



THE FUTURE
OF TRADE:
THE MIDDLE EAST'S
PIVOT TO ASIA

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The Future of Trade

The Middle East's Pivot to Asia

Highlights from the Asia House conference
in Dubai, 24 March 2019



His Excellency Abdulla Al Saleh
Undersecretary for Foreign Trade, UAE Ministry of Economy



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The Middle East's Pivot to Asia

Dubai, 24 March 2019

Asia House, in partnership with DMCC, assembled more than 300 figures from business and government for a major trade dialogue in Dubai focusing on the shifts in the world economy and the growing relationships between the Middle East and Asia.

Through keynote speeches, panel sessions and Q&As featuring leading figures from trade, investment and policy, the conference provided unique insights into the forces shaping the global economy.

Speeches from influential figures in global trade



“This is Asia’s century, and the pivot to Asia is something that’s affecting all of us.

“It is affecting the Middle East intensely – all of the major economies in the region are seeing the rise of China and the rapid growth of India affect the way they think about the world and their trade patterns.”

Lord Green of Hurstpierpoint
Chairman, Asia House



“This is a seminal event, and one designed precisely to tackle some of the most pressing economic issues of the day.”

“Forums like this provide us with a platform to identify opportunities and build relationships.”

His Excellency Abdulla Al Saleh
Undersecretary for Foreign Trade at the UAE Ministry of Economy



“I am honoured to be invited to this important dialogue to talk about trade. Trade is the news today more than ever. There’s talk about trade wars – everybody is concerned.

“But one thing is for sure. Trade will continue.”

His Excellency Sultan Bin Sulayem
Chairman and Chief Executive, DP World



“Despite subdued global growth figures, this event highlighted that there is cause for optimism for those of us in the region.

“The world’s economic gravity continues to shift eastwards and as a natural corridor, Dubai’s ability to link Asia with the Middle East, Europe and Africa has never been more important.”

Ahmed Bin Sulayem
Executive Chairman at DMCC

Analysis from senior decision makers across business and policy



Michael Lawrence
Chief Executive, Asia House



Anne Ruth Herkes
Former State Secretary at German
Federal Ministry for Economic
Affairs and Energy



Shan Huang
Associate Managing Editor
of Caixin Media and Senior
Research Associate at Notre Dame
University



Flynt Leverett
Professor of International Affairs
at Penn State University and
former US Government Senior
Director for Middle East Affairs,
National Security Council



Kyle Boag
Regional Head of International
Subsidiary Banking, MENA



Neil Cuthbert
Senior Legal Advisor Middle East,
Denton & Co



Luan Tian
Director of Global Incubation,
Innoway



Sunil Veetil
Regional Head of Trade and
Receivables Finance, MENAT,
HSBC



Anthony Butler
Chief Technology Officer for IBM's
blockchain practice, Middle East
and Africa



Andrew Sims
Chief Executive Officer of NEC
Payments and an Executive
Director of Bahrain FinTech Bay



Hongbin Cong
Former Vice-Chairman of
International Relations, Falcon
and Associates



Laurent Longuet
CEO, SirajPower



Michelle Davies
Head of Clean Energy and
Sustainability, Eversheds
Sutherland



Daniel Calderon
Co-founder and Chief Executive
Officer, Alcazar Energy

Panel
session

The Future of Trade

In the first panel session of the conference, Michael Lawrence, Chief Executive of Asia House, chaired a discussion exploring the key forces shaping the Middle East's pivot to Asia, including US-China trade tensions and the Belt and Road Initiative.



A shift in US approach to global trade, combined with China's perceived commitment to globalisation through its Belt and Road Initiative, are causing a rethink in the Middle East, senior business and policy figures told the conference.

"The pivot towards Asia is definitely a reality," Neil Cuthbert, Senior Legal Advisor Middle East, Dentons & Co, told the dialogue during a panel session on global trade policy. "There's no doubt that the rhetoric coming out of Washington is making people think about where their priorities are and where the future of trade lies for them. I think the whole of the Middle East is looking east." Cuthbert cited a number of Asian Infrastructure Investment Bank deals in the region, highlighting growing Asian interest in the Middle East.

President Trump's 'America First' policy and implementation of tariffs contrasts sharply with China's outward-looking Belt and Road Initiative, which is attracting increasing support in the Middle East and beyond. Italy recently endorsed the programme – the first G7 country to do so – and there are "many, many opportunities for Middle Eastern companies in the Belt and Road," Flynt Leverett, Professor of International Affairs at Penn State University and former US Government Senior Director for Middle East Affairs at the National Security Council, said.

"There are trillions and trillions of dollars in infrastructure deficit" across Eurasia, Leverett said, adding that the US "doesn't really have a strategically significant alternative to propose."

