Trade. Building a future on bytes and boxes.
# Asia House Insights
## Issue 2
### The Middle East’s Pivot to Asia
Published March 2019

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Foreword

Welcome to this edition of Asia House Insights, which takes its theme from our major Dubai dialogue, The Future of Trade: The Middle East’s Pivot to Asia.

Given the Middle East’s increasing importance to global trade and investment, Asia House is placing a greater focus on the region. We have launched a Middle East Programme to ensure our stakeholders gain access to the most accurate insights and analysis, and we are committed to developing this initiative further as economies in the region diversify.

This approach is reflected in the current publication, which brings together a range of perspectives from those driving change in the global economy, from government ministers to senior business figures, as well as analysis from Asia House Advisory.

I would like to thank all of the contributors to this edition, and hope you find this a useful and informative publication.

Lord Green of Hurstpierpoint
Chairman, Asia House
The UK is the smart choice as the Gulf diversifies

Baroness Fairhead
UK Minister for Trade and Export Promotion

Last year, the Department for International Trade launched the UK government’s ambitious new Export Strategy, which aims to increase the contribution of exports to UK GDP from 30 to 35 per cent.

While the strategy involves supporting UK companies to trade overseas - including the 400,000 businesses who we believe could be exporting but are not - it also relies on us identifying and building links with markets that we see as having major potential for UK trade. And among the most exciting of these are the six economies of the Gulf Cooperation Council (GCC).

In October last year, the International Monetary Fund (IMF) revised its 2019 forecast for GCC growth upwards, to 3 per cent. This contrasted with the global outlook, which predicted a slowdown in economic growth this year.

A key factor in the IMF’s revision was increased public spending as GCC economies diversify away from oil and gas exports. Across the region we are seeing efforts to develop new sectors and attract investment, and it is here that the UK sees the biggest opportunities.

The shifts towards digital technologies as GCC economies diversify present huge opportunities to the UK, because these are precisely the areas where we have considerable expertise and capacity.

Smart cities are a good example. Across the Middle East we are seeing new urban developments being planned which harness Internet of Things (IoT) technology to increase efficiencies across public services. Abu Dhabi, for example, launched its five-year Zayed Smart City Project in 2018; Saudi Arabia is building a smart city from scratch as part of its NEOM project; and Qatar is developing Lusail into a high-tech urban hub.

Given that the wider MEA region is undergoing rapid urbanisation – the population living in cities more than doubled between 1960 and 2015 – smart cities will be crucial to the Middle East’s future prosperity, creating efficiencies to support growing populations while managing limited local resources more effectively.

Smart cities are built on innovative sectors and technologies such as artificial intelligence and machine learning, FinTech, digital infrastructure, autonomous vehicles and clean energy. The UK has world-leading expertise in each of these areas.

The UK is at the vanguard of healthcare and education, making us ideal partners for GCC economies looking to build momentum in these fields. In fact, the Government has recently launched its International Education Strategy, which sets out an ambition to grow the total number of international students during the year to 600,000 and generate £35 billion through education exports by 2030. The UK’s education system is world leading, and we’re committed to further developing our offering across the globe, including in the GCC.
The UK, then, is a perfect partner to provide the tools to face the economic and social challenges of the 21st century, and smart cities certainly sit at the heart of tackling future issues. We are working hard to help businesses build the connections that will enable this relationship to prosper.

We have already made considerable progress. The UAE is the UK’s fourth largest goods export market outside Europe according to the latest figures, coming after the USA, China and Hong Kong, and bilateral trade is now growing in double digits.

In terms of investment, we are the biggest foreign direct investor today in the UAE, and we have 6,000 UK companies operating there.

Trade and investment travels both ways, of course, and we have seen very encouraging trends in terms of GCC investment in the UK as well. There has been increasing investment from the Emirates into a range of UK sectors, from real estate to wind power. This is a trend we hope will continue.

In the year to September 2018 the wider Gulf region accounted for £39 billion worth of UK trade. When you consider that just 10 per cent of UK companies are currently exporting, the potential is clear to see.

