

BUSINESS VOICE

ISSUE 36 . JANUARY 2020

DRIVING INNOVATION

Why the UAE is committed
to becoming one of
the most innovative
nations in the
world



Economy: AED3.8 billion Khalifa Port expansion marks positive economic leap *P06*

Health: Abu Dhabi's medical sector is experiencing healthy growth *P16*

Logistics: New air cargo centre in Abu Dhabi will boost the UAE's e-commerce sector *P36*



غرفة أبوظبي
ABU DHABI CHAMBER



خمسة عقود ...
ومسيرة الإنجازات مستمرة

Five Decades of
Continuous Achievements



2019 - 1969



As one year comes to an end and 2020 begins, the number 50 is uppermost in my mind for three reasons.

First of all, 2019 marked the Golden Jubilee year of Abu Dhabi Chamber. For the last 50 years, Abu Dhabi Chamber has embodied the vision of our wise leadership and strived to improve the economic development of Abu Dhabi.

Since its establishment in 1969, the Chamber has played a prominent role in driving progress in the Emirate's private business sector, cementing Abu Dhabi's position as an investment hub and empowering its members by providing them with an enriching business environment that enables them to succeed.

While the Chamber's Golden Jubilee has offered a time to reflect on how far we have come, our work is far from over. Our vision remains steadfast: by continuing to provide innovative leadership services, as well as creating an environment that attracts investors, we will continue to build on our accomplishments and establish the country as a leading investment destination.

Secondly, following the Year of Tolerance, the theme for the new year has been declared as

'2020: Towards the Next 50'. This points to the next exciting chapter in the UAE's history – for all segments of society. During 2020, the UAE Government will draw up and roll out its biggest national strategy to date. A roadmap for the Emirates of the future, it will set out the country's ambitions and goals for its economy, education system, infrastructure, health and media sectors.

Considering the pace of progress within the UAE since its formation, and the government's unwavering commitment to position the country as one of the most innovative in the world, I have no doubt that the new roadmap will catapult our nation firmly into the future.

Last but by no means least, the number 50 will be prominent once again throughout 2021 when the UAE celebrates its own Golden Jubilee – a significant milestone in the country's history and cause for some rather exceptional celebrations.

But first let us welcome 2020, which I hope will bring good health, happiness and prosperity to all our members.

Mohamed Helal Al Mheiri
Director General, Abu Dhabi Chamber



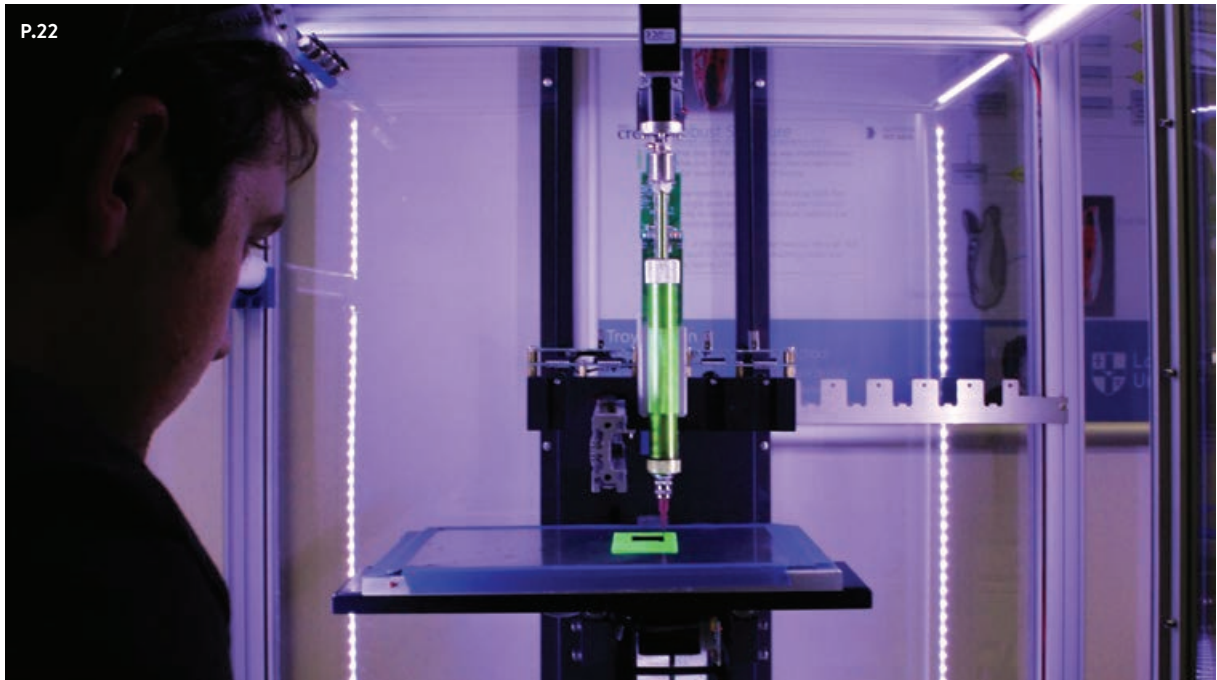
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Abu Dhabi Chamber SME Award

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Abu Dhabi Ports has announced an AED3.8 billion expansion of Khalifa Port after reporting seven years of record growth.

MARITIME



SUCCESS

According to figures released at the UAE Economic Forum in December, Abu Dhabi was expected to continue on its positive economic path to achieve a real growth rate exceeding 2% by the end of 2019.

This growth was being supported by a positive momentum within the overall non-oil economic activities that were expected to grow at a rate of approximately 1.8% at constant prices by the end of the year.

Abu Dhabi's Department of Economic Development (DED) also noted that the Emirate's GDP grew by 1.9% to exceed AED797 billion by the end of 2018, while its FDI increased by 5% amounting to AED105 billion.

"The Emirate's strategy to expand the production base and diversify income sources is successfully going in line with the long-term goals of the Abu Dhabi Economic Vision 2030," said Mohammed Ali Al Shorafa, Chairman of the DED.





Abu Dhabi Ports, which was established in 2006, is a significant and consistent contributor to the capital Emirate's economic growth. The company, which operates ports and terminals across the UAE, as well as Khalifa Industrial Zone Abu Dhabi (KIZAD), reported that container volume at Khalifa Port rose from 620,974 TEU (Twenty-foot Equivalent Unit) in H1 2018 to 1,135,021 TEU in H1 2019 – an increase of 82.4%.

Abu Dhabi Ports anticipates further growth thanks to completion of the CSP Abu Dhabi Container Terminal, which was built in partnership with COSCO SHIPPING Ports and which began trial operations in Q2 2019 – ahead of full commercial operations starting in Q4 2019.

“Despite a challenging international environment for the trade and logistics sectors in recent years, our industry continues to grow from strength to strength in the UAE,” said Falah Mohammad Al Ahabbi, Chairman of Abu Dhabi Ports.

↑ Abu Dhabi Ports anticipates further growth thanks to completion of the CSP Abu Dhabi Container Terminal, which was built in partnership with COSCO SHIPPING Ports

← Abu Dhabi Ports announced a AED3.8 billion expansion of Khalifa Port by 2021

In addition to the increase in container volume, Abu Dhabi Ports also witnessed a significant increase in the total volume of cargo handled across its ports, which also include Fujairah Terminals, Zayed Port and Mussafah Port. Total cargo increased to just under 9.7 million tonnes in the first half of 2019, a rise of 10% compared to the same period in 2018.

With such positive figures marking seven record years of operational growth, it is no surprise that Abu Dhabi Ports will be expanding the capacity of Khalifa Port to 9.1 million TEU by 2024.

In December, Abu Dhabi Ports announced a AED3.8 billion expansion of Khalifa Port by 2021 as it moves towards reaching its planned 2024 TEU capacity. With this latest expansion, container handling capacity is expected to increase by 50% to 7.5 million TEUs, from 5 million currently.

About AED2.2 billion will be invested in expanding the port and developing its South Quay and logistics facilities and AED1.6 billion will be invested in Abu Dhabi Terminals (ADT).

The former includes building a three-kilometre quay-wall with 18.5 metres along-side draft for general cargo, ro-ro and bulk usage. It will also include eight berths and 1.3 million square metres of terminal yard.

The Khalifa Logistics expansion, for multi-purpose usage, will encompass a 3.1km quay wall with 8-metre draft, 15 berths and land plots, which can be tailored to individual customers.

Abu Dhabi Ports said that Phase 1 of the South Quay expansion will be completed by Q4 2020, while Phase 2 and the Khalifa Logistics expansion will be completed by Q1 2021. These two

“DESPITE A CHALLENGING INTERNATIONAL ENVIRONMENT FOR THE TRADE AND LOGISTICS SECTORS IN RECENT YEARS, OUR INDUSTRY CONTINUES TO GROW FROM STRENGTH TO STRENGTH IN THE UAE”

FALAH MOHAMMAD AL AHBABI,
CHAIRMAN, ABU DHABI PORTS





expansion projects will create more than 2,800 direct and indirect jobs and contribute more than AED3.2 billion to the Emirate's GDP by 2025.

Captain Mohamed Juma Al Shamisi, Group CEO of Abu Dhabi Ports, said: "As global trade volumes increase over time, the world's leading port operators must think decades ahead in their planning and execution. Through strategic collaboration with partners and top industry players, such as ADT, MSC, China's CSP and Autoterminal Barcelona, Khalifa Port is developing in a sustainable manner and has become one of the fastest growing ports in the world.

"Khalifa Port continues to expand and innovate to meet the diverse needs of our business partners, while driving forward the UAE's economy and its strategic partnership with China, its largest non-oil trading partner. The volumes of cargo that we will move over the coming decades will serve as testament to the farsighted vision of Abu Dhabi's leadership. Khalifa Port is not only a global maritime hub but also an important contributor to the connectivity of China's Belt and Road Initiative (BRI)."

The expansion at ADT will include an extension of the quay from 1,400 to 2,265 metres and the addition of 10 new ship-to-shore quay cranes, thereby doubling handling capacity from 2.5 million to 5 million TEUs. The new investment will also include significant technological

† In order to accommodate demand, KIZAD is expanding with the development of another 180 square kilometres of land named Area B.

advancements, such as fully automated truck loading and discharge.

Ahmed Al Mutawa, CEO of Abu Dhabi Terminals (ADT), said: "To stay at the forefront, ADT will continue to make significant investments in infrastructure and the implementation of the latest technological innovations to continuously enhance our value offering to our customers and stakeholders. The latest investment of AED1.6 billion, which doubles our handling capacity to 5 million TEUs by 2020, will see ADT take its place among the top 40 largest container terminals in the world and positions us well for future growth."

