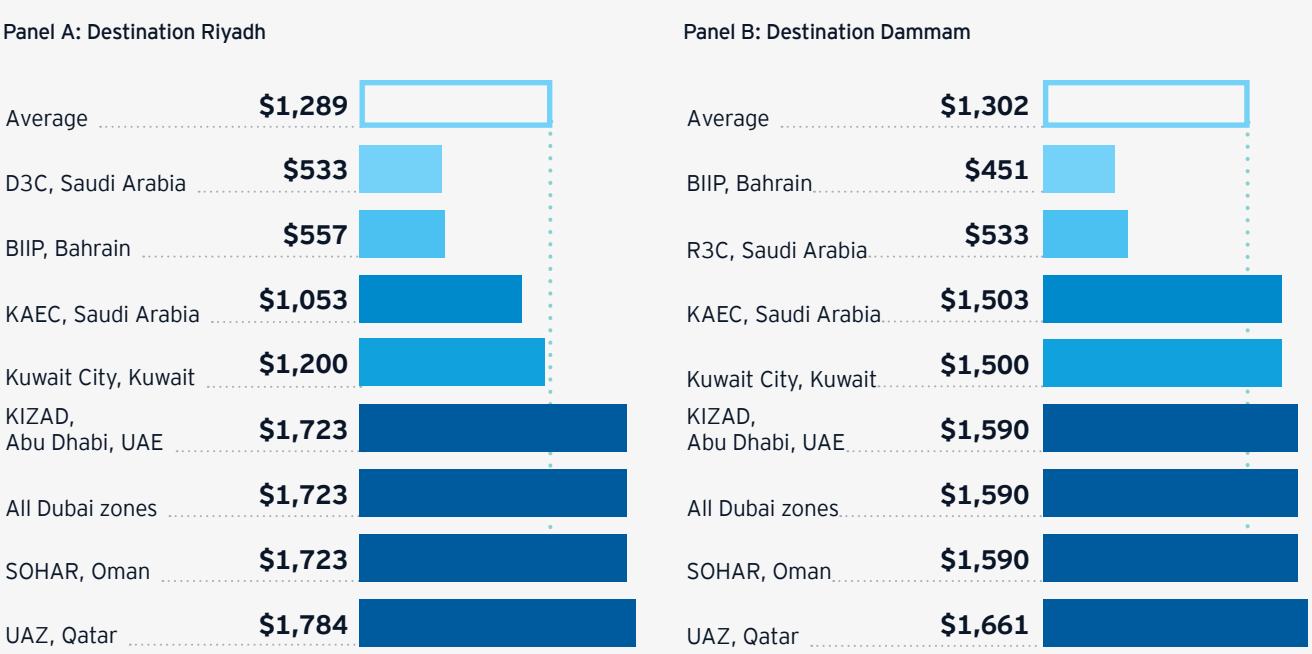


Source: EY conducted interviews in 2024 with a regional road freight companies; and Google Maps, 2024.

For a company serving a customer base that is in Riyadh, setting up a facility in either D3C or BIIP presents considerable advantages. The reduced distance translates to significant savings in road transport costs. As illustrated in Panel A of Figure 16, the lowest-cost road freight route is D3C to Riyadh, where the cost of shipping (one way) a 40-foot container is $533 (59% below the average). This is closely followed by the cost of road freight from BIIP to Riyadh, where the cost is $557.

Panel B of Figure 16 also displays road transport routes and costs, with Dammam being the destination in this scenario. In contrast to other zones, BIIP has a strategic advantage due to its proximity to Dammam, being only 83km away. Establishing the company in BIIP offers convenient access to the Dammam market. Locating in BIIP also offers the company the lowest-cost road transport of a 40-foot container to Dammam. At $451, this cost is 65% lower for companies in BIIP compared to the average.

Figure 16. Road transport costs from select locations to Riyadh and Dammam for one-way 40-foot container



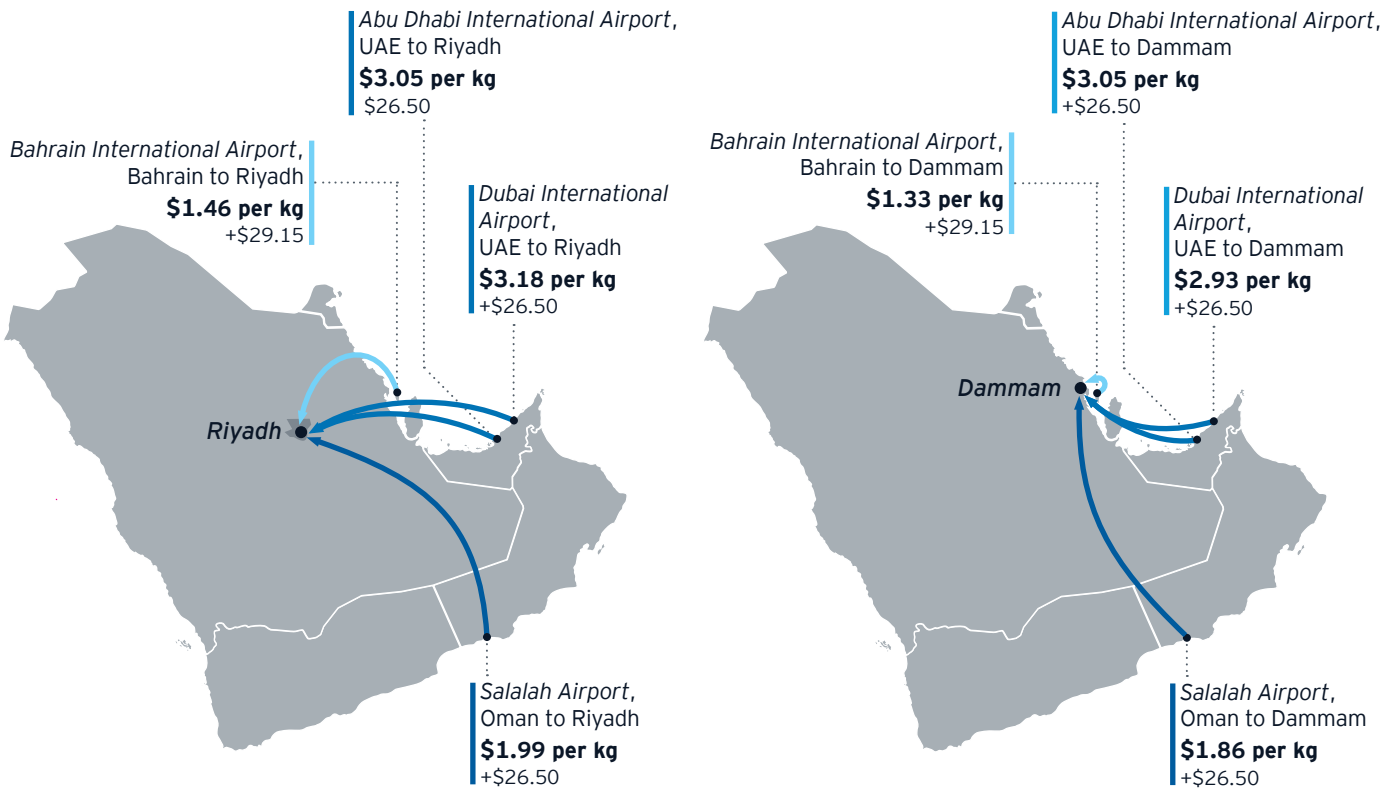
Source: EY conducted interviews in 2024 with a regional road freight companies.

Air transport costs

The cost of air cargo freight plays a critical role in the operating cost of a food manufacturing company. A significant portion of the products produced by the food manufacturer may be perishable goods, often transported via air freight for long-distance journeys. These goods typically include fresh produce, seafood and dairy products. The choice of location for the manufacturer carries substantial implications for its operational cost and the cost of the end product.

In Figure 17, Panel A illustrates air route costs per kilogram and air waybill costs for air freight destined for Riyadh, originating from the various locations. Cargo originating from BIIP emerges with the lowest air freight costs to Riyadh with a per-kilogram rate of $1.46 for shipments greater than 45kg; this is likely due to geographical proximity. Figure 17 also provides the cost of air waybills by origin of shipments where the cost is the same for most routes and where costs in Bahrain International Airport (servicing BIIP) are slightly higher. Panel B illustrates the same metrics as Panel A to reflect the costs with Dammam as the destination.

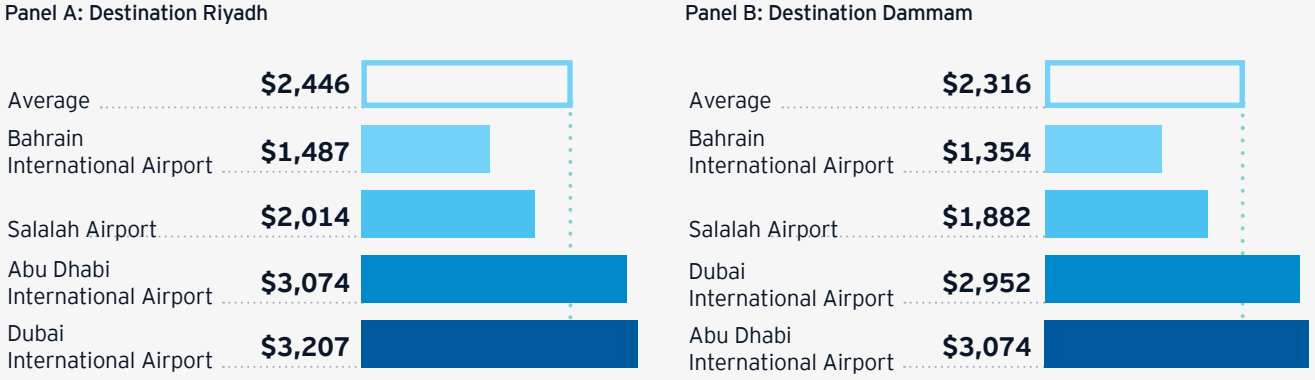
Figure 17. Air transport costs per kg for shipments greater than 45kg



Source: EY conducted interviews in 2024 with regional air freight companies.
Note: Parenthetical indicates air waybill cost.

To demonstrate the expenses associated with air freight for a standard shipment, Panel A of Figure 18 presents the costs derived from the sum of the per kilogram rate multiplied by the cargo's weight, along with the air waybill fee. For illustrative purposes, we compute the cost of a shipment weighing 1,000 kilograms. The calculated costs of air freight to Riyadh range from $1,487 to $3,207 where the cost of air freight is lowest for shipments originating from Bahrain International Airport. Conversely, costs are highest for shipments originating from Dubai International Airport. Panel B performs the same analysis but with Dammam as the destination. The calculated costs for freight to Dammam range from $1,354 to $3,074 where freight from companies in BIIP utilizing Bahrain International Airport will have the lowest cost and freight from companies in all Dubai Zones utilizing Dubai International Airport will have the highest cost.

Figure 18. Air transport costs from select locations to Riyadh and Dammam for 1,000 kg cargo



Source: EY calculations.

Sea transport costs

Generally, the cost of sea freight is determined by distance and complexity of the route, where longer and more complex routes are likely to be more expensive. The shipping line is also a determinant in cost. In the GCC, most ports are serviced by the same liners and routes. For instance, a container shipped to Riyadh from the east (e.g., Shanghai or Singapore) will be on a route that will typically make its first stop at Jebel Ali Port, followed by a stop at Abu Dhabi's Khalifa Port. At this point, the container may either go to Khalifa bin Salman Port in Bahrain and take the King Fahd Causeway to Riyadh or continue to King Abdulaziz Port in Dammam. In either case, the remaining portion of the trip is made via land freight. Following this logic, it is reasonable to assume that the sea freight costs will be lowest for freight arriving in Jebel Ali Port and then for each additional stop, a marginal additional cost may be faced.

Table 6 provides a sample of costs for sea freight shipping from various locations with significant shipping to Dammam, Riyadh, Jeddah and Bahrain. This data is collected from a survey of several freight forwarders. This should not be used to determine the definitive total cost of shipping but rather is meant to provide the costs identified at one specific time during the collection of this data. Many factors affect shipping cost including fuel costs, demand and geopolitics.

Table 6. Sea transport for one-way transport of dry goods, 40-foot container

		Origin city			
		Singapore	Shanghai	Hamburg	Miami
Destination city	Bahrain	$2,100 24 days	$3,700 36 days	$2,288 44 days	$5,280 41 days
	Dammam	$1,900 16 days	$3,509 25 days	$2,497 41 days	$4,714 48 days
	Riyadh	$3,100 20 days	$4,245 31 days	$2,757 36 days	$4,974 33 days
	Jeddah	$4,352 40 days	$4,429 53 days	$3,416 36 days	$5,634 33 days

Sources: EY conducted interviews in 2024 with regional sea freight companies; DHL, 2024; and Freightos Terminal, 2024.