Meanwhile, the ongoing US-China trade war continues to disrupt global trade more broadly, according to Kyle Boag, Regional Head of International Subsidiary Banking MENAT, HSBC. "There's a certain inertia in terms of making decisions about where to invest," Boag said. "Those who are dependent on supply chains in China are now looking at alternatives – where can they get product substitution in short term. Long term, I think it will affect investment decisions."

However, Shan Huang, Associate Managing Editor of Caixin Media and Senior Research Associate at Notre Dame University, was "cautiously optimistic about a deal" being struck between the US and China. "Both sides are under great pressure to clinch a deal sooner rather than later," he said, citing China's structural transition which has led to a slow down and domestic political pressures on President Trump. "Both leaders have every reason to try and make a deal."

Panel Session

The big game changer

Moderated by Asia House Chief Executive Michael Lawrence, this panel explored the impact of emerging technologies on global trade, from blockchain to FinTech and Artificial Intelligence.

Of all the factors driving change in global trade, emerging technologies are perhaps the most disruptive. In some areas, the Middle East is leading the world, but the value of tech in the trade ecosystem is not universally appreciated, the conference heard.

According to Sunil Veetil, Regional Head of Trade and Receivables Finance, MENAT, HSBC, tech is driving the phenomenal growth in service industries.

“In the last decade, services grew by almost 60 per cent faster than the growth in goods,” Sunil said. “But when you look deeper as the services, technology and telecoms grew almost 250 per cent faster.”

“It’s an undervalued part of the value chain,” he said. One of the technologies driving this growth and the broader transformation of global trade is blockchain, and IBM’s Chief Technology Officer for Blockchain in the Middle East and Africa, Anthony Butler, gave an update on where the technology is at in the Gulf.

“I think in the blockchain context, this region is definitely leading the world,” Anthony said. “We’re increasingly seeing other countries coming here to study what’s being done and what the thinking is here.” The reason for this, Anthony suggested, is that in many

countries it is the private sector that drives innovation. But in the Gulf, governments have set up “a number of North Stars around AI and blockchain” which are driving uptake of these technologies.

It’s a similar picture in FinTech, as Andrew Sims, Chief Executive Officer of NEC Payments and Executive Director of Bahrain FinTech Bay, outlined.

“Europe has led FinTech as a global revolution,” he said, but “the Middle East is catching up very, very quickly.” Citing a public-private partnership in Bahrain to set up a FinTech incubator and accelerator, he predicted an upsurge in FinTech activity across the Gulf.

“Bahrain has picked up the pace quite quickly, and that’s something we see across the whole region.”

Asked how the digital revolution will shape the future of business, Luan Tian, Director of Global Innovation, Innoway, predicted that Artificial Intelligence will soon permeate all sectors, and transform how business is done.

“Technology is changing everything,” he said. “We see a new wave of business models based on these technologies.”



Panel Session

The rise of renewables

Moderated by Asia House Chief Executive Michael Lawrence, this panel illuminated the key issues influencing the rise of renewables, from the various motivations driving the transition to the need for companies to have awareness of the political forces at work.



Energy is one of the key factors driving the Middle East's pivot to Asia, with Gulf economies' efforts to diversify away from oil coinciding with growing renewable technology sectors in Asia. This is creating a notable shift towards renewable energies in Middle East-Asia trade, delegates were told.

"It's happening. The train has left the station and it's not going to stop," Michelle Davies, Head of Clean Energy and Sustainability, Eversheds Sutherland, said. Economic forces are a factor in this trend.

"Most big sources of capital now are being required to invest in renewable energy and in businesses that are themselves sustainable and are using renewable energies," Davies said.

However, there are other forces driving different countries' transitions to renewable energies, as Hongbin Cong, former Vice Chairman of International Relations, Falcon Associates, highlighted.

"In China, there is air pollution around Beijing so the government said it needs to move towards cleaner energy quicker," he said. "I think the UAE's motivation is to try to diversify its energy resources. We know that

until a couple of years ago, 99 per cent of UAE electricity was reliant on gas.

"Saudi has another new motivation. In the past 10 years, domestic consumption of oil in Saudi shot up. Now one-third will be consumed domestically. If renewable energies can be brought online and substitute gas or oil for generating electricity, for the Saudi government that means, every day, you have around 3 million barrels times US\$60 dollars cash."

This shift to replace domestic oil consumption with renewable energy sources to enable greater exporting of hydrocarbons is something Laurent Longuet, CEO, SirajPower, is seeing.

"Contrary to what people believe about countries in the region being against renewable because it could kill their business, it's exactly the contrary," he said.

"I had a minister of energy we have several hundred thousand families whose income depends on these because we have a product that is cheaper and better, we're going to get business – that's not how it works."