As Minister for Trade and Export Promotion, it is my job to help those companies to start trading overseas through the successful execution of our Export Strategy. There remain a vast number of untapped opportunities to expand and deepen our trading relationship. I’d encourage any and all businesses interested in learning more about opportunities in the region to get in touch with our International Trade Advisors located across the UK. Our teams stand ready to provide practical advice on how to break into the market and assist with introductions to potential trading partners in the GCC.

As the GCC diversifies and embraces the sectors where the UK leads the world, its importance to our strategy, and to UK companies, will only increase.
The tremendous trade growth that the United Arab Emirates (UAE) has experienced over recent decades – more than 11 per cent year on year since 1988 – reflects a global outlook that has served us well.

Under the leadership of His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of the United Arab Emirates and Ruler of Dubai, the UAE has capitalised on its position at the nexus of East and West and established itself as one of the most dynamic and ambitious trade and commodities hubs in the world.

Key to our success have been Asian markets. Last year, the UAE’s largest non-oil trade partners were China and India, ahead of the US. Total bilateral trade between the UAE and China is expected to reach US$80bn by 2020.

According to the World Economic Forum, global middle-class consumption growth is predicted to reach US$30 trillion by 2030. Only US$1 trillion of that will come from Western markets. Most will come from Asia.

We have, therefore, built strong ties with the very markets that are expected to drive global growth this century. And we are blessed with world-leading trade infrastructure to help those markets realise that growth.

These are the foundations on which we are building the Dubai Silk Road – our ambitious strategy to ensure the UAE remains an essential player in global trade.
The Dubai Silk Road will complement the BRI in a number of ways, each creating business and investment opportunities in the UAE. Take digital technologies, for example. China has outlined plans for a ‘digital Silk Road’ focusing on emerging technologies such as artificial intelligence and quantum computing with which to boost global trade capacities.

As a leading trade hub, the UAE is already embracing these digital technologies, which promise to revolutionise global trade, driving efficiencies in supply chains and transforming the logistics landscape. The implication for the UAE is obvious. The future of trade is digital, which means the UAE will need to develop a competitive tech sector to meet the demands of tech-focused trade and the systems it will rely on.

In this respect, we are ahead of the game. Last year, the UAE economy was ranked first in the Arab world and among the top 20 globally in the Digital Competitiveness Index, issued by the world-leading International Institute for Administrative Development in Lausanne, Switzerland. Our digital economy is thriving and our trade hubs like Dubai are hives of talent and enterprise – ideal places to do business and from which to access Asian markets.

As we grow into the ‘Asian Century’, it is clear that the UAE’s future success lies with the rise of Asia. The Dubai Silk Road is one example, but we continue to build our links with the region in other ways too. Earlier this year, DMCC, the world’s number one free zone, based in Dubai, signed an MoU with Asia House, the London-based centre of expertise on trade, investment and public policy with strong links to Asian governments and markets, to build engagement with the region.

It is through this policy of building on our strengths and engaging with Asian markets that the UAE will guarantee its prosperity and immutable importance to the future of trade.
Fast-paced trade growth between China and the United Arab Emirates (UAE) is a standout example of what can happen when countries collaborate.

Bilateral trade between the two countries hit US$53 billion in 2017, a 15 per cent increase on the year before, and is forecast to double over the next decade.

That this is happening at a time of rising trade tensions and protectionism elsewhere in the world is a true indication of what can happen in an environment that supports inward investment, entrepreneurship and is focused on the future.

We are seeing results across a wide range of sectors.

Chinese property investors are now among the top four foreign nationalities who invest in the Emirates. According to industry research, the UAE saw a 245 per cent increase in Chinese tourists in Q3 last year and double digit annual growth is forecast until 2022, and the number of UAE businesses seeking to expand into China is also an upward trend.

HSBC’s Navigator: Made for China survey says that nearly half of UAE businesses already doing business with China plan to grow sales there in the next three to five years. A further 10 per cent of UAE companies yet to enter the Chinese market will prioritise expansion in the country.

The attraction of the UAE is not surprising. Ambitious economic transformation agendas are driving the diversification and development of economies across the Middle East, creating millions of new jobs and new consumers with new wealth to invest and spend. The UAE is at the forefront of this shift.