KIZAD, a subsidiary of Abu Dhabi Ports and a core part of its infrastructure strategy, has also seen robust growth. In 2018, the industrial free zone attracted AED1.5 billion in foreign direct investment, bringing total investment to around \$60 billion, according to KIZAD CEO Samir Chaturvedi.

In November 2019, KIZAD announced that the number of companies operating out of it had more than doubled in the past 12 months to reach 600 tenants on the back of new government policies aimed at boosting investment into the Emirate.

Abu Dhabi has also implemented a number of measures to boost industrialisation in the Emirate as part of the AED50 billion Ghadan 21 economic stimulus programme. This included reduced

“THE VOLUMES OF CARGO THAT WE WILL MOVE OVER THE COMING DECADES WILL SERVE AS TESTAMENT TO THE FARSIGHTED VISION OF ABU DHABI’S LEADERSHIP. KHALIFA PORT IS NOT ONLY A GLOBAL MARITIME HUB BUT ALSO AN IMPORTANT CONTRIBUTOR TO THE CONNECTIVITY OF CHINA’S BELT AND ROAD INITIATIVE (BRI)”

CAPTAIN MOHAMED JUMA AL SHAMISI,
CEO, ABU DHABI PORTS



electricity bills for businesses and implementing a dual license policy allowing free zone companies to operate on the mainland.

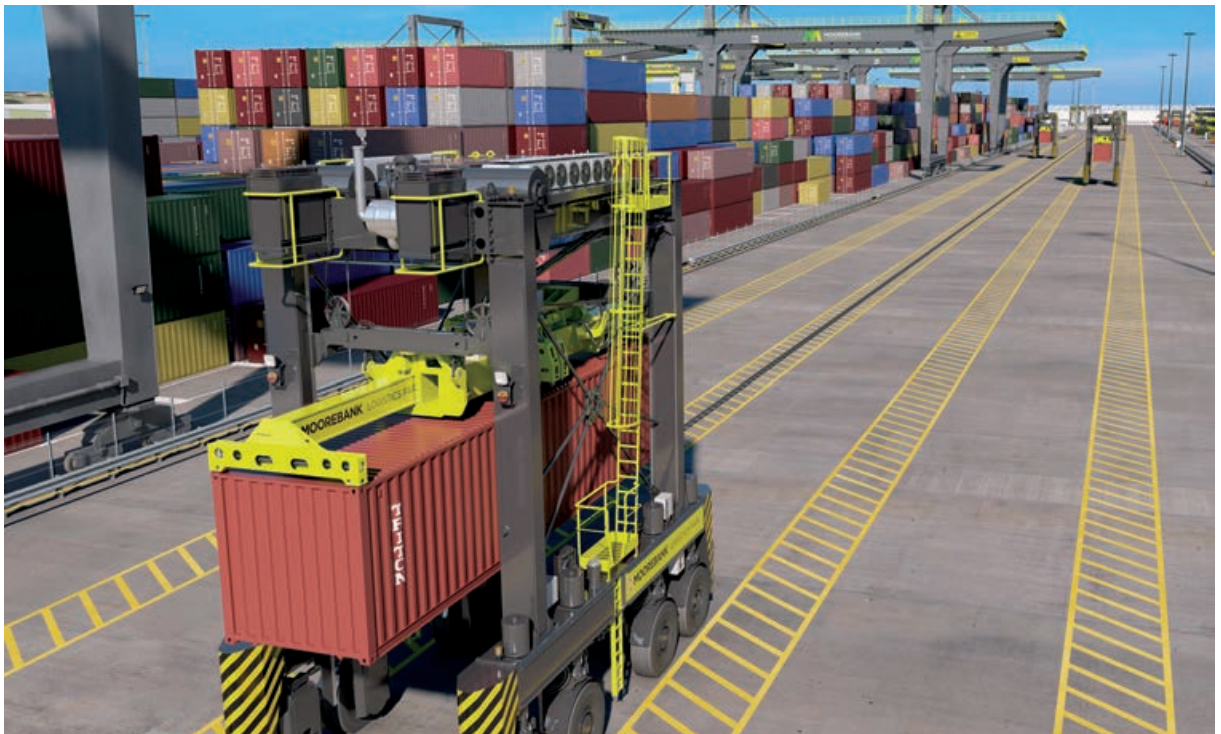
Area A of KIZAD, with 51 square kilometres of development, is now almost full thanks to the unprecedented growth. In order to accommodate demand, the free zone is expanding with the development of another 180 square kilometres of land named Area B.

In June 2019 a railway line connecting Abu Dhabi and Dubai moved a step closer with the awarding of contracts worth \$1.19 billion that will link Khalifa Port, KIZAD and Dubai’s Jebel

↓ The expansion at ADT will include significant technological advancements, such as fully automated truck loading and discharge

Ali Port along a distance of 310km. These contracts are part of the 605km line extension from the UAE-Saudi border in Ghufeifat to the Port of Fujairah.

The addition of rail links to Abu Dhabi and the UAE’s already outstanding sea, air and road connectivity, will help local businesses serve more than 4.5 billion consumers across the Gulf, Asia, Africa and Europe even more efficiently. That, coupled with exemplary foresight, will enable Abu Dhabi Ports to continue its growth strategy and pivotal contribution to Abu Dhabi’s ever-expanding economy. 🌟





A ROADMAP FOR THE NEXT 10 YEARS

The UAE Government continues to seek new ways to stimulate the country's economy and create a favourable environment for investment and job creation.



At the latest UAE Government Annual Meetings, held late last year, the authorities identified 11 development areas essential to meet the needs of citizens and help the country achieve key goals set out in the UAE Vision 2021 and UAE Centennial 2071 programmes.

“My brother [His Highness Sheikh] Mohamed bin Zayed [Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces] and I presided over the activities of the first day of the Annual Meetings of the UAE Government. We reviewed our competitive position, our challenges, our ideas for the future and our most important 10-year plans,” said His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE, and Ruler of Dubai, at the time. “The

UAE will always be at the top. We have the best team to cross towards the future.”

The annual meetings outlined a roadmap for the next 10 years that will align federal and local government strategies to sharpen the focus. Workshops and sessions tackled three key themes of the economy, society and government action to address citizens’ needs and aspirations.

The roadmap will be a launching pad for a comprehensive and extensive programme with long-term national strategies to fortify the country’s reputation regionally and globally and empower it economically and socially; promote investment in vital sectors such as education, health and advanced technology; establish a strong system of values for future generations; boost productivity in the national economy and enhance social solidarity and cohesion,

according to His Excellency Mohammad bin Abdullah Al Gergawi, Minister of Cabinet Affairs and The Future.

“This year’s meetings are engaging the various segments of the UAE community, notably young people, senior citizens, parents, people of determination and retirees in participatory sessions aimed at designing the future of the UAE, developing the meetings’ agenda and proposing topics and challenges,” H.E. Al Gergawi said at the event.

KEY SECTORS

The gathering of 500 leaders from federal and local government authorities identified digital economy as one of the key areas of development.

His Excellency Omar bin Sultan Al Olama, Minister of State for Artificial Intelligence, confirmed that the UAE had presented a pioneering global experience in accelerating the adoption of modern technology in various areas of government work. This contributes to the development of government services, supports future sectors and promotes digital economic activities that support the country’s GDP directly and indirectly.

Other key areas were improving the ease of doing business in the country. Government officials evaluated the cost of doing business in the country at the meeting and explored ways to reduce government procedures and speed up government processes to help companies become more competitive.

Another key aspect garnering attention is promotion of UAE goods and services through the UAE’s commercial offices around the world.

“The initiative aims as well to develop a range of regional and international agreements to support the deployment of UAE services in various international markets,” said state news agency, WAM. “This comes in aim to support the competitiveness of the UAE economy, promote UAE products and services in international markets, encourage the economic activity, and increase the competitiveness of national exports and sustaining its leading global position.”

Tourism has been an important aspect of the UAE economy, with Abu Dhabi and Dubai both heavily invested in the sector, while other Northern Emirates have also planned robust developments to attract tourists from across the region and internationally.

The UAE Government is looking to streamline the various programmes, raise the country’s competitiveness in the sector, unify efforts of



“THIS YEAR’S MEETINGS ARE ENGAGING THE VARIOUS SEGMENTS OF THE UAE COMMUNITY, NOTABLY YOUNG PEOPLE, SENIOR CITIZENS, PARENTS, PEOPLE OF DETERMINATION AND RETIREES IN PARTICIPATORY SESSIONS AIMED AT DESIGNING THE FUTURE OF THE UAE, DEVELOPING THE MEETINGS’ AGENDA AND PROPOSING TOPICS AND CHALLENGES”

H.E. MOHAMMAD BIN ABDULLAH AL GERGAWI,
MINISTER OF CABINET AFFAIRS AND THE FUTURE

the tourism sector, develop the legislative and regulatory environment for tourism, establish a platform for tourism data and introduce an accelerator programme.

Another key pillar of the roadmap is addressing the needs of retirees, including the creation of a national pension programme, retirement retaining, and service packages and benefits to ensure a comfortable and social stability for retirees, including healthcare.

Indeed, healthcare is another area where the government aims to streamline and launch a comprehensive national platform. This includes a unified health records system that ensures patient privacy but also elevates the standard of healthcare services.



At the other end of spectrum, the meetings addressed initiatives around early childhood (aged 0 - 8 years). The initiatives aim to establish a legislative system that achieves the best care for more than one million children in early childhood. Early childhood initiatives include working on an Early Childhood Law and the development of the National Council for Early Childhood Development.

In tandem with focus on early childhood are initiatives to reward teachers, recognize their

† The gathering of 500 leaders from federal and local government authorities identified digital economy as one of the key areas of development

achievements and empower them to create the right environment for students.

While the 10-year roadmap is forward-looking, it also aims to honour the legacy of the UAE's founding father, the late Sheikh Zayed bin Sultan Al Nahyan.

Her Excellency Noura bint Mohammed Al Kaabi, Minister of Culture and Knowledge Development, discussed an initiative to develop a national charter of Zayed's legacy, personality and values that constitute an ethical system for UAE nationals. "The charter will also be translated in several languages and distributed to all local and international forums to introduce the people of the UAE to the values of the founding father," according to WAM.