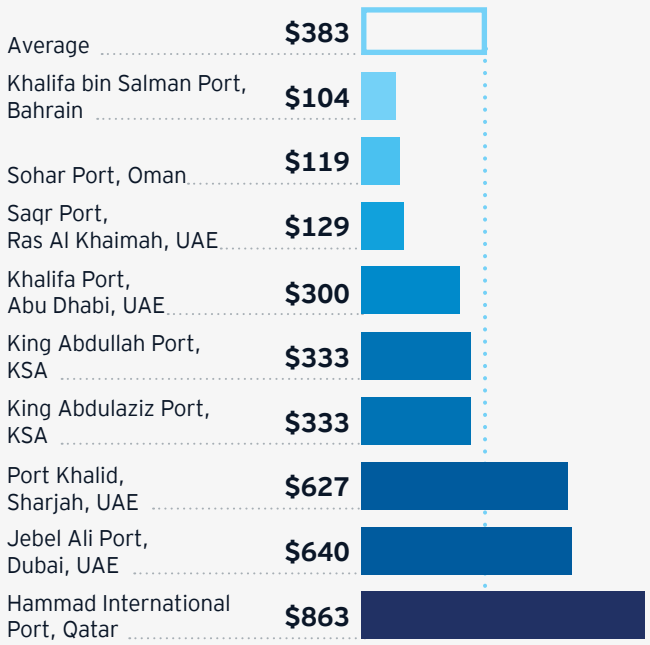
Sea transport — port storage

Auxiliary costs, such as storage and handling, are a major differentiator in the overall cost of sea freight for the manufacturing company. Port storage is often used by companies when experiencing extraordinary logistical difficulties. In these times, hefty storage fees can become liabilities for companies.

Companies in BIIP will have the lowest storage costs if they utilize Khalifa bin Salman Port in Bahrain. The port has the lowest shipping container storage costs among the ports analyzed where daily rates range from $8.75 to $29. As a comparison, daily rates in the other ports range from $32 to $59 for imported shipments. Rates vary based on duration of storage; as the number of days increase, so do daily rates. As an example, Figure 19 compares the cost to store a 40-foot container at the port for 20 days across the ports. For a company established in BIIP, the cost of storage will be $104 at Khalifa bin Salman Port, 73% below the average ($383).

The pricing structure for port storage includes a free time allowance, where no fees are imposed. However, once this free time allowance ends, storage fees are imposed daily per container, with a progressively increasing rate depending on the applicable rate slab.

Figure 19. Cost of 40-foot container storage for 20 days



Source: EY calculations.
Note: See above paragraph for assumptions.

Table 7 provides a standardized breakdown of seaport storage costs for imports for 10, 20 and 30 days. While Khalifa Port provides the highest number of free days (14), the benefit dissipates quickly when storage exceeds the free days allowance. For example, the 30-day storage cost for a 40-foot container in Khalifa Port ($1,117) is five times the cost in Khalifa bin Salman Port, where storage cost is lowest ($226). Qatar's Hammad International Port has the highest storage cost, where storage of a 40-foot container for a period of 30 days will cost the importer $1,685.

Table 7. Port storage cost standardized — imports

	Bahrain Khalifa bin Salman Port	Oman Sohar Port	Qatar Hammad International Port	Saudi Arabia King Abdulaziz Port	Saudi Arabia King Abdullah Port	Abu Dhabi, UAE Khalifa Port	Dubai, UAE Jebel Ali Port	Ras Al Khaimah, UAE Saqr Port	Sharjah, UAE Port Khalid
Number of free days	9	7	7	10	10	14	10	10	10
20 ft. container									
10 days	$5	$12	$62	$0	$0	$0	$0	$12	$0
20 days	$52	$59	$432	$200	$200	$150	$320	$90	$313
30 days	$113	$141	$842	$600	$600	$559	$737	$172	$722
40 ft. container									
10 days	$9	$24	$123	$0	$0	$0	$0	$20	$0
20 days	$104	$119	$863	$333	$333	$300	$640	$129	$627
30 days	$226	$282	$1,685	$867	$867	$1,117	$1,474	$266	$1,444

Source: EY calculations.

Table 8 displays the port storage cost information for exports. Port Khalid, in Sharjah, offers 30 days of storage free of charge, making the port the most competitive compared to the other ports. Hammad International Port in Qatar is the most expensive port, where storage of a 40-foot container for 30 days will cost the exporter $1,438.

Table 8. Port storage cost standardized — exports

	Bahrain Khalifa bin Salman Port	Oman Sohar Port	Qatar Hammad International Port	Saudi Arabia King Abdulaziz Port	Saudi Arabia King Abdullah Port	Abu Dhabi, UAE Khalifa Port	Dubai, UAE Jebel Ali Port	Ras Al Khaimah, UAE Saqr Port	Sharjah, UAE Port Khalid
Number of free days	11	7	10	5	5	10	10	10	30
20 ft. container									
10 days	$0	$12	$0	$67	$67	$0	$0	$12	$0
20 days	$42	$59	$308	$333	$333	$82	$84	$78	$0
30 days	$104	$141	$719	$733	$733	$163	$196	$159	$0
40 ft. container									
10 days	$0	$24	$0	$133	$133	$0	$0	$20	$0
20 days	$85	$119	$616	$533	$533	$163	$169	$129	$0
30 days	$239	$282	$1,438	$1,067	$1,067	$327	$392	$266	$0

Source: EY calculations.

Sea transport — terminal handling fees

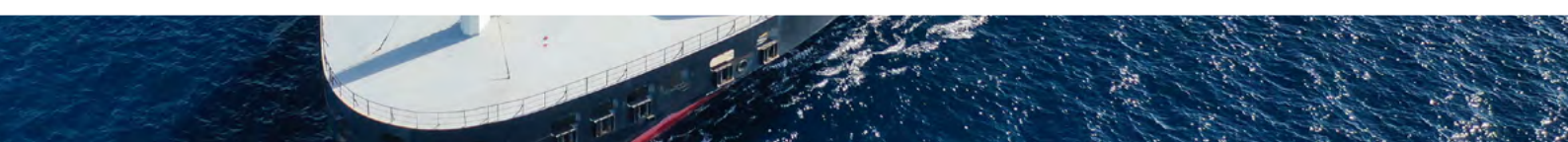
Table 9 offers information about select handling fees for services provided by ports, including X-ray, hazardous material and container deposit fees. Terminal handling costs are notably higher in UAE ports servicing zones in Dubai and Abu Dhabi. For instance, X-ray fees for a 40-foot container in Jebel Ali Port (Dubai) are $300, which is much higher than Hammad International Port in Qatar, where fees are only $7.

Table 9. Terminal handling and fees

	Bahrain Khalifa bin Salman Port	Qatar Hammad International Port	KSA, Dammam King Abdulaziz Port	KSA, Jeddah King Abdullah Port	UAE, Abu Dhabi Khalifa Port	UAE, Dubai Jebel Ali Port	UAE, Ras Al Khaimah Saqr Port	UAE, Sharjah Port Khalid
20 ft. container								
X-ray fee	$27	$7	$123	$123	$187	$191	$150	$213
Hazardous materials	$245	$164	$94[1]	$94[1]	$259	$286	$211	$315
Container deposit	$71	$132	$75	$75	$202	$191	$204	$150
40 ft. container								
X-ray fee	$27	$7	$147	$147	$279	$300	$218	$327
Hazardous materials	$372	$205	$187[1]	$187[1]	$381	$450	$327	$490
Container deposit	$104	$164	$149	$149	$268	$300	$293	$218

Sources: EY conducted interview in 2024 with regional transportation companies; AD Ports Group, 2022; Mwani Qatar, n.d.; Mawani Saudi Ports Authority, 1987; MTT, 2024; and Ocean Network Express, n.d.

[1] General handling fee plus an additional 25%.



Air transport — airport handling fees

Table 10 presents handling costs at various airports. Airport handling fees are generally structured as a minimum charge in addition to a marginal schedule where the per-kilogram fee increases progressively as the weight of the shipped goods increases. For heavy packages (1,000kg), which are more consistent with a business' needs, Bahrain International Airport imposes airport handling fees of roughly 50% of the total fees imposed in the other airports. For a small (10kg) package, Muscat International Airport (the main airport providing air cargo services to SOHAR) charges the lowest airport handling fees.

Table 10. Airport handling and fees — cost by total container weight (kg)

Container weight (kg)	Bahrain International Airport (servicing BIIP)	Muscat International Airport (servicing SOHAR)	King Abdulaziz International Airport (servicing KAEC)
10 kg	$12	$9	$18
1000 kg	$34	$68	$68

Source: EY calculations.

Taxes, fees and incentives

An important cost consideration for manufacturing companies is taxes and fees that are incurred as a normal cost of doing business. With significant labor costs, manufacturing companies in the GCC could face several taxes related to labor, including social insurance and withholding on income tax. Additionally, manufacturing companies may face corporate tax, VAT and property taxes in addition to duties and tariffs on international trade. SEZs provide tax abatements, and these vary by zone. The next few paragraphs provide an overview of the tax environment at the country level, then provide an overview of the tax environment inside the zones.

Taxes and fees at the country level

Bahrain is currently the only country in which a 0% CIT rate is applicable country-wide, making it the most tax-friendly country when it comes to taxing corporate income. Saudi Arabia, on the other hand, imposes the highest CIT rates, where rates can be as high as 20%.

Kuwait is the only country that does not impose a VAT. This can result in significant savings for a food manufacturing company that processes a significant amount of raw material. VAT is highest in Saudi Arabia (15%). Municipal taxes on rental properties are notably higher in Bahrain. A tax on real estate transactions is imposed at the national level in Saudi Arabia; however, no such tax is imposed by municipalities. The national-level tax has a rate of 15%.

Table 11. Taxes and fees outside of free zones

	Bahrain	Kuwait	Oman	Saudi Arabia	Qatar	UAE (Abu Dhabi)	UAE (other Emirates)
Corporate income tax[1]	0%	15%	15%	20%	10%	9%	9%
Value-added tax	10%	0%	5%	15%	5%	5%	5%
Tax on rental properties	8.5%[2]	0%	3%	15%[3]	0.5%	5%	5%
Withholding tax	0%	5%	10%	5%–20%	5%	0%	0%
Social insurance[4]							
Employer share	17%	11.5%	13.5%	11.75%	14%	15%[5]	12.5%
Employee share	8%	8.0%[6]	8%	9.75%	7%	11%	5%

Sources: EY, 2023; Federal Tax Authority, 2021; PwC, 2024a; PwC, 2024b; UAE Federal Tax Authority, 2017; and ZATCA, 2024.

[1] Depending on jurisdictions' implementation of BEPS Pillar Two, a domestic minimum top-up tax of 15% will be applied to multinational enterprises with a global revenue equal to or exceeding €750m in at least two of the four preceding fiscal years as per the OECD's Global Anti-Base Erosion. To review jurisdictions' adoption of BEPS, please visit EY's Pillar Two Developments Tracker.

[2] Ranges from 7% to 10 % depending on property type and payer of utilities.

[3] A tax on real estate transactions exists in Saudi Arabia. Imposed by the national-level government, the tax carries a rate of 15% and is applicable to rent.

[4] As a general rule, social security contributions in GCC countries are only due for their nationals. The rate presented include social security, workers' compensation, unemployment insurance, and maternity and paternity leave.

[5] Employers in UAE pay a flat fee per employee for unemployment insurance premium. The premium schedule is structured such that for employees earning less than $4,320 monthly, the employer pays $1.37 (per month), while for employees earning more than $4,320 monthly, the charge is $2.74 monthly.

[6] An additional 2.5% rate is deducted based on salary cap of 1,500KWD.

Taxes and fees across benchmarked zones

As shown in Table 12, most SEZs in this study offer a complete corporate income tax exemption. D3C, R3C and DIP do not fall into the category of SEZs; rather, they are areas designated for specific uses to allow for agglomeration of industries. In these three locations, all national and municipal taxes apply. Companies located in KAEC, which is a SEZ, are subject to a preferential CIT rate of 5%. This tax abatement is provided for 20 years, after which businesses face the country-level rate of 20% for Saudi Arabia. DS and RAKFTZ do not impose a limit on the number of years companies may realize a CIT exemption, while JAFZA and KIZAD provide the longest tax exemption period (50 years). Social insurance taxes are applicable in all free zones.

While BIIP, SOHAR, UAZ, KIZAD, DS, JAFZA, RAKFTZ and SAIF zones are shown as having 0% corporate income tax rates, the OECD's Base Erosion and Profit Shifting Initiative (BEPS) has encouraged countries to enact corporate tax regimes at or above the 15% minimum tax rate required by BEPS in order to avoid additional taxes levied by the home country of a multinational enterprise. Most zones will ultimately have rates of 15% or higher as a results of BEPS. Within the countries included in the study, Bahrain, Qatar and the United Arab Emirates[11] have passed final legislation implementing Pillar Two that would apply to most businesses, including our case study company.

Table 12. Taxes and fees within free zones

	Bahrain International Investment Park BIIP[1]	Sohar Port and Freezone SOHAR	Umm Alhoul Zone UAZ	The 3rd Dammam Industrial City[1] D3C	King Abdullah Economic City KAEC	Riyadh 3rd Industrial City[1] R3C	Khalifa Industrial Zone KIZAD	Dubai Investments Park[1] DIP	Dubai South[2] DS	Jebel Ali Free Zone JAFZA	Ras Al Khaimah Free Zone RAKFTZ	Sharjah Airport Free Zone SAIF
Corporate income tax rates[3]	0%	0%	0%	20%	5%	20%	0%	9%	0%	0%	0%	0%
Duration of CIT exemption (years)	N/A	25	20	N/A	20	N/A	50	N/A	N/A	50	N/A	25
Value-added tax rates	10%[4]	0%	5%	15%	0%	15%	0%	5%	0%	0%	0%	0%
Social insurance[5]												
Employer share	17%	13.5%	14%	11.75%	11.75%	11.75%	15%[6]	12.5%	12.5%	12.5%	12.5%	12.5%
Employee share	8%	8%	7%	9.75%	9.75%	9.75%	11%	5%	5%	5%	5%	5%

Sources: ASYAD, n.d.; DP World, n.d.; EY, 2023; Federal Tax Authority, 2018; KEZAD Group, n.d.; Qatar Free Zones, n.d.; Government of Ras Al Khaimah, n.d.; Kuwait Direct Investment Promotion Authority, 2021; OPAZ, 2021; OPAZ, n.d.; PwC, 2023a; and PwC, 2023b; PwC 2024a; PwC 2024b.