The country’s economy is the product of the careful calibration of vision, focus, planning, investment and execution. The result is the Middle East’s most diversified economy, powered by a “smart” development agenda.

Add to that its positioning as a global financial market which connects businesses on three continents, and the UAE has become a crucial gateway for two-way trade for the region – as well as with Asia, Europe, Africa and the rest of the world.
But what makes it more promising still is that the UAE is a key connection point for China's Belt and Road Initiative (BRI).

This is an area where we expect to see significant growth – only to be boosted by Dubai’s Silk Road strategy that will seek to develop the Emirate’s logistics sector as it cements its status as a strategic link in global trade.

By 2030, over half of all BRI-related projects are anticipated to be funded by private capital, multilateral banks and foreign governments. The UAE and the Middle East have certainly been playing their part.

As of December 2018, an estimated US$3.5 trillion worth of projects were planned across the region, of which US$640 billion were from the UAE.

With the vast number of proactive policy developments to facilitate even greater trade and foreign investment, China and its corporates have been quick to pay attention and remain at the forefront of delivering many of these.

Over US$65 billion of these projects are on the radar of Chinese companies. The UAE’s Khalifa Port already expects to double the number of containers it handles this year with the help of China’s Cosco Shipping Ports.

Meanwhile China is one of the largest investors in Egypt’s New Suez Canal Zone - with an industrial zone covering 481 square km and six ports - and its state grid is now expanding the country’s electric transmission network. Oman hosts various Chinese investments, one of the largest being the US$10 billion China-Oman Industrial City located in the Special Economic Zone in Duqm.

And Turkey, a founding member of the Silk Road Fund and the Asian Infrastructure Investment Bank, is a significant partner for China and the BRI given it bridges Europe and Asia.

It is clear that the UAE and the Middle East sit at the heart of connectivity, a type of connectivity that global trade needs to succeed. If China and the UAE continue to collaborate in the way that they have been, then the two stand to play a powerful role in how trade will shape the future.
Asia House recently launched a Middle East Programme to drive political, economic and commercial engagement between the Middle East, Asia and Europe. We speak to Cordelia Begbie, Middle East Programme Manager at Asia House, to find out more.

What role do you see the Middle East playing in the future of trade?

Each country in the Middle East has its own areas of development and opportunity. However, if we look at the broad trends, I think it is safe to say that the Middle East will be playing an increasingly important role in global trade. We can see the Gulf states gradually becoming more involved in the Belt and Road Initiative (BRI) and the China-Pakistan Economic Corridor, for example. This was evident during the Saudi Crown Prince Mohammad bin Salman’s recent visits to China, Pakistan and India, as well as the Asian investment into developments such as Duqm Economic Zone in Oman.

The Middle East’s strategic positioning and its favourable foreign investment incentives attract interest from both Asia and the West. What’s more, FDI is not just pouring into traditional energy and defence sectors, but in more diverse markets, which are starting to develop through state-backed initiatives such as the GCC member countries’ national and economic “visions”. These are important steps that are starting to diversify their economies away from hydrocarbons.

It sounds like a good time for Asia House to launch a Middle East programme. What are the programme’s main aims?

It’s very much about helping organisations better understand the Middle East and the wider trade landscape so that they can make informed decisions and spot opportunities more clearly.

Over the last few years, we have seen dramatic changes taking place in the global trade order. The US-China trade tensions have created uncertainty and global growth is expected to slow. But at the same time there are notable growth opportunities emerging, especially in the Middle East. Increasing urbanisation and connectivity in the region means we are seeing the rise of a larger and more educated urban, digital middle class. But there are challenges too. While most Gulf nation economies are projected to grow in the coming years, low oil prices mean that there is an increasing need for the region to diversify their economies.

All of this is complex and developments are not always easy to follow in a fast-moving region with major geopolitical and economic importance. The Asia House Middle East Programme brings clarity to these issues through our private briefings and events with key decision makers, through our advisory services and through our global network.
Why should businesses engage with the Asia House Middle East Programme?