ECONOMIC OUTLOOK

The UAE Government's annual meetings came at a time of rising business confidence in the country. According to an HSBC survey, around 83% of UAE businesses expect sales growth in 2020, while 92% expects improved prospects for cross-border expansion over the next two years.

Fitch Ratings has also affirmed Abu Dhabi's long-term issuer rating of AA with a stable outlook on the back of strong fiscal and external metrics and high GDP per capita.

The meetings are expected to streamline the transformative reforms already underway and that are already making an impact on the country's economic prospects. 🌟



† Another key pillar of the roadmap is addressing the needs of retirees, including the creation of a national pension programme, retirement retaining, and service packages and benefits to ensure a comfortable and social stability for retirees, including healthcare.



HEALTHY TRENDS

*Abu Dhabi's medical sector
is experiencing healthy
growth, with medical tourism
growing annually.*



The two best hospitals in the world are the Minnesota-based Mayo Clinic and the Cleveland Clinic in Ohio, according to *Newsweek*. The Baltimore-based John Hopkins Hospital ranks fourth. These three hospitals also feature in the top four of the *U.S. News and World Report's* annual list that analyzes data from nearly 5,000 American medical centres to rank hospitals in 16 adult specialties including cancer, diabetes, rheumatology and more. Survival rates, patient safety, specialized staff and hospital reputation are among the factors weighed.

Besides their impressive rankings, these internationally well-known medical institutions have another common denominator – they all have a presence in Abu Dhabi, the UAE's capital Emirate.

The latest entry into Abu Dhabi's burgeoning health care sector is the Mayo Clinic after signing a joint venture agreement with Sheikh Shakhboub Medical City (SSMC), shortly after the 30,000 square-metre public facility with 741 beds for inpatient care began operations late last year.

The 364-bed Cleveland Clinic Abu Dhabi, which is owned by Mubadala Healthcare, opened its doors in 2015 and has performed a number of UAE and regional firsts, including the country's first heart, liver and lung transplants. Mubadala Healthcare's network also includes Healthpoint, Imperial College London Diabetes Centre, National Reference Laboratory, Abu Dhabi Tel-emedicine Centre, Capital Health Screening Centre and Amana Healthcare.

Tawam Hospital (Al Ain) and Al Rahba Hospital, which are part of the Abu Dhabi Health Services Company's (SEHA) network of public

→ Mayo Clinic signed an agreement with Sheikh Shakhboub Medical City (SSMC)

↓ Tawam Hospital (Al Ain) is operated under management agreements signed with John Hopkins Medicine International





hospitals owned by the Health Authority of Abu Dhabi, are operated under management agreements signed with John Hopkins Medicine International in 2006 and 2008 respectively.

Providing world-class healthcare is one of the six pillars of the UAE's National Agenda in line with Vision 2021, Abu Dhabi Vision 2030 and the Abu Dhabi Healthcare Strategic Plan. Entering into prestigious partnerships with the likes of Mayo Clinic and John Hopkins Medicine International brings advanced healthcare technologies, practices and standards to the UAE.

Besides providing the best healthcare for the UAE's growing population, these international partnerships also have other rationales with economic diversification, especially medical tourism, topping the agenda. Medical tourism

generates direct foreign exchange income and contributes to the overall development of any economy through job creation and by aiding the growth of associated businesses such as pharmaceuticals, medical devices, and research and development (R&D).

According to the *Deloitte 2019 Global Health Care Outlook*, global healthcare expenditures are projected to increase at an annual rate of 5.4% between 2017 – 2022, from \$7.724 trillion to \$10.059 trillion. The global medical tourism market size is expected to reach \$179.6 billion by 2026, according to a report by Grand View Research, registering a 21.9% CAGR during the forecast period.

The UAE is already well-positioned to profit from the growth in medical tourism. A recent



analysis by Euromonitor International and Fitch Solutions found that health expenditure in the UAE amounted to an estimated AED50.3 billion in 2018, marking a 5.4% increase compared to the previous year. Medical tourism sales in the UAE increased 5.5% year-over-year to reach AED12.1 billion in 2018 with growth supported by a number of government-led initiatives and increasing privatization of the sector in the form of investment and the building of state-of-the-art health facilities. Growth momentum behind medical tourism in the UAE is expected to continue with sales projected to reach AED19.5 billion by 2023.

Abu Dhabi's aim is to increase brand awareness and diversify the demographic of incoming patients, while boosting the reputation of Abu Dhabi as a major medical tourism destination. In order to achieve this, the capital Emirate is leveraging three key factors that drive the market: infrastructure, promotion and logistics. These three forces are essential for creating a supply-and-demand chain for the medical tourism industry.

On the infrastructure side, according to the most recent data by the UAE Open Data Portal, Abu Dhabi has 52 hospitals, 15 of which are government run and 37 of which are private. Among

↑ Medical tourism sales in the UAE increased 5.5% year-over-year to reach AED12.1 billion in 2018

those hospitals, Abu Dhabi has a total of 5,043 beds available, with 2,987 available in government hospitals and 2,056 in private ones.

The Emirate's healthcare regulator, Abu Dhabi Department of Health (DOH) recently announced Abu Dhabi will need an additional 2,100 hospital beds by 2025 in order to cater to the growing demand by both locals and medical tourists.

In September 2018, Khalifa University of Science and Technology enrolled its first batch of students at its new medical school thereby helping Abu Dhabi develop itself as a hub for training a new generation of Emirati doctors in the country.

Promotionally, the DOH, along with the Abu Dhabi Department of Culture and Tourism, launched an E-portal in December 2018, which is also a digital platform that provides visitors with information of all medical offerings and healthcare facilities available in the Emirate. It also provides details of and allows visitors to book other services such as accommodation and transport available throughout their stay in the UAE.

His Excellency Mohamed Khalifa Al Mubarak, Chairman of the Department of Culture and Tourism – Abu Dhabi, said at the launch: "Our



“OUR KEY STRATEGY AT THE DEPARTMENT OF CULTURE AND TOURISM – ABU DHABI IS TO ATTRACT MORE VISITORS TO STAY LONGER AND EXPERIENCE MORE ACROSS THE EMIRATE OF ABU DHABI, AND BECOME A LEADER IN THE GLOBAL MEDICAL TOURISM SECTOR AND REGIONAL PIONEER FOR THIS MARKET.”

**HIS EXCELLENCY MOHAMED KHALIFA AL MUBARAK,
CHAIRMAN, DEPARTMENT OF CULTURE AND
TOURISM – ABU DHABI**

key strategy at the Department of Culture and Tourism – Abu Dhabi is to attract more visitors to stay longer and experience more across the Emirate of Abu Dhabi, and become a leader in the global medical tourism sector and regional pioneer for this market.”

Furthermore, in line with Abu Dhabi Vision 2030 and as part of the quality framework (JAWDA) programme, Abu Dhabi is bringing together key players in tourism, transport, immigration and healthcare to offer an unprecedented seamless high-quality specialized healthcare product to international patients.

Abu Dhabi also hosted the 12th edition of the World Medical Tourism & Global Healthcare Congress (WTMC) in October last year. Fast-growing medical travel destinations rarely have the momentum and opportunity that Abu Dhabi does. For WTMC, Abu Dhabi covered the travel and lodging expenses for more than 100 international healthcare buyers to show the capital Emirate's healthcare capacity and offering.

↓ Etihad launched an evaluation service whereby customers can be seen by one of Etihad's 12 staff doctors to receive a “fit to fly” status within one day

Commenting on the conference, His Excellency Saif Saeed Ghobash, Undersecretary of DCT Abu Dhabi, said: “Abu Dhabi has all the necessary infrastructure to become one of the most popular medical tourism destinations in the world, offering world-class medical care and facilities alongside diverse cultural, retail and leisure attractions. As an area with huge growth potential, the medical tourism sector is one of our primary focuses at the moment, an avenue through which we seek to further fuel the dynamic growth of the capital, in sync with the United Arab Emirates’ economic diversification plan.”

The UAE's national carrier, Etihad, boosted logistics by launching two new services to facilitate the journey for those travelling for pre-existing medical conditions. The first is an evaluation service whereby customers can be seen by one of Etihad's 12 staff doctors to receive a “fit to fly” status within one day. The second sees customers being picked up at their home or hotel, whisked through boarding and accompanied all the way to their destination by a nurse qualified in aviation and transport medicine.


Tony Douglas, Group CEO, Etihad Aviation Group, said: “Abu Dhabi has seen substantial global investment further strengthening its medical services, and we're proud to play a part in making this world-class healthcare more easily accessible.”

The Abu Dhabi medical scene is primed to become a major regional and global player in the medical tourism market. Due to Abu Dhabi's central location, alongside its modern, world-class healthcare facilities and doctors, it is well-positioned to become an attractive option for patients in the Middle East, Russia and China, not to mention the rest of the globe. ✨



DRIVING INNOVATION

Bill Gates' recent visit to Abu Dhabi highlighted a common link between the Co-chair of the Bill & Melinda Gates Foundation and the UAE: both are committed to accelerating innovation.



When the world's richest man admits that the potentially groundbreaking ventures he supports have only a 50% chance of success, the risky nature of innovation is brought starkly into contrast.

Speaking to journalists after appearing at the recent Reaching the Last Mile Forum in Abu Dhabi, Bill Gates, Co-chair of the Bill & Melinda Gates Foundation, said: "Many people are funding innovative works because we need so many innovations to solve the problems of climate change. That's why I created Breakthrough Energy Ventures, which is investing in many early-stage companies.

"Although I love them all, I should say that there is a very high risk. So the failure rate of such companies would be over 50%. It is even harder than normal venture capital. The energy space is very difficult. But we have to accelerate the innovation."

Despite the high risk of failure, Gates embraces and thrives on innovation. It is not only a major driver of renewable energy, it is a major differentiator of companies and nations. That's why the UAE has made innovation a national priority. Its objective is to position the country as one of the most innovative nations in the world, with the UAE ranked 36th in the 2019 Global Innovation Index (up two places on 2018). It remains the highest ranking country in the Arab world and is among the list of high income countries that have markedly increased investment in research and development.



† H.H. Sheikh Mohamed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces, received Bill Gates, Co-chair of the Bill and Melinda Gates Foundation, at the Louvre Abu Dhabi

“Our solid global innovation performance has given us the confidence to further embark on an ambitious innovation programme with short-term initiatives to boost our global innovation ranking and longer-term transformational initiatives to become among the top global innovation leaders,” said His Excellency Sultan bin Saeed Al Mansouri, the UAE’s Minister of Economy, following the release of the latest Global Innovation Index.

