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GULF COOPERATION COUNCIL
NEWS MONITORING REPORT
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Following news monitoring report is based on the important political, social, economic and Geo-strategic events occurred in Gulf Cooperation Council States along with a Comprehensive summary of the report.

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SUMMARY

International Front

Secretary General of the Gulf Cooperation Council (GCC) Abdelrahman Al-Attiyah on Monday condemned a recent Israeli decision to expel thousands of Palestinians from the occupied West Bank.

The spokesperson for the current Spanish EU Presidency, Cristina Gallach, said here that today's political dialogue held in Brussels between the European Union (EU) and the Gulf Cooperation Council (GCC) sets the path for more closer and intensive relations between the two sides.

ELECTRICITY from the GCC power grid could be shared with Europe to help it cope with freezing winters, an official revealed yesterday. The region only needs the spare power during the hot summer months and it would remain idle in winter, said GCC Interconnection Authority (GCCIA) chief executive officer Adnan Al Mohaisen.

In *Saudi Arabia*, a hot air balloon bearing the image of King Abdullah, Custodian of the Two Holy Mosques, beside the legend "King of Humanitarianism" and the Saudi flag took to the skies above Riyadh on Thursday as it embarked on a two-year journey taking a message of peace to 52 countries across the globe. Prince Miteb Bin Abdullah, National Guard Vice-President for Executive Affairs and Deputy Chair for the Janadriya High Committee launched the balloon, which is captained by Emirati Abdul Aziz Al-Mansouri, from Janadriya Village to the north of the capital.

Syrian baby girl Sarah, who underwent a parasitic twin separation operation at Riyadh's King Abdulaziz Medical City on April 8, with her parents after leaving intensive care on Thursday.

King Abdullah, Custodian of the Two Holy Mosques, is to discuss with the Vietnamese President Nguyen Minh Triet Saturday means of developing political and economic relations between the two countries.

Prince Salman Bin Abdul Aziz, Emir of Riyadh region, arrived here Sunday starting his four-day official visit to discuss with Indian President Pratibha Patil international developments and bilateral relations. Prince Salman met Indian President Pratibha Patil and Vice-President Hamid Ansari to discuss international and national developments and bilateral relations. "Given our common interests and concerns, our capabilities and needs, the two countries are poised for a qualitatively substantive and stronger relationship.

Prince Muqrin Bin Abdul Aziz, President of General Intelligence, and head of the delegation of Saudi Arabia to the Nuclear Security Summit here, has stressed that Saudi Arabia's position has been firm and clear that the Middle East region should be free from all weapons of mass destruction, especially nuclear weapons. Prince Muqrin was talking to reporters on the sidelines of the summit here on Monday.

Leading businessmen and corporate lawyers in the Eastern Province have agreed to cooperate with the Bahrain Chamber for Dispute Resolution (BCDR) in the resolution of disputes arising between members of the private business sectors of Saudi Arabia and Bahrain.

Iraqi President Jalal Talabani on a visit to Saudi Arabia on Sunday said King Abdullah expressed his wish for a government comprising all Iraq's politicians after an indecisive March 7 general election. 'The aspiration of all Arabs is that all Iraqis will participate in

the running of their country,' said the king, according to a statement issued by Talabani's office.

Saudi Arabia has announced it will fund the construction of 25 schools in e Turkey's eastern province, which was jolted on March 8 by an earthquake measuring 6.0 on the Richter scale, killing at least 57 people and injuring dozens of others.

Crown Prince Haakon of Norway said **UAE** has shown a clear determination to play an active role in defining global solutions to the climate challenge. "I can assure you that Norway will work with the UAE on the climate agenda and the renewable energy agenda. Both our countries strive to build peace through active diplomacy.

His Highness Sheikh Mohammed bin Zayed Al Nahyan, the Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces, yesterday met with HE President Nicholas Sarkozy of France and HE Lee Hsien Loong of Singapore.

The UAE and Oman have agreed to step up operations against infiltrators and drug smugglers across borders as these activities pose threat to the security and stability of the two neighbouring countries.

THE **Bahraini-Saudi** Friendship and Brotherhood Committee welcomed the visit of Custodian of the Two Holy Mosques King Abdullah bin Abdulaziz Al Saud to Bahrain. It said that the visit reflects strong historical brotherly ties binding the countries' leaderships and peoples.

IRAN and Bahrain are moving forward to strengthen economic ties, starting with a major gas exporting project to be signed soon, a top Iranian official revealed yesterday. Technicians and experts from both countries have made good progress on preparing for the project, said Iranian First Deputy President's Assistant Dr Ali Agha Mohammadi. He was speaking at a Press conference held yesterday at the Ritz Carlton Hotel and Spa. "Both sides have agreed on various technical aspects.

Qatar plans to do away with the visa-on-arrival facility for expatriates resident in other GCC countries from May 1. Expatriates holding valid residency permit of other GCC states would instead need to apply for an entry visa for Qatar in advance. 'Arabian Business' website reported yesterday that entry visa rules which have been in place for expatriates resident in other GCC states were being revised by Qatar.

In **Oman**, Sultan Qaboos Bin Said on Monday received Turkish President Abdullah Gul who arrived in the Sultanate earlier today on a scheduled mission aimed at enhancing mutual cooperation and bilateral relations. The official Oman News Agency (OMNA) said the talks dealt with regional affairs, various regional and international topics of joint interest. The sultanate and Turkey have agreed to strengthen ties following top-level talks here on Monday. His Majesty Sultan Qaboos bin Said and Turkish President Abdullah Gul, who arrived here earlier in the day on his first official visit to Oman, underlined the importance of stepping up bilateral cooperation, especially because both countries 'share the same foreign policy principles'. Minister Responsible for Foreign Affairs Yusuf bin Alawi bin Abdallah, in a statement to the Press after the discussions, said Sultan Qaboos and Gul reviewed Oman-Turkey relations and the latest regional and international political developments.

Social Front

Four Yemeni men were put on trial Monday on charges of spying for Iran for more than 10 years. The prosecutor accused the four men of having worked for illegal interests of Iran during the period from 1994 to August 2009.

In *Saudi Arabia*, the father of Yasser Al-Zahrani who died in detention at Guantanamo Bay has said that his lawyers intend to pursue his case against former US Defense Secretary Donald Rumsfeld with the US District Court or the Supreme Court. "The lawyers are looking at all aspects of the case after it was thrown out on the grounds that his death occurred outside US territory," Talal Al-Zahrani said. Al-Zahrani claimed in his case against Rumsfeld that the US government "falsely declared" that his son had committed suicide, but his lawyers are now focusing on the District Court judge who based her ruling on a 2004 law prohibiting US courts from hearing cases occurring outside the country.

Muhammad Khashaim, Ministry of Health Undersecretary for Planning and Development, has said his ministry plans to make King Abdullah Medical City in Makkah a referral facility for medical centers in the western region. Khashaim, speaking at the opening of the third International Conference on Osteoporosis in Makkah recently, said the ministry had allocated a "huge budget" for the Medical City which, he said, provides radiotherapy and advanced therapeutic services.

King Abdullah, Custodian of the Two Holy Mosques, lays foundation stone for the building of King Abdulaziz Center for National Dialogue in Riyadh Sunday. The King received at the Royal Court at Al-Yamamah Palace in Riyadh members of the governing body of King Abdulaziz Center for National Dialogue.

The number of beds in government hospitals across the Kingdom will be increased to 49,067 by the end of 2015, it is learnt. Sources in the Health Ministry said that the increase in the capacity of hospitals in the public sector was part of the 9th Five-year Development Plan.

Climatic changes are assumed to have conspicuously affected the health of many Saudi children. Dr. Abdul-Mu'een Al-Agha, a pediatric endocrinologist and diabetes consultant at King Abdulaziz University, asserted that ten out of every 15 families have children who suffer from respiratory problems.

The under-construction Makkah Royal Clock Tower is set to become the world's second tallest building, topped by a clock six times bigger than London's Big Ben. The tower will boast 662 meters of concrete structure and a 155-meter crescent-topped metal spire.

The chief supervisor of the National Census in the Eastern Province has said that unemployed persons who have been taken on to conduct census work are being limited to clerical positions under strict contract conditions.

Sustained focus on improving training programs is a key factor in ensuring the resilience of the Saudi Arabian market over the coming years, said Collaboration, Management and Control Solutions (CMCS), a leading provider of project and portfolio management solutions in the Middle East. The government sector is the Kingdom's top IT training spender, outlaying an average of SR11, 774 a month.

In *UAE*, Abu Dhabi is vulnerable to any change in sea level. Even a modest rise in the sea level could potentially lead to perfect storm conditions," Professor David Holland, Director of the Centre for Atmosphere-Ocean Science at New York University, said in an interview with Gulf News.

Tourism is booming in *Bahrain*, with major transport projects like the Qatar causeway expected to give it a further fillip. The number of tourists visiting the country this year is expected to reach almost five million, an increase of 6.9 per cent, according to the World Tourism Organisation, which quoted figures from the global market research giant Euromonitor International.

BAHRAIN witnessed a dramatic increase in strikes in the first three months of the year, according to Labour Ministry and General Federation of Bahrain Trade Union (GFBTU) figures. Nine walkouts were staged until the end of March, four by Bahraini workers and five by expatriates, compared with only two during the same period last year.

THE rights and well-being of more than 72,000 foreign domestic workers in Bahrain are at stake if a new labour law is implemented, a human rights group has warned. They were left out when the Shura Council approved the law last month after it was passed by parliament, said Bahrain Human Rights Watch Society (BHRWS) secretary-general Faisal Fulad. Most of these workers are from India, the Philippines, Indonesia, Sri Lanka, and Ethiopia, he added. The Labour Ministry proposed the new law in 2007, when it discussed it with a host of the authorities concerned for 18 months. They included the Bahrain Chamber of Commerce and Industry, the General Federation of Trade Unions, the Economic Development Board, parliament and Shura Council.

Iraq still owes about \$ 24 billion in war reparations for the 1990 occupation of *Kuwait*; a lawmaker was quoted as saying yesterday. Adnan Abdulsamad, head of the Assembly's budgets committee, said the state had so far received \$ 17.5 billion out of the \$ 41.8 billion approved by a United Nations special compensation fund. Newspapers quoted him as saying that the state had filed compensation claims worth \$ 177 billion for damages from the invasion and seven-month occupation by Saddam Hussein's forces.

The State of Kuwait has, on behalf of the Arab Group at the UN Security Council, condemned the Israeli malpractices against Palestinians in the occupied territories notably the recent decision to expel thousands of Palestinians from the West Bank.

Kuwait's parliament yesterday gave initial approval to a much-delayed privatisation bill allowing the sale of some state-owned entities, including some downstream assets in the country's energy sector. Kuwait's oil and gas fields are off-limits to foreign investment and would remain so, the country's Deputy Prime Minister for Economic Affairs, Sheikh Ahmad Al Fahad Al Sabah, told reporters.

Housemaids from Indonesia continue to arrive in Kuwait despite Jakarta's ban on their coming to the Gulf country to work. Aris Triyano, the spokesman for the Indonesian Ambassador to Kuwait Faisal Ismael, admitted that the embassy cannot do anything to stop the women coming or to implement the unilateral ban on housemaids coming to Kuwait so long as they enter the country using valid visas.

Economic Front

The Gulf states' finance, government, and telecommunications sectors have been the biggest spenders on IT security in the last couple years, making up roughly 70 percent of overall security software spending there each year, the latest research by International Data Corporation (IDC) said. Saudi Arabia remains the largest country market in the region, followed by UAE, it noted.

More than half of Middle Eastern companies recently surveyed by Careertunity.com confirmed that they plan to expand their workforce in 2010. Most of them also considered online jobsites as their preferred channel for recruiting talent. UAE companies added that they were prepared to offer larger salary increases to retain key personnel and maintain their competitiveness. Salary growth is expected to average between 7 and 7.5 per cent in the Emirates and 7.9 per cent across the region this year.

Automotive sales in *Saudi Arabia* held up fairly well in the immediate aftermath of the financial crisis that pummeled global auto industry, Saudi Arabia Autos Report Q2 2010 said on Friday. But as economic slowdown has dragged on, sales have struggled, Companiesandmarkets.com said. Between April and November 2009, total vehicle sales dropped 7 percent year-on-year (y-o-y), to 347,173 units.

Saudi Arabia will account for 21.51 percent of the Middle East oil demand by 2014, while providing a dominant 39.35 percent of supply, the latest Saudi Arabia Oil & Gas Report forecast published by CompaniesandMarkets.com said on Friday.

Global Takaful industry is well on course to surpass \$8.8 billion in contributions in 2010. Contributions grew by 29 percent in 2008 to reach \$5.3 billion. Takaful refers to Shariah-compliant cooperative insurance. The third edition of Ernst & Young's World Takaful Report 2010 unveiled at the 5th Annual World Takaful Conference of 2010, confirmed that Saudi Arabia and Malaysia are the biggest markets.

The sales of Ford's Lincoln and Mercury cars in the Middle East in the first quarter of this year have increased 43 percent compared with the same period in 2009, a company official said in a press conference held at the Park Hayat resort here Tuesday.

Saudi inflation accelerated to a nine-month high of 4.7 percent in March, led by rent, fuel and food costs. Consumer prices rose 0.5 percent in the month, the state-run Saudi Press Agency reported on Wednesday, citing data from the Central Department of Statistics. Annual inflation was 4.6 percent in February. An analyst said prices should continue to rise at around the same rate in coming months.

BAHRAIN's gross domestic industrial product grew by 80 per cent between 2003 and 2008. As a result of these reforms, Bahrain has been ranked 20th best country in the world for the ease of doing business in the Doing Business 2010 Report of the World Bank.

Petrochemicals and metals company Industries *Qatar* just missed analysts' expectations with 14.3 percent drop in net profit for the first quarter. Industries Qatar (IQ), the second-largest Gulf chemical producer by market value, is one of many regional petrochemicals companies that have struggled through the downturn although market fundamentals have shown signs of recovery since late last year.