Asia House has been at the centre of the global debate on trade, investment and public policy for more than two decades. This has placed us in a position to be able to provide our members with unique insights and intelligence from those who are the heart of decision making in both the public and private sectors. Organisations benefit from our team’s extensive knowledge of the Middle East and Asia, but also our wide network of contacts in government and industry across these regions. Our private briefings attract senior officials, government ministers, business leaders and analysts, who speak off-the-record on issues that matter to our Corporate Members, allowing for a free and frank discussion. Meanwhile, our overseas conferences focus on the most pressing themes in global trade, allowing us to position our members at the heart of the debate.

Furthermore, our Advisory practice is well placed to provide corporates with bespoke products on issues that matter to them, such as analysis on individual markets or advice notes on specific challenges. We are able to support organisations’ activities, while also equipping them with the information they need to make informed decisions about operating in markets that may be unventured territory.

What are the main areas that the Asia House Middle East Programme focuses on?

Our Middle East Programme operates cross-sector and our country engagement is varied and bespoke to the needs of our members and clients. Over the last few months, our programme has focused on technology, infrastructure, energy and education. However, we are always expanding and tailoring our portfolio to allow for engagement with new corporates. As we are a non-bilateral organisation, we do not focus only on connecting the Middle East to the UK, but instead look to connect the Middle East to Asia, Europe, or any countries in between.

continued
What have been the highlights of the Middle East Programme so far?

The highlights of the Middle East Programme so far definitely have to include our major Dubai conference which we held in April 2018, where we had great engagement from UK and regional governments. It’s really exciting to return to Dubai in March 2019 for the Future of Trade conference with DMCC and to receive the continued support from governments and corporates across the trade, technology and energy sectors.

Back in the UK, we have also hosted regional governments from the UAE and Saudi Arabia at Asia House, in London. In May 2018, the British Ambassador to Saudi Arabia, Simon Collis CMG, briefed our Corporate Members on the ambitious Vision 2030 programme and provided insight on UK-Saudi relations, as well as Saudi Arabia’s move away from oil. Earlier this year, we hosted a Saudi Education and Training delegation, led by the Saudi Arabian General Investment Authority which included representatives from the education sector in the country to provide analysis on investment opportunities in this market. UK events such as these, alongside our engagement with Britain-based businesses, have highlighted the Middle East as an important consideration in wider trade and investment issues, such as the BRI discussions - an area which is often overlooked.

Aside from regional and UK events, we also produced original research on Middle Eastern trade with Asia in April 2018. Our report, ‘The Middle East’s Asian Pivot: Trade Growth and Opportunities’, analysed shifts in Middle Eastern trade since 2000 and identified a clear move in the balance of trade towards Asia, attracting media coverage in the Middle East and the UK. If you want to learn more about how the Asia House Middle East Programme can help your organisation, Cordelia would be delighted to hear from you. You can reach her at cordelia.begbie@asiahouse.co.uk

The Middle East is only just getting started with FinTech

The view from Bahrain Economic Development Board

Disruptive technologies, like FinTech, have the potential to revolutionise the economy of the Middle East. As we try to diversify away from hydrocarbons, utilising technologies such as blockchain and artificial intelligence has to be at the heart of everything we do. The disruption that these innovations will inevitably cause should not be feared, but instead embraced. Intra-regional barriers to economic growth and trade that have long held the Gulf back can be overcome by the transformative potential of the products and services associated with the Fourth Industrial Revolution.

Thankfully, the region is embracing the opportunities associated with disruptive technologies. For example, the ultimate impact of cryptocurrencies is unknown but the promise they hold for financial services, and ultimately for breaking down old banking and trading barriers, cannot be underestimated. Recently, Shari’a-compliant cryptocurrency exchange Rain graduated from our Central Bank’s regulatory sandbox. It is one of the first such exchanges in the world. Based in Bahrain, but founded by an Egyptian, a Saudi and a couple of Americans, Rain is a poster-child of the success of our FinTech ecosystem; global talent setting up a business, employing local people, and developing cutting-edge technology.
The Arab world needs to embrace this mantra more. Investing at home, rather than exporting our capital abroad, will be crucial to the future success of our economies. But such investment needs to be targeted at sectors that make a difference, such as FinTech, which will have a substantial impact on consumers. Ultimately, it is consumer behaviour that will disrupt traditional industries, not the technology itself. Take open banking as an example. It puts the consumer at the heart of everything it does, integrating traditional banking into the FinTech ecosystem.