“With this in mind, newer initiatives will be rolled out with the chief goal of further expanding fundamental and applied research conducted in the country and linking it to robust financing mechanisms.

“In addition, the country is looking to enhance the knowledge economy by amplifying the number of intellectual property (IP) applications and registrations made inside the UAE through the attraction of foreign companies and the introduction of licences for IP holding companies.”

The country’s focus on innovation is centred on four main areas: implementing a sustainable investment plan in the UAE’s human capital; driving economic development away from the oil sector; enhancing the UAE’s global competitiveness; and introducing corporate methodologies and a culture for innovation.

One of the key elements driving this mission is the UAE National Innovation Strategy, which provides a broad vision across multiple sectors.

Launched five years ago, the strategy is dedicated to the establishment of a stimulating environment for innovation in the form of supportive institutions and laws. That means innovation incubators as well as the technological infrastructure to fuel innovation in all sectors. It is also focused on developing government innovation by institutionalising innovative practices and encouraging the private sector to establish scientific research centres, to adopt new technologies, and to develop innovative products and services.



“ALTHOUGH I LOVE THEM ALL, I SHOULD SAY THAT THERE IS A VERY HIGH RISK. SO THE FAILURE RATE OF SUCH COMPANIES WOULD BE OVER 50%. IT IS EVEN HARDER THAN NORMAL VENTURE CAPITAL. THE ENERGY SPACE IS VERY DIFFICULT. BUT WE HAVE TO ACCELERATE THE INNOVATION”

BILL GATES,
CO-CHAIR, THE BILL & MELINDA GATES FOUNDATION



In essence, the government sees innovation as a key driver of economic development. As a result, a growing number of incubators, accelerators and creative spaces have been launched over the course of the past few years, offering support for tech start-ups and entrepreneurs across the country. Amongst them are in5, an enabling platform launched by the Tecom Group; Dtec, the largest start-up campus in the Middle East; and Krypto Labs, an all-in-one business incubator, accelerator and co-working space based in Masdar City.

“The UAE is already the most innovative Arab nation,” said His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE, and Ruler of Dubai, when the UAE National Innovation Strategy was launched. “We want to be among the most innovative nations in the world.”

Much of this focus on innovation is centred on seven key sectors – transport, education, health, technology, water, space and renewable energy. The latter has already witnessed considerable success thanks to Abu Dhabi’s Masdar City and Noor Abu Dhabi, the world’s largest solar project. Last year, an Etihad Airways flight from Abu Dhabi to Amsterdam also became the world’s first commercial flight to be partially fuelled by biofuel derived from plants grown in saltwater.

The UAE government’s commitment to innovation has had a knock-on effect, with many government entities establishing their own internal innovation centres or labs. The Telecommunications Regulatory Authority, for example, has the Centre of Digital Innovation, which seeks

↑ An Etihad Airways flight from Abu Dhabi to Amsterdam also became the world’s first commercial flight to be partially fuelled by biofuel derived from plants grown in saltwater

↓ EBTIC is an ICT research and innovation centre established by Etisalat

to provide government entities with services that contribute to mobile application development. In doing so, it has signed co-operation agreements with companies such as Apple, BlackBerry, Android and Microsoft to provide cutting-edge technologies to government departments.

Many of the UAE’s private sector companies are also driving innovation. Emirates NBD piloted and tested cross border payment over blockchain in 2016, launched its Future Lab the same year, and rolled out face banking in 2017. Etihad Airways and Microsoft opened the region’s first ever in-house AI Academy in January last year, while an AI Skills Academy was launched in partnership with the Higher Colleges of Technology in April.

A growing number of partnerships with academia and technology firms are helping to drive innovation, too. For example, EBTIC is an ICT research and innovation centre established by Etisalat, the UK’s BT and Khalifa University. Supported by the ICT Fund, its aim is to advance intelligent systems technologies for Next Generation Networks (NGNs) and NGN-enabled ICT applications and services. The idea is to establish the support infrastructure needed to facilitate, develop and enable the digital networked economy in the UAE and beyond.

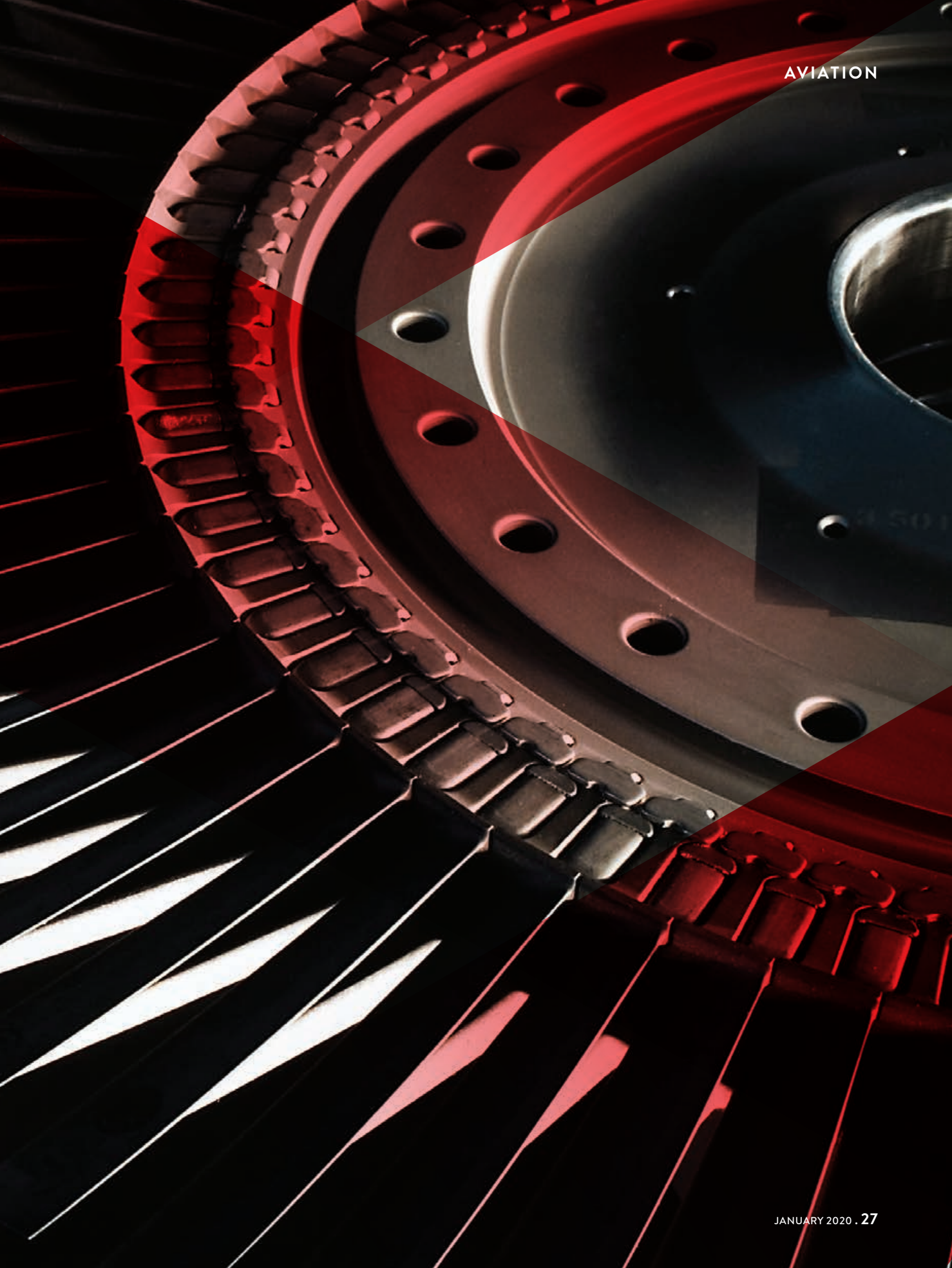
“Our efforts are aligned with other strategies that were launched by our government such as the National Strategy for Advanced Innovation and the UAE Strategy for the Fourth Industrial Revolution,” said H.E. Al Mansouri. “We constantly aim at boosting the UAE’s innovation ecosystem in order to ensure that the country remains at the forefront of the latest technological advances.” 🌟





Abu Dhabi is eager to make its mark in the global aviation and aerospace industry by strengthening its existing capabilities and creating a strong platform for future growth.

MUBADALA'S AEROSPACE PLANS TAKE OFF



Abu Dhabi's sovereign wealth fund Mubadala Investment Company is creating a new entity to develop the Emirate's aerospace and industrial industry.

Sanada, the new industrial aviation champion, will integrate Sanad Aero-tech, the specialist aircraft engine maintenance, repair and overhaul, or MRO, business, Sanad Powertech, the energy and industrial MRO service provider, and Sanad Capital (formerly known as Sanad Aero Solutions), a leasing partner for the global aerospace industry.

"Sanad will spearhead Mubadala's strategic investments in key technologies and capabilities to enhance and strengthen its global positioning," said Badr Al Olama, Head of Mubadala Aerospace, as he unveiled plans for the new entity. "We will invest, employ and deploy Fourth Industrial Revolution technologies to transform our global offering to customers.

"Consolidating our businesses is pivotal to our vision, as we look to unlock synergies across the entire aviation value chain. Our leadership team has a strong track record of delivering value and the creation of this group is a new milestone that will reinvent the customer experience," Al Olama noted.

The move is part of a wider realignment of some of Mubadala's aerospace division. In May, the company's Turbine Services & Solutions

(TS&S) was rebranded as Sanad Aerotech. The division builds on three decades of maintenance, repair and overhaul services to aircraft engines, gas turbines and equipment.

