



EU-GCC Dialogue on Economic Diversification
A Project funded by the European Union

Welcome message from the EU-GCC Dialogue on Economic Diversification Project team

The third edition of our monthly newsletter will cover the project's activities that were carried out over the month of June 2019, in addition to sharing a brief overview of Kuwait and Qatar's current economic outlooks and significant policies that affect its trade with the European Union and European business operating in the region.

In selecting and preparing the content of upcoming editions of the newsletter, we would welcome your feedback on the topics and sectors that interest you most. Please feel free to send your suggestions to our team at newsletter-eugcc@gfa-group.de

Monthly Newsletter: June

**Save The Date: 4th EU-GCC Oman
Business Forum 2019**



13.11.19

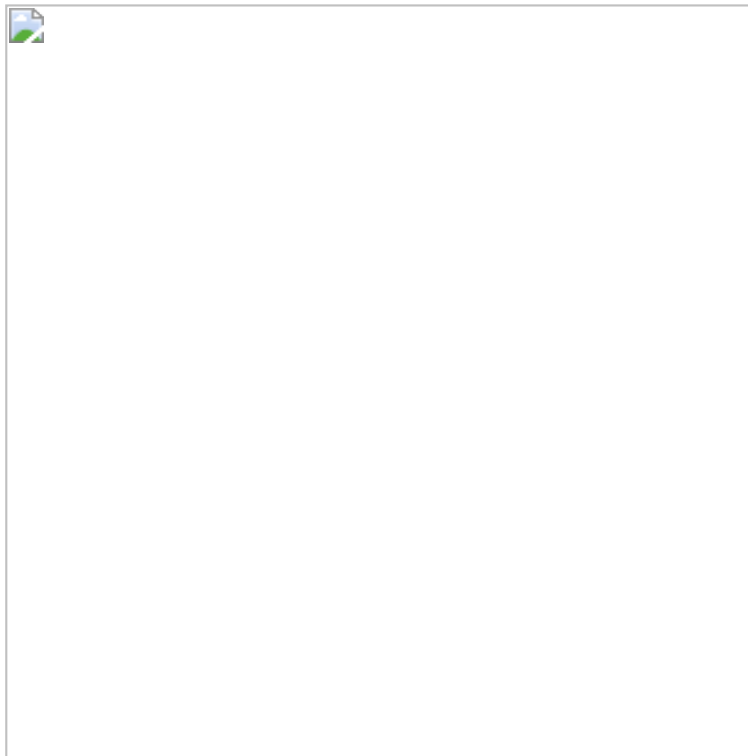
PLEASE MARK YOUR CALENDAR FOR THE

EU-GCC Business Forum in MUSCAT, OMAN

Speakers, event details will be announced
www.eugcc.net

Mark your calendars for the 4th EU-GCC Business Forum happening on November 13th in Muscat, Oman. The central theme for this year's forum 'Technology as an enabler for future growth and prosperity' – the forum will host an array of high-level speakers and experts on the topic from both the Gulf and the EU. The participating experts will address the role that both current and future technology will play in the education, logistics and manufacturing sectors. The forum will also highlight on the challenges and achievements of female entrepreneurs in the technology field. As with previous events, this forum offers an immense opportunity for cross cutting networking and the identification of commercial and other opportunities to participate in the ongoing diversification programs of GCC countries and a range of trade and investment projects in the highlighted sectors. The forum will feature speakers from both the EU and the GCC countries of Bahrain, Kuwait, Oman, Saudi Arabia, Qatar and the UAE giving you an unparalleled opportunity to meet with potential partners from across the Gulf and European region to explore potential project opportunities.

The link to the registration and full details of the agenda will be launched soon on the event's website – www.eugcc.net.



Days

Hours

Minutes

Seconds

June 16

Meeting with Oman Business Forum Working Group

The EU-GCC Dialogue on Economic Diversification Project Team met with representatives of the Ministry of Commerce and Industry, Supreme Council and the Information Technology Authority to discuss the on-going preparations for the fourth EU-GCC Business Forum taking place on November 13th in Oman.



June 17

Oman Trade Counselor Meeting

The EU-GCC Dialogue on Economic Diversification Project Team attended the EU Member States Trade Counsellor meeting earlier in June. Project Team Leader, Mr. Kraxner, took the opportunity to highlight the project's upcoming activities such as the project's first webinar series launching on June 19, the upcoming trade counsellor and EU business



council meetings with Dubai FDI taking place on the 27th of the June and the EU-GCC Business Forum happening in November in Oman.