DETAILED REPORT

GCC

Gulf states see steady IT security software uptake

The Gulf states' finance, government, and telecommunications sectors have been the biggest spenders on IT security in the last couple years, making up roughly 70 percent of overall security software spending there each year, the latest research by International Data Corporation (IDC) said. Saudi Arabia remains the largest country market in the region, followed by UAE, it noted.

Governments in the UAE, Saudi Arabia, and Qatar have set up computer emergency response teams (CERT) to not only increase Internet security awareness but also to combat domestic cybercrime. Also, countries such as Saudi Arabia and the UAE are implementing national identity initiatives, through which they will issue smart cards carrying citizens' biometric data and other crucial information.

Stronger GCC-ASEAN ties pledged

Vietnamese President Nguyen Minh Triet, whose country holds the rotating chairmanship of the Association of Southeast Asian Nations (ASEAN), pledged to bolster Saudi-ASEAN cooperation on the one hand and strengthen ties between the Gulf Cooperation Council (GCC) and the 10-member ASEAN bloc on the other. Triet said that Hanoi, together with other ASEAN and GCC member nations, would also work to give a strong push to "establish a free trade area," which will boost trade and investment to a very high level. Triet, who addressed the Shoura Council on Sunday, said that ASEAN was currently preparing for the second ASEAN-GCC foreign ministers meeting to be held in Singapore later this year after its first successful meeting last year. The first meeting, in fact, has already put a road map to promote GCC-ASEAN ties. Triet, who will fly on a special helicopter over Ras Tanura oil fields on Monday, told Shoura members that he was quite "hopeful of exceptionally strong ties with Riyadh in days to come" in all sectors. Triet had several official meetings here on Sunday. He held separate talks with Minister of Finance Ibrahim Al-Assaf, Minister of Commerce and Industry Abdullah Zainal Alireza and Minister of Agriculture Fahd Balghunaim. The talks mainly focused on ways and means to bolster bilateral ties after Custodian of the Two Holy Mosques King Abdullah and Triet reaffirmed their desire to translate all proposals into reality. "We need to follow after the two sides had inked four major agreements," said Triet.

GCC condemns Israeli decision to expel Palestinians from W. Bank

Secretary General of the Gulf Cooperation Council (GCC) Abdelrahman Al-Attiah on Monday condemned a recent Israeli decision to expel thousands of Palestinians from the occupied West Bank. Al-Attiah said in a press statement that this Israeli decision represents another form of aggressive practices pursued by the Israeli government in the occupied Palestinian territories to drive the Palestinians out of their land and applying the policy of ethnic expulsion. He reiterated his call on the international community in general and the UN Security Council and the Quartet in particular to intervene immediately to stop these actions, which are in violation of international laws and human rights, and undermine the regional peace process.

50% firms considering staff additions in 2010

More than half of Middle Eastern companies recently surveyed by Careertunity.com confirmed that they plan to expand their workforce in 2010. Most of them also considered online jobsites as their preferred channel for recruiting talent. UAE companies added that they were prepared to offer larger salary increases to retain key personnel and maintain their competitiveness. Salary growth is expected to average between 7 and 7.5 per cent in the Emirates and 7.9 per cent across the region this year. Careertunity.com, a leading Dubai-based online job portal, is actively supporting major recruitment events this year to help sustain the positive outlook for the region's job market in 2010 and the UAE's status as a top employment destination. "Most of the region's companies adjusted well to new business realities last year and are now moving to maintain and acquire top talent to enhance their competitiveness and achieve their goals. We want to help drive this trend by matching jobseekers with the numerous opportunities currently arising. We will especially focus on the UAE which has managed to retain its status as the region's leading employment destination of choice. This is a critical period for companies to have the right talent as the quality of their workforce will significantly affect how far they will progress after the slowdown," said Sudeshna Mukherjee, General Manager, Careertunity. Regional online recruitment sites such as Careertunity usually receives thousands of job applications in a day. They witnessed a 25 per cent surge in applicant inquiries in 2009, with 21 per cent of employers engaging their services saying that they provided very fast results. During its participation in upcoming job fairs, Careertunity will provide companies and candidates with access to its recruitment database, process walk-in online registration and submission of resumes, and link core features of its portal such as banners and e-mailers with fair organizers.

Gallach says EU-GCC ties on right track to progress

The spokesperson for the current Spanish EU Presidency, Cristina Gallach, said here that today's political dialogue held in Brussels between the European Union (EU) and the Gulf Cooperation Council (GCC) sets the path for more closer and intensive relations between the two sides. "It was an excellent session which allows us to prepare very well the ministerial meeting," Gallach told the Kuwait news agency, KUNA, Tuesday evening after the end of the one-day meeting of senior EU and GCC officials. The annual joint EU-GCC ministerial council meeting is to take place in Luxembourg on 14 June. Tuesday's meeting covered EU-Gulf relations in particular and international issues as well, noted Gallach, the former spokesperson of ex-EU foreign policy chief Javier Solana. The situation in the Middle East, Iran and key issues on the international agenda were also discussed, she said.

GCC 'can supply EU with power'

ELECTRICITY from the GCC power grid could be shared with Europe to help it cope with freezing winters, an official revealed yesterday. The region only needs the spare power during the hot summer months and it would remain idle in winter, said GCC Interconnection Authority (GCCIA) chief executive officer Adnan Al Mohaisen. "We would then want to share that spare capacity with the West," he told the GDN on the

sidelines of a GCCIA meeting at the Gulf Hotel. "There are shortages in some parts of Europe in those days we will be glad to chip in."

Mr Al Mohaisen said the power would be passed on from country to country to eventually reach Europe. "This is just a proposal as yet but we would want to discuss it and take the proposal further," he said. Following the \$1.2 billion (BD453m) linking of Bahrain, Qatar, Saudi Arabia and Kuwait, more than 1,200 megawatts of additional power became available. Bahrain is included in the first phase of the network, called the Northern Grid while the UAE and Oman, who are yet to be linked, will be included in the Southern Grid. "While the UAE would be linked in the first quarter of next year, Oman will follow a few months later," said Mr Al Mohaisen. "The two grids will then be connected, possibly by the end of 2011 or early 2012." Mr Al Mohaisen said extensive testing of the commissioned network had ensured it was in excellent condition. "While testing, 1,300mw were transmitted over 10 hours continuously and it passed all stringent measures," he said. Electricity and Water Authority (EWA) chief executive officer Dr Abdul Majeed Al Awadhi said Bahrain had been connected to the grid with two lines of 600mw each. "While we are already self-sufficient in the power we need for the country, we will still be able to tap into the grid if we need," he said. Dr Al Awadhi said while the grid power would be available for free in an emergency, it would be paid for if required otherwise. "Slowly and gradually, we will reduce the spare capacity at our disposal," he said. Dr Al Awadhi added the grid would help Gulf states exchange electricity to meet growing needs, utilise their surplus output, save money on new projects and ensure uninterrupted supply. "This is a new era in economic integration and co-operation in the power sector among the GCC states," he said. Once fully connected, any GCC state suffering a sudden disruption in its power supply will be able to dip into the supply of its neighbours. If one member has surplus power, part of it will be leased to another with a deficit or sudden shortage. Dr Al Awadhi said the project was also expected to save money because member countries would have to build fewer power stations as a result. He said the GCC was witnessing rapid growth in power consumption as a result of economic expansion and high population growth. "Power demand is growing more than 10 per cent annually in the GCC and this is one of the highest in the world," he said. The power grid project was launched nearly eight years after being approved by GCC heads of state in the mid-1990s.

It was overseen by the GCCIA based in Dammam, Saudi Arabia. Bahrain signed an agreement in March enabling it to import up to 600mw a day from the grid or up to 1,200mw during emergencies. The interconnection project is being undertaken by Italian-Norwegian joint venture Prysmian-Nexans, which subcontracted the laying of land cables in Bahrain to Alkomed Engineering. Five kilometres of cables are being put in place from the landing point of King Fahad Causeway to a substation in Jasra.

YEMEN

Four Yemeni on trial for spying for Iran

Four Yemeni men were put on trial Monday on charges of spying for Iran for more than 10 years. The prosecutor accused the four men of having worked for illegal interests of Iran during the period from 1994 to August 2009. The defendant Waleed Sharaf Al Deen

said he did not recognize the trial nor the court. The other three asked for lawyers to defend them.

The Judge, Mohsen Alwan, of the State Security Court, said the court would listen to the lawyers next hearing. According to the charges statement, the four men received financial support to implement "thoughtful and political" projects serving the Iranian illegitimate interests in Yemen. They also handed over to Iran information and pictures about military and security installations, and information on harbours, islands and maritime positions. Their activity was not confined to Sana'a but throughout Yemen.

SAUDI ARABIA

International Front

Balloon takes King's message worldwide

A hot air balloon bearing the image of King Abdullah, Custodian of the Two Holy Mosques, beside the legend "King of Humanitarianism" and the Saudi flag took to the skies above Riyadh on Thursday as it embarked on a two-year journey taking a message of peace to 52 countries across the globe. Prince Miteb Bin Abdullah, National Guard Vice-President for Executive Affairs and Deputy Chair for the Janadriya High Committee launched the balloon, which is captained by Emirati Abdul Aziz Al-Mansouri, from Janadriya Village to the north of the capital. The initiative for the epic voyage reportedly came from the United Arab Emirates where sources described it as motivated out of "appreciation for the Custodian of the Two Holy Mosques' humanitarian work and his peacemaking role in the international arena" and to mark the 25th anniversary of first National Culture and Heritage Festival in Janadriya. Sponsored by Emirates Hot Air Balloon Company, the vessel's first leg will take in Jeddah, Makkah and Madina before venturing out across the skies of virtually every member state of the European Union, Russia, Asian countries such as Pakistan, India, China, Mongolia, Korea, Thailand, Malaysia and Indonesia, as well as Australia, Africa and North and South America.

Syrian baby girl Sarah going home after getting treatment in hospital

Syrian baby girl Sarah, who underwent a parasitic twin separation operation at Riyadh's King Abdulaziz Medical City on April 8, with her parents after leaving intensive care on Thursday. Head of the surgery team and Minister of Health Abdullah Al-Rabeah said Sarah was in good health with her breathing and all organs functioning normally after the seven-hour operation to address a parasitic twin with two lower limbs and an extra pelvis, resulting in Sarah having two urinary bladders, three kidneys, two sets of genitourinary systems, and congenital anomalies in the small intestine. Minister Al-Rabeah said that some further procedures were still required but expected Sarah to be discharged from hospital "within the next two weeks". A parasitic twin occurs when a twin embryo develops in the uterus but does not fully separate or develop while the other embryo grows at its expense into a fully-formed and healthy individual. This was the 26th successful separation operation performed in the Kingdom.

king receives kuwait's deputy PM

King Abdullah, Custodian of the Two Holy Mosques, receives Sheikh Dr. Mohammad Sabah Al-Salim Al-Sabah, Kuwait's Deputy Premier and Foreign Minister, at his ranch in Janadriya Friday.

King, President of Vietnam to discuss political and economic ties

King Abdullah, Custodian of the Two Holy Mosques, is to discuss with the Vietnamese President Nguyen Minh Triet Saturday means of developing political and economic relations between the two countries. Dao Thanh Chung, the Vietnamese Ambassador in Riyadh, said the visit would serve to consolidate relations and boost mutual understanding on regional and international political developments. The visit, according to Chung, will also see the signings of agreements to tackle double taxation and to increase gas and petroleum cooperation. President Triet, who is visiting the Kingdom for the first time, is also scheduled Saturday to deliver a speech at the Shoura Council.

The Shoura is set to discuss during its session the same day reports on the children's rights agreement protocols related to armed conflict and child trafficking and exploitation.

New Delhi accords warm welcome to Prince Salman

Prince Salman Bin Abdul Aziz, Emir of Riyadh region, arrived here Sunday starting his four-day official visit to discuss with Indian President Pratibha Patil international developments and bilateral relations. He was accorded a warm welcome at the Indira Gandhi International Airport, New Delhi. Indian Minister of State for Railways E. Ahmed and other officials received Prince Salman. Prince Salman is scheduled to meet with President Pratibha Patil, Vice President Hamid Ansari and Indian Foreign Minister S.M. Krishna on Monday.

Salman invites Indian investment

Prince Salman Bin Abdul Aziz, Emir of Riyadh region, who is on a four-day visit to India, Monday invited Indian businesses to invest in the Kingdom to boost "excellent" bilateral ties. On Monday, Prince Salman met Indian President Pratibha Patil and Vice-President Hamid Ansari to discuss international and national developments and bilateral relations. "Given our common interests and concerns, our capabilities and needs, the two countries are poised for a qualitatively substantive and stronger relationship. Saudi Arabia figured prominently in India's energy security matrix," Ansari said during the meeting. The two leaders reiterated that extremism and terrorism, in all its forms and manifestations, are inherently destructive and must be fought irrespective of their source with all available means. Prince Salman also addressed leaders of the Indian business community at a luncheon meeting and urged them to explore possibilities for trade and investment in the Kingdom. Inviting Indian business leaders to explore the Saudi market, he acknowledged the "stellar contribution made by the Indian community in the economic development of Saudi Arabia".

Terrorism a global issue: Prince Salman

Prince Salman Bin Abdul Aziz, Emir of Riyadh, concludes his four-day visit to India Wednesday with a visit to Jamia Millia Islamia university where he is to receive an honorary doctorate for his "support for humanitarian and social projects". "The Kingdom

enjoys great respect for its pursuit of a moderate policy, spreading peace, security and stability around the world, and its support for dialogue between religions,” said Najib Jang, Vice Chancellor of the university. “Riyadh and New Delhi are eminently qualified to play a considerable role in promoting dialogue between East and West. They both have policies of peace, moderation and promoting peaceful coexistence,” he said. Prince Salman is expected to arrive Wednesday evening in Mumbai for a dinner hosted in his honor before departing Thursday for a two-day official visit to the Maldives. Following his meeting Tuesday with Indian Minister for External Affairs S.M. Krishna, Prince Salman told Saudi Gazette/Okaz that terrorism was a global issue and that the Kingdom was “doing everything in its power to fight it”.