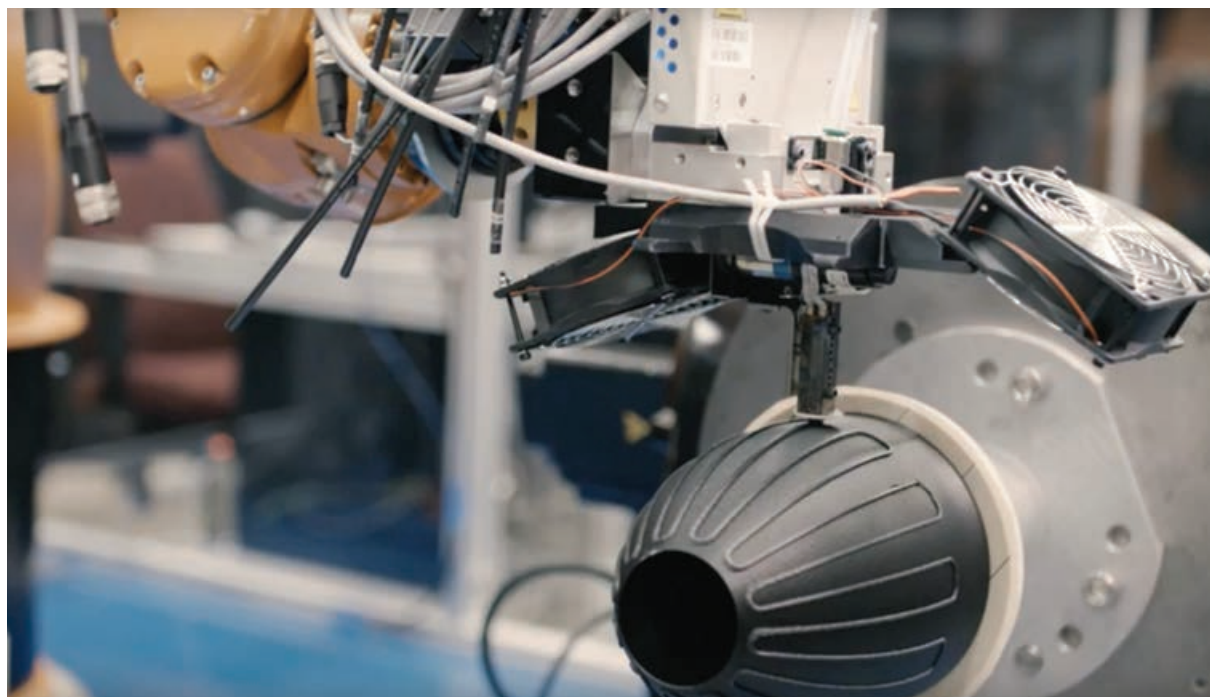
The aerospace division is one of the key growth areas for Mubadala as it aims to transform Abu Dhabi's economy and create new sectors driven by technology and innovation. In 2018, Mubadala invested just over AED70 billion of additional and recycled capital across the Group's existing investment sectors, including technology, aerospace, commodities and financial services, as well as new sectors, including medtech, pharma and agribusiness.

The company now has AED841 billion in assets under management, according to its 2018 Annual Review.

"Technological disruption is creating the potential for value across all sectors, which is an opportunity for us to deepen our position as a major global investor," said Group Chief Executive Officer and Managing Director, His Excellency Khaldoon Khalifa Al Mubarak. "We are also activating our investments and relationships to establish Abu Dhabi as the technology hub for the MENA region."

The focus on aerospace helps Abu Dhabi and Mubadala to tap into a burgeoning aviation services market.

↓ The use of additive manufacturing (3D-printing) in the aerospace and defense industry has increased over the last several years





THE AEROSPACE DIVISION IS ONE OF THE KEY GROWTH AREAS FOR MUBADALA AS IT AIMS TO TRANSFORM ABU DHABI'S ECONOMY AND CREATE NEW SECTORS DRIVEN BY TECHNOLOGY AND INNOVATION



AVIATION SERVICES MARKET

The Middle East will drive more than 8% of global demand for aviation services, representing \$745 billion, and growing at a projected 4.6% annually, according to US aircraft maker Boeing.

The region will also require nearly 218,000 new personnel – 60,000 pilots, 63,000 technicians and 95,000 cabin crew over the next 20 years, according to Boeing.

“The Middle East is an unmatched location to connect the growing markets of Asia, Europe and Africa. This feeds the appetite in the region for new commercial airplanes and the services to operate and maintain those jets,” said Ihssane Mounir, Senior Vice President of Commercial Sales & Marketing at the aviation company.

The Middle East market will grow nearly twice as fast as North America, driven by interior modifications as the airlines compete for business and try to capture ancillary revenues over the next decade, according to Boeing’s Services Market Outlook 2019-2028.

The industry will benefit from parts and supply chain, driven by growing fleets, utilization and aging aircraft.

“The use of additive manufacturing (3D-printing) in the aerospace and defense industry has increased over the last several years. Printing of complex aircraft components instead of assembling them from various parts will gradually become a common industry standard,” Boeing noted.

↑ Strata’s technological prowess and reputation is growing after the unit delivered its first set of Empennage Ribs for the 777X

“CONSOLIDATING OUR BUSINESSES IS PIVOTAL TO OUR VISION, AS WE LOOK TO UNLOCK SYNERGIES ACROSS THE ENTIRE AVIATION VALUE CHAIN. OUR LEADERSHIP TEAM HAS A STRONG TRACK RECORD

OF DELIVERING VALUE AND THE CREATION OF THIS GROUP IS A NEW MILESTONE THAT WILL REINVENT THE CUSTOMER EXPERIENCE”



BADR AL OLAMA,
HEAD OF MUBADALA AEROSPACE

“As the technology, sophistication and acceptance of additive manufacturing improves, it will evolve from being used on non-critical flight components to being a common approach to deliver and manufacture high quality parts, with lower turnaround times and reduced cost.”

Abu Dhabi aims to capture a piece of the growing market and is investing heavily in aviation technologies to stay ahead of the curve.

“With the emergence of evolving business models and technical innovation, characterized by the Fourth Industrial Revolution, the new Sanad Powertech positioning will also see the



← Sanad Powertech will harness trends such as 3D printing, automation and artificial intelligence (AI) in its continued drive to create value for customers

organisation harness trends such as 3D printing, automation and artificial intelligence (AI) in its continued drive to create value for customers,” the company said.

The newly aligned entity has already had some early wins. In November, Sanad Aerotech struck a deal with GE Aviation to provide maintenance services for the next-generation of narrow body and wide body aircraft from the renowned aviation engine maker.

SA will provide MRO services to the US company’s 315 GENx engines until 2035, and quick turnaround on 237 LEAP engines until 2030 at its Abu Dhabi location.

Strata Manufacturing, Mubadala’s advanced composite aero-structures manufacturing unit, also secured a 10-year contract with Composites Technology Research Malaysia, or CTRM, for the supply of composite detail aircraft parts. The first shipment is set to arrive at Strata’s Nibras Al Ain Aerospace Park production facility in the second quarter of 2020.

Indeed, Strata’s technological prowess and reputation is growing after the unit delivered its first set of Empennage Ribs for the 777X, the world’s largest and most efficient twin-engine jet produced by Boeing, also in November.

Strata is the first composite aero structures supplier to Boeing in the Arab world and has forged strong ties with the aircraft maker over the past decade.

The new Boeing 777X is the world’s largest and most-efficient twin-engine jet, which has cut fuel reduction by 10% and decreased operating costs for airlines by another 10%. Strata’s contribution to this global aviation is a strong testament to Mubadala’s success in value-added innovative products being built in the UAE.

“As we embark on our second decade of operations, this milestone delivery is a new chapter in our ongoing success story with a long-trusted partner such as Boeing,” said Ismail Ali Abdulla, Chief Executive Officer, Strata. “With our recent adoption of digital and Industry 4.0 technologies, Strata’s provision of world-class composite aero-structure components to industry-leading aircraft OEMs is championing the UAE’s global aerospace ambitions.”




↑ Sanad Aerotech struck a deal with GE Aviation to provide maintenance services for the next-generation of narrow body and wide body aircraft from the renowned aviation engine maker



CONTINENTAL SHIFT

*Rapid transformation
of Africa's economy is
piquing the interest
of major long-term
investors such as ADIA.*



Africa is widely considered the last major frontier for growth. Resource-rich lands, massive scope for infrastructure investments and a determined, young population eager to write the chapter of the continent's economy make for a compelling investment case.

The continent, of course, is a diverse melting pot of varied nations that's expected to see its combined gross domestic product rise multifold to \$15 trillion by 2060, from \$1.7 trillion in 2010, according to the African Development Bank.

The continent will see annual average growth rate of between 5% and 6% over the next few decades – among the fastest growth rates in the world – with its population rising to 2.7 billion by 2060.

The continent will also reap the rewards of the demographic dividend. The continent's emerging middle class, which some estimates equate roughly to the size of the middle class in India or China, will continue to grow from 355 million (34% of Africa's population) in 2010 to 1.1 billion (42% of the population) by 2060, AfDB notes.

“By 2030, Africa will likely reach \$2.2 trillion in annual expenditures and comprise about 3% of worldwide consumption,” said AfDB.

But to prosper and fulfil its promise, the continent will need trillions of dollars in financing and foreign direct investment.

To that end, the Abu Dhabi Investment Authority (ADIA) recently organised a two-day African Investment Summit (AIS) in the Emirate that sought to start dialogue between global long-term investors and Africa-based sovereign wealth funds, financial institutions and corporations.

More than 180 executives of global institutional investors, Africa-focused fund managers and other stakeholders attended the presentations and workshops, aimed at exploring various investment opportunities in the continent.

“With young and rapidly growing populations and an emerging middle class, Africa is an increasingly important and attractive market for investors,” said His Highness Sheikh Hamed bin Zayed Al Nahyan, Managing Director of ADIA. “With their long-term outlooks, sovereign wealth funds and other long-term asset owners make ideal investment partners for African organisations seeking stable capital. By bringing these diverse groups together, the AIS aims to identify areas of mutual interest and seek ways to overcome barriers that are hindering long-term investment into the continent.”

ADIA has been eyeing investment opportunities in emerging markets. The sovereign wealth fund's 2018 Annual Review shows emerging market equities constitute 15% – 25% of the fund's portfolio over the long term.



A NEW TRADE DEAL

Long-term investors such as ADIA are also eyeing the newly-minted African Continental Free Trade Area agreement, which opens many African economies and creates new investment and business opportunities.

The free trade deal involves 54 nations with a combined population of more than a billion people and gross domestic product surpassing \$3.4 trillion, making it collectively the fourth biggest economy among G20 nations.

The deal, signed in Kigali, Rwanda, in 2018, goes a long way in realizing the vision of the African Union and its Agenda 2063 to create

↑ Africa is overcoming the historic fragmentation and isolation of her economies by opening up huge commercial opportunities

“an integrated, prosperous and peaceful Africa, driven by its citizens, representing a dynamic force in the global arena.”

But the Continental Free Trade Area agreement is the start of a journey rather than its culmination. Creating a single continental market for goods and services, with free movement of business persons and investments across more than 50 varied nations with different regulatory, political and economic imperatives remains a work in progress.