[1] Although BIIP, D3C, R3C and DIP are hubs of investment due to their strategic location, they are not considered special economic zones, and thus firms located in these areas do not receive special tax exemptions. The country-level corporate income tax is taken in this table.

[2] These free zones do not have a limit on the number of years for corporate income tax exemption.

[3] Depending on jurisdictions' implementation of BEPS Pillar Two, a domestic minimum top-up tax of 15% will be applied to multinational enterprises with a global revenue equal to or exceeding EUR 750 million in at least two of the four preceding fiscal years as per the OECD's Global Anti-Base Erosion. To review jurisdictions' adoption of BEPS, please visit EY's Pillar Two Developments Tracker.

[4] Exempted under certain circumstances (e.g., re-export or distribution of goods).

[5] As a general, rule social security contributions in GCC countries are only due for their nationals. The rate presented include social security, workers' compensation, unemployment insurance, and maternity and paternity leave.

[6] Employers in UAE pay a flat fee per employee for unemployment insurance premium. The premium schedule is structured such that for employees earning less than $4,320 monthly, the employer pays $1.37 (per month), while for employees earning more than $4,320 monthly, the charge is $2.74 monthly.

By design, taxes and fees in special economic zones are more competitive than at the national level. Table 13 highlights major themes of the incentives provided in each of the SEZs reviewed in this study.

Table 13. Incentives offered at benchmarked jurisdictions[12]

	BIIP[1]	KAEC	D3C[1]	R3C[1]	DS	DIP[1]	SAIF	JAFZA	KIZAD	RAKFTZ	SOHAR	UAZ
100% foreign ownership	✓[2]	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
100% Repatriation of capital	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Exemption from corporate tax	✓	×	×	×	✓	×	✓	✓	✓	✓	✓	✓
Exemption from custom duties	✓	✓	×	×	✓	×	✓	✓	✓	✓	✓	✓
Exemption from VAT	✓[3]	✓	×	×	✓	×	✓	✓	✓	✓	✓	✓

[1] Although BIIP, D3C, R3C and DIP are hubs of investment due to their strategic location, they are not considered special economic zones, and thus firms located in these areas do not receive special tax exemptions.

[2] For certain activities in Bahrain.

[3] Exempted under certain circumstances (e.g., re-export or distribution of goods).

11 Qatar and the United Arab Emirates have enacted a law incorporating an initial provision placeholder for the introduction of Pillar Two. Detailed laws, provisions and regulations regarding how these countries will implement Pillar Two are expected to be developed in the future.

12 See Appendix IV for more details about incentive packages.

Customs duties

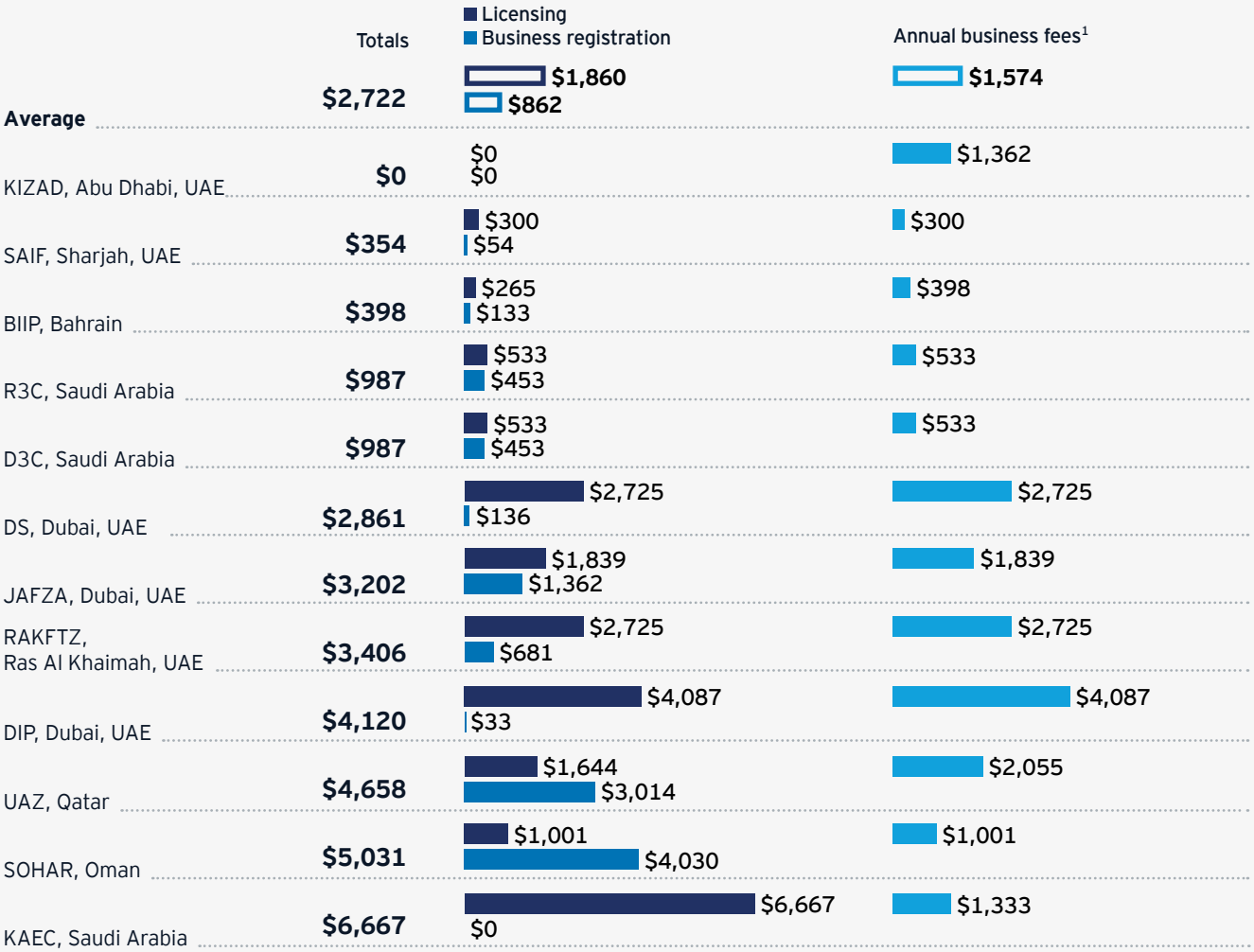
Customs duties are set at the country level. All locations covered in this study fall under the purview of the Gulf Cooperation Council Customs Law, which aims to remove import tariffs among signatory states and create a harmonized tariff schedule that non-GCC countries face. In 2022, the harmonized schedule was revised such that most imports are charged a 5% tariff. While implementation of the Harmonized System (HS) is still taking place, the majority of goods for which a tariff is applied are taxed at 5%. Thus, customs duties are generally not a differentiating factor in the cost of doing business when comparing locations within the GCC. However, this agreement makes the entire region competitive globally.

All zones in this study, with the exception of DIP, are exempt from import tariffs. Thus, the manufacturing company in DIP will usually need to pay a 5% customs duty on imports coming from outside the GCC.

Business registration and licensing

Investors looking to establish a business in any zone should consider the general registration and licensing cost for a manufacturing business; see Figure 20 for comparison of these costs across zones. While KIZAD has a $0 initial setup cost covering business registration and licensing in the first year, this is counterbalanced by the $1,362 cost associated with annual fees paid in subsequent years. SAIF has the second-lowest cost for business registration and licensing fees in the first year where the company is expected to pay $354. The cost of registration and licensing is highest in KAEC, where the combined cost is $6,667. For most zones, the larger proportion of the total cost is made up of licensing fees, while business registration fees make up a significantly smaller portion. SOHAR and UAZ depart from this general trend, as nearly three-quarters of the total cost is associated with the business registration fees.

Figure 20. Business registration and licensing costs for a manufacturing business



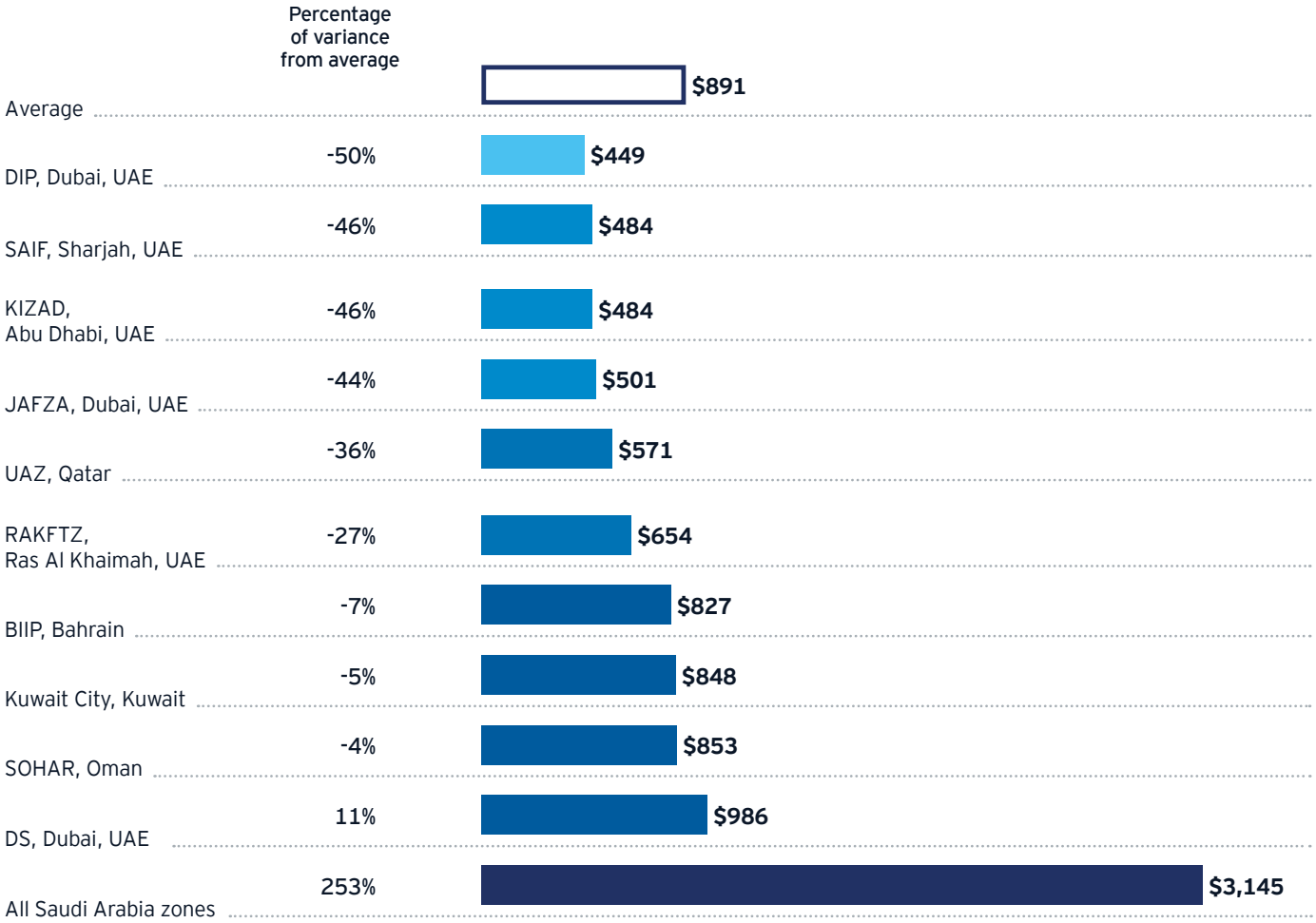
Source: EY calculations.
[1]Annual fees include license renewal fees and any other fees required to maintain the company's registration status and licenses.

Other costs

Presented in this section are several costs associated with immigrant labor, including: 1) fees associated with attaining authorization to work legally in the country, 2) dependent visa, 3) visitor visa, 4) visa on arrival and e-visa, 5) localization requirements, and 6) labor accommodation.

Companies that aim to employ expatriate labor must adhere to the respective location's rules and regulations on the matter. Key costs incurred by companies are comprised of a labor or residence permit, health insurance, identification card, pre-employment health check and health certificate that ensure medical fitness. Figure 21 provides the total expected cost in each location. Companies would face the lowest cost per employee in DIP; at a cost of $449, it is 50% below the average cost. Costs in SAIF and KIZAD are only slightly higher than DIP. On the other hand, companies would face the highest costs in any of Saudi Arabia's zones – D3C, KAEC or R3C. The high cost for workers in D3C, KAEC and R3C is mainly driven by the high monthly fees associated with acquiring and maintaining a labor permit.