Mideast must be free of all WMDs: Muqrin

Prince Muqrin Bin Abdul Aziz, President of General Intelligence, and head of the delegation of Saudi Arabia to the Nuclear Security Summit here, has stressed that Saudi Arabia’s position has been firm and clear that the Middle East region should be free from all weapons of mass destruction, especially nuclear weapons. Prince Muqrin was talking to reporters on the sidelines of the summit here on Monday. Regarding imposing more sanctions on Iran because of its nuclear program, Prince Muqrin said: “Brothers in Iran should be aware of the danger of the situation and deal with the situation very seriously. If they do not have anything to hide regarding their nuclear program, they should give an opportunity to the International Atomic Energy Agency (IAEA) to inspect and demonstrate that their program is for peaceful purposes.” Prince Muqrin attended a luncheon hosted by US Vice President Joseph Biden, in honor of a number of heads of delegations of Non-Aligned Movement (NAM) countries participating in the summit. In his speech, Biden pointed out that the objectives of the United States and the NAM are closer than ever, especially with regard to curbing the proliferation of nuclear weapons and other issues of mutual interest. He stressed the commitment of the United States to reducing its nuclear arsenal, noting that summit participants have agreed that increasing the number of nuclear weapons or states in the world is a bad trend and that the interests of all lie in controlling and securing nuclear equipment and materials used in manufacturing nuclear weapons.

KSA, Bahrain to cooperate in resolving trade disputes

Leading businessmen and corporate lawyers in the Eastern Province have agreed to cooperate with the Bahrain Chamber for Dispute Resolution (BCDR) in the resolution of disputes arising between members of the private business sectors of Saudi Arabia and Bahrain. This was decided at a meeting at the Asharqia Chamber of Commerce and Industry in the Eastern Province here Tuesday. The meeting also decided on a long-term plan to establish a similar dispute resolution body at the Asharqia Chamber, according to Adnan Al-Nuaim, Secretary General of the Asharqia Chamber. “The meeting, attended by businessmen and lawyers of Saudi Arabia and Bahrain, reviewed the cooperation between the two countries in resolving disputes in all economic activities,” Al-Nuaim said. The Bahrain Chamber for Dispute Resolution has entered into a joint agreement with the American Arbitration Association (AAA), the world’s leading alternative dispute resolution service in the administration, arbitration and mediation of domestic and regional commercial cases.

King meets Iraqi VP

King Abdullah, Custodian of the Two Holy Mosques, received Wednesday at his ranch at Janadriyah, Iraq's Vice President Tariq Al-Hashimi, to discuss issues of mutual concern. King Abdullah held a dinner party in honor of the Iraqi vice president.

Salman in Maldives

Prince Salman Bin Abdul Aziz, Emir of Riyadh, arrived in Maldives, Thursday. He was received by Maldives Premier Ibrahim Hassan Zaki on his arrival. Later President of Maldives Mohammad Nasheed received Prince Salman at his presidential office in Malé.

Lawyers seek to revive Gitmo 'suicide' case

The father of Yasser Al-Zahrani who died in detention at Guantanamo Bay has said that his lawyers intend to pursue his case against former US Defense Secretary Donald Rumsfeld with the US District Court or the Supreme Court. "The lawyers are looking at all aspects of the case after it was thrown out on the grounds that his death occurred outside US territory," Talal Al-Zahrani said. Al-Zahrani claimed in his case against Rumsfeld that the US government "falsely declared" that his son had committed suicide, but his lawyers are now focusing on the District Court judge who based her ruling on a 2004 law prohibiting US courts from hearing cases occurring outside the country. "The 2004 law was changed by the US Congress in 2005, and new legislation empowers American courts to look into cases affecting American society," he said. "The team is trying to persuade the judge to proceed with the case, but if they are not able to then they will appeal the court ruling at the Supreme Court. They will base their argument on two aspects of the case – instigation and cover up," he said, referring to the official US line that the death was suicide.

Iraq says Saudi backs unity government

Iraqi President Jalal Talabani on a visit to Saudi Arabia on Sunday said King Abdullah expressed his wish for a government comprising all Iraq's politicians after an indecisive March 7 general election. 'The aspiration of all Arabs is that all Iraqis will participate in the running of their country,' said the king, according to a statement issued by Talabani's office. 'The king said that Saudi Arabia stands at the same distance from all Iraqi parties and that the kingdom supports Iraq without interfering in its internal affairs,' the statement added. Talabani was greeted at Riyadh international airport by Foreign Minister Prince Saud Al Faisal, the official SPA news agency reported, while politicians in Baghdad continued negotiations over the formation of a new government. Talabani's arrival followed a denial by Saud on Saturday that the Saudi government was meddling in the post-election politicking in Iraq in support of former premier Iyad Allawi. Sunni-led Saudi Arabia is a major regional rival of Shia-dominated Iran and has been eager to see a reduction in Teheran's influence in Baghdad. Riyadh has had troubled relations with incumbent Iraqi Prime Minister Nuri Maliki and has refused to establish a formal diplomatic representation in the Iraqi capital, citing security concerns.

Kingdom to fund schools in Turkey

Saudi Arabia has announced it will fund the construction of 25 schools in the Turkey's eastern province, which was jolted on March 8 by an earthquake measuring 6.0 on the Richter scale, killing at least 57 people and injuring dozens of others. "On behalf of the Kingdom, the Saudi Fund for Development (SFD) will help build the schools in Turkey's eastern province of Elazig," said an SFD statement released here on Tuesday. "The efforts are underway to assess damages and identify places for the schools in that country that would be constructed by the Kingdom," said the statement. The Saudi support to build these schools comes within the framework of growing relations between Riyadh and Ankara, especially in the fields of education, commerce and politics. Referring to the institutions that were damaged during the quake, a reliable source who refused to be identified said that the earthquake destroyed a number of buildings, utility centers and public and private properties, including schools and colleges. "Saudi Minister of Finance Ibrahim Al-Assaf, who visited Turkey last month, in a gesture of support pledged to extend a helping hand to the quake-hit region," said the source. Turkish Prime Minister Recep Tayyip Erdogan visited Riyadh two times during the last few months. Three Saudi ministers Al-Assaf, Minister of Higher Education Khaled Al-Anqari and Minister of Health Dr. Abdullah Al-Rabeeah visited Turkey with their delegations over the last three months. Amr Al-Dabbagh, chief of the Saudi Arabian General Investment Authority (SAGIA), also paid an official visit to Turkey recently. The two countries are discussing a number of projects and topics pertaining to higher education programs, the role of universities and other areas of cooperation. The two countries are also working on proposals to cooperate closely in research programs, exchange information and exchange experts of different disciplines. To this end, it must be noted that the King Saud University and King Faisal University of Saudi Arabia have signed agreements of cooperation with Istanbul Technical University, which will pave the way for closer cooperation. The Jeddah-based King Abdulaziz University has also inked another accord with Yildiz Technical University of Turkey, which will go a long way in promoting technical education in the Kingdom.

Political Front

Prince Saud to supervise bioweapons' control body

The Cabinet on Monday, chaired by King Abdullah, Custodian of the Two Holy Mosques, approved the reorganization of the National Authority for the Implementation of the Chemical Arms and Biological Warfare Control Agreements. The authority has been placed under the supervision of Prince Saud Al-Faisal, Minister of Foreign Affairs. The body will now operate under the chairmanship of the undersecretary at the Foreign Ministry for Multiparty Relations. The authority will now serve as a liaison and national coordination center for the enforcement of agreements pertaining to the control of chemical arms and other similar agreements. It will liaise with international organizations involved in chemical and biological warfare agreements in order to monitor their activities at the national and international levels and coordinate with the relevant government bodies to ensure that the Kingdom's commitments are carried out as defined in the agreements.

Social Front

King Abdullah Medical City for entire western region

Muhammad Kheshaim, Ministry of Health Undersecretary for Planning and Development, has said his ministry plans to make King Abdullah Medical City in Makkah a referral facility for medical centers in the western region. Kheshaim, speaking at the opening of the third International Conference on Osteoporosis in Makkah recently, said the ministry had allocated a “huge budget” for the Medical City which, he said, provides radiotherapy and advanced therapeutic services. Khaled Al-Semairi, the Supervisor General at King Abdullah Medical City, said that during its first operational phase the city had admitted 113 patients, a daily average of 21 to 25. “The out-patient clinics and theaters will open in the next two months,” Al-Semairi said, adding that the Medical City provided a “collective treatment plan” for patients to be seen by doctors specialized in all branches of medicine. The psychiatric department at the Medical City, he said, will open next year.

FOUND 43,000 vials of expired medicine

The Stock Oversight Administration has found at least 43,000 vials of expired medicine in various health care centers here, a source said quoting a report that was submitted to the region’s Health Affairs Director, Dr. Abdul Fattah Bin Ibrahim Sindi. The items included serums and capsules, some of them had expired in 2004, according to the report. The inspection covered 25 health care centers in the region. Last week, an inspection team had detected that 11 children in the region had been inoculated with expired vaccines in three different health centers. The inspection team also found a lack of hygienic conditions in many centers and that many medical equipment were out of service for lack of maintenance.

Nuke terrorism training at Naif Arab University

The Naif Arab University for Security Sciences is holding this week a training course entitled “Combating Nuclear Terrorism and Security of Sources”. University president Abdul Aziz Al-Ghamdi said the course was part of the institution’s response to “the security needs of the Arab nation” and its efforts to produce qualified Arab security specialists to “confront the challenges and dangers posed to our societies”.

King lays foundation for National Dialogue center building

King Abdullah, Custodian of the Two Holy Mosques, lays foundation stone for the building of King Abdulaziz Center for National Dialogue in Riyadh Sunday. The King received at the Royal Court at Al-Yamamah Palace in Riyadh members of the governing body of King Abdulaziz Center for National Dialogue headed by the General President of the Grand Mosque and the Prophet’s Mosque Affairs Sheikh Saleh Bin Abdulrahman Al-Husain, who is also the Chairman of the 8th national meeting for intellectual dialogue; Minister of Health Dr. Abdullah Al-Rabeah; Deputies of the Chairman of the 8th national meeting; and the participants in the meeting which was held in Najran earlier this year under the theme ‘Society and Health Services’.

Government hospitals

The number of beds in government hospitals across the Kingdom will be increased to 49,067 by the end of 2015, it is learnt. Sources in the Health Ministry said that the increase in the capacity of hospitals in the public sector was part of the 9th Five-year Development Plan. They said that by the end of 2010 the number of beds in the government hospitals, under the 8th development plan, would reach 33,277 beds. By the end of 2015, sources say, the average beds-per-thousand population in the Kingdom will hit 2.37 beds as compared with the target of 1.8 beds-per-thousand people set for the 8th development plan ending 2010. Sources said that the capacity of hospitals in Jouf would be raised to 5.74 beds-per-thousand people and in Assir, the target would be 2.02 beds-per-thousand people.

10-17% Saudi children suffer from asthma

Climatic changes are assumed to have conspicuously affected the health of many Saudi children. Dr. Abdul-Mu'een Al-Agha, a pediatric endocrinologist and diabetes consultant at King Abdulaziz University, asserted that ten out of every 15 families have children who suffer from respiratory problems. Dr. Agha was addressing the 27th medical symposium of the Pediatricians Club held at the weekend at the InterContinental Hotel, under the title "Allergies in Children". In his speech, Dr. Agha added that asthma was one of the most common chronic diseases in Saudi children, with 10-17 percent of Saudi children suffering from the disease. "However, the disease can easily be controlled and treated if medical instructions are regularly followed," he said. In her paper titled "Hereditary Angioedema", Dr. Hanan Ayoub, a consultant pediatrician at Al-Aziziya Hospital in Jeddah, said that lack of proteins found in the genes may lead to swellings in all parts of the body, particularly in the skin and can cause a disease called hereditary angioedema in one out of every 10,000-50,000 children.

World's second tallest building Rises in Makkah

The under-construction Makkah Royal Clock Tower is set to become the world's second tallest building, topped by a clock six times bigger than London's Big Ben. The tower will boast 662 meters of concrete structure and a 155-meter crescent-topped metal spire. Combined, the two parts of the tower in Makkah will be only roughly 11 meters shorter than Dubai's Burj Khalifa, the world's tallest tower at 828 meters. Even the concrete section of the Makkah Royal Clock Tower will be taller than the current second tallest building in the world, the 508-meter Taipei 101 in Taiwan. The first part of the hotel is scheduled to open by the end of June, while the clock will begin operating at the end of July.

Wildlife Saudi Arabia website wins \$30,000 prize

A group of university professors engaged in the preservation of Saudi wildlife has won a prize of \$30,000 instituted by a multinational company. Dr. Abdulhadi Ahmad Aloufi, Assistant Professor of Zoology, Botany Department, Tabuk University received the check at a press conference here Wednesday by Ford Motor Company to announce the 2010 winner under its annual Conservation and Environmental Grants Program. Hussein Murad, Ford Motor Company, Director of Sales for Middle East awarded the check to Dr. Aloufi. Dr. Aloufi said he and other professors in the group including Prof.

Muhammad Shobra'an of Taif University, Dr. Awadh Al-Johani, a professor at King Saud University and a consultant to National Commission for Wildlife Conservation and Development (NCWCD), have been working to save the Saudi wildlife by engaging themselves in a number of activities. He said the group was inspired by an urge to do something noble for the country. One day in a brainstorming sessions that the group had an idea struck about preserving the Saudi wildlife. "We joined hands and studied the idea further that led to the construction of the website in Arabic language entitled Wildlife Saudi Arabia," he said.

Unemployed hired for census given 'office work'

The chief supervisor of the National Census in the Eastern Province has said that unemployed persons who have been taken on to conduct census work are being limited to clerical positions under strict contract conditions. "None of them will be carrying out any work in the field," said Abdul Rahman Al-Thumairi. "We've taken the step as the census involves turning to authorities that work with confidential information should any errors or failures in field work be identified. The contracts require commitment to the conditions and the provision of career resumes." According to Al-Thumairi, some 7,000 persons are working with the census in the Eastern Province, and many of them have been contracted for two or three months, earning up to SR12,000, depending on the length of contract. Khaled Al-Gosaibi, the Minister of Planning and Economy, had sent an urgent missive to the Minister of Education Faisal Bin Abdullah reminding ministry staff working with the census to comply with instructions and respect the confidentiality of data.