"We need to try to grow in a sustainable way," he added.

Brexit discussion

A major factor influencing investment sentiment in the global economy is Brexit, with the ongoing uncertainty leaving businesses in limbo. To help unpack the complex issue of Brexit, the conference heard from Lord Green, Chairman of Asia House and former UK Trade Minister, and Anne Ruth Herkes, Former State Secretary at the German Federal Ministry for Economic Affairs and Energy, who shared the view from Europe.

The discussion focused on the difficulty of securing a deal before the extended deadline and the potential impact that exiting the EU will have on the UK's power in trade negotiations.

Herkes questioned whether the EU's approach to negotiations has been conducive to a fruitful outcome, citing "an extraordinary lack of visionary leadership here on the part of the EU, which seems to hedge its bets."

Lord Green, meanwhile, took issue with the claims by "prominent leave supporters" that trade deals forged by the UK after Brexit will materialise quickly.

"That's nonsense", he said. "It will all take a lot longer than expected."

Watch all of the sessions from the Asia House Future of Trade conference at Asia House TV:

asiahouse.org





A major media event

The conference attracted media from a wide range of regional and global titles, including the Financial Times, The National, Khaleej Times, Arab News, Gulf News, Trade Arabia, Al Khaleej, Emarat Al Youm, WAM, CNBC Arabia and Al Arabiya.

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DMCC, Asia House host 'The Future of Trade' conference
DUBAI, 21 days ago

DMCC, a leading global free zone for commodities trade and enterprise, in partnership with Asia House, the centre of expertise on trade, investment and public policy, today (March 24) hosted the 'The Future of Trade: The Middle East's Pivot to Asia' conference, in Dubai, UAE.

The conference welcomed over 250 leading figures from government, trade, investment and technology to discuss, debate and analyse the latest shifts in the world economy, said a statement.

Held in association with the Government of Dubai and sponsored by HSBC and ABP London Royal Albert Dock, the discussions at the conference focused on the anticipated trends in the future of trade, renewable energy and digital technologies.

The conference keynote speech was delivered by Abdulla Al Saleh, undersecretary for Foreign Trade, Ministry of Economy, who said: "The UAE and Asia have long enjoyed strong bilateral trade relations. Asian countries account for 80 per cent of the UAE's non-oil trade while 55 per cent of the UAE's imports come from Asia."

"The conference welcomed over 250 leading figures from government, trade, investment and technology to discuss, debate and analyse the latest shifts in the world economy. Held in association with the Government of Dubai and sponsored by HSBC and ABP London Royal Albert Dock, the discussions at the conference focused on the anticipated trends in the future of trade, renewable energy and digital technologies."

- Trade Arabia

“The fast-paced trade growth between China and the United Arab Emirates (UAE) is a standout example of what can happen when countries collaborate. We are seeing results across a wide range of sectors,” Sharaf said on the sidelines of “The Future of Trade: The Middle East Pivots to Asia” conference.”

- Gulf News



“ “This is Asia’s century and it is affecting those living here and people in Europe as well. China is now the top trading partner of every single economy in the Middle East and India is the second-largest partner and this gives you the picture of what is going on in the world economy,” said Lord Green of Hurstpierpoint, chairman of Asia House.”

- Khaleej Times

UAE experts to discuss future of trade at conference

Leading figures from the UAE’s government, trade, investment, and technology are set to attend and share predictive analysis on the shifts taking place within the world economy at a conference to be held in Dubai, UAE, next month.

The UAE Ministry of Economy has announced its support for the upcoming, The Future of Trade: The Middle East’s Pivot to Asia conference, held in partnership between DMCC and Asia House, at Almas Tower on March 24.

The conference follows the successful New Global Trade Order forum – held by Asia House and DMCC in Dubai last year – which also received official support from the UAE Ministry of Economy.



Feryal Ahmadi, chief operating officer, DMCC, said: “DMCC is delighted to partner with Asia House and host a gathering of political and business leaders to discuss trade at this crucial juncture for the global economy.”

“Since its inception in 2002, DMCC has always looked to serve and support Dubai in achieving its bold economic vision. Our event will not only discuss the scale of the present challenge but also

More than **350** delegates from **150+** organisations and governments

Organisations included:

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The conference was held with the support of the UAE Ministry of Economy



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

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Asia House's programmes capture the dynamic nature of Europe, UK and Asia trade and policy relations, reflecting the political and economic developments that matter to our Corporate Members.

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Drawing on our rich experience of driving engagement and navigating the complex business and political landscape across Asia and Europe, Asia House provides pragmatic advice on a range of issues including policy shifts, government relations, market opportunities, and political and commercial engagement.



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