Figure 21. Total visa, permit, residency and other associated costs related to employing expatriate workers[1]



Source: EY calculations.

[1] Includes D3C, KAEC and R3C.

In D3C, KAEC and R3C, where costs are highest, labor permits renew on a monthly basis and and comprise an Iqama card (residency permit) and a Maktab Amal (work permit). The Iqama card fees are $173 for 12 months. The Maktab Amal fees vary according to the percentage of Saudi workers at the employing company. Assuming that at least 50% of the workers are Saudi citizens, the fee for a work permit is $187 per month ($2,240 per year), which is significantly higher than in any other location. Table 14 presents the disaggregations of the totals presented in Figure 21. In some zones, like SOHAR, DC, JAFZA and RAKFTZ, the zone authority provides a package price that is inclusive of many of the individual costs required. In other locations, the fees are paid individually and to the respective agency. Health insurance costs represent the annual cost of government-mandated basic coverage per employee per year. In each zone (except Oman and KSA zones), the cost of the most basic options is reported.[13] For zones in Saudi Arabia and Oman, the employer is responsible for providing private health insurance to expatriate employees. To calculate an average premium per insured person, the study divides gross written premiums by the total number of insured persons.

Table 14. Fees associated with obtaining authorization to work legally in the country[1]

	Bahrain International Investment Park BIIP	Kuwait City	Sohar Port and Freezone SOHAR	All Saudi Arabia Zones[2]	Umm Alhoul Zone UAZ	Dubai Investments Park DIP	Dubai South DS	Jebel Ali Free Zone[3] JAFZA	Ras Al Khaimah Free Zone RAKFTZ	KIZAD and SAIF
Labor permit[3]	$265	$32	$421	$2,240	$27	$106	$703	$365	$518	$106
Residency permit	$0[4]	$32	$0[5]	$173	$270	$0[6]	$0[7]	$0[8]	$0[9]	$0[6]
Health insurance	$191	$551	$256[10]	$622[10]	$164	$136	$136	$136	$136	$136
Work visa[11]	$318[12]	$150	$56	$13	$82	$60	$0[7]	$0[8]	$0[9]	$95
Cost of pre-employment health check	$53	$32	$91	$80	$0[13]	$68	$68	$0[8]	$0[9]	$68
Health certificate[14]	$0[4]	$32	$14	$16	$0[13]	$3	$3	$0[8]	$0[9]	$3
Identification card	$0[4]	$17	$16	$0	$27	$76	$76	$0[8]	$0[9]	$76
Total immigration costs for expatriate workers[15]	**$827**	**$848**	**$853**	**$3,145**	**$571**	**$449**	**$986**	**$501**	**$654**	**$484**

Sources: EY conducted interviews in 2024 with SEZ authorities and various government websites, please see data sources appendix for a complete list of sources.

[1] Fees listed are for the following periodicity: Labor permit, renewal fees for labor permit; residency permit are annual fees, while cost of pre-employment health check and health certificate are one-time costs incurred before employment. Work visa is a one-time fee incurred prior to entering the country. Identification card fees are one-time costs.

[2] Includes D3C, KAEC and R3C.

[3] The labor permit allows expatriate workers to work in the jurisdiction; sometimes, this permit is coupled with the permission to enter and reside in the jurisdiction.

[4] In BIIP, the cost associated with the labor permit is inclusive of the residency permit, health certificate and identification card.

[5] In SOHAR, the cost associated with the labor permit is inclusive of the residency permit.

[6] In DIP, KIZAD and SAIF, the cost associated with the labor permit is inclusive of the residency permit.

[7] In DS, the cost associated with the labor permit is inclusive of the residency permit and work visa.

[8] In JAFZA, the cost associated with the labor permit is inclusive of the work visa, residency permit, pre-employment health check and certificate, and identification card.

[9] In RAKFTZ, the cost associated with the labor permit is inclusive of the work visa, residency permit, pre-employment health check and certificate.

[10] Represents the average cost of private health insurance calculated as total premiums divided by the total number of individuals insured.

[11] Also known as labor entry visa, employment visa or entry permit. It allows expatriate workers to enter the country for the purpose of work.

[12] In BIIP, a monthly visa fee of $26.5 per employee is imposed; this fee is $13.25 per employee for the first five employees.

[13] Pre-employment health check and certificate are not a requirement to issue a labor permit. The employees bear this cost in their home country prior to entering Qatar.

[14] Also known as a health card, this serves as a certificate of completion for a mandatory health check.

[15] Total does not include renewal fees for labor permit.

13 This is health insurance mandated by the respective governments; in most cases, it provides access to public government hospitals where basic services are provided.

Dependent visa

If expatriate employees are migrating along with their families, they will incur the cost of attaining visas for their dependents. These are lowest in Kuwait ($10), providing a lower cost for families relocating to work in Kuwait. On the other hand, this cost is highest in BIIP ($239).

Table 15: Visa costs for dependents of expatriate employees

	Bahrain International Investment Park BIIP	Kuwait City	Sohar Port and Freezone SOHAR	All Saudi Arabia zones[1]	Umm Alhoul Zone UAZ	Khalifa Industrial Zone KIZAD	All Dubai zones[2]
Dependent visa	$239	$10	$39	$133	$55	$48	$15

Sources: Absher, n.d.; Al Fahad, 2024; GDRFA, 2024; ICP, n.d.; Kuwait Government Online n.d.; LMRA, 2024; and Royal Oman Police, n.d.

[1] Includes D3C, KAEC and R3C.

[2] JAFZA, DS and DIP visa renewal costs are higher after the first instance, $101.

Visitor visa

Tourists wishing to visit for leisure will require a visitor's visa unless they are citizens of a GCC county. Visa offerings are single entry and multiple entry obtained through advance visas, visa on arrival[14] or e-visa.

Table 16. Visitor visa

	Bahrain	Kuwait	Oman	Saudi Arabia	Qatar	UAE
Single entry	$24	$150	$52	$101	$27	$139
Multiple entry	$42	$174	$130	$101	$27	$166

Sources: Etihad Airways, n.d.; KSA Visa, n.d.; Kuwait MOI, 2019; Ministry of Interior, Nationality, Passports, and Residence Affairs, n.d.; Online-visa.com, n.d.; and Visit Qatar, 2024.
Note: Durations are 14 days for Bahrain (single entry); 30 days for Oman and UAE; and 90 days for Bahrain (multiple entry), Kuwait, Qatar and Saudi Arabia.

Table 16 identifies the cost of a tourist visit visa in each location. The prices listed reflect both single and multiple entry options. For single-entry visas, the UAE has the highest fee at $139, making it more expensive for family and friends to visit employees in UAE zones. On the other hand, Bahrain charges the lowest fees at $24, making it less costly for family and friends to visit employees working in BIIP. For multiple-entry visas, the UAE remains the priciest at $166, and Qatar is the lowest at $27.

Visa on arrival and e-visa

Table 17 compares the number of nationalities eligible for e-visa and visa on arrival. Oman and Qatar do not offer visa on arrival; thus, no nationalities are eligible. Bahrain, however, offers the highest number of nationalities that are eligible for visas on arrival, making travel much easier compared with its peers. Visa on arrival and e-visa facilitate travel and make it easier for friends and family of expatriates to visit. Expatriates working in zones located in countries with favorable rules can more easily maintain social ties with loved ones living in their home country.

Table 17. Visa on arrival and e-visa (number of nationalities eligible)

Cost	Bahrain	Oman	Saudi Arabia	Qatar	UAE
Visa on arrival (nationalities eligible and number of countries eligible per location)	208	N/A	49	99	81
e-visa (nationalities eligible and number of countries eligible per location)	209	75	63	159	216

Sources: Etihad Airways, n.d.; eVisa, n.d.; Kuwait International Airport, 2024; Ministry of Interior, Nationality, Passports, and Residence Affairs, n.d.; OMVisas, n.d.; and Visit Qatar 2024.

14 Visa on arrival is not applicable in Oman and Qatar.

Localization requirement

Businesses' ability to provide their expatriate workers with visas is influenced by the localization requirements in their respective countries. Zones in the UAE have the most lenient localization requirements as they exempt businesses from having a minimum number of Emirati employees. The UAE mainland also has a favorable localization requirement as it requires businesses to have only 2% of positions filled by Emirati citizens. Saudi Arabia has a more restrictive localization requirement, with a variable requirement based on company size.

The following table summarizes the regulations, incentives and penalties for enforcing localization rules.

Table 18. Localization requirements

Zone	Localization	Penalties
BIIP	Businesses based at BIIP are exempted from localization requirement for the first five years. Thereafter, they are subjected to Bahrain's localization requirement as prescribed by the Bahrain Labor Market Regulatory Authority (LMRA). As per the LMRA requirement, a manufacturing business employing more than 10 workers must employ at least 25% Bahraini nationals (requirement varies based on industrial activity).	Companies unable to comply with the localization rates are only eligible to apply for new work permits and sponsorship transfers by paying an additional annual fee of BHD250 ($663) per non-Bahraini worker. LMRA may apply fines to companies that do not comply with "Bahrainization" requirements.
D3C, KAEC, R3C	Different localization requirements apply to businesses based on their size (in terms of employment).[2] For example, a medium-sized business (51 to 500 employees) must maintain a localization level of 35% to 47% depending on the exact number of employees, in order to fall in the medium green localization band, which would then provide them access to certain incentives applicable to the band.	For the example provided of a mid-sized company that falls in the medium green band, penalties for not meeting localization requirements are: ▪ Ineligible to apply for new expatriate worker visas ▪ Expatriate workers cannot change occupations within the organization ▪ Business cannot renew work permit for existing expatriate workers ▪ Businesses cannot transfer expatriate workers' sponsorship to the entity from any other entity
DIP	Businesses based in the mainland UAE are subject to a 2% localization requirement. (2% is the national target that started in June 2023) This means that 2% of their employee headcount are required to be Emirati. The Emiratization policy requires the percentage of Emirati nationals employed by businesses to increase by 2% every year until it reaches 10% in 2026.	Companies that do not adhere to the Emiratization policies are subjected to the following penalties: ▪ $27,226 for first-time violation ▪ $81,679 for second-time violation ▪ $136,132 for the third time and beyond Additional $11,435 for each Emirati not appointed according to national target
DS, JAFZA, KIZAD, RAKFTZ	Businesses based in designated free zones in the UAE are exempted from localization requirements.	N/A because businesses based in designated free zones in the UAE are exempted from localization requirements.
SOHAR	Within SOHAR, investors are subject to a localization requirement of 15%. However, they can enjoy a longer corporate tax exemption if they increase Omanization – reaching 25% after 10 years, 35% after 15 years and 50% after 20 years. Outside of the free zone, businesses are subject to the national Omanization requirement of 60%.	$1,300 to $2,600 per Omani required to be employed.

Labor accommodation

Table 19 identifies which locations provide onsite accommodation for blue-collar workers. Blue-collar accommodations are not offered in all zones. Locations providing accommodations have an edge in attracting businesses that employ blue-collar workers due to the added convenience and potential cost savings. For those zones that provide this type of accommodation, Table 20 provides the monthly per bed charge. Costs are notably higher in KAEC, while they are lower and comparable in KIZAD and JAFZA.

Table 19. Availability of basic accommodation

Zone	Is zone accommodation offered?
BIIP, Bahrain	No
SOHAR, Oman	No
D3C, Saudi Arabia	No
KAEC, Saudi Arabia	Yes
R3C, Saudi Arabia	No
UAZ, Qatar	Yes
KIZAD, Abu Dhabi, UAE	Yes
DIP, Dubai, UAE	Yes
DS, Dubai, UAE	Yes
JAFZA, Dubai, UAE	Yes
RAKFTZ, Ras Al Khaimah, UAE	Yes
SAIF, Sharjah, UAE	Yes

Table 20. Cost of basic accommodation

	King Abdullah Economic City KAEC	Khalifa Industrial Zone KIZAD	Jebel Ali Free Zone JAFZA
Cost per bed per month	$240	$136	$123

Source: EY conducted interviews in 2024 with SEZ authorities.