Extra flights by Saudia during schools holiday

Saudi Airlines is providing more flights as part of its preparation for the schools holidays from April 14 to 23. According to its operational plan, it will fly 2,448 scheduled and extra domestic flights with a total capacity of 243,660 seats; in addition to 544 scheduled and extra international flights with a total of 99,616 seats. Abdullah Bin Mushbab Al-Ajhr, Assistant Director General for Public Relations has appealed to passengers to come to the airport early to process their travel procedures or if they want to cancel their reservations.

Saudi govt sector tops IT training spending

Sustained focus on improving training programs is a key factor in ensuring the resilience of the Saudi Arabian market over the coming years, said Collaboration, Management and Control Solutions (CMCS), a leading provider of project and portfolio management solutions in the Middle East. The government sector is the Kingdom's top IT training spender, outlaying an average of SR11,774 a month. Saudi businesses, on the other hand, spend around SR2,500 per month on IT-related training, whereas individuals paid out an average of SR185 per month, CMCS said citing Madar Research report. The report also identified a huge discrepancy among small, medium and large enterprises, whose spending averages ranged from SR536 to 9,000 a month. The report also showed that spending on IT-related training among Saudi businesses was slightly higher than that of the educational sector, which stands at around SR1,900 per month. CMCS has been monitoring IT training trends across the region and intends to launch additional modern project management training programs while enhancing existing ones to help Saudi

businesses and individuals advance their skills and capabilities in IT and other project-driven fields.

Economic Front

Car sales in Kingdom shifting to higher gear

Automotive sales in Saudi Arabia held up fairly well in the immediate aftermath of the financial crisis that pummeled global auto industry, Saudi Arabia Autos Report Q2 2010 said on Friday. But as economic slowdown has dragged on, sales have struggled, Companiesandmarkets.com said. Between April and November 2009, total vehicle sales dropped 7 percent year-on-year (y-o-y), to 347,173 units. By comparison, sales registered 374,720 units in the year-ago period, The most recent figures suggest the situation is not improving. In November 2009, sales registered an 11 percent y-o-y drop, to 41,545 units. However, overall, it is believed the downturn in the GCC to be less pronounced or sustained as elsewhere. After tepid growth in 2009 we see a stabilization in the market this year, and growth in 2011-2014 should be even more robust. The value of sales is expected to reach \$17 billion this year, a marginal increase over 2009. "But we expect they will rise to \$21.5 billion by 2014. BMI expects that by the end of the forecast period, total sales should top 816,291 units, up more than 37 percent over 2009 levels. We expect growth in the commercial vehicle segment to be particularly strong over the next five years." The decline is largely due to macroeconomic factors. The country has not escaped the worldwide economic slowdown - we estimate the Saudi economy grew an anemic 0.4 percent last year. Banks have tightened lending policies and households have also reined in their spending. Consequently, dealerships have cut back on inventories. A debt crisis in neighboring Dubai has also made investors more cautious of the Middle East. While Dubai's problems are unlikely to have much of a real impact on Saudi Arabia, investors may approach the region with more wariness.

Kingdom's oil & gas demand to increase

Saudi Arabia will account for 21.51 percent of the Middle East oil demand by 2014, while providing a dominant 39.35 percent of supply, the latest Saudi Arabia Oil & Gas Report forecast published by CompaniesandMarkets.com said on Friday.

It said the regional oil use of 8.11 million barrels per day (b/d) in 2001 rose to an estimated 11.38 million b/d in 2009. "It should average 11.66 million b/d in 2010 and then rise to around 12.68 million b/d by 2014," the report suggested. Regional oil production is set to rise to 27.19 million b/d by 2014 from 22.88 million b/d in 2001 and an estimated 24.83 million b/d in 2009. Oil exports are growing steadily, because demand growth is lagging the pace of supply expansion. In 2001 the region was exporting an average 14.77 million b/d. The total had eased to an estimated 13.44 million b/d in 2009 and is forecast to reach 14.51 million b/d by 2014. Iraq has the greatest production growth potential, followed by Qatar.

In terms of natural gas, the Middle East consumed an estimated 404.6bcm in 2009, with demand of 542.1bcm targeted for 2014, representing 34.0 percent growth. Estimated production of 411.9bcm in 2009 should reach 655.4bcm in 2014 (+59.1 percent), which implies net exports rising to 113.0bcm by the end of the period. In 2009 Saudi Arabia consumed an estimated 20.07 percent of the region's gas, with its market share forecast at

19.71 percent by 2014. It contributed an estimated 21.58 percent to 2009 regional gas production and, by 2014, will account for 23.19 percent of supply. For 2009 as a whole, the report assumed an average OPEC basket price of \$60.70 per barrel (bbl), a 35.5 percent decline year-on-year (y-o-y). For 2010, the report forecast a significant oil price recovery to \$83.00/bbl for the OPEC basket price, gaining further ground to \$85.00 in 2011 and to \$90.00/bbl in 2012 and beyond. The report forecast premium unleaded gasoline prices at an average \$97.00 this year, up from \$70.22/bbl in 2009. The report assumed an average global jet fuel price for 2010 of \$97.58/bbl, compared with \$70.63 in 2009. For gasoil, the 2010 price estimate is for an average of \$97.40/bbl, compared with \$70.50 in 2009. The 2010 naphtha price average, estimated at \$81.58/bbl compares with \$59.07 in 2009. The report further said oil demand in the Kingdom will rise from an estimated 2.36 million b/d in 2008 to 2.73 million b/d in 2014, representing 3.0 percent annual growth, beyond 2009. Saudi Arabian real GDP grew by 0.1 percent in 2009, compared with 5.7 percent growth in 2008, it added. Saudi Aramco's oil and liquids production is forecast to rise from an estimated 9.92 million b/d in 2009 to 10.70 million b/d by 2014. Gas production should reach 107bcm by 2014, up from an estimated 81bcm in 2009, it noted.

Between 2009 and 2019, the report forecast an increase in Saudi Arabian oil production of 22.0 percent, with volumes rising steadily to 12.10 million b/d by the end of the 10-year forecast period. Oil consumption is set to increase by 34.3 percent, with growth slowing to an assumed 3.0 percent a year towards the end of the period and the country using 3.16 million b/d by 2019. Gas production is expected to rise from an estimated 81bcm to 117bcm by the end of the period. With 2009-2019 demand growth of 43.9 percent, this provides a balanced market throughout the period.

Saudi banks seen to exercise prudence in mortgage lending

Although the Saudi real estate sector has been supported by domestic demand fundamentals in recent years, still the market remains undersupplied, particularly for middle and lower income communities, shielding it from selling pressures that have dragged down other Gulf real estate markets in the past year, Banque Saudi Fransi said in its report this month on the Kingdom's real estate sector. It noted that the stabilization and rise of prices in many parts of Saudi Arabia could signal real estate prices will continue to strengthen into 2010, although we expect any pick up in real estate demand will be muted and gradual. However, the report said that though the imminent approval and enactment of mortgage law will serve as a catalyst, still "credit risk appetite remains weak among Saudi banks and any uptake in new consumer loan risk will happen slowly," the bank's chief economist Dr. John Sfakianakis said. Banks, under the guidance of the central bank, "will exhibit prudence in mortgage lending, as they would need to avoid the creation of a Saudi-styled sub-prime crisis," he added. Developing a safety ratio should help prevent lenders from giving financing beyond the means of the home buyer, he further said.

Saudi Arabia, Malaysia biggest Takaful markets

Global Takaful industry is well on course to surpass \$8.8 billion in contributions in 2010. Contributions grew by 29 percent in 2008 to reach \$5.3 billion. Takaful refers to Shariah-compliant cooperative insurance. The third edition of Ernst & Young's World Takaful

Report 2010 unveiled at the 5th Annual World Takaful Conference of 2010, confirmed that Saudi Arabia and Malaysia are the biggest markets. Saudi Arabia, with contributions totaling \$2.9 billion in 2008, and Malaysia with \$900 million are the top two Takaful markets in the world. Sudan is the most significant market outside of the GCC and SE Asia, with contributions totaling \$280 million in 2008. Global compound annual growth rate for Takaful for the period 2005 - 2008 has been 39 percent; the Levant region and Africa grew at 18 percent, the Indian Subcontinent at 135 percent, SE Asia at 28 percent and the GCC at 45 percent. The UAE was the fastest growing Takaful market in the world with a compound annual growth rate of 135 percent from 2005-2008 while Indonesia rose quickest in SE Asia at 35 percent. Sameer Abdi, head of Ernst & Young's Middle East Islamic Financial Services Group, said "globally, performance has been mixed. Yields realized by GCC operators have been comparably high but volatile, while Malaysian operators have posted stable returns driven by better underwriting results. In terms of operating efficiency, average combined ratios of GCC firms have continued to improve and reached 72 percent in 2009 (latest year for which data is available), indicating improving operational efficiency. The figures seem to indicate that while the industry may seem to be temporarily bogged down by market troughs, the long term outlook seems very positive." Compulsory medical insurance requirements in Saudi Arabia have contributed to growth in family and medical Takaful which, together, are estimated to bring in 49 percent of gross contributions in the MENA region. Family Takaful is estimated to provide only 5 percent of these total contributions.

Sales of Ford vehicles grow 74% in Kingdom

The sales of Ford's Lincoln and Mercury cars in the Middle East in the first quarter of this year have increased 43 percent compared with the same period in 2009, a company official said in a press conference held at the Park Hayat resort here Tuesday. In Saudi Arabia, sales of Lincoln and Mercury saw a 74 percent hike over the first quarter last year, said Hussein Murad, the company's director of Sales in the Middle East. The sales growth for all its cars registered 54 percent and 104 percent for utility vehicles. Ford's growth in the Gulf Cooperation Council (GCC) countries was driven mainly by strong demand across the range of Ford vehicles with nearly 30 percent increase in cars, led by the all-new Fiesta, Fusion and Taurus while utility vehicles were up by nearly 60 percent across the range with star performance across the SUVs and crossovers alike. "This has been an outstanding quarter for Ford in the region, and we are thrilled to see the momentum continue from where we left it end of 2009," Murad told the Saudi Gazette. The company earned more than \$2.7 billions in 2009, he said. Moreover, he said Ford is the only one of the "big three" US automakers that did not seek a government bailout in 2008.

Saudi inflation at 9-month high of 4.7%; seen stable

Saudi inflation accelerated to a nine-month high of 4.7 percent in March, led by rent, fuel and food costs. Consumer prices rose 0.5 percent in the month, the state-run Saudi Press Agency reported on Wednesday, citing data from the Central Department of Statistics. Annual inflation was 4.6 percent in February. An analyst said prices should continue to rise at around the same rate in coming months. The inflation rate has been increasing due to the economic recovery after falling to a more than two-year low in

October. Finance Minister Ibrahim Al-Assaf said on Jan. 24 that the economy is expected to expand 4 percent this year after growing less than 0.2 percent in 2009. Month-to-month inflation in the world's largest oil exporter as measured by the cost of living index rose 0.5 percent to 126.7 points, SPA said. The global crisis has reduced inflation across the Gulf region from record highs in 2008. Price pressures are seen rising again as key economies in the oil-exporting region recover but inflation is expected to stay in the low single digits this year across the Gulf. "Inflation is slowly picking up. Economic activity is picking up. The usual culprits, food and rents, are driving inflation. In the next months there could be a fluctuation in a range of 4.4-4.7 per cent," said John Sfakianakis, chief economist at Banque Saudi Fransi. The annual increase in the food and beverage price index was 5 percent in March, up from 4 percent the previous month, while it eased for the renovation, home rents, water and fuel index to 10.1 percent from a 10.6 percent annual rise in February.

Foreign firms eyeing more Aramco engineering deals

Foreign engineering firms hope new partnerships with Saudi companies will increase their chances of winning deals from Saudi Aramco, industry sources said on Tuesday. The partnerships should give domestic Saudi firms more access to Aramco's larger projects, and increase the role of foreign firms in small and medium projects. Detailed preliminary engineering work for Aramco's mega projects has so far been conducted by international firms outside of the world's top oil exporter. "The front-end engineering and design (FEED) has never been done in-kingdom before. With the infusion of the technical capabilities of international companies, this will happen," a source from an international company said. "What used to be done outside the Kingdom will be done here," he added.

UAE

International Front

UAE-Iranian Consular Commission to hold 5th meet in Abu Dhabi

The meeting will be co-chaired by UAE Assistant Foreign Minister for Political Affairs Dr. Tariq Ahmed Al Haidan and Iran's Deputy Foreign Minister for Consular, Parliamentary and Expatriates Affairs Hassan Qashqavi. The 2-day meeting will discuss consular matters and cooperation between the two countries along with other matters of mutual concern.

'UAE, Norway obligated to protecting environment'

Crown Prince Haakon of Norway said UAE has shown a clear determination to play an active role in defining global solutions to the climate challenge. "I can assure you that Norway will work with the UAE on the climate agenda and the renewable energy agenda. Both our countries strive to build peace through active diplomacy. Norway holds the chairmanship of the group of donor countries for the support of the Palestinian National Authorities. The UAE plays a very constructive role in this group as one of the major donors to the PA and strong supporter for peaceful settlement of conflicts", he said while addressing Maritime seminar on "Sustainable Maritime Excellence" at the Emirates

Palace in Abu Dhabi on Tuesday. Haakon observed that UAE and Norway share several common traits. As petroleum exporters our importance is out of proportion greater than our geographical size or measured by our populations. As petroleum producing countries we share an obligation towards the environment. "We find ourselves in climate zones with the opposite denominator. We are both large consumers of energy -- for heating and for cooling respectively. We also set aside petroleum revenues for future generations through our Sovereign Wealth Funds. We share a common interest to find ways to produce and consume energy in an environmentally sustainable manner. We seek to diversify our economies and have understood that our human resources are our best capital to this end. We are both coastal nations with long seafaring and shipbuilding traditions. Fish has served as a staple food to sustain livelihood for centuries."

