



NEWSLETTER

The latest news from EU-GCC project



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Editorial

The economic consequences of the Covid-19 pandemic have upended many assumptions on international trade, sending shockwaves around the world. Global trade declined by over 15% in the first half of 2020, while global output fell by over a fifth in some advanced and emerging-market economies. Going forward, actors must contend with a trade landscape where business faces significant uncertainty, and governments are looking to minimize the economic fall-out on citizens.

However, experience shows that trade agreements strongly facilitate and increase mutual trade and investment flows. These will be more important than ever to drive economic recovery from Covid-19. EU trade agreements seek to facilitate fair trade in goods and services and investment and solidify the framework of international rules and promote sustainability goals. In particular, EU trade agreements facilitate digital trade and offer platforms for deeper engagement with EU trading partners on multilateralism and wider sustainability issues.

This edition of the newsletter focuses on the steps being undertaken to remove barriers to trade and investment for the mutual benefit of all trading partners in the post Covid world economy.

Douglas Aitkenhead - EU GCC Dialogue on Economic Diversification Project 30th of November 2020



COMMISSION WORK **<2021>** PROGRAMME

A Union of vitality in a world of fragility

2021 Commission work programme – from strategy to delivery

Mid-October, the Commission adopted its 2021 work programme, designed to make Europe healthier, fairer and more prosperous, while accelerating its long-term transformation into a greener economy, fit for the digital age. It contains new legislative initiatives across all six headline ambitions of President von der Leyen's Political Guidelines and follows her first State of the Union Speech. While delivering on the priorities set out in this work programme, the Commission will continue to put all its efforts into managing the crisis, and into making Europe's economies and societies more resilient.

Delivering on EU priorities

The 2021 Commission work programme sees a shift from strategy to delivery across all six political priorities. It confirms the Commission's resolve to lead the twin green and digital transition – an unparalleled opportunity to move out of the fragility of the crisis and create a new vitality for the Union.

1. A European Green Deal

To achieve a climate-neutral Europe by 2050, the Commission will table a **Fit for 55 package** to reduce emissions by at least 55% by 2030. This will cover wide-ranging policy areas – from renewables to energy efficiency first, energy performance of buildings, as well as land use, energy taxation, effort sharing and emissions trading. A **Carbon Border Adjustment Mechanism** will help reduce the risk of carbon leakage and ensure a level-playing field by encouraging EU partners to raise their climate ambition. In addition, the Commission will propose measures to implement Europe's **circular economy action plan**, the EU **biodiversity** strategy and the **farm to fork** strategy.

2. A Europe fit for the digital age

To make this Europe's digital decade, the Commission will put forward a roadmap of clearly

defined **2030 digital targets**, related to connectivity, skills and digital public services. The focus will be on the right to privacy and connectivity, freedom of speech, free flow of data and cybersecurity. The Commission will legislate in areas covering safety, liability, fundamental rights and data aspects of **artificial intelligence**. In the same spirit, it will propose a **European e-ID**. Initiatives will also include an **update of the new industrial strategy for Europe**, to take into account the impacts of the coronavirus, as well as a legislative proposal to improve the working conditions of **platform workers**.

3. An economy that works for people

To ensure that the health and economic crisis does not turn into a social crisis, the Commission will put forward an ambitious **action plan to implement fully the European Pillar of Social Rights**, making sure that no one is left behind in Europe's recovery. The Commission will also come forward with a new European **child guarantee**, ensuring access to basic services like health and education for all children. To support our economies and strengthen the **Economic and Monetary Union**, it will revise the framework for handling EU bank failures, take measures to boost cross-border investment in the EU, and step up the fight against money laundering.

For more information:

https://ec.europa.eu/info/sites/info/files/2021_commission_work_programme_and_annexes_en.pdf



2021 Commission work programme - key figures

► 44

New policy objectives

► 14

Proposals for withdrawal

► 50

Ongoing priority files

► 41

Initiatives for regulatory simplification

4.A stronger Europe in the world

The Commission will ensure that Europe plays its vital role in this fragile world, including by leading the global response to **secure a safe and accessible vaccine for all**. It will propose a Joint Communication on **strengthening the EU's contribution to a rules-based multilateralism**, a renewed partnership with our **Southern neighbourhood** and a Communication on **the Arctic**. A new strategic approach to support **disarmament, demobilisation and reintegration of ex-combatants** will also be presented. A Communication on the **EU's humanitarian aid** will explore new ways of working with our partners and other donors.

5.Promoting our European way of life

In the face of COVID-19, the Commission will propose to build a stronger **European Health Union**, notably by strengthening the role of existing agencies and establishing a new **agency for biomedical advanced research and development**. To preserve and improve its functioning, a **new strategy for the future of Schengen** will be tabled. The new pact on migration and asylum will be followed up with a number of proposed measures on **legal migration**, including a 'talent and skills' package. Other elements include an action plan against migrant smuggling, as well as a sustainable voluntary return and reintegration strategy. The Commission will continue to strengthen the **Security Union**, addressing terrorism, organised crime and hybrid threats. It will also

present a comprehensive strategy on **combating antisemitism**.