Creating the right ecosystem for technology to flourish is fundamental to our future success and we must address a huge variety of issues, from education to funding; and regulation to competition. There is not one single action we can take to turbocharge growth. Our approach must be pragmatic by adopting the right regulations that will allow collaboration in the ecosystem and build long-term partnerships. And we must look globally to exchange ideas and open new markets. Bahrain Fintech Bay, which launched last year as the first onshore FinTech incubator in the Middle East, is now establishing bases in Singapore, Silicon Valley and Detroit.

Yet, the Arab world needs to stop just adopting technology and start developing it instead. It is the Arab world, not the Arab people, that needs to change. There are engineers, scientists and entrepreneurs from the Middle East flying high in other tech hubs like Silicon Valley and London, but few Arab companies are emerging as break-out tech superstars. The emergence of home-grown companies is gathering pace, with Careem and Talabat now household names, but we must do more to help these firms scale. We must also continue the drive to attract foreign multinationals. Companies like Amazon Web Services, Microsoft and Huawei have woken up to this skills base and are building their own operations in Bahrain.

Bahrain is the Gulf Cooperation Council’s (GCC) oldest financial services centre, and that gives us an advantage in FinTech and a responsibility to drive FinTech in the region. Whether that is having the region’s first onshore regulatory sandbox, or being the first country in the GCC to have comprehensive cryptocurrency regulations, Bahrain is at the forefront of the increasingly digitised world. As we make even greater progress in building a sustainable FinTech ecosystem, we intend to continue to experiment, embracing new technologies and encouraging innovation, and working with partners across the Gulf to realise the full potential of the revolution in financial services.
Amid the changing global trade order, the Middle East is assuming greater importance in terms of both its strategic positioning and its favourable foreign investment incentives. Gulf Cooperation Council (GCC) member countries have seen the need to diversify their economies away from hydrocarbons and as a result have been looking abroad for both investment and cross sector knowledge transfer and expertise.

GCC members – Saudi Arabia, the United Arab Emirates (UAE), Bahrain, Qatar, Kuwait and Oman – all have national and economic ‘visions’. These visions outline plans to create more diverse economies and more inclusive societies. The UAE, and Dubai in particular, is seen as a success story of economic diversification. However, other countries in the region still face uncertainty and significant roadblocks in their attempt to diversify and further integrate into global markets, not least because so many sectors are still affected by the rise or fall of oil prices. Saudi Arabia and its Vision 2030 have been a key focus of international institutions when looking at the region, being the largest economy in the Gulf – closely followed by UAE. The recent trip of Saudi Crown Prince Mohammad bin Salman (MBS) to Asia, highlighted several significant trends that are pertinent for the Gulf region’s economic development pathway.

Firstly, politics does and will continue to be a major factor for the region’s engagement with global markets. Secondly, Asia will have an increasingly important role in the Gulf’s economic transformation. Finally, despite efforts to diversify, oil dependency is likely to remain a key driver in the Gulf economies for the foreseeable future.
The role of politics

MBS’s trip was part of Saudi Arabia’s ongoing efforts to promote international economic engagement with the Kingdom. It was a significant profile-raising exercise for the Crown Prince and the trip was widely regarded as brand management, after the reputational damage and bad publicity he received last year during the Khashoggi affair, specifically from Western media.

Since the Khashoggi affair Saudi Arabia has experienced a ‘diplomatic chill’ from the West, forcing it to strengthen relations elsewhere and further increase its focus on Asian markets. Consequently, MBS signed agreements in all three countries he visited - Pakistan, India and China; countries that will work with Saudi Arabia in ways the West will not.

Given the state and power structures throughout the Gulf and the nature of politics in Saudi Arabia in particular, it is likely that there will be further events causing political sensitivities. The ongoing war in Yemen is another clear example, as well as the diplomatic spat with Qatar in 2017.