Mohammed bin Zayed, Sarkozy discuss the Nuclear Security Summit's agenda

His Highness Sheikh Mohammed bin Zayed Al Nahyan, the Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces, yesterday met with HE President Nicholas Sarkozy of France and HE Lee Hsien Loong of Singapore. The one-to-one meetings were held on the sidelines of the Nuclear Security Summit in the US capital. The summit, hosted by the US President Barack Obama, was concluded yesterday. His Highness Sheikh Mohammed was at the head of the UAE delegation to the Nuclear Security Summit, which was attended by 47 nations. During the two-day gathering of world leaders, the UAE stressed that combating the threat of nuclear terrorism is high on its security agenda, while expressing support for reaching international consensus on adopting a work plan designed to prevent nuclear material and technology from falling in the hands of terrorist organizations. His Highness Sheikh Mohammed and HE President Sarkozy discussed the summit's agenda which include international cooperation to ensure nuclear security, combat illicit trade in nuclear material and prevent terrorist organisations from obtaining nuclear weapons. His Highness Sheikh Mohammed said that the relationship between the two nations was "a model strategic partnership that entails cooperation at all levels to serve the interests of the two friendly nations." During the meeting, also attended by His Highness Sheikh Abdullah bin Zayed Al Nahyan, the Foreign Minister of the UAE, the two leaders discussed bilateral cooperation at all levels.

UAE, Oman to crack down on infiltrators, smugglers

The UAE and Oman have agreed to step up operations against infiltrators and drug smugglers across borders as these activities pose threat to the security and stability of the two neighbouring countries. A statement issued at the conclusion of a three-day meeting of the UAE-Oman Security Committee in Abu Dhabi stressed the importance of coordination and cooperation for combating these illegal practices. The two sides also called for conducting joint exercises in civil defence, and timely exchanging of reports and information between central operations rooms on grave accidents. A joint task force will meet as soon as possible to follow up implementation of e-link between border checkpoints to ensure greater efficiency and compliance. Lt.-General Saif Al Shafaar, Undersecretary of the UAE Ministry of Interior, and Major-General Salim Qatan, Assistant Inspector General of Police and Customs in Oman, who co-chaired the discussions, signed the minutes of the meeting.

Social Front

Cities in region face floods if sea level rises modestly Up to 6%

Abu Dhabi is vulnerable to any change in sea level. Even a modest rise in the sea level could potentially lead to perfect storm conditions," Professor David Holland, Director of the Centre for Atmosphere-Ocean Science at New York University, said in an interview with Gulf News. "At present there is, however, no credible projection of the sea level rise that could be expected and when," he added. He was in the capital last Sunday to deliver a lecture, organised by his university on 'A Tale of Two Cities, and of Climate Change: Future Sea Level Projections in New York and Abu Dhabi'. The current sea level rise projections need to be perfected by collecting more information, most importantly regarding the melting of the Greenland and Antarctic ice sheets, he said. The UN's Intergovernmental Panel for Climate Change predicted a sea level rise of 0.37 to 0.59 metre by 2100 in its fourth assessment report in 2007. But the report was criticised for not having included the impact of these two massive ice sheets. Predicting the sea level rise could be based on a continuation of weather forecasts (which predicted a 30 cm rise at the turn of the century) on global warming due to increasing greenhouse gases (which predict a 20-60cm rise) or the melting of ice sheets, he explained. The most plausible cause of rising sea levels could be the melting of the ice sheets, Holland, like most climate scientists, believes. "It is also the most uncertain number yet," said the expert, who has been researching these ice sheets for a long period. At least ten years of data collection is required in order to make reliable computer simulation models. While Abu Dhabi is susceptible to flooding, it is no more vulnerable than other cities around the world located at sea level, such as New York, Holland said. Abu Dhabi As much as 6 per cent of the UAE's land area could be flooded by 2100 if the worst-case scenario of a nine-metre rise in the sea level comes true, according to a government study published in January. The study titled 'Climate Change: Impacts, Vulnerability and Adaptation' was published by the Environment Agency - Abu Dhabi (EAD) with the help of researchers from the US-based Stockholm Environment Institute. Significant built-up areas in coastal regions will be inundated, even if there is only a small rise of one metre, it says. Since scientists are not certain of the rise in sea levels caused by continued melting of the glaciers, the study envisages two possible scenarios — a rise of two metres by 2100 if there is no accelerated ice cap melting, and a rise of nine metres if there is.

BAHRAIN

International Front

Saudi King's visit welcomed

THE Bahraini-Saudi Friendship and Brotherhood Committee welcomed the visit of Custodian of the Two Holy Mosques King Abdullah bin Abdulaziz Al Saud to Bahrain. It said that the visit reflects strong historical brotherly ties binding the countries' leaderships and peoples. Committee head Abdulrahman Jamshir, who is also the head of Shura Council's Foreign Affairs, Defence and National Security Committee, hailed the visit,

expressing pride in the pioneering role played by Saudi Arabia in the region under the leadership of King Abdullah.

Bahrain to join Iran gas project

IRAN and Bahrain are moving forward to strengthen economic ties, starting with a major gas exporting project to be signed soon, a top Iranian official revealed yesterday. Technicians and experts from both countries have made good progress on preparing for the project, said Iranian First Deputy President's Assistant Dr Ali Agha Mohammadi. He was speaking at a Press conference held yesterday at the Ritz Carlton Hotel and Spa. "Both sides have agreed on various technical aspects. The next step will be the final signing of the project by the ministries," said Dr Mohammadi. He said that a third party is also involved in the gas agreement, however he would not reveal who it was. "A third party is also involved in the project but I cannot reveal the name without Bahraini officials," he said. "We hope that both countries agree on the project so that we can start it." Iran is eager to start the project and will do so immediately once an agreement is signed, said Dr Mohammadi. Iran is ready to provide gas according to Bahrain's needs, he added. "A Bahraini delegation is currently in Iran and studies are continuing," said the official. "We are studying both current and long-term projects with Bahrain." Dr Mohammadi stressed that both countries were keen to strengthen ties in all aspects, including trade, health care and education. "Bahrain has a future development plan and we aim to help our brothers with all our efforts," he said. "During meetings, we came to the conclusion that Bahrain plans to carry out more infrastructure projects and we are ready to collaborate with them in every way possible." Both sides have agreed that they are not satisfied with the current level of collaboration and aim to increase it, he stated.

Political Front

Reforms key to peace and stability

REFORMS launched by His Majesty King Hamad have created an unprecedented condition of political stability, peaceful co-existence and religious, cultural and intellectual diversity.

"The reforms have created a condition that could be easily emulated by several countries in the region and elsewhere," said MP Dr Saleh Ali Abdulrahman, who is second vice-chairman of Bahrain's parliament and chairman of the Al Menbar parliamentary bloc. He underlined the King's initiatives to deepen the concept and practices of constitutional monarchy, the sovereignty of honesty and transparency, the revival of parliamentary life, better human rights, more freedom of expression, greater media freedom, a more vigorous civil society, and an independent and fair judiciary. Dr Abdulrahman also highlighted to the participants the efforts by the Supreme Council for Women, led by its chairwoman Her Royal Highness Princess Sabeeka bint Ibrahim Al Khalifa, in empowering women politically, economically and socially.

Social Front

TOURISM SET TO BOOM

Tourism is booming in Bahrain, with major transport projects like the Qatar causeway expected to give it a further fillip. The number of tourists visiting the country this year is expected to reach almost five million, an increase of 6.9 per cent, according to the World Tourism Organisation, which quoted figures from the global market research giant Euromonitor International. Last year's visitor numbers were only slightly down on 2008 and benefited from more businesses relocating to Bahrain, it said. "For its size, the country has a relatively large tourist industry and in 2009 received 1,897 international tourist nights per 1,000 of the population. "Bahrain has historically been a transport hub, thanks to a well-connected international airport and a road bridge that connects the nation to the east coast of Saudi Arabia." The report said a number of international companies had relocated to Bahrain due to the high cost of doing business in other Gulf countries.

Strikes on rise

BAHRAIN witnessed a dramatic increase in strikes in the first three months of the year, according to Labour Ministry and General Federation of Bahrain Trade Union (GFBTU) figures. Nine walkouts were staged until the end of March, four by Bahraini workers and five by expatriates, compared with only two during the same period last year. A total of 20 strikes took place last year, 17 by Bahrainis and three organised by expatriates, compared with only 13 walkouts in 2008. However, government officials are hoping the surge of strikes this year will turn out to be a blip and not reach last year's level. GFBTU secretary-general Salman Al Mahfoodh said the root causes of company-employee disputes must be resolved to avoid damaging Bahrain's economy. He said most strikes involved construction companies. "All the employers must take care that their employees are well paid and happy with the living conditions and provide them with all the facilities," Mr Al Mahfoodh told the GDN. "Most of the strikes happen when workers are not happy about the living conditions, non-payment of salaries or low wages." Mr Al Mahfoodh said if employees were happy they would be more productive and many issues could be resolved due to collective bargaining between companies and unions. "The aim of forming GFBTU is to bring justice to every worker," he said. "Our job is to create a working environment where social justice and social dialogue flourish, without exploitation of any kind. "By the grace of God, Bahrain is not affected by recession as badly as other countries.

Protect their rights!

THE rights and well-being of more than 72,000 foreign domestic workers in Bahrain are at stake if a new labour law is implemented, a human rights group has warned. They were left out when the Shura Council approved the law last month after it was passed by parliament, said Bahrain Human Rights Watch Society (BHRWS) secretary-general Faisal Fulad. Most of these workers are from India, the Philippines, Indonesia, Sri Lanka, and Ethiopia, he added. The Labour Ministry proposed the new law in 2007, when it discussed it with a host of the authorities concerned for 18 months. They included the Bahrain Chamber of Commerce and Industry, the General Federation of Trade Unions, the Economic Development Board, parliament and Shura Council. After lengthy discussions in parliament and the Shura Council, it is now with the Cabinet to be redrafted according to the amendments made by the National Assembly, said Mr Fulad. It

will then be presented back to the two chambers for final approval. "However, the next National Assembly elections will likely be held during October and November and if the law is not drafted this year, it will be postponed to 2011 for new term," said Mr Fulad. He said many non-governmental organisations had welcomed the formulation of a new labour law, but many expressed dismay that the domestic workers had been excluded. Respect Movement, which works under the umbrella of BHRWS, is now spearheading an effort to get the government to intervene and include domestic workers in the law. "Our goal has always been to ask the government to incorporate the domestic workers in the new labour law," said Mr Fulad. "Many domestic workers escape from home as their wages are around BD45 per month and work more than 12 hours a day with no rest," he said.

Human rights status remarks under fire

A TENSE argument erupted in parliament yesterday over remarks by a member during his participation in an international conference in October last year. Parliament was reviewing reports on the participation of MPs at such conferences at its weekly session yesterday. Independent MP Abdulla Al Dossary accused Al Wefaq MP Jalal Fairooz of giving false information about the human rights status in Bahrain, which he said hindered the country's democratic reforms. Mr Al Dossary demanded that parliament chairman Khalifa Al Dhahrani took severe action against Mr Fairooz for his uncalled for comments during the International Parliament Federation conference in Geneva, Switzerland. "MPs should present their written comments to Mr Al Dhahrani and they should be first approved before speaking at any international participation," said Mr Al Dossary. "Those comments made by Mr Fairooz are like dirty laundry and even if true, which they are not, they shouldn't have been said. "I demand severe action against Mr Fairooz, so should be setting an example for others to follow proper parliamentary procedures when representing Bahrain." Al Wefaq bloc president MP Shaikh Ali Salman said that no one had the right to stop people from expressing their opinion. "Mr Al Dhahrani has already asked the federation on whether Mr Fairooz's comments were acceptable or not and it replied in writing that it was normal for opposition members to express such views and that it enriched discussions," he said. "Mr Fairooz was practising his right as a Bahraini and at the same time was voicing people's concerns over human rights in the country. "In the end, Mr Fairooz stuck with the delegation's approved papers, but had his own opinion to say and whether others like it or not, it is time that those who oppose his opinions learn to respect it." Mr Al Dhahrani, who also chairs the Parliamentary Executive Committee responsible for supervising MPs participations abroad, said that MPs were informed to abide by approved papers. "The MP concerned has done that and his comments made afterwards were expressed as an individual, which means it is unnecessary to take any action," he said. "But that doesn't mean we will not assess the situation to come up with ways to ensure Bahrain's real image is showcased throughout all international events."

MOSQUES around Bahrain are offering Friday sermons in different languages on Friday

MOSQUES around Bahrain are offering Friday sermons in different languages the languages include Urdu, Malayalam, Tamil, Bengali, English, and Sinhalese.

Economic Front

Bahrain 'leading the gulf in everything from trade and finance services to formula one

A LEADING publisher has urged the UK to close the door on Bahraini dissidents, who are using London to wage a campaign of misinformation against their own country. Speaking at a special meeting on democratic institutions and community relations in Bahrain, Dar Akbhar Al Khaleej Press and Publishing House chairman Anwar Abdulrahman criticised the British government's decision to grant political asylum to opponents of the Bahrain government. The meeting was chaired by the Honourable Sir Richard Muir and attended by representatives of many Arab embassies as well as British universities and other organisations, including Cambridge University, Warwick University, London Metropolitan University, Westminster Foundation For Democracy, The Royal Society For Asian Affairs, the Conservative Party, the Foreign and Commonwealth Office, the Centre For Arab and Iran Studies and Amnesty International. Many other academicians were there as well as financial institutions, including HSBC Holdings. During the session, which took place at Chatham House, Mr Abdulrahman said British taxpayers' money was being wasted on sheltering "good-for-nothings". He said that money would be better spent on funding scholarships for talented Bahraini students.