6.A new push for European democracy

To build a union of equality, the Commission will present new strategies on **rights of the child and for persons with disabilities**, as well as a proposal to **combat gender-based violence**. It will also propose to extend the list of euro-crimes to include all forms of hate crime and hate speech. The Commission will propose clearer rules on the **financing of European political parties** and take action to **protect journalists and civil society against abusive litigation**. A **long-term vision for rural areas** will propose actions to harness the full potential of these regions.

Given the long-term and transformative nature of the initiatives planned, it is more important than ever to legislate in the most impactful way and with the future in mind. The upcoming **Communication on Better Regulation** will renew this emphasis. It will focus on simplification and burden reduction, notably by introducing a 'one-in-one-out' approach. The Fit for Future Platform will support the Commission in this ambition, particularly needed in the aftermath of the COVID-19 pandemic. To deliver on the ground, the Commission will also step up its outreach, with the **Conference on the Future of Europe** playing a central role.

A full list of the 44 new policy objectives under the six headline ambitions are set out in this [link](#) of the 2021 work programme.



Commission launches new complaints system to fight trade barriers and violations of sustainable trade commitments

TRADE BASICS



The European Commission has launched Mid-November a new complaints system for reporting market access barriers and breaches of Trade and Sustainable Development commitments in the EU's trade agreements and under the Generalised Scheme of Preferences.

The new complaints system reflects the Commission's increased efforts to strengthen the enforcement and implementation of trade agreements. It follows the Commission's appointment in July of its first Chief Trade Enforcement Officer (CTEO) to oversee its tougher action on enforcing trade policy, as well as the Commission's 15-point Trade and Sustainable Development (TSD) Action

Type of request*

Name*

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Company / Organisation name*

Address*

Comments*

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plan of 2018. This Plan reflects the consensus of promoting close long-term TSD engagement, on the one hand, and of stepping up monitoring efforts – and more assertive enforcement – on the other hand. Complaints will be channeled through a new centralised Single Entry Point system in DG Trade to allow for a responsive, focused and structured process.

For more information: https://ec.europa.eu/commission/presscorner/detail/en/ip_20_2134

<https://trade.ec.europa.eu/access-to-markets/en/contact-form>

<https://www.globaltrademag.com/eu-releases-new-complaint-system-to-address-trade-deal-violations-and-market-barriers/>



How diversification can ensure sustainable growth in the GCC



Like the rest of the world, the Gulf states have put in place policies to mitigate the effects of the coronavirus.

Unlike many of their emerging market peers, most Gulf nations have the fiscal cushion to support their economies through business-friendly policies that attract the attention of global investors.

Before the crisis, many had blueprints for economic diversification, with investments in tourism, science, agri-foods, financial services, and technology.

There is no quick fix for countries with large deficits. Global markets will remain volatile until the pandemic is contained or a vaccine is developed. The good news for all countries is that interest rates will remain anchored lower for longer. There is no doubt that this is also an opportunity for many countries and companies to re-invent their products and services and create more sustainable and agile frameworks to withstand external shocks.

Issues such as domestic supply chains, healthcare, online education, digital services, fintech, renewable energy and online commerce, which were key sectors gaining traction before the crisis, will now see more interest going forward. It is absolutely essential for GCC countries to shift their focus towards creating enabling environments for these sectors.

Supporting local SMEs and manufacturers is now a matter of economic urgency if not patriotism.

Now is the time to build domestic infrastructure and capacity in diverse sectors such as food, agriculture, pharmaceuticals, education, medical equipment, hardware, e-commerce and

manufacturing so that local entrepreneurs can do well at home – and so local value chains can become enriched by local innovation.

Enriching value chains also means developing non-oil energy solutions that are commercially viable. In Oman, for instance, there are, arguably belated, moves towards clean sources of energy. Solar and wind plants are already in operation in parts of the country and the national energy company OQ is investing in alternatives like 'green molecules' – hydrogen and biofuels.

In the UAE, the government is eyeing renewable energy and the green economy as the two main driving forces that will lead the country's sustainable, green recovery. By 2050, the country aims to source 50 per cent of its power from solar and nuclear energy.

Saudi Arabia agreed to invest \$5bn to build a green hydrogen-based ammonia production facility powered by renewable energy. A future built upon non-oil energies and non-energy industries can only truly flourish if countries have an enabling infrastructure, which is why it is good to see GCC states continue unabated in their drive to build.

Oman's new five-year plan, which will start next year, as well as Saudi Arabia's Vision 2030, UAE's Vision 2030, and Kuwait's Vision 2035 programmes are all variations on a theme of diversification and building capacities.

After a pause, the GCC economies are revving up to resume the diversification that will tempt investors to take advantage of opportunities as they arise – because diversification is the only route to sustainable growth in the GCC – and every single government in the region knows it.