“In launching the African Continental Free Trade Area and making it work, Africa is overcoming the historic fragmentation and isolation of her economies by opening up huge commercial opportunities, as well as improving transport and communication linkages among our countries,” according to the African Union.

“WITH YOUNG AND RAPIDLY GROWING POPULATIONS AND AN EMERGING MIDDLE CLASS, AFRICA IS AN INCREASINGLY IMPORTANT AND ATTRACTIVE MARKET FOR INVESTORS”

**H.H. SHEIKH HAMED
BIN ZAYED AL NAHYAN,
MANAGING DIRECTOR,
ADIA**



INVESTMENT POTENTIAL

In recent years, UAE companies have invested heavily in African companies and assets. In 2019, the UAE's Emirates Global Aluminium recently received its first shipment of bauxite ore from its \$1.4 billion mine in Guinea. The western African state will earn \$700 million annually from the development. In 2018, the UAE also agreed to invest \$10 billion in South Africa's economy, including in areas of tourism and mining sectors.

Abu Dhabi Fund for Development (ADFD) is also an active investor in social and infrastructure projects and has spent an estimated

AED23 billion across 39 African states. ADFD has also invested in eight companies and two private equity funds to boost a variety of sectors on the African continent.

Last summer, ADFD signed a deal to create a \$100 million fund for innovation and entrepreneurship in Ethiopia. The UAE government also pledged a total of \$3 billion in aid and investments to the promising East African state in 2018 to support the government's reform efforts. The UAE has also announced plans to finance a pipeline project linking Addis Ababa in Ethiopia to Assab in Eritrea.

"Ethiopia is an important trade and investment partner for the UAE in East Africa," said His Excellency Sultan bin Saeed Al Mansouri, Minister of Economy, during the visit of Ethiopia's Minister of Trade and Industry, Fetlework Gebre-Egziabhe.

"The country has a large and emerging consumer market of up to 100 million people with promising economic potential and enormous, diverse resources that are still much untapped in a number of sectors," said

↓ Etisalat facilitated the launch of Moov Money, expanding access to contactless payments and QR code technologies



H.E. Al Mansouri during the meeting, noting that Ethiopia is an "essential gate for the UAE's investments in East African markets".

Etisalat, meanwhile, has made direct investments in African telecom providers such as Moov, Onatel, Sotelma and Gabon Telecom, generating revenue of roughly \$3.7 billion in 2018. The company generated 15.4% of its revenues from Morocco, the second largest source after the UAE, and 5.4% from Egypt.

In Benin, Etisalat facilitated the launch of Moov Money, expanding access to contactless payments and QR code technologies. As other African telecommunications sectors opens up to foreign investors, Etisalat is among the potential entrants.

Last year, Etisalat unit Maroc Telecom Group launched a regional campaign across Gabon Telecom, Malitel, Moov and Onatel, which enabled the telecom provider to gain more and more renown as an innovative pan-African group dedicated to the well-being of African populations, and playing an active role in African telecommunications and new technologies.

Latest available data from the International Trade Centre shows UAE exports to African nations more than doubled to \$23.4 billion in 2018. The majority of the exports were focused on petroleum products, mobile phones and cellular networks and motor vehicles, according to ITC data, calculated in collaboration with the European Union and UN Comtrade.

UAE imports from Africa stood at \$24 billion in 2018, led by gold, diamonds and copper. The UAE was also a major conduit for goods into Africa, accounting for \$11.3 billion in re-exports.

The business and investment opportunities are what will drive investors such as ADIA to invest in the continent.

"As businesses on the continent scale up, foreign investors are playing an important role on two fronts: building infrastructure that enables African businesses to scale and investing directly in SMEs to facilitate growth," said an Economist Intelligence Unit report. "Particularly from the GCC, a host of companies have identified robust opportunities for investment and expansion of their businesses." 🌟



← Emirates Global Aluminium recently received its first shipment of bauxite ore from its \$1.4 billion mine in Guinea





CENTRAL TO THE GROWTH OF E-COMMERCE

A major project to create a state-of-the-art global air cargo centre of excellence in Abu Dhabi will further boost the UAE's vibrant e-commerce sector.

A recent study by the World Economic Forum predicted that the value of the e-commerce sector in the UAE will reach \$27.2 billion by 2020 – double what it was in 2016. Online sales are also booming, with 2019 considered a breakthrough year for the country's e-commerce market.

None of which should come as any surprise. The UAE is the fastest growing e-commerce market in the Middle East and North Africa (MENA), according to a recent report by Visa, with the country not only a hub for e-commerce growth but the most advanced e-commerce market in the region.

The Ministry of Economy estimates that e-commerce currently constitutes 10% of total sales in the UAE. That figure is expected to increase rapidly as online sales grow by an average of 23% a year until 2022, according to a 2018 MENA e-commerce report by Fitch Solutions.

At the forefront of this growth are companies such as Amazon and Noon. When Amazon completed its purchase of the UAE-based e-commerce platform Souq.com in July 2017, its sale signalled a turning point in the country's e-commerce economy. Amazon paid an estimated \$580 million for Souq, a company that had begun life as a simple auction site back in 2005. Its acquisition paved the way for the US technology giant's entry into the MENA region and for concentrated growth of the e-commerce market.



← Souq's co-founder Ronaldo Mouchawar

In April, two years after its purchase of Souq, Amazon launched a new Middle East marketplace, with Souq.com rebranded as Amazon.ae. At the time, Souq's co-founder, Ronaldo Mouchawar, said the service would sell over 30 million products, "including those available on Souq and five million products from Amazon US".

Central to the growth of e-commerce is not only the technology that enables it, but a digitally-engaged population with one of the highest rates of mobile penetration in the world. The UAE government also views technology and knowledge as a key driver of economic development, offering support for tech start-ups and entrepreneurs

across the country and encouraging innovation in everything from online shopping to logistics.

Logistics is at the heart of the boom in e-commerce. "Improving logistics has been identified as a key driver for e-commerce growth," said Visa in its report, *The UAE's E-Commerce Landscape*. "Moving away from solutions typically orientated to brick and mortar sales, retailers have fine-tuned e-commerce logistics to support growth and scale. The e-commerce supply chain has a different set of opportunities and challenges compared to traditional stores. This is being addressed by technological innovation within the logistics and manufacturing sectors."

As the region's fastest growing e-commerce market, the UAE is a focal point for logistics and distribution, with Abu Dhabi well positioned to exploit the growth in e-commerce. Late last year, Abu Dhabi Airports and Etihad Cargo, the cargo and logistics services arm of the Etihad Aviation Group, announced a major project to enhance Abu Dhabi International Airport into a state-of-the-art global air cargo centre of excellence.

The two entities will implement a multi-phased cargo infrastructure development strategy, starting with the imminent upgrade of Etihad's existing air cargo terminal facilities on the Southside airport perimeters. The programme will culminate in the inauguration of Etihad Cargo's future home – a new state-of-the-art air cargo terminal in the East Midfield section of the airport. The area has been designated by

↓ Abu Dhabi Airports and Etihad Cargo announced a major project to enhance Abu Dhabi International Airport into a state-of-the-art global air cargo centre of excellence





Abu Dhabi Airports for future integrated cargo, logistics and integrator activities.

“Geographically, Abu Dhabi is situated at the heart of the East to West trade routes,” said Bryan Thompson, Chief Executive of Abu Dhabi Airports. “Additionally, the transport and logistics fabric of the Emirate of Abu Dhabi is well planned and structured to create undeniable potential to grow the cargo traffic exponentially.

“We are putting in place the right foundations and frameworks for our future cargo activity, which in a few years will re-shape this industry for the Emirate of Abu Dhabi. Abu Dhabi is the future’s cargo hub for the region and the world.”

↑ Etihad Cargo’s future home will be a new state-of-the-art air cargo terminal in the East Midfield section of the airport

As part of the project, Abu Dhabi Airports is setting the groundworks for the first phase of a bonded, non-bonded and free zone area adjoining the airport called Al Falah Free Zone. The zone will be developed as a prime location for e-commerce fulfilment and logistics warehousing, with the goal being to transform Abu Dhabi into a ‘globally recognised, multi-modal cargo hub driving sustainable economic growth in the Emirate’.

The upgrading of the Southside Etihad cargo facilities has already commenced. Meanwhile, Abu Dhabi Airports and Etihad Cargo are gearing up to invite expressions of interest to bid for the design and construction of Etihad Cargo’s next generation facility in the East Midfield section of the airport. The facility will be designed to handle incremental UAE import and export demand, boost Etihad’s growing cargo network flows, and cater to the significant rise in e-commerce, express mail and cargo operations.

Tony Douglas, the Group Chief Executive of Etihad Aviation Group, said the enhancement of Abu Dhabi International Airport was “a major milestone in the development of Etihad Cargo’s logistics strategy that will see our hub continue to grow as one of the world’s most important trade facilitators connecting East and West”.

He added: “The immediate investment in the Southside terminal will deliver a step change in the efficiency and capability of our existing facilities while the announcement of the development of a new facility reinforces Etihad’s commitment to develop Abu Dhabi as a world-class hub for the logistics of the future.”

Contributing to the growth in both logistics and e-commerce are established courier companies such as Aramex, which recently partnered with retail outlets to support last mile delivery, and newer ventures such as the GPS-based shipping app Fetchr.” 🌟

“THE IMMEDIATE INVESTMENT IN THE SOUTHSIDE TERMINAL WILL DELIVER A STEP CHANGE IN THE EFFICIENCY AND CAPABILITY OF OUR EXISTING FACILITIES WHILE THE ANNOUNCEMENT OF THE DEVELOPMENT OF A NEW FACILITY REINFORCES ETIHAD’S COMMITMENT TO DEVELOP ABU DHABI AS A WORLD-CLASS HUB FOR THE LOGISTICS OF THE FUTURE”

TONY DOUGLAS, GROUP CHIEF EXECUTIVE, ETIHAD AVIATION GROUP







ACROSS THE SUEZ

The UAE and Egypt have struck a strategic \$20 billion investment partnership, as the two Arab nations look to increase their bilateral trade and economic activities.



Abu Dhabi Development Holding Company and Misr Sovereign Fund agreed to create a strategic investment platform worth \$20 billion, during Egyptian President Abdel Fattah El Sisi's visit to Abu Dhabi recently.

The two investment firms said they are eyeing joint investment projects and creation of specialist funds and investment tools in manufacturing, conventional and renewable energy, technology, food, real estate, tourism, healthcare, logistics, financial services and infrastructure, among others.