Accolade for central bank

The Central Bank of Bahrain has won an award for The Best Regulator Initiative of the Year in Insurance in the Middle East. It won the accolade at the Middle East Insurance Awards 2010, organised by Insurex in Dubai. "This highlights the regulatory work initiated by the CBB in putting in place minimum requirements for appointed representatives of insurance firms in Bahrain," said CBB insurance supervision directorate chief Nader Al Mandeel.

Economic success highlighted

BAHRAIN's gross domestic industrial product grew by 80 per cent between 2003 and 2008. The national output of goods and services also increased by 40pc over the same period. The figures were released as His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince and Economic Development Board chairman, presided over the EDB executive committee meeting yesterday. Gross product in both the private education and health sectors has also doubled. EDB chief executive Shaikh Mohammed bin Essa Al Khalifa gave a presentation on plans materialised over the last three months. The quarterly economic report, first of its kind to be published in Bahrain, stressed the EDB's efforts to set up mechanisms in co-ordination with government departments to ensure the national economic strategy is linked with the state budget. Efforts to attract foreign investments also came under the spotlight. Shaikh Mohammed highlighted the EDB's promotional efforts in the targeted markets and challenges. He also outlined plans to review work procedures and e-systems for registering and licensing business and efforts to attract leading companies to Bahrain in a bid to provide rewarding jobs and create investment opportunities. The meeting reviewed Bahrain's economic evolution and the expected outlook. The panel also discussed key strides achieved so far, particularly the development of government-owned companies, National Audit Court and Tender Board.

Reforms implemented at Civil Service Bureau and efforts to eliminate red-tape for investments to thrive also came under scrutiny. As a result of these reforms, Bahrain has been ranked 20th best country in the world for the ease of doing business in the Doing Business 2010 Report of the World Bank.

KUWAIT

International Front

Kuwaiti Amir, Iraqi vice president discuss bilateral relations

His Highness the Amir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah received at Bayan Palace on Tuesday visiting Iraqi Vice-President Tariq Al-Hashimi and his party. HH the Crown Prince Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah was also present in the meeting. During the meeting, they exchanged views on ways and means of further bolstering and cementing Kuwaiti-Iraqi cooperative ties for the common good of both nations and peoples, as well as issues of mutual interest. Also present in the meeting were Deputy Prime Minister and Foreign Minister Sheikh Mohammad Sabah Al-Salem Al-Sabah, Acting Minister of Amiri Diwan Affairs Sheikh Ali Jarrah and chief of the accompanying mission of honor, advisor at HH the Crown Prince's Diwan Nasser Al-Roudhan.

Iraq owes Kuwait \$ 24bn: Kuwaiti lawmaker

Iraq still owes about \$ 24 billion in war reparations for the 1990 occupation of Kuwait, a lawmaker was quoted as saying yesterday. Adnan Abdulsamad, head of the Assembly's budgets committee, said the state had so far received \$ 17.5 billion out of the \$ 41.8 billion approved by a United Nations special compensation fund. Newspapers quoted him as saying that the state had filed compensation claims worth \$ 177 billion for damages from the invasion and seven-month occupation by Saddam Hussein's forces. Iraq is required to put five percent of its oil revenues into a UN reparations fund, which has so far paid out \$ 28.9 billion to claimants. Since Saddam's overthrow following a US-led invasion in 2003, Iraq has repeatedly appealed to Kuwait and other countries to waive tens of billions of dollars in compensation and debt. The bulk of the money is owed to Kuwait and Saudi Arabia. Iraq also owes Kuwait around \$ 16 billion for loans to Saddam for Iraq's 1980-88 war with Iran, which was largely bankrolled by the oil-rich Gulf states.

Kuwait accuses Israel of trifling with Mideast peace process

The State of Kuwait has, on behalf of the Arab Group at the UN Security Council, condemned the Israeli malpractices against Palestinians in the occupied territories notably the recent decision to expel thousands of Palestinians from the West Bank. The recent Israeli move contradicts Israel's claims about sincerity in seeking peaceful settlement with the Palestinians based on the two-state solution, Kuwait Permanent Delegate to the UN Ambassador Mansour Al-Otaibi said in a statement to the monthly open debate on the Middle East conflict held by the UNSC on Wednesday. Ambassador Al-Otaibi urged the international community to shoulder its responsibility for protecting the Palestinian people from expulsion and adopt practical measures to help establish the independent state of Palestine with East Jerusalem as its capital. "The illegitimate measures in the

occupied territories such as the Jewish settlement expansions, the inhumane embargo on Gaza Strip, the construction of the separation wall, the restriction of movement of civilians, the judaization of holy city and the mandate to the Israeli military forces to expel the Palestinian residents of the West Bank evidence to the fact that Israel, the occupying authority, trifles with the international community and international legitimacy," he said. "All these measures refute Israel's claims that it is a serious peace partner and committed to the two-state solution," the Kuwaiti senior diplomat underscored. Instead of heeding the calls of the international community to pull out from the occupied territories, Israel is doing its utmost to undermine the peace process and legitimize the occupation of the Palestinian territories including Jerusalem in a blatant defiance to the international community, he argued. The prolongation of the Israeli occupation can be blamed not only on the occupying authority but on the UNSC which failed to exercise its legal mandate as specified in the UN Charter.

Kuwaiti PM's visit stresses "strategic partnership" with France

The official visit of Kuwaiti Prime Minister, HH Sheikh Nasser Al-Mohammed Al-Ahmed Al-Sabah, which begins Friday, is viewed here as part of an ongoing "strategic partnership" whose construction particularly dates from 2009, when President Nicolas Sarkozy visited Kuwait and it follows in the footsteps of other major, Kuwaiti visits to this country. While political ties between the two nations have been at an excellent level for a number of years now, economic ties have lagged behind and there have been renewed efforts to bolster relations and cooperation in a number of areas, officials indicated to KUNA ahead of HH Sheikh Nasser's official visit. The revival of the Franco-Kuwaiti economic commission and a boost in high-level exchanges at official and business level have also helped set out the potential for more cooperation but progress has so far been moderate, at best. This Kuwaiti Prime Minister's visit "is within the framework of the strategic partnership that our two countries are building," said Christine Fages, deputy spokeswoman at the French Foreign Ministry. The visit "stresses the reinforcing of our relationship of friendship and close and confident political dialogue that we have at the highest level with the Kuwaiti authorities, in particular on regional and international questions, " the French official added. In this respect, France will reiterate during the visit its attachment to Kuwaiti sovereignty and the security and stability of the region and particularly the security of Kuwait with which France has signed a defence agreement that was "reinforced" and updated last October during a visit here by the Kuwaiti Defence Minister Sheikh Jaber Al-Mubarak Al-Sabah.

Social Front

Parliament in Kuwait approves privatisation bill

Kuwait's parliament yesterday gave initial approval to a much-delayed privatisation bill allowing the sale of some state-owned entities, including some downstream assets in the country's energy sector. Kuwait's oil and gas fields are off-limits to foreign investment and would remain so, the country's Deputy Prime Minister for Economic Affairs, Sheikh Ahmad Al Fahad Al Sabah, told reporters. Several lawmakers opposed the inclusion of any energy assets in the bill, which they say should remain under the government's control to avoid corruption. The bill, which excludes the privatisation of the health and

education sectors unless done through a separate law, would leave the government with no more than 20 percent of privatised firms. "Forty percent will be offered in an initial public offering to Kuwaiti nationals," according to the draft text. "At least 35 percent of the shares will be offered in a public auction open to local listed shareholding companies, and other companies that the (supreme privatisation) council approves." The Supreme Privatisation Council, which would be headed by the prime minister, would lay out the policies of the privatisation processes. The government's returns from the process will be added to the Gulf Arab state's budget revenues, with at least 50 percent of the total returns to the Future Generation Fund.

Indonesian maids continue arriving in Kuwait despite ban

Housemaids from Indonesia continue to arrive in Kuwait despite Jakarta's ban on their coming to the Gulf country to work. Aris Triyano, the spokesman for the Indonesian Ambassador to Kuwait Faisal Ismael, admitted that the embassy cannot do anything to stop the women coming or to implement the unilateral ban on housemaids coming to Kuwait so long as they enter the country using valid visas. "We informed the Kuwaiti government regarding the entry of Indonesian housemaids, but they told us they cannot prevent anybody who possesses valid, legal documents from entering Kuwait," he said. Triyano admitted that new recruits are hired using visit visas or sometimes using other ports of entry such as Bahrain or Dubai to enter Kuwait. "We really don't know how they are able to get permission to enter Kuwait," he said. "But as far as the embassy of Indonesia is concerned we are not signing any job orders as yet and the ban is still in place. The Indonesian Labor Ministry temporarily suspended the deployment of Indonesian housemaids to Kuwait in mid-September of last year due to increasing unresolved issues of mistreatment and abuse of their maids. The number of runaway domestic helpers reached over 600 during that period, falling significantly since the temporary ban, but the Jakarta government has stopped short of resuming the deployment of maids to Kuwait until a new Memorandum of Understanding (MoU) is signed between the two countries.

Economic Front

KSE ends trading on a negative note

The Kuwait Stock Exchange (KSE) ended yesterday's trading on a negative note with declines also witnessed in all market sectors. Affecting the market's downturn was Goldman Sachs decision to downgrade Zain to sell from neutral rating and increases its target price to KD1.240 versus KD1.010 due to a new valuation methodology. This has created a massive sell-off in the scrip causing it to be the value leader and ended the day down 4.48 percent to close at KD1.280.

QATAR

International Front

Qatar revises visa rules for GCC residents

Qatar plans to do away with the visa-on-arrival facility for expatriates resident in other GCC countries from May 1. Expatriates holding valid residency permit of other GCC states would instead need to apply for an entry visa for Qatar in advance. 'Arabian Business' website reported yesterday that entry visa rules which have been in place for expatriates resident in other GCC states were being revised by Qatar. The website quoted a Qatari diplomat at the country's consulate in Dubai as saying that the processing of visa applications would take two to three days. Qatar, like many of its neighbours in the GCC, introduced visa-on-arrival system for expatriates resident in other GCC countries several years ago. Visitors were required to provide details of contacts in Qatar and where they would be staying and were issued an entry visa upon arrival at the Doha International Airport. A visa-on-arrival normally attracted a fee of QR105 for 14 days. The visa was renewable for another 14 days. The 'Arabian Business' website, however, said the fee for processing visa applications under the new regime was not known. The diplomat said he was not even aware if any particular profession or professions were to be exempted from the new regulations. Only recently Qatar announced it was revising from May 1 the visa-on-arrival system for the citizens of 33 'affluent' countries. British and American citizens will be among the nationals of these 33 countries who will have to apply for a visa prior to arrival in Qatar from May 1. The 'Arabian Business' website said the new regulations mean that all passengers wishing to travel to Qatar for business purposes will need to have their visas arranged by a local sponsor, via the Ministry of Interior.

Economic Front

Industries Qatar profit drops 14%

Petrochemicals and metals company Industries Qatar just missed analysts' expectations with 14.3 percent drop in net profit for the first quarter. Industries Qatar (IQ), the second-largest Gulf chemical producer by market value, is one of many regional petrochemicals companies that have struggled through the downturn although market fundamentals have shown signs of recovery since late last year. The company said yesterday it had a net profit of 1.2 billion riyal (\$329.8 million) in the first quarter compared with 1.4 billion riyals the previous year and below a mean estimate of 1.3 billion riyals in a Reuters poll. Shares of Industries Qatar were down 2.09 percent to 117.30 Qatari riyals at 0816 GMT yesterday. The shares are not expected to see much volatility on the back of results, Shuaa analyst Laurent-Patrick Gally said in a note. "We believe the market will await tangible signs of the positive contribution of new projects-that have just been launched or are about to be launched-to IQCD's bottom line in order to push the shares materially higher." Projects such as Ras Laffan and Qatofin could push up year-on-year earnings growth this year, Gally said. Analysts expect Industries Qatar's fortunes to revive as fertilizer prices recover and the company launches a new project, Qafco 5, to boost fertilizer output. Saudi Basic Industries Corp (SABIC), the world's top chemical company by market value, which has not yet posted Q1 earnings for 2010, recorded a net loss of 974 million riyals in the first quarter of 2009. SABIC is predominantly a petrochemicals producer while Industries Qatar produces fertilizers and steel in addition to petrochemicals.

OMAN

International Front

Turkish President to visit Oman today

Turkish President Abdullah Gul is scheduled to pay a state visit to Oman on Monday to hold talks with senior Omani officials, apparently in line with Ankara's new approach to enhance ties with the Arab world. The visit, which comes at the invitation of Omani Sultan Qaboos bin Said, mainly aims to elevate bilateral cooperative relations and to discuss various issues of mutual concern on regional and international levels in light of the latest regional developments, the official Oman News Agency (ONA) reported on Sunday. The Turkish President will be accompanied by a delegation of several ministers, members of parliament, ambassadors and advisers. Turkey, following long years of focus on aspiration to integrate itself into the European Union, has recently shifted interest to the Arab world, taking tangible and rapid moves to enhance its ties with the Arab states. Strides have already been taken with neighboring Syria for cooperation in the sectors of commerce and investments.

Qaboos, Gul discuss cooperation and regional issues

Sultan Qaboos Bin Said on Monday received Turkish President Abdullah Gul who arrived in the Sultanate earlier today on a scheduled mission aimed at enhancing mutual cooperation and bilateral relations. The official Oman News Agency (OMNA) said the talks dealt with regional affairs, various regional and international topics of joint interest. The two sides discussed means of expanding cooperation in various fields namely the commercial and economic sectors, it said. Gul arrived in the Sultanate earlier today on his first visit to the Gulf state, signalling yet a fresh move by Ankara toward promoting its ties with the Arab world.