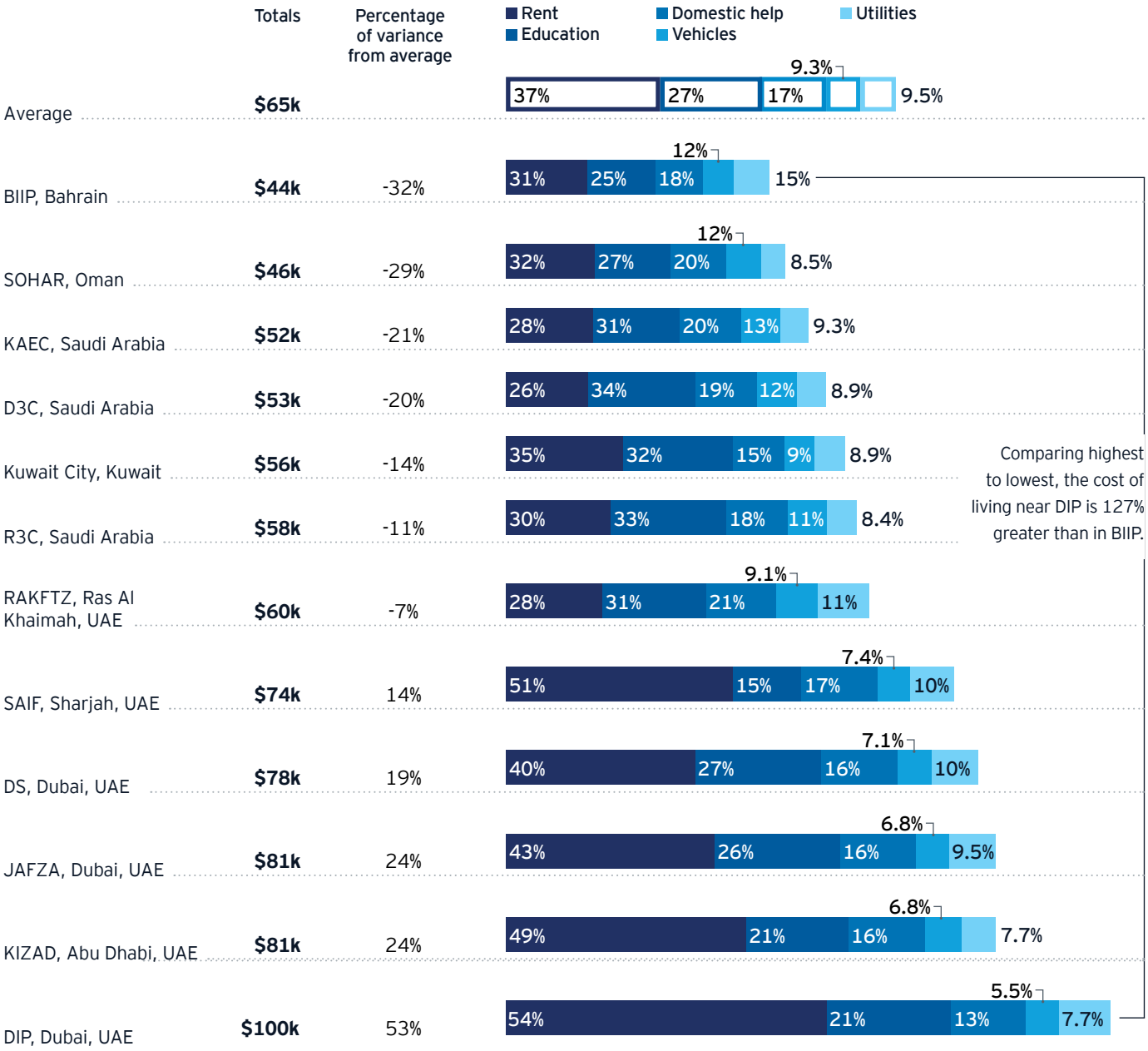
4 Overall cost of living

The cost of living is important to companies due to its impact on the wage levels required to attract and retain workers. This section of the study provides a detailed review of the cost of living across the benchmark locations for key costs that a typical family may face. Costs include rent, utilities, private education, vehicle and domestic help.

The overall cost of living is lowest for families residing near BIIP and second lowest for families residing near SOHAR. This is achieved through particularly competitive levels of housing and education costs. Families residing near DIP will have the highest cost of living; this is mainly driven by the high residential rental costs in the areas surrounding DIP.

Figure 22 provides total annual cost of living for a family given the assumptions set in the case study. At an annual cost of $44,000, the cost of living for families residing near BIIP is 32% lower than the average. This constitutes an annual savings of $21,000 for families. DIP ranks highest, with the cost of living being 127% greater than in BIIP.

Figure 22. Overall annual cost of living for a case study family



Source: EY calculations.
Note: Calculations of averages and percentages are based on non-rounded values; attempting to calculate these based on rounded values may end in different results.

Residential rental

This study considers household profiles based on family size (from three to five persons). A two-bedroom apartment is assumed to be the residence of choice for a three-person family. For a four-person family, a three-bedroom villa is assumed, while for a five-person family a four-bedroom villa is assumed to be the residence of choice.

Families residing near BIIP have the lowest residential rental cost on average; however, rates near D3C, KAEC and SOHAR are only slightly higher. Families residing near DIP face the highest residential rental rates on average ($3,742).

Table 21: Residential rental rates in areas nearby zones (monthly)

	2 bedroom apartment[1]	3 bedroom villa[1]	4 bedroom villa[1]	**Average**
Bahrain International Investment Park (BIIP)	$636	$1,126	$1,391	**$1,051**
Kuwait City, Kuwait	$1,343	$1,620	$2,592	**$1,852**
Sohar Port and Freezone (SOHAR)	$845	$1,235	$1,365	**$1,148**
The 3rd Dammam Industrial City (D3C)	$707	$1,227	$1,333	**$1,089**
King Abdullah Economic City (KAEC)	$600	$1,200	$1,600	**$1,133**
Riyadh 3rd Industrial City (R3C)	$608	$1,442	$2,778	**$1,609**
Umm Alhoul Zone (UAZ)	$1,644	$2,466	$3,014	**$2,374**
Khalifa Industrial Zone (KIZAD)	$1,779	$3,292	$5,450	**$3,507**
Dubai Investments Park (DIP)	$1,526	$4,462	$5,238	**$3,742**
Dubai South (DS)	$1,771	$2,589	$3,610	**$2,657**
Jebel Ali Free Zone (JAFZA)	$1,226	$2,875	$3,215	**$2,439**
Ras Al Khaimah Free Zone (RAKFTZ)	$1,226	$1,431	$1,703	**$1,453**
Sharjah Airport Free Zone (SAIF)	$1,608	$3,134	$4,087	**$2,943**

Source: EY calculations.

Note: For each zone, this table presents the rental cost of residential units nearby.

Residential utilities

Table 22 presents the estimated utility costs for the three property types. Residential utility costs comprise water, electricity and telecommunications (internet services). For each profile, this analysis assumes a per capita level of electricity consumption of 1,102 kWh per month and a per capita level of water consumption of 9.1 m^3 per month. This level is multiplied by the number of residents (three people in a two-bedroom apartment, four people in a three-bedroom villa and five people in a four-bedroom villa) to calculate the typical electricity and water bills for each. Telecommunications costs for the two-bedroom apartment are taken as basic internet services offered by a common provider in the area, whereas for the three-bedroom and four-bedroom villas, these costs are taken as the price of advanced internet services. Across all three property types, utility costs are expected to be lowest for families residing in Kuwait City, while costs are expected to be highest for families residing near any of the Dubai zones.

Table 22. Residential utility costs by property type in areas near zones (monthly)

	Bahrain International Investment Park BIIP	Kuwait City	Sohar Port and Freezone SOHAR	The 3rd Dammam Industrial City D3C	King Abdullah Economic City KAEC	Riyadh 3rd Industrial City R3C	Umm Alhoul Zone UAZ	Khalifa Industrial Zone KIZAD	All Dubai zones[1]	Ras Al Khaimah Free Zone RAKFTZ[2]	Sharjah Airport Free Zone SAIF[2]
2 bedroom apartment	$383	$76	$239	$313	$310	$325	$278	$471	$493	$409	$444
3 bedroom villa	$533	$114	$329	$390	$387	$407	$406	$516	$640	$559	$605
4 bedroom villa	$636	$127	$514	$461	$457	$482	$477	$616	$760	$681	$739
Average	**$517**	**$106**	**$361**	**$388**	**$385**	**$405**	**$387**	**$534**	**$631**	**$550**	**$596**

Source: EY calculations.

Note: For these costs, this analysis calculates the consumption tariff assuming 1,102 kWh monthly electricity consumption per capita and 9m^3 water consumption per capita.

[1] Includes DIP, DS and JAFZA.

[2] Although in the overall cost calculations utilities are included in rent for residences near RAKFTZ and SAIF, we present these here to present a standardized basis for comparison.

Vehicle cost and gasoline

Estimated monthly vehicle costs are categorized into the three family size profiles using prices from different models: a Geely Emgrand for the three-person family, a Hyundai Elantra for the four-person family and a GMC Yukon for the five-person family. Base model prices were considered for each vehicle. Monthly payments were calculated using the following set of assumptions: 5% interest rate, 10% downpayment and five-year loan duration.

Table 23. Monthly vehicle and gasoline costs[1,2]

Cost	Bahrain	Kuwait	Oman	Saudi Arabia	Qatar	United Arab Emirates
Lower end	$275	$250	$269	$277	$241	$280
Middle end	$365	$368	$384	$435	$371	$329
Higher end	$934	$863	$939	$1,116	$875	$928
Fuel costs[1]	$59	$45	$95	$106	$89	$130

Source: EY calculations.

[1] Fuel costs are calculated assuming an individual fuels a middle-end car completely three times a month with standard gas mileage.

[2] Vehicle monthly payment are based on the following assumptions: 5% interest rate, 10% downpayment and five-year loan duration.

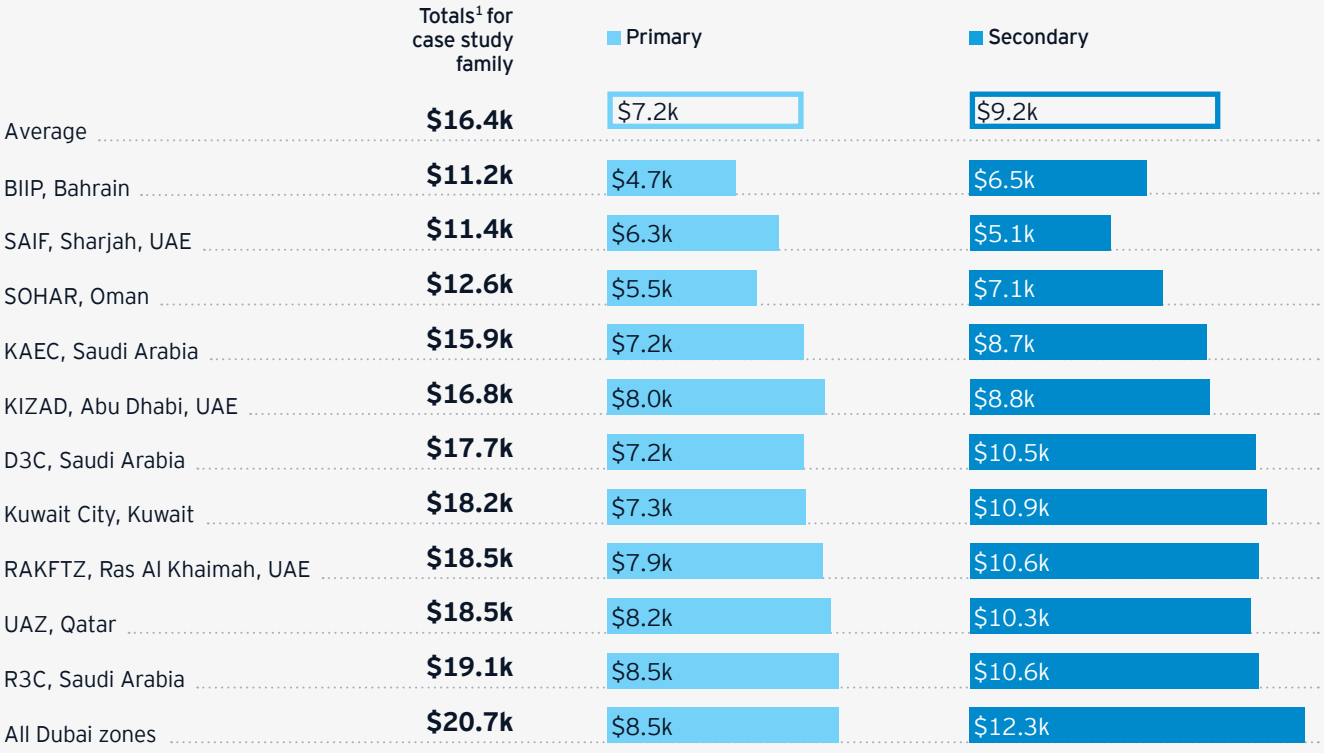
Costs are highest for families residing in Saudi Arabia to work in either D3C, KAEC or R3C, where on average, across the three vehicle categories, the monthly payment will be around $609. Families residing near UAZ (Qatar) or in Kuwait City are expected to have the lowest vehicle monthly payment on average. Prices in all locations are generally comparable.

Table 23 also presents calculations for assumed monthly fuel expenses for the case study family. For these calculations, this analysis assumes 91 octane gas consumption of 36 liters per week.

Education costs

This analysis also calculates an assumed level of spending for private education. This is of particular interest to expatriate families. Figure 23 displays the total education cost based on the case study family (two children – one in primary and the other in secondary school). The analysis finds that schools near BIIP provide the most budget-friendly cost for a family with dependents.

Figure 23. Annual cost of education



Source: EY calculations.

[1] Totals are estimates for a hypothetical family with two children, one in primary school while the other is in secondary.

Note: Calculations of averages and percentages are based on non-rounded values.

Table 24 summarizes education costs for schools at lower, middle and higher price levels. The cost estimates include the average cost of primary education (average annual tuition and fees from grade levels 1–6), secondary education (average annual tuition and fees from grade levels 7–12) and a bachelor's degree from a nearby university.