June 19

EU-GCC Webinar: Invest in the Middle East: Bahrain's Roadmap Towards Disruption

Earlier this month, the EU-GCC Dialogue on Economic Diversification Project team, in collaboration with the Bahrain Economic Development Board (EBD),

hosted the first edition of its webinar series. The webinar titled **“Invest in the Middle East: Bahrain's roadmap towards disruption”** featured EBD's Managing Director, Dr. Simon Galpin and Ms. Pakiza Abdulrahman, Manager of the Startup Bahrain division. Both Dr. Galpin and Ms. Pakiza focused on addressing the Gulf's and specially Bahrain's rapid economic transformation as GCC countries increasingly recognize the crucial role technology can play towards disrupting industries and encouraging technology-driven growth. This transformation has spurred fast-moving regulation and reform across the Kingdom of Bahrain in anticipation of the next big technological breakthroughs, making it an ideal testbed for new ideas. Combined with its low costs of doing business and its strategic location at the heart of the Gulf, with direct access to the region's largest market, Bahrain is an ideal gateway to the region.

Invest in the Middle East: Bahrain's Roadmap Towards Disruption

Hosted by:



[See Webinar](#)

June 20

KSA Trade Counselor Meeting

The EU-GCC Dialogue Team attended the EU Member States Trade Counsellors meeting in Riyadh earlier this month. The EU-GCC Dialogue on Economic Diversification Team Leader, Mr. Kraxner, informed EU Trade Counsellors



about the projects upcoming activities such as the next Trade Counsellors Meeting in Dubai and the fourth EU-GCC Business Forum happening in Oman on November 13th. He continued on to highlight that the Business Forum will aim to address the

topic of technology as an enabler for future growth and prosperity.

June 25

Abu Dhabi Private Sector Forum

The EU-GCC Dialogue on Economic Diversification Project Team attended the Abu Dhabi Private Sector Forum earlier this month. The forum aimed on highlighting the 9 new initiatives

currently being undertaken by the Abu Dhabi government and the Abu Dhabi Investment Office. The new initiatives will assist businesses in Abu Dhabi as they are set to benefit from large energy discounts, easier access to bank loans and a new 4 billion Dhs research and development fund.



The policies announced on 25th of June 2019 are designed to support existing companies as well as attract more investment to the emirate from overseas. The strategy will form part of a wide-ranging Dh50 billion investment and reform program being introduced between 2019 and 2021. A list of the initiatives introduced can be found below

1. **INSTANT LICENCES:** All commercial license applications will be streamlined through a digital portal and consolidated into broader licensing categories offering businesses greater flexibility. Approvals are processed instantly online and license holders in most sectors may begin conducting their business activities immediately.
2. **ENERGY TARIFFS:** Businesses will be able to apply for discounts to electricity bills of up to 40 per cent. Applications will be judged against “transparent” eligibility criteria, with different levels of discounts applied, depending on the information submitted. The new industrial tariffs will be determined by an established scoring mechanism based on three criteria: economic impact, productivity and electric load.
3. **PROMPT PAYMENTS:** All government suppliers will be paid within 30 days. The rule has been formalized following extensive consultation with the private sector
4. **ECOTOURISM:** The private sector will be incentivized to build on greenfield sites, while there are also hopes that parts of the desert and uninhabited islands will be developed. Authorities have identified a series of sites they believe could become successful ecotourism hubs

5. **BANK GUARANTEE:** Under an agreement with First Abu Dhabi Bank (FAB), the government will look to open new avenues of financing for small and medium-sized businesses. Under the terms of agreement, FAB will extended funds, which will carry government guarantees of up to 75 per cent of the loan amount in case of a default
6. **TECHNOLOGY LICENSING:** This initiative is designed to make Abu Dhabi a more welcoming place for cutting-edge businesses, in areas such as AI and autonomous vehicles. It is hoped that it will ensure companies working in new areas will not be disadvantaged because a licensing regime for a new innovation is not yet in place
7. **OPEN DATA:** The Abu Dhabi government is seeking to build an “open data culture”. In practice, this means companies and other stakeholders will be able to request any statistics held by the government, which will help inform decision-making.
8. **DIGITAL SYSTEMS:** Businesses will be able to apply for licences, for example, quickly and simply online, in an effort to support companies and promote efficiency, in an expansion of the government’s Tamm services center. Ten to 15 new services will be added
9. **RESEARCH AND DEVELOPMENT FUND:** A new Dh4 billion research and development fund has been set up, with private businesses given access to cash to help them innovate. It will be run by Abu Dhabi Investment Office. Businesses that invest in R&D will qualify for significant rebates.

[See More](#)

June 26

Discussion of the Business Permission Wizard Tool

The Investment Services Center and the EU-GCC Dialogue on Economic Diversification Project team had a fruitful meeting this month where they discussed and evaluated the Invest Easy portal in terms of using Business Permits Wizards compared to its top counterparts around the globe.



