Synergistic opportunities boost GCC-China trade ties

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THE BILATERAL DEVELOPMENTS between the Gulf Cooperation Council (GCC) and China are witnessing significant developments. The GCC-China trade was at $92.5 billion in 2010 and has reached $155 billion in 2012. Exports from the GCC to China in 2012 was $101 billion and imports by the GCC from China in 2012 was $54 billion. Kingdom of Saudi Arabia was the major contributor in the GCC trade followed up by the UAE and Oman. The use of yuan has been increasing since 2009, when China launched a programme to internationalise its currency by allowing yuan to be used to settle cross-border trade.

China's trading partners have increasingly been able to use the yuan when paying for imports or receiving payments for exports. With bilateral trade expanding the GCC can expect to increase the usage of yuan. The UAE is China's largest export market in the GCC, the bilateral trade between the two countries has reached more than $40 billion in 2012. Chinese companies are operating specifically within the logistics, aviation and energy sectors in the UAE. China and the UAE signed a $5.5 billion currency swap deal in January 2012, which will allow the central banks to draw on the local currency facility to ease bilateral trading. Chinese companies have indicated interest to start operations at free zones in Dubai.

The trade between China and Saudi Arabia reached the highest level of $ 73.4 billion in 2012, an increase by 14 per cent as compared with the previous year. Aramco and Sinopec Group signed the deal to develop the 400,000-bpd refinery, known as Yasref, in January 2013. In June 2010 Kuwait Investment Authority had invested $800m in IPO of Agricultural Bank of China. It further increased the stake to $1.9 billion. Chinalco, China's state-run aluminum manufacturer is funding phosphate projects in northern Saudi Arabia. China-Kuwait trade has exceeded $12.5 billion in 2012, increase by 11 per cent when compared to previous year. The Kuwait Investment Authority and the Qatar Holding are qualified foreign institutional investors in China.

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The bilateral trade between Qatar and china has surged from $3.3 billion in 2010 to $8.48 billion in 2012 mainly on increase in exports to China from Qatar.

Qatar-China witnessed significant bilateral developments in the hydrocarbon segment. Qatar gas and China National Oil Corporation's (CNOOC) have an existing Sales and Purchase Agreement signed in 2008 for the supply of a total of two million tonnes per annum (MTA) of LNG. In May 2010 Qatar Petroleum (QP) signed a new exploration and production sharing agreement (EPSA) with Shell and China National Petroleum Corporation (CNPC) for Qatar's gas basin 'Block D'. In January 2012 China National Petroleum Corp (CNPC) and its partners Qatar Petroleum and Royal Dutch Shell agreed to push ahead with plans for a $12.6 billion refinery and petrochemical complex in east China. In May 2012 Petrochina, Asia's largest oil and gas producer, signed an agreement to acquire 40 per cent of exploration and production rights for Qatar's Block 4 from GDF Suez Qatar. In September 2012 Qatargas delivered the first cargo of liquefied natural gas (LNG) to China National Oil Corporation's (CNOOC) Zhejiang LNG Terminal. China is planning to import more LNG in coming years in order to meet huge demand in its domestic market.

The writer is the group chief executive officer at Doha Bank. Views expressed by him are his own and do not reflect the newspaper's policy.