In Pakistan, MBS signed agreements worth US$20 billion, including US$10 billion for an oil refinery in Gwadar, the coastal city that is a key element in China’s Belt and Road Initiative. The China Pakistan Economic Corridor (CPEC), at the heart of China’s strategy in the region, has also sparked the interest of the UAE. Pakistan is strategically positioned with access to China and other Central Asian countries; its current drive for foreign investment from regional neighbours in the form of incentives are increasingly too important to miss out on.

In India, MBS received a warm welcome from Prime Minister Modi and signed five agreements on infrastructure, investment, tourism, housing and broadcasting. In China, Saudi Aramco agreed to form an oil refining and petrochemical complex joint-venture worth US$10 billion.

China and India themselves are also increasingly interested in Gulf countries. Both countries are investing in Oman’s Duqm Economic Zone – including an oil refinery capable of processing up to 230,000 barrels of crude oil per day and a multi-purpose harbour, which would provide access to the main sea lanes in the Red Sea and the Gulf. This would allow the same access as Jebel Ali Port in the UAE but without the complications that come from having to pass through the Strait of Hormuz.

This is not to say that Western countries are absent from the region. The West have several huge deals with Gulf nations including in energy and defence. Due to the strategic nature and the scale of these deals, backtracking is unlikely. Other elements to consider are that Western nations currently benefit from significant Gulf investments into major cities, including London, and the Gulf has also increasingly become a prime market for the West to export their services, sector expertise and manufacturing.

MBS’s strategy of seeking engagement with Asia shows that Saudi power-brokers are all too aware that foreign investment and engagement in international markets may be jeopardised by political events. It is therefore imperative that GCC countries create a wider network of relationships and allies. Navigating political and economic affairs will continue to be a tricky balancing act for Western and Gulf nations, between ideological and economic imperatives.
revenues of around 50 per cent of GDP, accounting for most of the government’s revenue amid rising budget deficits.

Leveraging hydrocarbon resources for growth in other areas is not always easy. Continued reliance on oil exacerbates macroeconomic volatility; if the oil price drops, the resulting decline in the fiscal income of Gulf states can create holes in state budgets. In turn this hinders non-oil economic growth and private sector development, as this is often driven by public sector funding in GCC countries. Unfortunately, there is no clear trajectory for oil prices, based on several factors including the US production of shale oil and other fuels, the strong US dollar and changes in both global demand and OPEC output levels. So, although Gulf nations have a clear vision to move away from oil reliance, these macroeconomic factors could hinder the economic diversification in the short to medium term, if there is not a significant increase in foreign investment.

Strengthening engagement with Asia

The uncertain global trading environment, weakening global economic expansion and the effect of political differences and expectations with the region, all create impediments to the Gulf nations achieving their strategic visions. The Gulf therefore is looking to where they can gain advantages by strengthening engagement with emerging Asia. These trends, as well as the challenges and advantages they create, should all be kept in mind when assessing the GCC's economic diversification and the prospects of private sector development.

Emerging Asia's relationship with the Gulf

Trade between the Middle East and emerging Asia is growing at a faster rate than trade between the Middle East and the West. China is the top import and export destination of the Gulf as a whole; it is the largest trading partner for both Saudi Arabia and Bahrain and in the top five for all other GCC nations. Economic expansion, population growth and a burgeoning middle class across the region have driven commercial opportunities for Asia-based companies to provide not only products but sector-specific expertise. Meanwhile, emerging Asia is thirsty for the Gulf’s oil and investment. Cementing ties to these emerging markets will therefore be key for the GCC’s economic transformation.

Oil reliance

The investments and agreements signed off in Asia by MBS show that while Saudi is still heavily dependent on oil for now, it is trying to leverage its natural resources effectively for the future. Others will likely follow suit. Dubai has managed to reduce its oil revenue down to one per cent of GDP, however, other GCC nations still have oil revenues of around 50 per cent of GDP, accounting for most of the government’s revenue amid rising budget deficits.