June 27

3rd Networking Meeting of National European Business Councils and EU MS Trade Counsellors

Earlier this week, the EU-GCC Dialogue on Economic Diversification Project Team in collaboration with the EU

Delegation in the UAE organized the 3rd networking meeting of National European Business Councils and EU MS Trade Counsellors in the UAE. The meeting featured several speakers such as Mr. Marhoon, Senior Manager from the Europe Promotion Investment Section at the Dubai Investment Development Agency (Dubai FDI), who informed the EU Counsellors about why foreign businesses should invest in Dubai's thriving economy and take advantage of its global strategic importance. In addition to Dubai FDI, Project Team Leader, Mr. Stefan Kraxner, also took the opportunity to highlight the project's upcoming activities such as the project's webinar series that launched on June 19, the fourth EU-GCC Business Forum happening on November 13 in Oman.



Kuwait: Brief History and Economic Overview

As Kuwait declared its independence in 1961 – its economic wealth and regional ties grew stronger as it became a founding member of the GCC in 1981

alongside Bahrain, Oman, Qatar, Saudi Arabia, and the UAE. Currently, it is a member of both the Organization of the Petroleum Exporting Countries (OPEC) and the GCC, Kuwait has strengthened its standing regionally and internationally by forming strong political and economic strategic ties. Similar to the other GCC countries, Kuwait is continuing with its economic diversification efforts and reducing dependence on oil revenue – the Kuwait government has focused on easing restrictions on foreign investment and establishing a stronger legal framework. A more in depth look about the government's efforts into the relevant sectors highlighted are detailed below.

Foreign Investment: Under the current law, foreign ownership restrictions, non-Kuwaitis entities to not establish or own a company in the country unless it has a domestic partner or partners who own at least 51% of the capital in such a company.



Currently there is an exception to this which allows foreign investors to own up to 100% of businesses in non-restricted sectors, provided that they were issued an FDI license by Kuwait Investment Direct Promotion Authority (KDIPA).

Qatar: Brief and Economic Outlook

Qatar, who gained their independence in 1971 has quickly risen to prominence both regionally and internationally to become a cultural and economic powerhouse in the Middle East. With a relatively small local population and substantial revenues generated from having the third largest proven natural gas reserves globally, Qatar has one of the highest GDP per capita as according to recent IMF estimates in 2019.



In the recent years, Qatar has added additional focus on economic reform as seen with the publication of the Qatari vision 2030 in 2008. Since its publication Qatar has been seen to work on diversifying its economy away from hydrocarbons base, improving the local business environment, preparing legal guidance for foreign investment and company regulations, promote the private sector as an engine of growth and reassessing the legal basis on which it cooperates with private enterprise. A more in depth look about the government's efforts into the relevant sectors highlighted are detailed below.

Legal Guidance: Foreign investors can launch their businesses in Qatar through several vehicles. The starting point of company incorporation is an understanding of the restrictions and provisions that govern foreign investment as well as different types of companies permitted by law. Pursuant to Article 2 of Law 13 of 2000 on the organization of Foreign Capital Investment in Economic Activity (Foreign Investment Law), foreigners may invest in most sectors of the economy provided they partner with a local partner with one or more Qatari entities, and under the stipulation that the local partner capital contribution not be less than 51%. The same article also defines the sectors that foreigners are restricted from investing in – such as commercial agencies, real estate procurement, banking and insurance.

Foreign Companies: The Ministry of Commerce and Industry may permit foreign investors as its discretion to exceed the 49% limit on capital contribution and own up to 100% of a company. According to the Foreign Investment law, permission to do so is limited to activities in the following sectors: agriculture, industry, health and

education, tourism and development, energy and mining projects.

Public and Private Partnerships: As detailed earlier the government is currently reassessing the legal basis on which it cooperates with the private enterprise to develop infrastructure. Qatar's use of public-private partnership (PPP) agreements to date has been limited to the water and power sectors. Like other countries in the region, extending the PPP principle to a greater number of sectors has proved challenging due to the lack of a comprehensive framework of PPPs and the uncertainty of future revenues for investors. The government's desire to harness a new PPP draft law aimed at combating these challenges. Expected to be issued as part of the second National Development Strategy, covering the period 2018-2022, the new draft law establishes a clear legal basis for PPPs, as well as a governance and approval framework. The Ministry of Commerce and Industry has identified a number of potential PPP projects of varying sizes, and across a range of varying sectors with an estimated value of \$20bn.

*Further information on these countries can be found in Oxford Business reports on Kuwait (2018) and Qatar (2019).



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The EU-GCC Dialogue on Economic Diversification project is financed by the European Union through its Service for Foreign Policy Instruments. The overall objective of the project is to contribute to stronger EU-GCC relation by supporting the GCC countries ongoing process of economic diversification, away from hydrocarbon dependent sectors. The project aims to tackle a number of key issues of relevance to the development of EU-GCC relations. The purpose of the project is to promote climate-friendly trade, investment and economic affairs-related policy analysis, dialogue and cooperation between

stakeholders from EU and GCC at both regional and country levels in the context of the GCC economic diversification process. The content of all the documents and materials produced is the sole responsibility of the Contractor and do not necessarily reflect the views of the European Commission

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