The agreement was signed by His Excellency Dr. Sultan bin Ahmed Al Jaber, the UAE's Minister of State, and Dr. Hala Helmy Al Saeed, Egyptian Minister of Planning, Follow-up and Administrative Reform and Chairperson of the Egyptian Sovereign Fund.

"This agreement reflects the strong ties between Egypt and the UAE since the era of the late Sheikh Zayed bin Sultan Al Nahyan that are based on prioritising development and social

services and achieving the Sustainable Development Strategy 2030, in line with the vision of President El Sisi and his support for this partnership, which will increase the participation of the private sector in the Egyptian economy, as a key driver of economic growth," said Dr. Al Saeed.

Egypt has emerged as a major investment destination for UAE companies over the years. The UAE was the biggest source of foreign investment in Egypt in 2018, with foreign direct investments of AED24.3 billion by 990 Emirati companies, according to His Excellency Eng. Sultan bin Saeed Al Mansouri, the UAE's Minister of Economy.

Bilateral non-oil trade between the two countries has surged in the past decade, rising 14.6% in 2018 to \$5.5 billion, compared to 2017. Egypt is the UAE's sixth-leading trading partner in the Middle East, and 21st in the world, while the UAE is Egypt's second-leading trading partner in the Arab region and tenth in the world.



Photo: WAM

↑ H.H. Sheikh Mohamed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces, and Abdel Fattah El Sisi, President of Egypt, attended the launch of the joint strategic investment platform worth US\$20 billion, funded equally by the Abu Dhabi Development Holding Company and the Misr Sovereign Fund.

The private sectors of the two countries are also actively seeking bilateral opportunities, with 111 Egyptian companies boasting a presence in the UAE in the form of branches, while around 23,650 Egyptian partners own local licences.

A number of UAE entities including Mubdala Development Company, Emaar Properties, Majid Al Futtaim and others have been major investors in Egypt across various sectors over the years.

↓ Mubadala Petroleum acquired a 20% stake in Italian company Eni ASA's Nour North Sinai Offshore Area, an offshore exploration block in Egypt



In late 2018, Mubadala Petroleum acquired a 20% stake in Italian company Eni ASA's Nour North Sinai Offshore Area, an offshore exploration block in Egypt. The deal was Mubadala Petroleum's second acquisition in the country, after it acquired a 10% interest from Eni in the Shorouk concession, which contains the prolific Zohr gas field.

First Abu Dhabi Bank, the country's largest by assets, is considered among the biggest foreign banks in Egypt, since it first set up in the North African state in 1975. The bank provides a full range of retail and corporate banking services with a regional network covering Cairo, Alexandria, Delta, Upper Egypt and the Red Sea.

Emaar Misr, a unit of Emaar, recently awarded a AED366 million contract to UAE-based Arabtec Holding to build residential units, along with supporting infrastructure and landscaping, at Greek Village, on the north coast of Egypt.

Meanwhile, retailer Majid Al Futtaim, drawn by the country's rising demographics, said it will open 12 new Carrefour hypermarkets in Egypt this year.

Aldar Properties also recently suggested it was eyeing expansion in the North African country.

Figures from the Statistics Centre-Abu Dhabi reveal that in 2018 Abu Dhabi National Oil Company also raised exports of refined petroleum products to Egypt to 455,000 metric tonnes, a multifold increase compared to just under 21,000 metric tonnes the previous year.

Meanwhile, Abu Dhabi's overall non-oil exports to Egypt jumped to AED732 million in the first eight months of 2019, an 8.2% increase over the previous period. The Emirate also saw goods from Egypt increase to AED383 million, a 102.5% increase during the same period, government data shows.

STRONG ECONOMY

Egypt's economy is in the midst of a strong growth phase, with real GDP growth reaching 5.6% in the fiscal year 2019, up from 5.3% in the previous fiscal year. Growth in the Arab World's most populous economy was driven by strong export earnings, as goods and services exports rose in tandem with a contraction of oil imports, thanks to surging domestic natural gas production, according to the World Bank.

Egypt's economic and social reforms over the years, and the \$12 billion extended fund facility from the International Monetary Fund, has transformed the economy's prospects, which has led to a surge of foreign direct investment.



↑ Retailer Majid Al Futtaini it will open 12 new Carrefour hypermarkets in Egypt this year

“The macroeconomic situation has improved markedly since 2016, supported by the authorities’ strong ownership of their reform programme and decisive upfront policy actions,” the IMF said in a June report.

“Critical macroeconomic reforms have been successful in correcting large external and domestic imbalances, achieving macroeconomic stabilization and a recovery in growth and employment, and putting public debt on a clearly declining trajectory.”

The United Nations Conference on Trade and Development's latest World Investment Report shows Egypt remained Africa's largest foreign direct investment recipient in 2018, with investments totaling \$6.8 billion.

Private investment is also picking up. On the sectoral side, gas extractives, tourism, wholesale and retail trade, real estate and construction have been the main drivers of growth.

The surging economic growth helped bring down unemployment figures to 7.5% in the fourth quarter of fiscal year 2019, compared to 9.9% a year earlier.

“Assuming a continuation of macroeconomic reforms and a gradual improvement in the business environment, economic growth is expected to reach 6% by FY21, supported by a recovery in private consumption, investments and exports (notably in tourism and gas),” said the World Bank. 🌟



↑ Emaar Misr recently awarded a AED366 million contract to UAE-based Arabtec Holding to build residential units and infrastructure at Greek Village, on the north coast of Egypt



GOING BEYOND FINANCIAL RETURNS

Abu Dhabi will launch the GCC's first Social Impact Bond in 2020, aimed at raising private investment to support social programmes.

The UAE is also eyeing sustainable investment models and leveraging its status as a regional financial services hub to play a role in boosting socially responsible investments.

As part of its ESG drive, Abu Dhabi will launch the GCC's first Social Impact Bond in 2020, aimed at raising private investment to support social programmes.

The bond will be managed by the Authority of Social Contribution, or Ma'an, which is tasked with bringing together government, private sector and civil society to support a culture of social contribution and participation.

Created in February 2019 by the Department of Community Development in Abu Dhabi, Ma'an is focused on four key areas, namely a Social Investment Fund, a Social Incubator Programme, a Social Volunteering Programme and Social Impact Bonds (SIB).

The SIB will operate on a pay-for-success basis, whereby payment relies on successful social outcomes. Ma'an will support the contractual arrangements between government departments in Abu Dhabi, social service providers and third-party investors, and track the SIB's performance and progress.

"Social service providers will have the freedom to innovate and come up with solutions that deliver the intended social outcomes," said Emirates News Agency, WAM. "Private investors, such as high net worth individuals or investment funds, will then invest in the Social Impact Bond, granting the service provider the upfront capital to deliver the social programme, and the government will pay back the investor, with interest, but only if the outcomes are achieved."

Socially-conscious and civic-minded institutional and retail investors have started to favour investments that adhere to the principles of environment, social issues and governance, or ESG.

Investors and their financial advisors are increasingly applying these non-financial factors as part of their analysis process to identify material risks and growth opportunities in companies and sectors.

Many asset owners have made commitments to responsible investment, while a number of countries have introduced regulations and codes requiring institutional investors to take account of ESG issues in their investment decision-making.

The Ma'an authority is currently reviewing 24 projects that might be eligible, and is expected to announce a series of Memorandums of Understandings with different government and private sector partners to work on the projects.

"Social Impact Bonds are a game-changer for how we think about the delivery of social programmes, putting a relentless focus on specific and measurable outcomes for the people of Abu Dhabi," said Her Excellency Salama Al Ameemi, Director General of Ma'an.

RISE OF SOCIAL BONDS

Social Impact Bonds have the capacity to contribute around \$3 trillion to meet the United Nation's Sustainable Development Goals.

According to the Brookings Institute, there were around 135 impact bonds in 28 countries as of early 2019, focused on areas such as employment, social welfare, health, education and criminal justice.

The United Nations Development Programme says it's focused on early stage exploration and financing for impact bond feasibility studies.

"These include an impact bond to reduce rhino poaching in Southern Africa, one to support tobacco farmers in Zambia transition to alternative farm and other livelihoods, and another to help dairy farmers in rural Armenia improve productivity," the UNDP noted. "The UN is also



↑ The UAE is among the signatories of the Paris Agreement that aims to strengthen the global response to the threat of climate change

developing an impact bond to halt cholera in Haiti. Many are still in the design phase, and only some will come to fruition."

Social impact bonds are part of a bigger drive by UAE and other global entities to create new investment paradigms and benchmarks for their investments that go beyond financial returns.

"Investors still don't want to compromise on their financial returns, but they are focused on impact," according to the World Bank. "By promoting greater oversight and collective ownership, and with the necessary changes in structure, SIBs can lead to better outcomes and a better society for us all."

The UAE is among the signatories of the Paris Agreement that aims to strengthen the global response to the threat of climate change by keeping global temperature rise this century well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius.



"SOCIAL IMPACT BONDS ARE A GAME-CHANGER FOR HOW WE THINK ABOUT THE DELIVERY OF SOCIAL PROGRAMMES, PUTTING A RELENTLESS FOCUS ON SPECIFIC AND MEASURABLE OUTCOMES FOR THE PEOPLE OF ABU DHABI"

**H.E. SALAMA AL AMEEMI,
DIRECTOR GENERAL OF MA'AN**



It requires countries and other parties to put forward their best efforts through nationally determined contributions (NDCs) and to strengthen these efforts in the years ahead. The UAE has pledged to pursue “a strategy of economic diversification that will yield mitigation and adaptation co-benefits”, according to its NDC.

The UAE’s financial markets are also raising their contribution to sustainable investing.

Early last year, 25 key UAE public and private entities committed to the Abu Dhabi Sustainable Finance Declaration. They included the Central Bank of the UAE, Ministry of Energy & Industry, Abu Dhabi National Oil, Abu Dhabi Department of Finance, Abu Dhabi Global Market and Etihad Aviation Group, among others.

“Together, we aim to foster a closer cooperation between the public and private sectors to develop innovative solutions and offerings that will attract and integrate sustainable and green investments,” said His Excellency Ahmed Ali Al Sayegh, UAE Minister of State, and Chairman of Abu Dhabi Global Market. “We will explore all avenues to enable financing of projects and initiatives that strengthen Abu Dhabi’s sustainable financial industry and support the UAE Vision 2021 and the UAE Green Agenda.”