Oman and Turkey vow to boost bilateral ties

The sultanate and Turkey have agreed to strengthen ties following top-level talks here on Monday. His Majesty Sultan Qaboos bin Said and Turkish President Abdullah Gul, who arrived here earlier in the day on his first official visit to Oman, underlined the importance of stepping up bilateral cooperation, especially because both countries 'share the same foreign policy principles'. Minister Responsible for Foreign Affairs Yusuf bin Alawi bin Abdallah, in a statement to the Press after the discussions, said Sultan Qaboos and Gul reviewed Oman-Turkey relations and the latest regional and international political developments. "His Majesty the Sultan affirmed the sultanate's keenness to benefit from Turkish construction and other companies and voiced a desire to further develop bilateral relations," Abdallah said. Commenting on regional issues, Sultan Qaboos noted that the Middle East had "witnessed many crises and wars, and therefore joint efforts are needed to help avoid more wars in the region, taking into account the region's global importance." The President said his country was keen to expand cooperation with the sultanate in all sectors, especially in the cultural field. He referred to the historic and cultural bonds between the sultanate and Turkey, noting that they were two Islamic countries with a rich past. He reaffirmed that his country and the sultanate shared similar approaches to foreign policy, as both depended on "constructive dialogue

as a means of resolving political and non-political disputes.” This, he added, was an important logic in regional and international cooperation as it provided common grounds for the establishment of peace and stability.” Gul also explained Turkey’s efforts in developing relations with neighbouring countries, its ties with Russia, the EU and Arab states and its support for the cause of Arab and Islamic nations. Earlier, upon his arrival here on a three-day official visit, Gul was given a warm reception and was greeted at the Muscat Museum Gate by Sultan Qaboos and other top dignitaries.

Oman, Libya hold talks

Yusuf bin Alawi bin Abdallah, Minister Responsible for Foreign Affairs received in his office here yesterday Dr Abdul Hafeedh Mahmoud al Zalaitni, Secretary-General of the People’s Committee for Planning and Finance of Libya currently visiting the Sultanate. The meeting discussed relations between the two brotherly countries in various fields and means of enhancing and promoting them, in addition to, exchanging views on a number of international and regional issues of common concern. The meeting was attended by Talib bin Miran al Ra’eesi, Head of Economic Affairs Sector, Khadeeja bint Hassan al Lawatiyah, Head of the Minister’s Office Department, officials at the Foreign Ministry and the delegation accompanying the guest. The OCCI Chairman also met the Libyan official and held talks.

Social Front

Qaboos issues Royal Decree establishing the ‘Higher Judicial Institute’

His Majesty Sultan Qaboos bin Said yesterday issued a Royal Decree (No. 35/2010) establishing the ‘Higher Judicial Institute’ in the wilayat of Nizwa:

Article one says “The institute shall be established and have its legal personality and report to the justice minister. Provisions of the attached system shall be enforced with regard to the institute. Article three of the decree says the justice minister shall issue a decision outlining the organisational structure of the institute and issue relevant rules and decisions to implement provisions of the attached system, including regulations and decisions pertaining to curriculum and training programme after obtaining the board’s approval in coordination with authorities. Article four cancels all that contradicts with this decree or contravenes with its provision while Article five says the decree takes effect from the day following its publication.

Commentaries and analysis

GCC banks remain well capitalised: IMF analysts

Emirates Business 24-7, 11 April 2010

By Nadim Kawach

Banks in Gulf oil producers enjoy a strong position and their asset quality has largely improved over the past years, but the system suffers from some flaws which should be addressed by authorities, according to International Monetary Fund (IMF) analysts. The global fiscal distress has exposed their vulnerability. This was because banks in the six-nation Gulf Co-operation Council (GCC) sharply boosted their credit during the oil

boom, which came to an end in mid-2008, said the experts at the Washington-based institution in a working paper. The recent regional default problems have allied with the crisis to hit the banks' asset quality but they remained sound and well capitalised, they said. "The asset quality of GCC banks has improved significantly over the past five years. The ratio of non-performing loans [NPLs] to total loans has been on a declining trend since 2003, when it was at double digits, although the underlying trend is masked by the high credit growth rate during this period," the paper said. "NPLs stood at low levels in 2008 by international comparisons despite the crisis. However, the supervisory authorities in the GCC have required banks to take substantial general loan loss provisions in anticipation of rising amounts of NPLs in 2009, and possibly 2010. The coverage ratio of provisions to NPLs across the GCC is very high by international standards."

Risks

But the paper saw what it described as continued risks of a possible worsening of asset quality as the fallout from the crisis continues to materialise on banks' balance sheets. It said this risk is heightened in countries with the highest credit growth rates prior to the crisis, and in systems that have significant concentration in construction and real estate, as these sectors have been hit hard. The paper said the high concentration on lending to large business groups is also an issue as indicated by the recent default of two prominent Saudi family businesses. In addition to Saudi banks' exposure to these two groups, a number of GCC banks also had significant exposures, it said. "The moderate impact of the global financial crisis on the GCC banking sectors has generally demonstrated the soundness of these systems," the paper said. "Notwithstanding the general soundness of GCC banks, our analysis indicates some weaknesses associated with the operational aspects of GCC banks and the characteristics of the GCC economies. These would need to be evaluated and addressed by GCC policy makers."

High credit

According to the study, some GCC countries witnessed rapid credit growth in the oil boom period preceding the financial crisis, when oil prices were at their highest levels and members pumped oil at near capacity. "As indicated above, this rise in available bank liquidity and the consequent increase in lending rates have been indirectly associated with higher oil prices. This linkage presents risks and introduces significant liquidity volatility for banks." International experience indicates that rapid credit growth in periods of high real economic growth is expected to result in high levels of asset impairment once economic conditions reverse," the paper said. "As observed in the current crisis, sharp declines in oil prices have brought about a slowdown in economic activity in the region, along with a worsening of banks' asset quality and strains on their liquidity. Policy makers in the GCC are encouraged to evaluate policy measures that could dampen the impact of oil prices on economic activity and the financial sector."

Exposure

The paper said there are also issues that need to be addressed in relation to banks' asset management practices. It noted that GCC banks generally have significant concentration

risk, both in the context of lending to a few obligors and large exposures to sectors that are highly subject to market price fluctuations and asset bubbles such as real estate and equities. "Additionally, some GCC banking systems have high exposures to households. While household lending in the GCC is generally secured by borrowers' salaries, household defaults could pause risks. These would typically be associated with a slowdown in economic activity and massive layoffs of expatriate workers." A third issue cited by the paper is the banks' liquidity management practices, which it said need to be evaluated. "GCC banks appear to maintain low liquidity levels by international comparison. While the banking sector in the GCC still relies on relatively stable deposits as the main source of funds, the fact that banks continue to have a very small share in bond financing complicates banks' ability to manage the maturity mismatches between assets and liabilities," the paper said. "Furthermore, the increasing dependence of banks on external financing in some GCC countries in recent years has increased banks' vulnerability to external credit conditions. This was demonstrated in the current crisis as banks' liquidity was squeezed with the tightening in global liquidity conditions." Highlighting the oil boom period, the paper said the GCC region has witnessed rapid credit growth to the private sector because of a surge in business. Over the period 2003-2008, the UAE and Qatar experienced significant private sector credit growth at about 45 and 35 per cent, respectively, while Oman had the slowest rate in the region at about 20 per cent, the report showed. It said that in view of this growth, the ratio of private sector credit to GDP compares favourably to other emerging countries. When measured in relation to non-oil GDP, credit to the private sector in the GCC registers the highest rates among emerging countries. "Notwithstanding the positive impact of increasing bank intermediation in the GCC on economic activity, as international experience shows, high rates of credit growth during an economic upturn almost invariably lead to high levels of credit defaults when economic activity slows," the study said. "Therefore, high rates of credit growth witnessed in some GCC countries during 2003-2008 have increased these systems' vulnerability to a downturn in economic activity. Albeit indirectly, credit to the private sector has been spurred by the increase in oil prices. Higher oil prices have boosted government spending and non-oil GDP growth and, as a result, spurred business confidence and local and regional private sector activities and investments." It said the impact was translated into a "concomitant increase" in the domestic demand and supply of credit. "As regard to supply, deposits in the banking sector grew as private sector income increased. This in turn boosted banks' lending capacity. As for demand, banking sector credit was reoriented from the public to the private sector, where the latter expanded economic activities and investments."

Deposits and liabilities

The report showed client deposits were the main contributor to credit growth in the GCC during the oil boom. But it added that the funding pattern has been relatively volatile, which increases banks' funding risk generally. It said a closer look shows that foreign liabilities have played a significant role in explaining the rapid credit growth for the UAE, the second largest Arab economy. The sharp increase in 2006 in net foreign liabilities in the UAE relates largely to banks' issuance of foreign debt to support credit growth and also to address asset/liabilities maturity mismatches through the issuance of

medium-term notes. In 2007, the increase in other members reflects short-term capital inflows in speculation of an appreciation of GCC currencies. "As oil prices declined in the second half of 2008, foreign financing markedly declined as speculative capital inflows reversed and, to a lesser extent, international capital markets dried out," the IMF study said. "The concentration of credit portfolios in GCC countries varies considerably within the GCC. Banks' exposures to the construction and real estate sectors are significant in Kuwait and Bahrain and are also important in Qatar and the UAE. This exposure has increased sharply since 2002 in Qatar and Bahrain and, to a lesser extent, Kuwait... UAE banks' exposure to the construction and real estate sectors appears relatively low in view of the construction and real estate boom that the country witnessed during this period." The study attributed this low exposure in the UAE to the presence of domestic real estate and mortgage finance companies and to direct external financing of large real estate projects, in particular by Dubai corporates. "As regards large exposures, GCC banks have a relatively high concentration of credit to large business groups and high net worth individuals."

Capitalization

Turning to their financial position, the paper said the GCC banking sectors are well capitalised across the board with capital adequacy ratios (CAR) well above minimum CARs, and comfortable leverage ratios by international comparisons. It said these capitalisation levels are related to high profitability, although they have declined significantly in recent years as a result of rapid credit growth and increasing leverage. In 2008, the profitability of the banking sectors was affected by the higher provisioning requirements related to the crisis, impacting the ability of banks to increase capital internally, according to the paper. As for profits, the paper said GCC banks have stable sources of earnings from lending and other traditional banking services. "Net interest margins represent the main source of income, ranging from 53 per cent of gross operating income in Qatar in 2008 to 80 per cent in Saudi Arabia. Notwithstanding, losses from investments in securities and increasing provisions have weighed on banks' operating profits in 2008-2009 across the GCC." The study noted that investment losses mostly affected Saudi and Bahraini banks, while loan loss provisioning affected Kuwaiti banks most. Returns on equity (ROE) - hovering around 20 per cent - and returns on assets (ROA) stood at comfortable levels by international comparisons, with Bahrain and Oman being the least profitable, it said. "Together with Saudi Arabia, the banking sector in Kuwait has been one of the most profitable within the GCC in recent years, although the latter has been affected relatively more by the current crisis." "In the UAE, more recent data indicate that while bank profitability increased in 2008, it was negatively affected by global and domestic developments in 2009." The paper gave no figures on profits but according to the Kuwait-based Global Investment House (GIH), the combined net earnings of the GCC's nearly 150 commercial banks dropped by about 8.5 per cent to \$15.74 billion (Dh57.81bn) in 2009 from about \$14.39bn in 2008. The largest fall of around 19 per cent was recorded in the UAE, while Kuwaiti banks reported a surge of 70 per cent in net income.

GCC banks exposure

- Bahrain: The retail banking portfolio in Bahrain is highly exposed to construction and real estate (33 percent of total loans) and the household sectors (23 per cent). However, household loans are mainly secured by salary which mitigates the risk of default.

- Kuwait: The banking portfolio is highly exposed to the real estate and construction sectors, which constitute close to 50 per cent of total loans. Household loans (excluding mortgages) and non-bank financial institutions (mainly to investment companies) are also important in banks' loans portfolios accounting for 16 and 12 percent of total loans, respectively.

- Oman: Oman's banking sector is highly exposed to the household sector, which accounts for about 40 per cent of total loans. Rising consumer indebtedness raises concerns as Omani households are highly leveraged with household loans accounting for 17 per cent of GDP. Additionally, a high proportion of the corporate loan portfolio is in a handful of large exposures.

- Qatar: The banking sector is mostly concentrated in the household, construction and real estate and government sectors, which account for 26, 20, and 27 per cent of total loans, respectively. As regards the household sector, although data is not readily available on the uses of these loans, an important share of these loans might be for securities investments. This could be a potential risk due to risk concentration and the difficulty arising from monitoring margin lending.

- Saudi Arabia: The loan portfolio appears well diversified with respect to the corporate sector with trade being the main sector at 25 per cent of total loans (mirroring the structure of the economy). However, concentration of credit to high net worth individuals could pose risks, similar to other GCC countries. Household loans in turn are well diversified with no dominating sub-sector. Real estate loans in Saudi Arabia are marginal compared to the rest of the GCC at less than 10 per cent of total loans. However, similar to the rest of the GCC countries, some margin lending for equities could be a source of risk.

- UAE: The banking sector is highly exposed to the construction sector and the highly speculative real estate sector (25 per cent of total loans, including household mortgages), and to the household sector (20 per cent, excluding household mortgages). Trade is also an important sector in bank loans accounting for 13 per cent of total loans. The banking portfolio is concentrated in the corporate sector, which accounts for two-thirds of total loans. Financing, however, is mainly directed to large private business groups or government-owned related enterprises and there is currently a high level of concentration of credit risk due to large financings of a few family-owned businesses and sizeable government-related entities.

'Oman is a nice country to live in'

14 April 2010

By Mrudu Naik

Times of Oman 2010

Lord Blackwell (Norman Blackwell) served as head of the Prime Minister's Policy Unit under former UK PM John Major from 1995-97, and was previously a member of Margaret Thatcher's Policy Unit in 1986 -87. After graduating from Cambridge with a first class degree in Natural Sciences, he went on to gain both an MBA, and a Ph.D in Finance and Economics from the Wharton Business School, and subsequently spent many years as a partner of McKinsey and Company. He now has a range of non-executive roles, including Chairman of Interserve Plc and Senior Independent Director at both Standard Life Plc and Segro Plc. He was created a Life Peer in 1997, and served as chairman of the Centre for Policy Studies from 2000-2009. The Sultanate's connection is Oman Holdings International SAOG (OHI)'s Douglas OHI partnership with Interserve plc was established more than 25 years ago. He spoke to Times of Oman during his recent visit to Muscat.

