GCC-EU ties getting stronger

Synergistic opportunities contribute to surge in regions' bilateral trade and investment

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BILATERAL TRADE flows between the EU and GCC reached €152 billion in 2013. It has surged by more than 50 per cent in the last four years. The exports to the EU were close to €57 billion in 2013 and had surged by more than 60 per cent in the last four years, while imports from the EU exceeded €95 billion in 2013 and had surged by more than 45 per cent in the last four years. Exports to the EU from the GCC mainly comprise of crude oil and chemicals. The imports from the EU by the GCC mainly comprise of machinery, chemicals, vehicles, aircraft and plastic products. The GCC constitutes 4.4 per cent of EU trade in 2013.

The adoption of the EU-GCC Joint Action Programme in 2010 has been useful in order to establish some sort of a fresh impetus between the EU and the GCC. The ever more rising status of the GCC, and the role of their sovereign wealth funds in economies affected by the repercussions of the global financial breakdown, has led to GCC states becoming more assertive in their relations with the EU. Securing unrestricted access to the largest regional bloc in the world will benefit the GCC, while free access to the most advanced and resourceful sub-region of the Arab world will further enhance business opportunities for the EU. The European Union will continue to work on a free trade agreement with the GCC.

In order to have a proper roadmap for regional prosperity, the GCC is committed to achieve deeper economic integration and expand trade with other blocs for its benefit. The EU should balance between growth and austerity and should minimise the gap between prosperous and struggling economies within it. Increased EU-Arab trade on a mutually-beneficial basis will maintain their relative competitiveness. The EU-Arab bloc can benefit from each other's strength, have easier alignment with less transaction cost. The potential areas where they can actively participate include energy, education, health, agriculture, telecommunication and other infrastructure developments. Financial services can play an important role in boosting GCC-EU bilateral cooperation. The non-hydrocarbon diversification in the GCC and the MSCI upgrade of Qatar and the UAE will provide opportunities. They can leverage expertise in areas such as project finance and asset management. They can also improve cooperation to fight financial crimes, channelise investments across the region prudently, syndicating towards development financing and closely integrating trade and commerce.

The EU was viewed primarily as a matured market that may not necessarily yield a high potential in terms of growth rates, yet remains very attractive for the GCC investor in terms of its stable and highly-developed business environment, as well as its access to leading technologies and a highly-skilled labour market. The EU was valued especially for foreign direct investments, or FDIs, in terms of its strong political stability and its good infrastructure. The most important factors for FDI in the GCC were mainly the positive economic situation, high growth rates and a very positive future outlook which was aided by high government spending. UAE-based investment funds such as Mubadala and the International Petroleum Investment Company have made several direct investments in EU countries. Saudi Arabia's Sabic has investments in research and development as well as production facilities for chemicals and polymers in various European countries. UAE-based DP World has investments in various EU ports and logistics companies. The Abu Dhabi Investment Authority has investments in Europe such as Britain's Gatwick Airport. Masdar has made several multimillion dollar investments into Spanish power production facilities. The Kuwait Investment Authority has a stake in Daimler, and has also invested in several agricultural businesses and properties in Romania and Bulgaria. The Qatar Investment Authority has stakes in British supermarket chain J. Sainsbury, bank Barclays, the London Stock Exchange and Credit Suisse. The synergistic opportunities between the EU and GCC have contributed to surge in bilateral trade and investment.

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

The London Gateway deep-sea port — operated by Dubai industry giant DP World — in Stanford-le-Hope, United Kingdom, one of several investments made by GCC-based funds in Europe. — *Bloomberg*