Table 24. Education cost — annual tuition by level of schooling and tier

	Bahrain International Investment Park BIIP	Kuwait City	Sohar Port and Freezone SOHAR	Umm Alhoul Zone UAZ	The 3rd Dammam Industrial City D3C	King Abdullah Economic City KAEC	Riyadh 3rd Industrial City R3C	Khalifa Industrial Zone KIZAD	All Dubai zones[1]	Sharjah Airport Free Zone SAIF	Ras Al Khaimah Free Zone RAKFTZ
Primary education											
Lower tier	$1,081	$1,311	$1,812	$3,368	$985	$3,756	$3,467	$3,436	$3,066	$2,534	$4,626
Middle tier	$4,708	$7,287	$5,469	$8,219	$7,182	$7,210	$8,533	$8,015	$8,450	$6,334	$7,884
Higher tier	$9,818	$10,380	$8,312	$16,551	$10,111	$12,533	$13,720	$12,221	$13,000	$8,529	$8,883
Secondary education											
Lower end	$1,431	$1,633	$2,156	$4,537	$1,025	$4,351	$967	$4,168	$4,073	$2,986	$5,447
Middle end	$6,496	$10,914	$7,149	$10,274	$10,489	$8,685	$10,596	$8,814	$12,293	$5,092	$10,571
Higher end	$11,880	$14,443	$13,303	$20,498	$12,044	$14,667	$18,293	$16,076	$21,332	$16,540	$15,196
University											
Annual Tuition	$8,673	$20,088	$7,372	$34,646	$19,800	$23,828	$23,843	$46,309	$21,109	$21,054	$21,054

Source: EY calculations.

[1] Includes DIP, DS and JAFZA.

Domestic help

Table 25 shows information regarding the cost of domestic help, including both worker salaries and administrative costs. These administrative costs include visa fees for foreign workers, as well as processing fees and deposits. Families residing near BIIP and SOHAR are expected to have the lowest monthly expense related to domestic help due to the low salaries compared with the other locations. Costs vary greatly within locations, depending on the agency the family chooses. Many factors impact prices and generally, there is enough variation within locations to accommodate families with different income profiles.

Table 25. Domestic help costs

Cost	Bahrain	Kuwait City	Oman	Qatar	Saudi Arabia	United Arab Emirates
Domestic help salary (monthly)	$318	$530	$318	$530	$530	$663
Domestic help administrative one-time cost	$4,108	$2,278	$5,470	N/A	$3,867	$4,632

Sources: EY conducted interviews with regional domestic help agencies; and Propel Consult 2024.

5 Conclusion

This study evaluates the cost of doing business in the manufacturing sector. It uses the case study of a manufacturing company operating a food manufacturing facility in the GCC. A set of assumptions are made to estimate major costs for this company. Using this analysis, the study finds that BIIP has the most competitive costs compared with the other zones.

The zones provide myriad incentives to reduce the cost of doing business. This study aims to provide some clarity on the cost of doing business for the manufacturing sector by summarizing costs related to labor, transportation, rent and worker support across a number of special economic zones in the GCC. These costs significantly influence business' location choice, and this study serves as a tool providing transparency about these costs.

The importance of specific cost factors to the overall cost of doing business was demonstrated through the use of a case study, which illustrates that BIIP is the most cost-competitive zone to operate the manufacturing facility for the set of costs measured. At an annual cost of $1.59m, operating a food manufacturing facility in BIIP is 15% less costly than the average. This is mainly driven by the fact that, in this case study, the company needs a substantial number of employees to operate the facility, and BIIP's low-wage environment provides a significant cost advantage. SOHAR is the second-most competitive location in the case study while D3C ranks third. JAFZA is the least competitive location at a cost of $2.24m, 41% higher than BIIP.

Aside from cost, choosing a strategic location in proximity of potential customers and suppliers is a significant factor that companies should consider when determining the company's location. Further, companies should evaluate other costs not captured in the case study to access feasibility and the likelihood of success in their endeavor.

6 Appendix

Appendix I: Methodology notes

This study leverages data on several indicators within each category of cost. Unless specified otherwise, each indicator is represented on a standardized basis for comparison purposes. For example, business costs are commonly listed in local currency (in the source); this analysis considers cost in terms of US dollars (see Table A1).

The data for each indicator is collected from a variety of sources that can be categorized into three categories: 1) primary data retrieved from a survey of firms or interviews with subject matter professional, 2) primary data from official government sites and reports issued by governmental entities, 3) secondary sources utilizing web-scraping of reputable online resources. Values for the indicators represent the most granular level of geography available. However, where data for the specific zone is not available, it is replaced by the value for the level of government above it (i.e., municipal level is taken if available, but if that is not available, the national-level data is taken).

The review steps for the data include analyzing the statistical distribution of costs and identifying outlier values. These values are then validated through further investigation. In most cases, this analysis cross-references values by reviewing multiple sources of data. All sources of data are recorded along with an explanation of how to interpret the value.

The exchange rates summarized in Table A1 are used in the analysis to convert monetary amounts in local currencies to US dollars for comparison purposes. The exchange rates reflect applicable conversion rates as of January 2024.

Table A1. List of assumed exchange rates

Currency	USD 1
AED	$0.27
BHD	$2.65
KWD	$3.24
OMR	$2.60
QAR	$0.27
SAR	$0.27

Source: MSN Money, 2024.
Note: Exchange rates are based on rates extracted in January 2024.

Appendix II: Data tables

Occupational wages

Table A2 provides a breakdown of average wages for various occupations in Bahrain, Oman, Kuwait, Qatar, the UAE and Saudi Arabia. Average wages in each country are assumed to be representative of the wages in their respective zones. Occupations are grouped into categories which are used in the analysis of the case study. The table also provides the assumed level of employment for each occupation in the case study.

Table A2. Average annual wages by occupation and country for the manufacturing sector (thousand $)

Occupation classification	Occupation	Number of employees in case study[1]	Bahrain	Saudi Arabia	UAE	Oman	Qatar	Kuwait
Management	CEO	1	$150.0	$175.0	$165.0	$155.0	$170.0	$180.0
	Plant manager	2	$87.5	$115.0	$105.0	$95.0	$135.0	$137.5
	Finance/accounting manager	1	$51.5	$62.5	$58.5	$52.5	$58.5	$62.5
Production	Plant supervisor	1	$60.0	$66.0	$63.0	$60.3	$63.5	$63.0
	Quality controller	2	$36.5	$36.9	$38.0	$36.5	$36.5	$36.0
	Assembler/fabricator/ welder	2	$11.5	$16.9	$14.3	$11.5	$15.5	$16.5
Engineering	Mechanical engineer	1	$30.5	$44.0	$41.0	$27.5	$43.5	$31.0
	Maintenance engineer	1	$30.5	$42.0	$38.5	$30.5	$42.0	$31.0
	Quality engineer	1	$31.5	$43.0	$34.0	$31.0	$43.0	$31.0
	Process engineer	1	$29.0	$41.5	$37.5	$29.5	$46.5	$28.5
	Design engineer	1	$29.0	$41.5	$33.0	$30.0	$41.5	$30.0
Office and administrative support	Procurement specialist	2	$28.0	$50.0	$32.5	$30.5	$50.0	$32.5
	Personal assistant/ secretary	1	$18.0	$28.0	$23.5	$19.0	$27.5	$27.5
Maintenance	Maintenance coordinator	2	$17.3	$21.5	$21.0	$17.5	$21.5	$21.0
	Electrical technician	1	$11.8	$15.3	$15.3	$13.5	$17.0	$14.3
Labor – skilled	Machine operator	15	$10.3	$12.3	$10.3	$10.0	$12.3	$11.0
Labor – unskilled	Blue-collar labor (unskilled labor)	10	$5.5	$7.5	$5.5	$5.5	$7.5	$5.5

Sources: Propel Consult, 2024.

[1] Occupation mix and employment levels are inferred through analysis of the distribution of occupations in the food manufacturing sector in the US using data from the Bureau of Labor Statistics (BLS).

Electricity and water tariff

For reference, Tables A3 and A4 present the cost per unit of consumption for water and electricity (per m^3 and per kWh, respectively). In most zones, the pricing of electricity is set by a progressive schedule: the higher the consumption, the higher the marginal price. In SOHAR, rates are determined by season (i.e., winter and summer rate). Prices for water are set as flat rates across all locations except in the Dubai zones, where the cost increases based on usage. Tables A5 and A6 present the results of the modeled estimates for the case study where A7 presents the estimated utility cost for a regular-usage factory and A8 is for a high-usage factory.

Table A3. Electricity tariffs

Zone	Electricity tariff schedules	
	Range	Price
Bahrain International Investment Park	0–5,000 kWh	0.0424 USD/kWh
	5,000 and above	0.0769 USD/kWh
Khalifa Industrial Zone	0–1000 kWh	0.0779 USD/kWh
	1,000 and above (normal hours)	0.0736 USD/kWh
	1,000 and above (peak hours)	0.0997 USD/kWh
All Saudi Arabia zones	All	0.048 USD/kWh
All Dubai zones[1]	0–10,000 kWh	0.0627 USD/kWh
	10,000 and above	0.1035 USD/kWh
Sohar Port and Freezone	Winter rate	0.0468 USD/kWh
	Summer rate	0.0572 USD/kWh
Sharjah Airport Free Zone	All	0.1253 USD/kWh
Ras Al Khaimah Free Zone	All	0.1226 USD/kWh
Kuwait City, Kuwait	All	0.0162 USD/kWh
Umm Alhoul Zone	All	0.0356 USD/kWh

Source: EY conducted interviews in 2024 with SEZ authorities; Abu Dhabi Distribution Co., 2023; Electricity and Water Authority Bahrain, n.d.; DEWA, n.d.; Kahramaa, n.d.; KIDPA, 2021; Ministry of Commerce and Industry, 2016; and MODON, n.d.; RAKEZ, 2020.

[1] Dubai zones charge a surcharge.

Table A4. Water tariffs

Zone	Water tariff schedules	
	Range	Price
Bahrain International Investment Park	All	1.9875 USD/m^3
Khalifa Industrial Zone	All	2.1362 USD/m^3
The 3rd Dammam Industrial City	All	1.8267 USD/m^3
Riyadh 3rd Industrial City	All	2.2667 USD/m^3
King Abdullah Economic City	All	1.7253 USD/m^3
All Dubai zones	0 to 10,000 m^3	2.0978 USD/m^3
	10,000 to 20,000 m^3	2.3975 USD/m^3
	20,000 and above	2.7571 USD/m^3
Sohar Port and Freezone	All	2.002 USD/m^3
Ras Al Khaimah Free Zone	All	3.3111 USD/m^3
Sharjah Airport Free Zone	0 to 10,000 m^3	3.3543 USD/m^3
	10,000 to 20,000 m^3	3.9446 USD/m^3
	20,000 and above	4.6356 USD/m^3
Kuwait City, Kuwait	All	0.8909 USD/m^3
Umm Alhoul Zone	All	1.4795 USD/m^3

Sources: EY conducted interviews in 2024 with SEZ authorities; Abu Dhabi Distribution Co., 2023; Electricity and Water Authority Bahrain, n.d.; DEWA, n.d.; Kahramaa, n.d.; KIDPA, 2021; Ministry of Commerce and Industry, 2016; and MODON, n.d.; RAKEZ, 2020.
Note: Includes DIP, DS and JAFZA.

Table A5. Utilities – modeled costs (regular usage)

	Bahrain International Investment Park BIIP	Sohar Port and Freezone SOHAR	Umm Alhoul Zone UAZ	The 3rd Dammam Industrial City D3C	King Abdullah Economic City KAEC	Riyadh 3rd Industrial City R3C	Khalifa Industrial Zone KIZAD	All Dubai zones[2]	Ras Al Khaimah Free Zone RAKFTZ	Sharjah Airport Free Zone SAIF
Total utility cost (regular usage)	**$194,492**	**$133,853**	**$90,076**	**$124,620**	**$124,558**	**$124,887**	**$208,492**	**$339,665**	**$310,743**	**$317,716**
Electricity	$193,268	$132,151	$89,202	$123,510	$123,510	$123,510	$207,222	$338,223	$308,775	$315,636
Water	$1,224	$1,702	$875	$1,110	$1,048	$1,377	$1,270	$1,442	$1,969	$2,080

Source: EY calculations.

[1] Calculations are based on 211,780 kilowatt-hours of electricity consumption per month and 100m^3 water consumption per month.

[2] Includes DIP, DS and JAFZA.

Table A6. Utilities – modeled costs (high usage)

	Bahrain International Investment Park BIIP	Sohar Port and Freezone SOHAR	Umm Alhoul Zone UAZ	The 3rd Dammam Industrial City D3C	King Abdullah Economic City KAEC	Riyadh 3rd Industrial City R3C	Khalifa Industrial Zone KIZAD	All Dubai zones[2]	Ras Al Khaimah Free Zone RAKFTZ	Sharjah Airport Free Zone SAIF
Total utility cost (high usage)	**$798,310**	**$545,107**	**$366,851**	**$507,541**	**$506,911**	**$508,226**	**$849,174**	**$1,400,661**	**$1,265,630**	**$1,297,618**
Electricity	$793,508	$538,299	$363,352	$503,102	$502,718	$502,718	$844,094	$1,392,646	$1,257,755	$1,285,706
Water	$4,802	$6,808	$3,499	$4,439	$4,193	$5,508	$5,080	$8,015	$7,874	$11,912

Source: EY calculations.

[1] Calculations are based on 862,658 kWh of electricity consumption per month and 200m^3 water consumption per month.

[2] Includes DIP, DS and JAFZA.