Digital disruption to transform retailers into tech firms

While the whole world is suffering from the Covid-19 fall-out, technology companies are flourishing, but disrupting the \$25 trillion global retail industry.

This is done by transforming them to become tech-driven e-tailers delivering consumer goods door-to-door, experts at the 9th Middle East Retail Forum that took place at the Conrad Dubai Hotel on November 25, 2020, told more than 250 delegates while thousands of others viewed the live broadcast of the full-day proceedings.

The pandemic has disrupted the retail sector and transformed consumers as it is rapidly changing the \$25 trillion global retail landscape, so much that the global e-commerce sales are set to grow from \$4.13 trillion in 2020 to \$4.8 trillion in 2021.

The GCC's e-commerce sector is expected to more than double to \$50 billion in the next five years, up from \$24 billion this year, as pandemic-related movement restrictions lead to a shift in shopping habits in the region, according to a new report by global consultancy firm Kearney.

Covid-19 is changing the global economy forever. While vaccines might bring back normalcy in life, the retail sector might not be the same again, due to the technology-led disruption where data

analytics, artificial intelligence, machine learning, perceptive analytics, changing consumer behavior will reshape the retail industry landscape to strengthen customer experience.

The mobile phone industry in the Middle East and North Africa (Mena) has largely risen to the challenge of sustaining social and economic activities in the region during the pandemic, despite the unprecedented growth in data traffic.

According to GSMA, by the end of 2020, nearly 280 million people in the region (45% of the population) will be connected to mobile internet. However, Covid-19 has highlighted the impact of the digital divide for the nearly 350 million people in the region still unable to connect to mobile internet.

GSMA expects \$70 billion to be spent on mobile telephony in the Mena region till 2025, which will spearhead the Internet of Things (IoT), Artificial Intelligence, Big Data and the 4th Industrial Revolution – which will eventually change the retail industry – among all other economic sectors.

The year 2020 will go down in history as the most remarkable year in the history of the retail industry due to the transformation and the opportunities it brings.



GCC Chambers Calls for Industrial Integration in Health, Food Sectors

The GCC Chambers underlined the importance of industrial integration among member-states in the health, medical, agricultural and food industries, emphasizing the need to support investments with the aim to enhance the sustainability of Gulf food and health security.



This came in a proposal submitted by the Federation of the Gulf Cooperation Council (GCC) Chambers to the GCC ministers of trade and industry during a video conference on Thursday. In a statement, Chairman of the Saudi Chambers Ajlan Al-Ajlan said that the economic repercussions of the Covid-19 pandemic and the protectionist measures taken by countries have shown the importance of supporting and encouraging economic activities and manufacturing industries in the medical and pharmaceutical sector in order to achieve self-sufficiency. Ajlan also called for enhancing consumer confidence in the Gulf industries to attract investments and localize medical productions.

The Kingdom currently spends 30 billion riyals on medicines, he noted, adding that supporting the food industries and achieving sustainability required strengthening economic-agricultural integration.

Ajlan stated that the Gulf states were among the largest importers of foodstuffs in the world, as they import around 90 percent of their food needs from foreign markets.

Industry is one of the pillars of comprehensive economic development and the main engine of growth, the head of the Saudi Chambers said. It greatly contributes to limiting imports from other countries, especially strategic goods such as pharmaceutical and food commodities, achieves economic development and improves the balance of payments by promoting national products, increasing exports, and providing job opportunities for the citizens, he stated.

For more information: <https://english.aawsat.com/home/article/2609336/gcc-chambers-calls-industrial-integration-health-food-sectors>



For more information, the editorial team suggests the links below:

European Union

<https://www.consilium.europa.eu/en/press/press-releases/?Page=1>

<https://ec.europa.eu/trade/trade-policy-and-you/publications/news-archive/>

Gulf Wide

<http://www.gdnonline.com/>

<http://gulfbusiness.com/>

<https://www.arabianbusiness.com/gcc>

Bahrain

<http://www.newsofbahrain.com/>

<http://www.bna.bh/en/index.aspx>

KSA

<http://www.arabnews.com/>

<http://saudigazette.com.sa/>

<https://www.spa.gov.sa/?lang=en>

Kuwait

<http://www.arabtimesonline.com/news/>

<http://news.kuwaittimes.net/website/>

<https://www.kuna.net.kw/Default.aspx?language=en>

Oman

<https://timesofoman.com/>

<http://www.omanobserver.om/>

<https://www.muscatdaily.com/>

https://www.omannews.gov.om/ona_eng/#/home

UAE

<https://www.khaleejtimes.com/>

<https://gulfnnews.com/>

<https://www.thenational.ae/>

<http://wam.ae/en>

Qatar

<https://www.qatarday.com/news-category/local>

<https://www.qatarliving.com/news>

<https://www.gulf-times.com/>

<https://www.thepeninsulaqatar.com/>



EU-GCC Dialogue on Economic Diversification

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As always, we welcome your feedback on the topics and sectors that interest you most and you would like to see covered in future editions of the newsletter.

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