Asia House Advisory helps organisations navigate new markets and meet business-critical challenges

Visit asiahouse.org/advisory
In 2019, Dubai celebrates the 50th anniversary of leadership from His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of the United Arab Emirates and Ruler of Dubai. To mark the occasion, His Highness laid out a 50-year Charter, setting out a direction of travel for Dubai through the implementation of nine Articles.

The first of these Articles relates to the creation of a Dubai Silk Road, comprising nine initiatives and 33 projects. The Article depicts how Dubai is perfectly positioned to serve as a strategic crossroad between East and West, North and South, positioning it as an ideal platform for global traders to reach new geographies, especially in the East.

China's growing presence globally has been building up slowly over the last decade or so. It has emerged from the US' shadow geopolitically and economically and is accelerating its programme of regional security and economic leadership through its flagship Belt and Road Initiative (BRI). The sheer scale of the Initiative has taken it across Asia into Central Europe, the Middle East and North Africa, and right the way across Africa.
The BRI model is fairly simple to understand: its primary focus is securing oil energy; its secondary focus is on expanding trade and investment through infrastructure, and the third is to cooperate on ‘new energy’, such as nuclear. In 2016, China issued their first ever blueprint for its engagement with the MENA region, a paper entitled: Arab Policy Paper. Unsurprisingly, their main focus areas are heavily linked to the aforementioned BRI model.

Over the last three years, the UAE’s foreign trade and investment policy has targeted the BRI programme with a large degree of success. Here are a few examples: at DMCC, we built a coffee centre with our first MOU being with China’s Yunnan Province to facilitate the export of up to 13,000 tonnes of coffee to Dubai.

DP World announced its intention to invest US$1.9 billion in China, where it already operates three ports; and in December last year, Abu Dhabi Ports inaugurated COSCO Shipping Ports new Terminal at Khalifa Port to help connect Abu Dhabi to the company’s global network of 36 ports, boosting further trade flows along the Belt and Road network.

In terms of energy, ADNOC has enhanced its energy cooperation with China by not only increasing its crude exports, but also awarding Chinese oil and gas companies stakes in offshore concessions and exploring further cooperation agreements with other state entities such as Mubadala and Emirates Global Aluminium.

China is now one of the UAE’s top non-oil trading partners, and trade between the two countries reached an estimated US$53 billion in 2017, of which US$7 billion was FDI; and trade is expected to post a further growth of 6 to 8 per cent to reach $58 billion. It is encouraging to say that, in 2019, the UAE and China trade relations are stronger than ever.

This positive trade growth comes as no surprise to us. We have spent the last 17 years building a global trading hub for this purpose. We provide our member companies with a strategic geographic location, state-of-the-art offices, proximity to international airports and a whole suite of world-class services.

We have close to 16,000 companies registered, and have become one of the top global commodity trading hubs. Thus, the concept of creating a Dubai Silk Road proposed by His Highness is particularly exciting for us at DMCC, because creating, connecting and extending this ancient trade route is a central feature of our strategy.

We are committed to driving key national initiatives and attracting new trade flows to Dubai. Making ourselves an indispensable asset for the Belt and Road Initiative through the Dubai Silk Road will allow us to balance our own growth aspiration whilst ensuring the 50-Year Charter is realised.
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RAD is a central part of London’s newest and most exciting destination, the Royal Docks.

RAD.london
We are living at a time of unprecedented change. The digital revolution is transforming global trade, with technologies such as blockchain redesigning supply chains and artificial intelligence driving previously-unimaginable efficiencies.

Digital technologies have made the world a much smaller place, giving businesses access to global markets and enabling growth at breath-taking speed. It’s no coincidence that the biggest companies to emerge over the last 20 years have been tech companies.

The changes that will come with the digital revolution are wide-ranging, but perhaps the biggest change will be the personalisation of commerce.

I believe the future is one of bespoke services and products, tailored to the individual consumer. This will be the trend across all businesses and across all sectors. Accessing the digital technologies required to enable this personalisation will therefore be crucial to success in any future sector. This means businesses will need to work ever more closely with tech companies. One way this can be achieved is through the creation of tech hubs, and I believe we will see more of these emerging over the upcoming decades.