Abu Dhabi Securities Exchange (ADX) and Dubai Financial Markets (DFM) are also promoting sustainability reporting among their

† The UAE’s Green Agenda consists of five strategic objectives: competitive knowledge economy, social development and quality of life, sustainable environment and valued natural resources, clean energy and climate action, and green life and sustainable use of resources

listed companies. Both exchanges are actively positioning themselves as leading sustainable financial markets in the Middle East, with ADX recently joining DFM as a member of the United Nations Sustainable Stock Exchange Initiative (SSE).

Also in 2019, ADX introduced 31 guiding principles for listed companies, to raise the standard of governance among the country’s major companies. The guidelines are in line with the recommendations of the United Nations Sustainable Stock Exchanges Initiative (SSE), the World Federation of Exchanges (WFE), the Global Reporting Initiative (GRI) and the International Integrated Reporting Framework. The ADXI is now among the 46 stock exchanges that have introduced ESG guidance for listed companies.

“ADX’s plan also makes essential contributions towards the UN Sustainable Development Goals (SDGs), and the delivery of many of these targets have been enshrined in decree by the UAE cabinet through the UAE National Committee on SDGs,” said His Excellency Khalifa Salem Al Mansouri, Acting Chief Executive of ADX at the time. “This sees a number of federal level government organisations responsible for the national implementation for SDGs, towards which the new ESG disclosure guidance will make an essential contribution.” 🌟



President of Zambia and Abu Dhabi Chambers Discuss Expanding Trade Cooperation

The President of Zambia, Mr. Edgar Lungu, visited Abu Dhabi Chambers recently where he was received by His Excellency Mohammed Thani Al Rumaithi, Chairman of the Chamber.

His Excellency Ibrahim Al Mahmoud, First Deputy Chairman of Abu Dhabi Chamber, accompanied H.E. Al Rumaithi in receiving the Zambian President along with Chamber Board Members His Excellency Mubarak Al Ameri, His Excellency Ibrahim Al Khajah and Her Excellency Reed Al Dhaheri.

His Excellency Mohamed Helal Al Mheiri, Director General of the Abu Dhabi Chamber, and His Excellency Khalifa Abdul Rahman Al Marzouqi, UAE Ambassador to Zambia, also attended the meeting.

Both sides discussed expanding trade cooperation in pivotal sectors, including energy and water resources.

President Lungu extended an invitation to Abu Dhabi Chamber and its members to visit Zambia, pointing to the many investment opportunities his country provides. He pointed out that Zambia is one of the most stable countries in the African continent with legislations that facilitate foreign investment.

H.E. Al Rumaithi expressed his pleasure at the visit of President Lungu and his accompanying delegation, and emphasized the need for the private sector to explore the business environment in both countries and to promote available investment opportunities.

H.E. Al Rumaithi proposed organizing an Emirati-Zambian investment forum in Zambia, which would give the opportunity for Emirati businessmen and investors to take a closer look at the available investment opportunities and the most promising sectors in the country.

Small and Medium Enterprises Take Part in Training Workshop

One of the important initiatives driven by Abu Dhabi Chamber, the Small and Medium Enterprises Award confirms the Chamber's commitment as a strategic partner in the success and excellence of small, medium and emerging enterprises in the Emirate of Abu Dhabi.

As part of the award, an integrated programme has been prepared to enable owners of small, medium and emerging enterprises and companies to properly prepare and plan their work by adopting a proven global business model used

by institutions recognized for excellence and success at a global level.

More than 45 people, including 15 representatives of small- and medium-sized enterprises, recently took part in a training workshop set up by the Chamber. It was presented by Strategyzer Company, the organization that developed the business model and the value-added model on which the award is built.

During the workshop, the components of the business model and how they are related to each other were

explained. Participants heard that the business model was designed to lead to innovation in all aspects of a business and to ensure the ability of small and medium enterprises to occupy their position in the business field and adopt their strategy of competition and sustainability.

The recent workshop provided an example of how the Chamber continues its role to empower and stimulate the business sector in order to create a sustainable diversification of the Emirate's economy.



Abu Dhabi Chamber Supports SIAL Exhibition

Abu Dhabi Chamber of Commerce and Industry took part in the recent SIAL Middle East 2019 exhibition – the most important trade event in the food and beverage and hospitality sector at regional level.

The tenth edition of the exhibition, held under the banner ‘Restructuring Innovation in the Food, Beverage and Hospitality Sector’, attracted 23,000 industry participants and visitors – 13% higher footfall than the previous year, according to state news agency WAM.

WAM also reported that trade deals worth over AED7 billion were recorded at the three-day event.

As a strategic sponsor, the Chamber provided support to companies participating in the event and its members in the food and agricultural products sector, as well as offering advice and guidance to potential investors.

The Chamber offered advice on many aspects of the food and beverage sector, including export development, marketing and promotion opportunities, concluding deals and mechanisms for cooperation with various stakeholders.

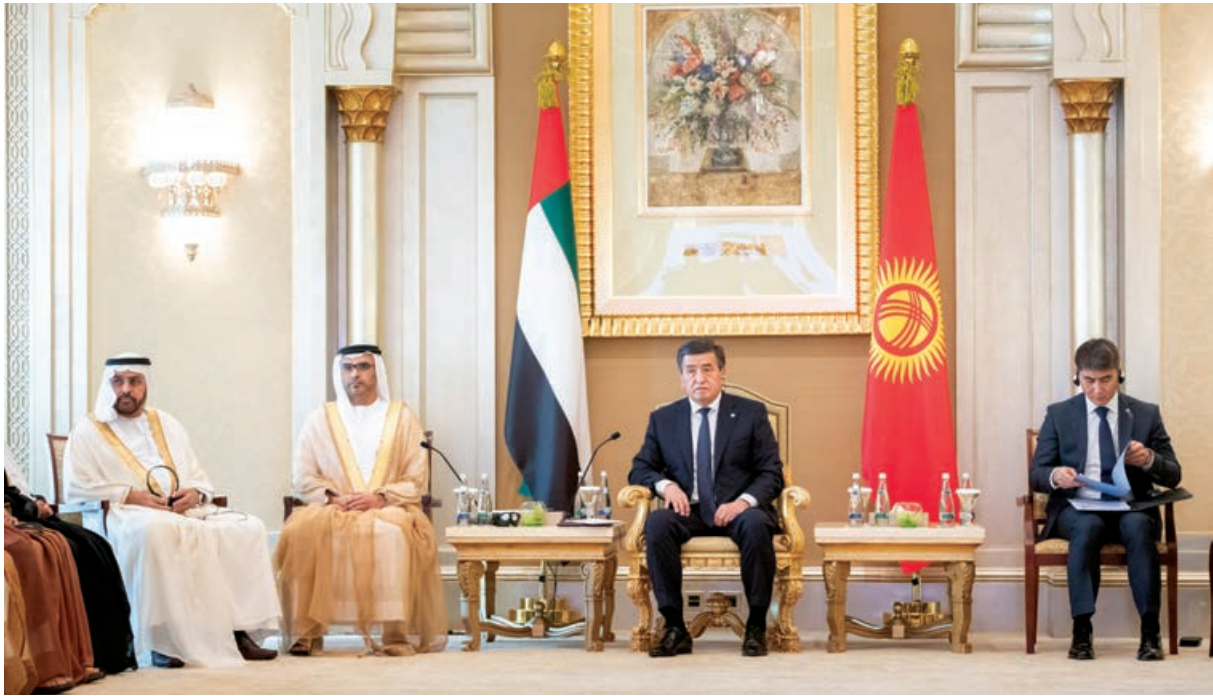
Deputy Director General of Abu Dhabi Chamber, Mr. Abdullah Ghurair Al Qubaisi stressed that the Chamber pays special attention within its strategic plan to support the food industries sector, keeping pace with the directives of the Abu Dhabi government in intensifying interest in areas of achieving food security, and finding sustainable



and innovative ways to develop this vital and important sector worldwide.

The National Council for Food Security in the UAE stipulates the strengthening of joint regional and international cooperation to meet the challenges that affect global food security and the implications imposed by climate change.

Mr. Al Qubaisi praised the great success and accomplishments of the SIAL exhibition, noting that a record number of 50 countries from around the world took part in the event – a 5% increase compared to the previous year.



President of the Kyrgyz Republic Calls for Further Economic and Investment Cooperation with the UAE

The Emirati economy has become a role model for the world. That was the message from His Excellency Soronbay Jinbekov, President of the Kyrgyz Republic, when he visited the UAE recently.

As part of the trip, President Jinbekov and the high-level ministerial and parliamentary delegation accompanying him attended a business meeting organized by the Abu Dhabi Chamber of Commerce and Industry at Emirates Palace.

During the meeting, President Jinbekov stressed his country's ambition and great endeavours to develop bilateral relations with the Emirates in a manner that enhances the interests of both sides, especially in the economic field.

He pointed out that his country had undertaken many government reforms at the economic level, which has contributed to its commercial and investment openness, and called on the Emirati business community to visit the Kyrgyz Republic and learn about the best investment opportunities available there.

The Kyrgyz President extended thanks and appreciation to Abu Dhabi Chamber and the Federation of Emirates Chambers for the warm reception the delegation had received and the well-organized visit. He added that the UAE is a beautiful country and pointed out that a large percentage of Kyrgyz citizens live in the Emirates, enjoying the security, safety and happiness the country offers.

The meeting was attended by His Excellency Majid Saif Al Ghurair, Chairman of the Board of Directors of Dubai Chamber, Saeed bin Nasser Al Talay, Chairman of the Umm Al Quwain Chamber, and Ibrahim Al Mahmoud, First Vice President of the Abu Dhabi Chamber, plus a number of board members from Abu Dhabi Chamber and Emirates Chambers. A selection of Emirati and Kyrgyz business owners and investors were also present.

In his welcoming speech, H.E. Al Ghurair, said he hoped the visit would provide an ideal opportunity to upgrade joint economic relations between the two countries and enhance ways and prospects for the development of trade and investment cooperation.

H.E. Al Ghurair added that the meeting was an exceptional opportunity to consolidate economic ties, introduce the business environment to both sides, explore opportunities for cooperation and build strategic partnerships in sectors of common interest.

The UAE is always keen on enhancing its economic, commercial and investment cooperation with the countries of Central Asia and expanding the presence of companies, products and Emirati investments in these regions, said H.E. Al Ghurair, pointing out that the volume of growing trade exchange between the UAE and Kyrgyzstan exceeded more than AED1 billion in 2018, a figure that is expected to rise.