Is this your first visit? What brings you to Muscat?

I came here four years ago. I am chairman of Interserve Plc, an international company based in Britain. We have a very important partnership here in Oman with Douglas OHI. I am here to see the business, see the managers and catch up with Maqbool bin Hameed Al Saleh, chairman, OHI. We are happy with the way business is growing here, and I am excited with the prospects in Oman and I wanted to see for myself how things are developing. We at Interserve value enormously this partnership with OHI.

Do you have any expansion plans here?

We have plans to expand business in many areas here. Interserve Plc operates here through our partnership with OHI, so it's the question of where the opportunity is and where we can bring something to work with OHI and develop in new areas of business. Overall our strength is in construction, specialist services and facilities management. We are looking for opportunities to participate in the growth of infrastructure in Oman's development and petrochemical industries to provide a wider range of services.

How about your presence in the region?

Interserve has partnerships in Qatar, Dubai and Oman. We have operations across other countries in the region. So if you take the Gulf and the Middle East as a whole it accounts for just over half of our profits. So it is a very important focus for our business.

What are your impressions about Oman , especially the decision to stick to low rise buildings?

I think the development in Oman has been very well done. It is a nice country to be in. You feel you are in a very friendly place. The design of buildings and architecture has captured and kept much of the historic and cultural aspects. So I think it is a great tribute to the way it has been planned and developed. You have lived both role as a businessman and politician. Which role have you enjoyed more?

I have enjoyed combining the two because I think if you want to be involved in politics and public policy you have to understand how the world operates through business. But if you want to have a big impact on the world you have to be involved in the issues of

public policy. So being involved in both as my career has been very interesting for me. I chose to do it that way so as to be able to bring the two experiences together.

What about your role as chairman for Centre for Policy Studies?

I have now stood down as chairman. But I was chairman for nine years. That comes from fact that I was head of the policy unit in the government for the previous prime minister John Major. When his government lost the election one way I was able to continue involvement in policy development was as chairman for Centre for Policy Studies which is an independent think-tank. It develops policies formally but outside government and publishes a great deal of research material each year setting out a range of views on how policy should develop. It has been a way of continuing to be involved in that public policy arena while spending most of my time on business activities.

How do you keep your interest in music? You play the violin as well as the piano.

Well, everyone has to have something in their life which they do to pursue an interest, pursue things which you can better at and excel at in your life and music is one of those things for me. I have always enjoyed it. I have recently started having piano lessons again. I play in an orchestra regularly. It is one of those things which is a refuge from the world of business and politics. I can sit and play the piano and think about things with a different perspective than when your mind is deeply engaged in day to day business activities.

Gulf States: Region well set to weather Dubai crisis

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Oxford Analytica 2010

(An Oxford Analytica In-depth Analysis) Subject: The outlook for the Gulf states after the Dubai crisis.

Significance: The debt and real estate crisis in Dubai has spooked international investors and put a question mark over Gulf financial and property markets. However, actual contagion from Dubai within the region has generally been limited, with Abu Dhabi the major exception. Credit markets and business growth remain under a pall, but mostly due to other, local or international, factors. In several other Gulf states, large private businesses have created their own, less publicised crises.

Analysis: The international economic crisis and the Dubai debt crisis have affected Gulf Cooperation Council (GCC) economies to quite different degrees. While the price of credit default swaps -- insurance against sovereign default -- temporarily shot up in all six, it did so more markedly in Dubai and Bahrain. The impact on Abu Dhabi was less than in these two economies, but it was still higher than in Saudi Arabia and Qatar.

Differential impact. Different degrees of international trust in the GCC economies have much to do with the fiscal cushions different governments control. Dubai and Bahrain have small overseas reserves that could be depleted quickly in the case of declining government income. The more oil-rich regimes have built up considerable cushions during the recent oil boom: Qatar's savings would be enough to continue 2009 spending

levels for more than two years, while Saudi Arabia could go on for about three, Kuwait for more than four, and the United Arab Emirates (UAE) for more than five years.

These cushions instil investor confidence, even when many private banks and businesses are paralysed by the global credit crisis. That confidence in Abu Dhabi is somewhat lower than in Qatar and Saudi Arabia is mostly due to its closer interdependence with Dubai.

Saudi Arabia. Riyadh seems to have come out of the crisis in the best shape. In post-crisis scenarios, investors focus on fundamentals, and these appear to be very sound in the Saudi case, in terms of market size, fiscal resources, private sector depth and sophistication, but also regulatory and crisis management capacity.

Although the Saudi bureaucracy is fairly heavy and fragmented, the government also contains a number of trustworthy, conservative regulatory institutions that inspire more trust than their counterparts in neighbouring states. The most important of these are the bank regulator, the Saudi Arabian Monetary Authority (SAMA), and the Capital Markets Authority, which has grown teeth during the last few years.

Due to the size of the national population, Saudi Arabia's natural weight is coming to bear on real estate and consumer demand. This is less cyclical in the kingdom than in most neighbours, which rely more strongly on fickle expatriate demand, a factor which plays a large role even in otherwise solid Qatar.

The Saudi private sector is the most experienced and capital-rich in the region and has been diversifying into new manufacturing, finance and utility activities. For the time being it remains hamstrung as the banking sectors reels from the inter-related defaults of the large Saad and Al-Gosaibi conglomerates. The latter have had a much stronger impact on Saudi Arabia than the Dubai crisis, and other large families in the steel and retail sectors have also been reported to be struggling with debt incurred during the recent boom. The private sector grew only 2.5% in 2009, compared to 3.8% growth in government services.

In a situation of general opacity, private credit remains anaemic, even more so than in other GCC markets: while it grew 3.8% in the GCC in general last year, it was essentially flat in the kingdom. However, public financing institutions such as the Public Investment Fund have stepped into the breach to finance essential large-scale infrastructure and utility projects. This spending will in turn trickle down through the Saudi contracting sector into the economy at large, and bank credit is expected to pick up in 2010.

Qatar. Doha has also survived the crisis in a remarkably good state. Although it has lost much more of its overseas investments than conservative Saudi Arabia, its oil- and gas-related income streams are so large that its fiscal capacity is not in question.

Qatar continues on a very ambitious path of infrastructure and heavy industry expansion which is almost exclusively state-driven and hence not much affected by the state of the private credit market. The product price cycle for gas and heavy industry is at a rather disadvantageous point, this does not affect industrial planning, which is oriented towards the long term.

Although it has pursued an unhealthy strategy of bailing and buying local private banks out of their liquidity problems, this does not pose an obstacle to its development path as private economic activity is mostly still ancillary to state projects and state-generated demand. Due to continuing rapid expansion of the gas and heavy industry sector, GDP growth could reach up to 18% this year.

Abu Dhabi. The fiscal position in Abu Dhabi is, in principle, even better than that of Qatar, but it has been tainted by Dubai's problems. According to Shuaa Capital, the UAE economy contracted by 3.5% in 2009, more than most other regional countries (the IMF estimates a contraction of 0.7%).

There is no serious doubt about Abu Dhabi's ability to bail Dubai out of even the most severe solvency crisis (although its willingness is a different question), and in Abu Dhabi itself, most large developments are not strongly leveraged and have been state-initiated or supported. It remains in control of about 8% of global proven oil reserves.

However, the private sector has been hit hard by Dubai's troubles, as its more dynamic neighbour has long served as an outlet for Abu Dhabi capital. This concerns both banks and large family groups that have invested in Dubai. For instance, local UAE banks are reported to have lent some 15 billion dollars to Dubai World, and a significant share of these are located in Abu Dhabi; Abu Dhabi Commercial Bank reported losses for 2009, quite likely due to its heavy Dubai exposure.

The recent debt rescheduling proposal from Dubai World has alleviated some concern, but the planned stretching of loan maturities is more painful for local than for international banks. UAE banks are likely to have significant exposure to other Dubai entities.

The Abu Dhabi real estate market has also been affected by the collapse of speculative demand in Dubai, and one of the largest developers, Aldar Properties (in which the ruling family is involved), has recently sold its assets on Yas Island to the Abu Dhabi government. Abu Dhabi government holding Aabar is about to acquire up 70% of Dubai-based construction company Arabtec, indicating that the government is also willing to stabilise Dubai real estate through direct investment.

Moody's has recently downgraded several government-related entities in Abu Dhabi due to the absence of an explicit government guarantee of their debt. Given that Abu Dhabi could not afford the reputational loss of a default of a major public sector player, this is perhaps an over-reaction, but it does reflect the psychology of a financial market which does not separate Dubai and Abu Dhabi clearly enough. In the long run, development in Abu Dhabi will be driven by government initiatives. Its long-term infrastructure and public industry planning has not been greatly affected by the Dubai crisis.

Kuwait. The heavy, unregulated speculation of many of its large private sector groups has created liquidity problems for many and solvency problems for at least some in Kuwait. The issue is not directly related to Dubai, but the Dubai crisis has highlighted speculation in Kuwait and has contributed to a loss of trust and liquidity. Kuwait's small financial sector has seen the rapid growth of unregulated investment companies, with about 100 such firms reinvesting local family wealth with only scant supervision by the Ministry of Commerce. Several high-profile ones have got in trouble through imprudent international investment and many others are under duress, including Investment Dar.

While Kuwaiti banks are also under stress -- especially Gulf Bank, which Moody's downgraded to D- in early February -- they are likely to be bailed out by the government. By contrast, several of the investment companies will probably be forced to leave the market in 2010 or 2011. It was only in January that parliament agreed to the creation of an independent capital markets regulator, raising hopes that runaway speculation and market manipulation could be curtailed in the future. The process of setting up the

institution could still become politicised. Despite a rich and experienced private sector, diversification remains hamstrung because the government has proved incapable of upgrading its regulatory and infrastructural framework, mostly due to political infighting in parliament and with organised public sector interests.

Alone in the Gulf, the government has also had problems spending its full allocated budget, which has prevented it from stimulating demand at times of a private credit crunch. A counter-cyclical development package has recently been agreed in parliament, but again, political infighting over details of implementation could lead to stalemate.

Bahrain. Among GCC countries, Bahrain is by far the most dependent on its financial sector, which accounts for about 20% of its GDP and is strongly regionally and internationally integrated. Gulf Finance House, an important Islamic investment bank, has had to write off 300 million dollars of losses in the course of its investment in the Dubailand project; it has been exposed to several other real estate ventures and was forced to ask for deferred payments on its loans in February.

More generally, the direct spillover of the Dubai crisis has been limited. However, Bahrain has come to feel the regional and global financial contraction. The Saad and Al-Gosaibi default directly involved two Bahraini banks, while others are likely to be at least to some extent exposed. Bahrain's financial sector is reasonably well regulated, but at the same time the government's fiscal reserves are much smaller than those of its neighbours, reducing its capacity to counteract business contraction through increased government spending. It is the only government in the GCC currently talking about serious domestic subsidy reductions.

Bahrain has a good labour force and financial infrastructure and its neighbours will continue to invest there. However, its regional integration also meant that it has not been able to do much to insulate itself against the GCC financial contraction. Dependent on cross-border investment, corporate earnings in Bahrain have contracted particularly harshly in 2008 and 2009.

Oman. In common with Bahrain, Oman's fiscal situation is less robust, but its economy is more balanced, and less dependent on one sector and on capital flows from its neighbours. It managed to grow 3.7% in 2009. Its diversification strategy, focused on heavy industry and high-class tourism, has been careful and methodical, which is paying off now that more speculative projects are collapsing elsewhere. This year growth has been forecast at 3.8%. The mid-term problem of declining oil revenues somewhat detracts from investor confidence.

Outlook by sector. Although in most GCC markets, the direct contagion from the Dubai crisis has been limited, it has sensitised investors to structural problems in other Gulf markets that are in some ways similar to those in Dubai, notably weak regulatory capacity, opaque corporate structures, and speculative bubbles in finance and real estate.

These problems have developed in parallel rather than because of Dubai. They have done so to different degrees, and governmental capacity to counteract them also varies. The most important impact of the crisis might be less in overall growth prospects, but in the sectoral composition of growth: with the tourism, real estate and finance bubbles pricked, the region is likely to return to fundamentals. How painful this return will be depends on the exposure to the boom sectors. The UAE and Kuwait have been heavily exposed to real estate, which will make the reorientation more protracted.

Although the GCC financial sector has been paralysed by the crisis, its fundamentals are by and large sound, as reflected in the modest decline in aggregate net profit in 2009 of around 8.5%. At the same time, further deleveraging might have to take place in countries with high loan-to-deposit ratios, which are in turn an outcome of the real estate and consumer boom of recent years.

Limited impact. Other sectors have felt the crisis only moderately or not at all. For instance, the largest manufacturing businesses continue to be state-run, and major players here such as SABIC, Industries Qatar or Borouge continue on their expansion path. While private manufacturers still have trouble accessing finance, but this should improve this year.

In most countries, utilities and basic infrastructure have hardly been affected by the crisis, as they are again mostly state-driven and, in the more populous countries, can bank on steady growth of the local population. Where involvement of private investors was planned, governments have had to take renewed leadership due to the weakness of the project finance market.

Consumer sectors such as health care, food or telecommunications also have weathered the crisis well and can expect stable demand. To the extent that they rely on demand from the local population, they have not been affected at all, as most nationals who hold jobs are state-employed on stable salaries. Saudi Arabia is likely to be the most stable market as it has the largest domestic population.

Conclusion: The GCC is better placed to ride out the crisis than most other regions, but opacity and weak regulation have created unnecessary damage to its private sector. The crisis has drawn investor focus back to fundamentals: market depth, stability of demand, and fiscal and regulatory capacity of governments. In this context, Saudi Arabia and Qatar emerge as the most attractive players, though each with a different mix of these characteristics. In all GCC countries, the state is taking the lead to offset liquidity problems and timidity in private business, though with varying effectiveness.