Appendix III: Details of waste management and infrastructure levies

Waste management

Waste management charging practices in the GCC vary greatly across locations, thus these costs are not easily measurable or comparable based on published rate schedules. Generally, countries in the region have set certain goals for transitioning waste management efforts to a circular model (one which emphasizes material reuse and recycling) as opposed to a linear model (the traditionally used, more wasteful framework commonly described as take, make, waste). In Bahrain, the Supreme Council for the Environment oversees waste management efforts and mandates a detailed approval process for waste management that includes documenting the type of waste and directing it to the appropriate landfill for disposal or processing it for repurpose. Both Saudi Arabia and the United Arab Emirates have also made commitments for sustainable waste management, including the Circular Economy Policy (UAE) and the Vision 2030 Circular Carbon Policy (Saudi Arabia). Lastly, Be'ah in Oman (Oman Environmental Services Holding Company) oversees waste management, promoting key strategic goals for recycling and sustainability.

Infrastructure levy

The infrastructure levy for the water and electricity connection process and their implementation across different regions vary significantly. However, Bahrain's process for water and electricity connection is streamlined and comprehensive. In Bahrain, businesses need to use the Electricity and Water Authority (EWA) website to initiate the connection for both utilities, completing required forms and providing necessary documents. On the other hand, for water connection in Abu Dhabi, Saudi Arabia; Dubai and Oman, businesses visit the authorized local websites and follow the provided steps, which might involve account creation, document upload, payment of security deposit and receiving unique reference numbers for progress tracking. An uncommon requirement is the tenancy registration with the Tawtheeq system (a system used to regulate all tenancy contracts) for businesses renting properties in Abu Dhabi, the UAE.

Appendix IV: Special economic zones and incentive packages

This appendix provides additional detail about financial incentives and other tax benefits available to companies making investments in free zones. The information in this appendix supports information summarized in Table 13 in the main study.

Bahrain International Investment Park offers several incentives including 100% foreign company ownership. The zone does not impose corporate tax and has a 5% duty exemption on certain imported goods. Bahrain maintains a treaty network with roughly 45 countries through double taxation treaties. The zone is strategically situated near Khalifa bin Salman Port, the Bahrain International Airport and the causeway to Saudi Arabia. BIIP provides a five-year exemption from Bahrainization requirements (recruitment restrictions). Furthermore, businesses are offered onboarding and after-care support, and have access to Tamkeen grants[15] through funding, machinery, training and employment.

Dubai South (DS) permits 100% foreign ownership and provides for 100% capital repatriation. In terms of taxes, the zone provides full exemption from CIT and personal income taxes. There is a customs duty exemption on imported raw materials and equipment, imports and exports. It is a designated VAT zone; therefore, it is a VAT-free zone, considered to be outside the UAE for VAT purposes with respect to the supply of goods. Geographically, the zone is within close proximity to the Jebel Ali Port and provides direct access to Al Maktoum International Airport. The zone also provides relaxed visa processing and allows for a variety of licensed activities and a secure legal environment to facilitate business setup and operation.

15 Tamkeen is the Labor fund in Bahrain established to support the private sector by financing training programs, business support solutions, employees, etc. To find out more, visit: https://www.tamkeen.bh/en/.

Jebel Ali Free Zone (JAFZA) permits 100% foreign ownership. There is no restriction on currency and capital repatriation. The zone provides a full exemption from personal and corporate income tax for 50 years with the possibility of renewable concession. The zone also provides full exemption from customs duties on imported raw materials and equipment, imports or re-exports. On-site customs are available to facilitate business operations. Finally, VAT is not imposed within the zone, as it is a designated VAT zone. The zone is within close proximity to Jebel Ali Port and Al Maktoum International Airport.

Khalifa Industrial Zone (KIZAD) allows 100% foreign ownership and 100% capital and profit repatriation. Individuals and businesses are exempt from CIT, income tax and sales tax. There are no customs duties within the free zone. Furthermore, VAT is not applicable within the zone. The zone is within close proximity to Khalifa Port. Businesses may utilize a dual license allowing access to sales in the local market.

King Abdullah Economic City (KAEC) permits 100% foreign ownership and has no restrictions on capital repatriation. The city provides a preferential 5% corporate income tax rate, valid for up to 20 years, and 0% customs duties on goods inside the zone. There is also a 0% withholding tax rate, permanently, for the repatriation of profits from the city and 0% VAT on intra-SEZ goods exchanged within and between zones in Saudi Arabia. KAEC is positioned along the East-West belt and road-time route. Regulations are flexible for foreign talent for the first 15 years with expatriate levy exemptions[16] for employees and their families.

Ras Al Khaimah Free Zone (RAKFTZ) offers 100% foreign ownership. There are no restrictions on currency, allowing investors to repatriate all profits and capital without barriers. The zone also provides full exemption from CIT for firms earning less than AED375,000 in annual profits. For firms with earnings that exceed that level, a 9% CIT is levied. There is a full exemption from personal income taxes and customs duties on imports and exports. VAT is not imposed within the zone, as it is a designated VAT zone. RAKFTZ is also situated near major logistical hubs and Saqr Port, the largest bulk port in the Middle East and North Africa.

Sharjah International Airport Free Zone (SAIF) permits 100% foreign ownership. There are no restrictions on the movement of capital or profits. Furthermore, bank accounts can be opened in several major international currencies. In terms of taxes, the zone provides full exemption from corporate and personal income taxes. The zone also provides full exemption from customs duties on goods imported or exported within the free zone. Onsite customs is also available to ensure the rapid clearance of goods. Businesses may benefit from an expedited setup process through the "one-hour window operation," allowing the issuance of licenses on the same day.

Sohar Port Freezone (SOHAR) allows 100% foreign ownership. The zone provides full exemption from CIT for up to 25 years; there is a full exemption from personal income tax and a full exemption from customs duties on import and re-export. VAT is not imposed within the zone. SOHAR maintains a relaxed level of Omanization and has a low capital requirement for business setup. The zone is situated adjacent to Sohar Port.

Umm Alhoul Zone (UAZ) offers 100% foreign ownership and there are no restrictions placed on capital repatriation. The zone imposes zero corporate income tax for renewable 20-year periods and does not levy any individual income tax or customs duties. Qatar maintains a treaty network with over 65 countries through double taxation agreements. Businesses also have access to investment funding to support business formation and growth. The zone is adjacent to Hamad Port.

16 As shown in the main study, these are hefty monthly levies that are imposed on Saudi Arabia expatriates working in the country, etc.

Appendix V: Data sources

Table 4

"Building Permit and Completion Process", Qatar Ministry of Municipality and Environment, 2019, accessed January 2024.

"Cost of Industry," Saudi Authority for Industrial Cities and Technology Zones (MODON) website, www.modon.gov.sa/en/Systems/Pages/IndustryCost.aspx.*//E-Service Guide*. Al Ain City Municipality, Department of Municipal Affairs, 20 14. www.am.abudhabi.ae/userfiles/contentpages/eservice-english.pdf

Final Building Permit. Dubai Development Authority, 2023. www.dda.gov.ae/en/planning-development/construction/permits-nocs/final-building-permit

"Ministry of Municipalities Affairs and Agriculture (MoM)," Kingdom of Bahrain, www.mun.gov.bh/fees/en/construction, accessed 2023.

Sohar Freezone Rules and Regulations. Ministry of Commerce and Industry, January 2016. www.soharportandfreezone.om/PDF/SOHAR_Freezone_Rules_and_Regulations_Eng.pdf

Figure 12

Corporate Parks Sohar Port Free Zone, LinkedIn, www.om.linkedin.com/company/corporate-parks-sohar-port-free-zone?trk=affiliated-pages

"Dubai Land Department," Dubai Land. www.dubailand.gov.ae/en/eservices/rental-index/rental-index/#/./#/, accessed 2023.

Global Occupier Market Dashboard Q2 2023, Knight Frank, 2023. www.content.knightfrank.com/research/1280/documents/en/global-occupier-market-dashboard-q2-2023-10538.pdf

Global Premium Office Rent Tracker 2022, JLL, 2022. www.us.jll.com/content/dam/jll-com/documents/pdf/research/global/jll-global-premium-office-rent-tracker-2022.pdf

Table 5

"Gasoline and Diesel Prices," Ministry of Oil of Bahrain, n.d., www.noga.gov.bh/moo/GasolinePrices.aspx, accessed 2024.

"HomePage," Emarat, emarat.ae, accessed 2024.

"National Subsidy System," Sultanate of Oman, www.nss.gov.om/site/home?ln=en, accessed 2024.

Products & Services, Kuwait National Petroleum Company, n.d., https://www.knpc.com/en/our-business/local-marketing/products-services, accessed November2024.

"QatarEnergy announces fuel prices for February 2024", The Peninsula Qatar, 2024, https://thepeninsulaqatar.com/article/31/01/2024/qatarenergy-announces-fuel-prices-for-february-2024, assessed February 2024.

"Retail fuels," Aramco, www.aramco.com/en/what-we-do/energy-products/retail-fuels, accessed 2024.

Figures 15 and 16

"Google maps," Google, www" (n.d.). www.maps.google.com/maps, accessed 2024

Table 6

"Freight Benchmarking & Freight Rate Data," Freightos Terminal, www.terminal.freightos.com, accessed 2024.

"Get a free International shipping quote online," DHL, www.dhl.com/us-en/home/get-a-quote.html, accessed 2024.

Table 9

Bahrain Ports Tariff 2023, Ministry of Transportation and Telecommunications Bahrain (MTT), 2024. www.mtt.gov.bh/sites/default/files/content-attachment/bahrain_ports_tariff_2023.pdf

"Detention / Demurrage", Ocean Network Express. (n.d.) https://uae.one-line.com/standard-page/local-rates-tariffs, accessed 2024.

Hamad Port Tariff, Mwani Qatar. n.d.. https://www.mwani.com.qa/English/AboutUs/PublishingImages/Pages/Ports%20Tariff/Hamad%20Port%20Tariff.pdf

Law of Port Service Fees and Charges, Mawani Saudi Ports Authority, 1987. www.mawani.gov.sa/uploads/Port_Services_Fees_and_Charges_3rd_edition_054f87c433.pdf

Tariff of General Cargo Charges & Ports Dues Main Ports 2022, AD Ports Group, 2022 www.adports.ae/pdf/Tariff%20of%20General%20Cargo%20Charges%20Main%20Ports%202022.pdf.

Table 11

Worldwide Corporate Tax Guide, EY, 2023. www.ey.com/en_gl/technical/tax-guides/worldwide-corporate-tax-guide.

Real Estate VAT Guide. Federal Tax Authority, 2021. www.tax.gov.ae/DownloadOpenTextFile?fileUrl=en/VAT_VAT_Guides/Real_Estate_Guide/Real_Estate_Guide_VATGRE1_EN_19_04_2021_EN.pdf

Simplified guide to the real estate transaction tax, ZATCA, 2024. www.zatca.gov.sa/en/HelpCenter/guidelines/Documents/Simplified%20guide%20to%20the%20real%20estate%20transaction%20tax.pdf.

Qatar—Individual—Other taxes, PwC, 2024a, https://taxsummaries.pwc.com/qatar/individual/other-taxes

UAE Updates on the social security scheme for emirates employees, PwC, 2024b. www.pwc.com/m1/en/tax/documents/2023/uae-updates-on-the-social-security-scheme-for-emirates-employees.pdf.

VAT Decree Law No 8 of 2017, UAE Federal Tax Authority, 2017. www.tax.gov.ae/DataFolder/Files/Pdf/VAT-Decree-Law-No-8-of-2017.pdf.

Table 12

"Advantages of Setting Up in KEZAD," KEZAD Group, www.kezadgroup.com/en/business-advantages, accessed on 2024.

"Business Friendly ", Qatar Free Zones, n.d., https://qfz.gov.qa/why-qfz/business-friendly/, . accessed 2024.

Designated Zones VAT Guide, Federal Tax Authority, 2018. www.tax.gov.ae/DataFolder/Files/Pdf/Designated-Zones-VAT-Guide.pdf.

Industrial Zones, Government of Ras Al Khaimah, https://rakez.com/upload/managedocument/rakez_industrial_zone_brochure_english_20200408141205.pdf

Invest in Kuwait, Kuwait Direction Investment Promotion Authority, September 2021, https://kdipa.gov.kw/wp-content/uploads/2021/09/Invest-in-Kuwait-English.pdf

Appendix V: Data sources *(continued)*

"Jebel Ali Free Zone (Jafza)," DP World company, www.jafza.ae/about/why-jafza, accessed 2024.

"Qatar—Individual—Other taxes," PWC, 2024 a, https://taxsummaries.pwc.com/qatar/individual/other-taxes accessed 2024.

"Saudi Arabia—Corporate—Withholding taxes," PWC, 2024 b, https://taxsummaries.pwc.com/saudi-arabia/corporate/withholding-taxes, accessed 2024.

"Saudi Arabia: Establishment of Four New Special Economic Zones," PWC, 2023, www.pwc.com/m1/en/services/tax/me-tax-legal-news/2023/saudi-arabia-establishment-of-four-new-special-economic-zones.html, accessed 2024.

"SEZAD and Free Zones in Salalah, Sohar, and Al Mazunah are Classified Special Zones," Public Authority for Special Economic Zones and Free Zones (OPAZ), 2021, www.opaz.gov.om/en/media-center/news/2021/sezad-and-free-zones-in-salalah-sohar-and-al-mazunah-are-classified-special-zones, accessed 2024.