Tech hubs aren’t simply about Silicon Valley-style innovation and R&D. Rather, they are spaces where business and technology can come together to solve commercial challenges and create new opportunities. It is my prediction that tech hubs will become a common feature of the future trade landscape. And at our Royal Albert Dock development in London, we are building one.

ABP isn’t a tech firm, but we recognised a long time ago that digital technologies will be at the heart of future commerce. There is a need, therefore, to create the conditions for seamless integration between entrepreneurs and the digital capabilities they will require.

We are developing a £1.7 billion business park in East London that will enable a range of businesses from multiple sectors to engage with innovation while accessing global markets.

That is what we are creating at RAD – an environment where business and innovation thrives.

For me, there are three key ingredients that are required to create a successful tech hub.

The first is connectivity. I mean this in the broadest sense, beyond high-speed internet connections and data centres, although these are of course important. Rather, a successful tech hub will be effortlessly connected with the sectors it serves and the global markets it trades in. In RAD’s case, our enterprises will enjoy physical links...
with high-speed rail to the major financial services centres at nearby Canary Wharf and the City of London, and we are part of the creative hubs of the East End. And the expanding London City Airport - which already reaches more than 40 European cities in under two hours and will open routes to Dubai, Moscow, Tel Aviv and Mumbai - is on RAD’s doorstep.

The second key ingredient for success is talent. A tech hub is only as successful as the people it attracts, which means providing services beyond office space. Leisure facilities, entertainment and inspiring spaces in which to live and relax are key to attracting and retaining talent. East London is the part of the city where most of those with tech skills choose to live, and that is recognised globally. Tech companies from across the world are establishing in East London in order to tap into that talent.

The third key factor for creating a successful tech hub is affordability. Many enterprises taking advantage of tech hubs will be small and conscious of their overheads. Given that most startups take 24 months until they become successful, finding the correct pricing balance is crucial. They all want to put as much of their investment into their businesses as possible and as little on rent.

There are of course many other elements that combine to create a tech hub that works, including building a professional community at a local level and fostering an environment which encourages innovators at a policy level. The latter instance means creating a competitive digital economy where trial and error – the bedrock of innovation – does not see those who fail prevented from trying again.

As the global trade order shifts and digitalisation becomes ever more integrated with commerce, the need for commercial enterprises and tech companies to work together will become ever more urgent.

I believe it will be the cities and regions which help facilitate and nurture such collaboration that will excel in the digital revolution.

With RAD, London will be one of them.

ABP Royal Albert Dock London will be holding a series of events during London Tech Week, 10-16 June 2019.

ABP’s Royal Albert Dock development will create a new tech hub in London, with a focus on Asian markets.
Asia House is a centre of expertise on trade, investment and public policy

We drive political, economic and commercial engagement between Asia and Europe

Corporate Membership

Asia House Corporate Members are part of an active community with access to a range of events and networking opportunities.

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Asia House runs a Middle East Programme to support engagement with the region. For more information, visit asiahouse.org or email Cordelia Begbie, Asia House Middle East Programme Manager, at cordelia.begbie@asiahouse.co.uk
HE Abdulla Al Saleh, Undersecretary for Foreign Trade, UAE Ministry of Economy, addresses Asia House’s trade conference in Dubai in April.

Journalist and former BBC China Editor Carrie Gracie was one of the speakers at a conference with the University of Nottingham exploring the Belt and Road Initiative.

Dr Kai-Fu Lee spoke on artificial intelligence and its commercial possibilities at an Asia House conference in January.

Vietnam Deputy Prime Minister Pham Binh Minh briefed Corporate Members in October.
Asia House welcomed the Prime Minister of Thailand, Prayut Chan-o-cha, in June. Bank Indonesia Governor Perry Warjiyo discussed the Indonesian economy at a briefing in September. Asia House welcomed Baroness Fairhead, UK Minister for Trade and Export Promotion, for a briefing with Corporate Members in January, and Mark Field, UK Minister for Asia Pacific, for a briefing in May.

Singapore’s Minister for Trade and Industry, HE Chan Chun Sing, addressed Asia House’s major conference in Singapore in November.