"Sohar Free Zone," Public Authority for Special Economic Zones and Free Zones (OPAZ), n.d., www.opaz.gov.om/en/zones/sohar-free-zone, accessed 2024.

"UAE: Updates on the Social Security Scheme for Emirates Employees," PWC, 2023, www.pwc.com/m1/en/services/tax/me-tax-legal-news/2023/uae-updates-on-the-social-security-scheme-for-emirates-employees.html, accessed 2024.

Worldwide Corporate Tax Guide, EY, 2023. www.ey.com/en_gl/technical/tax-guides/worldwide-corporate-tax-guide

Table 14

Annual Report 2020, Council of Health Insurance, 2020, www.chi.gov.sa/en/MediaCenter/ANNUAL%20REPOR/Annual%20Report%202020%20v2.0.pdf

"Apply for a New ID Card," ICP, n.d., www.icp.gov.ae/en/service/apply-for-a-new-id-card-2/, accessed 2024.

"Applying for a Work Permit" Kuwait Government Online, n.d., https://www.e.gov.kw/sites/kgoenglish/Pages/Services/MOSAL/WorkPermit.aspx, accessed 2024.

"Commercial Services Fees," Labour Market Regulatory Authority (LMRA), n.d., www.lmra.gov.bh/en/page/show/470, accessed 2024.

"Dhamani Insurance," Capital Market Authority (CMA), n.d., www.cma.gov.om, accessed 2024.

"Employers Services Fees," Labour Market Regulatory Authority (LMRA), n.d., www.lmra.gov.bh/en/page/show/471, accessed 2024.

"Employment Visa," RAKEZ E Services. n.d., https://eservices.rakez.com/apex/RAK_Employment_Visa, accessed 2024.

"Examination of Medical Fitness for Residency Visa," Emirates Health Services (EHS), n.d., www.ehs.gov.ae/en/services/services-directory/examination-of-medical-fitness-for-residency-visa, accessed 2024.

"Examining Expatriate Laborers," Kuwait Government Online, n.d., https://www.e.gov.kw/sites/kgoenglish/Pages/Services/MOH/ExaminationForeignWorkers.aspx, accessed 2024.

"Fees Calculator," Balady, n.d., www.apps.balady.gov.sa/Eservices/FeesCalculator, accessed 2024.

"Fees," Labour Market Regulatory Authority (LMRA), www.lmra.gov.bh/en/page/show/133, accessed 2024.

"First Time Registration of Individuals" Kuwait Government Online, n.d., https://www.e.gov.kw/sites/kgoEnglish/Pages/Services/PACI/KuRegistrationForTheFirstTime.aspx, accessed 2024.

"First Time Residence Permit for Employees in the Civil Sector" Kuwait Government Online, n.d., https://e.gov.kw/sites/kgoenglish/Pages/Services/MOI/ApplyforResidencePermitforfirsttimeArticle.aspx, accessed 2024.

Infographic, Ministry of Health and Prevention UAE, n.d., www.mohap.gov.ae/assets/download/1c07354e/Infographic_637757638767413346.pdf.aspx

"Issuance of Residence Permits," ICP, n.d., www.icp.gov.ae/en/service/issuance-of-residence-permits/, accessed 2024.

Issue of a Health Card, Ministry of Public Health, n.d.

"Issuing Entry Permits," ICP, n.d., www.icp.gov.ae/en/service/issuing-entry-permits/, accessed 2024.

"Issuing or Renewing a Health Certificate" Kuwait Government Online, n.d., https://www.e.gov.kw/sites/kgoenglish/Pages/Services/KM/ApplyandRenewHealthCertificate.aspx, accessed 2024.

"KD 130 health insurance fees eyed from 2020," Kuwait Times Newspaper, 2019, https://kuwaittimes.com/kd-130-health-insurance-fees-eyed-from-2020/, accessed 2024.

"List of GAMCA Medical Test for Saudi Visa," Life in Saudi Arabia, n.d., www.lifeinsaudiarabia.net/list-of-gamca-medical-test-for-saudi-visa, accessed 2024.

"Mandatory Health Insurance Scheme," Ministry of Public Health, n.d. https://www.moph.gov.qa:443/english/departments/policyaffairs/hfid/Pages/Health-Insurance-Scheme.aspx, accessed 2024.

"Pre-Employment Medical Examination Guidelines," Ministry of Health Bahrain (MoH), n.d., www.moh.gov.bh/Content/Files/services/Pre-employment.PDF, accessed 2024.

"Renewal of Work Permit," Saudi eGovernment, n.d., www.my.gov.sa/wps/portal/snp/servicesDirectory/servicedetails/9511/, accessed 2024.

"Resident ID," Royal Oman Police, n.d., www.rop.gov.om/english/resident_id.aspx, accessed 2024.

"Request to Issue a Work Permit," Saudi eGovernment, n.d., www.my.gov.sa/wps/portal/snp/servicesDirectory/servicedetails/14787, accessed 2024.

"Residency Services," GDRFA, n.d., www.gdrfad.gov.ae/en/services/d551ce6f-52e8-11ea-0320-0050569629e8, accessed 2024.

"Service Detail", MOI Qatar, n.d. https://portal.moi.gov.qa, accessed 2024.

"Service Finder," Government of Bahrain Services website, n.d., www.bahrain.bh/wps/portal/en/, accessed 2024.

Tariff of Fees, charges and Penalties 2019, Dubai World Central,2019, www.dqpgtzxn0wn4l.cloudfront.net/docs/Freelance/Registration+%26+Licensing+Tariffs-+2019.pdf

"Treatment Fees," Ministry of Health Oman, n.d., www.moh.gov.om/en/treatment-fees, accessed 2024.

Visa Guideline 2020, SOHAR Port and Freezone, 2020, www.soharportandfreezone.om/PDF/SOHAR_Visa%20Guideline_%202020.pdf.

"Work Permit Calculator," Qiwa, n.d., www.qiwa.sa/en/tools-and-calculators/work-permit-calculator, accessed 2024.

"Work Permit Issuance," Saudi eGovernment, n.d., www.my.gov.sa/wps/portal/snp/servicesDirectory/servicedetails/8472/, accessed 2024.

"Work Permits," UAE Government, n.d., www.u.ae/en/information-and-services/jobs/employment-in-the-private-sector/job-offers-and-work-permits-and-contracts/work-permits, accessed 2024.

Appendix V: Data sources *(continued)*

Table 15

"Commercial Services Fees," Labour Market Regulatory Authority (LMRA), 2024, www.lmra.gov.bh/en/page/show/470, accessed 2024.

"(Companion) family members in residency Visa," General Directorate of Residency and Foreigners Affairs (GDRFA), 2024, www.gdrfad.gov.ae/en/services/71ea8dde-56c3-11ea-0320-0050569629e8, accessed 2024.

"Entrance Visas," Kuwait Government Online, n.d., https://www.e.gov.kw/sites/kgoEnglish/Pages/Services/MOI/FamilyVisit.aspx, accessed 2024.

"Family Visit Visa Qatar Guide 2024: Everything You Need to Know," Sheikh Al Fahad, September 2024, https://www.qatarguides.qa/family-visit-visa-qatar/#fee-for-residence-permit-card.

"Issuing a resident ID," Absher, www.absher.sa/wps/portal/individuals, accessed 2024.

"Issuing Residency Visa" Federal Authority for Identity, Citizenship, Customs & Port Security (ICP), www.icp.gov.ae/en/service/issuance-of-residence-permits, accessed 2024.

"Royal Oman Police," Royal Oman Police website, www.rop.gov.om/english/Visas.aspx?VisaName=FamilyJoiningVisa, accessed 2024.

Table 16

"Countries Eligible to Get Visa Online", Ministry of Interior, Nationality, Passports, and Residence Affairs, www.evisa.gov.bh/list-of-online-visa-country.html, accessed May 2024.

"Kuwait e-Visa" Kuwait MOI, 2019, https://evisa.moi.gov.kw/evisa/home_e..do, accessed 2024.

"Oman Visa Fees," Online Visa, n.d., www.online-visa.com/oman-visa-fees, accessed October 2023.

"Tourism", KSA VISA, n.d., www.ksavisa.sa/visa/tourism/details. accessed May 2024.

"UAE transit visa information", Etihad Airways, www.etihad.com/en-ae/fly-etihad/visas. accessed October 2023.

"Visa details" Visit Qatar, 2024, https://visitqatar.com/intl-en/plan-your-trip/visas/visa-details#countries-list, accessed 2024.

Table 17

"Countries Eligible to Get Visa on-Arrival," Ministry of Interior, Nationality, Passports, and Residence Affairs, n.d., www.evisa.gov.bh/list-of-onarrival-visa-country.html, accessed October 2023.

"Kuwait International Airport: Visa Services" Kuwait International Airport, 2024, https://www.kuwaitairport.gov.kw/en/traveller-info/arrivals-procedures/visa-services/, accessed 2024.

"Oman eVisa Entry Requirements," OMVisas, n.d., www.omvisas.com/requirements, accessed October 2023.

"UAE transit visa information," Etihad Airways, n.d., www.etihad.com/en-ae/fly-etihad/visas, accessed October 2023.

"Visa details" Visit Qatar, 2024, https://visitqatar.com/intl-en/plan-your-trip/visas/visa-details#countries-list, accessed 2024.

"Visa on Arrival Details for Saudi Arabia," eVisa, n.d., www.evisa-to-saudi-arabia.com/saudi-arabia-visa-on-arrival/, accessed October 2023.

Table 25

Domestic worker wages in the GCC, Propel Consult, 2024.

Table A1

"Stock Quotes, Business News and Data from Stock

Markets," MSN. n.d., www.msn.com/en-us/money, accessed 2024.

Table A2

Manufacturing sectors occupational wages in the GCC, Propel Consult, 2024.

Tables A3 and A4

"Cost of Industry", Saudi Authority for Industrial Cities and Technology Zones (MODON), www.modon.gov.sa/en/Systems/Pages/IndustryCost.aspx, accessed October 2023.

"Electricity and Water Tariffs", Electricity and Water Authority (EWA) Bahrain, www.ewa.bh/en/Customer/BillsTariffs/electricity-water-tariffs, accessed October 2023.

Industrial Zones, Ras Al Khaimah Economic Zone (RAKEZ), 2020, https://rakez.com/upload/managedocument/rakez_industrial_zone_brochure_english_20200408141205.pdf

Invest in Kuwait, Kuwait Direction Investment Promotion Authority (KDIPA), 2021, https://kdipa.gov.kw/wp-content/uploads/2021/09/Invest-in-Kuwait-English.pdf

"Slab Tariff", Government of Dubai, www.dewa.gov.ae/en/consumer/billing/slab-tariff, accessed October 2023.

Sohar Freezone Rules and Regulations, Minister of Commerce and Industry, 2016, www.soharportandfreezone.om/PDF/SOHAR_Freezone_Rules_and_Regulations_Eng.pdf.

"Tariff," Qatar General Electricity & Water Corporation (Kahramaa), n.d., https://km.qa/CustomerService/Pages/Tariff.aspx, accessed 2024.

Utility Tariff 2023, Abu Dhabi Distribution Co., 2023, www.addc.ae/en-US/business/Documents/ADDC%20Utility%20Tariff%20Guide%20V12E.pdf

Authors

Andrew Phillips is a Principal and Co-leads the Quantitative Economics and Statistics (QUEST) practice of Ernst & Young LLP. Andrew has an MA in Economics from Johns Hopkins University and a BA in Economics from Emory University.

Sally Wallace is an executive director in the QUEST practice of Ernst & Young LLP. Sally earned her Ph.D. in Economics at Syracuse University and her undergraduate degree from William Smith College.

Adam Kebhaj is a manager in the QUEST practice of Ernst & Young LLP. He has an MPP from American University and a BA in Political Science from the University of California, Irvine.

This study was prepared by the QUEST practice of Ernst & Young LLP in conjunction with the Tax practice of Ernst & Young WLL (EY Bahrain). The QUEST team is made up of a group of economists, statisticians and business analysts with extensive survey, analytics and tax policy experience within Ernst & Young LLP's National Tax practice, located in Washington, DC. QUEST provides quantitative advisory services and products to private- and public-sector clients that can enhance business processes, support regulatory compliance, analyze proposed policy issues and provide litigation support.

About the study

This study is one in a series of four prepared by the Tax practice of Ernst & Young W.L.L (EY Bahrain) in collaboration with the Quantitative Economics and Statistics practice of Ernst & Young LLP evaluating the cost of doing business in the GCC and MENA region. The studies are:

- **Cost of doing business in the GCC – logistics sector:** This study analyzes the cost of doing business in the logistics sector comparing costs across special economic zones and logistics parks in Bahrain, Oman, Saudi Arabia and the United Arab Emirates.
- **Cost of doing business in the GCC – manufacturing sector:** This study analyzes the cost of doing business in the manufacturing sector comparing costs across special economic zones and manufacturing parks in Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.
- **Cost of doing business in the GCC – financial services sector:** This study analyzes the cost of doing business in the financial services sector comparing costs across financial districts in Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.
- **Cost of doing business in the GCC – information and communication technology sector:** This study analyzes the cost of doing business in the ICT sector comparing costs across technology hubs in the Middle East and North Africa region.

EY | Building a better working world

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multi-disciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

All in to shape the future with confidence.

EYG no. 010023-24Gbl
CSG no. 2401-4416906
ED None

ey.com