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Mideast energy use set to jump by 49% by '35: Al-Attiah Foundation

By Pratap John
Chief Business Reporter

Energy consumption in the Middle East is expected to climb by 49% by 2035, a research note by The Abdullah bin Hamad Al-Attiah International Foundation for Energy & Sustainable Development has shown.

In the *Energy Elders - Outlook 2020+* report released in Doha yesterday, the foundation said "the need for energy security in the Middle East will only intensify" in future. "Balancing the books for the Gulf's energy companies is not getting any easier. Turbulent oil prices, soaring energy demand, green regulations and competition from energy producers in the US, Iran, Russia and many others is only going to intensify. Innovative technologies represent that much-needed pressure valve that can

enhance safety, cost and operational efficiency. To unlock this potential, energy companies must get to grips with the rapidly evolving lingo and application - quickly," the report said.

The hydrocarbons sector is often described as "conservative, clunky and slow moving" with an internal bureaucratic structure that does little to foster and promote new ideas. It can be extremely risk averse and carries the mantra that there is "everything to lose as opposed to everything to gain."

"This will no longer suffice," the report said. While the oil and gas industry helped trail blaze some digital concepts in the 1980s and 1990s, the evolution of the Internet of Things (IoT) and digital analytics in recent years, means energy stakeholders must update their knowledge. The alternative is to fall behind while competitors widen their profit margins.

Using IoT - where objects have network connectivity that enables them to send and receive data - can significantly accelerate the pace at which companies build their historical and comparative databases, boosting safety and efficiency.

The IoT market, the foundation report said, is estimated to grow from \$157bn in 2016 to \$662bn (by 2021) at an annual growth rate of 33.3%. Such technologies enable industry to predict when a process may fail and why, which has the potential to cut the bill down to one hundredth of the initial cost.

Crossover technologies, which are tools from other sectors that can be applied to the energy industry, have long been applied to the energy industry. But squeezed finances mean they are increasingly popular strategies to hedge against "very expensive" unexpected shutdowns, safety challenges and environmental hazards, the report said.

Examples include automated image analysis used by security forces for facial recognition being applied to determine drill bit damage and using data mining that is typically applied to reducing the drag on a racing car whizzing around a track at 200km/hour by milliseconds to bolster efficiency in oil and gas operations.

Ultrasound technologies originally developed for medical uses can be used to detect cracks during upstream exploration, which is especially vital for the maturing fields' onshore and deep-sea sites that need special attention.

Low oil prices mean savings are especially popular in today's penny-pinching industry. Global upstream oil and gas investments fell by more than \$300bn in total over 2015 and 2016, which marks the greatest fall in more than 40 years, according to the International Energy Agency (IEA).

"The bearish trend is expected to continue in 2017," the report noted. **Page 16**



HE Abdullah bin Hamad al-Attiah delivering the opening remarks at the 'Energy Elders Forum' at the Sheraton Doha yesterday. PICTURE: Jayan Orma

Doha Bank ETF to carry lowest EM fee of 0.5%

Doha Bank will soon file application for its proposed exchange traded funds (ETF), which carries a fee or expense ratio of 0.5%, one of the lowest in emerging markets offerings.

"The bank, as founder, is in the final phase for filing its application for listing approval for the proposed launch of the QE Index ETF (QETF)," Doha Bank group chief executive R Seetharaman told the annual Investment Forum in New York organised by the Qatar Stock Exchange (QSE) and HSBC.

He said Doha Bank has been working closely with the listing committee and the QSE and local regulators in driving the new listing towards growing the investment platform in Qatar via new offerings.

Highlighting that the QETF would invest and replicate the Qatar Index's largest 20 companies in terms of market capitalisation and liquid listings "the crown jewels of Q Inc", he said the fund would replicate the index in performance, net of fees.

"The fees or 'total expense ratio' to be 0.50%, one of the lowest in emerging markets offerings," he said, adding the fund would pay an annual dividend, net of fees, similar to the index, which currently carries a yield of 3.30%.

The Doha Bank QETF has Amwal and Group Securities as fund manager and liquidity provider respectively. Seetharaman said the offering would enjoy easy access, as the investor needs only an investor number and broker and the ETF would easily be traded in the secondary market like other current listings.

"The fund enjoys full support from local government and regulators and currently the bank is raising seed



Al-Mansoori and Seetharaman, along with Abdul Aziz al-Ernadi, director of the listing department at the QSE and Dowd Challinor, chief financial officer of Doha Bank, at the investment forum in New York.

capital to be invested along with the bank pre-listing," he said.

Stressing that the QSE aims to provide more products this year to encourage investments from global investors, Rashid bin Ali al-Mansoori, QSE chief executive, said the ETF is part of this initiative of the bourse. "This would result in increase in inflows to Qatar economy, both from the region and from globe and thereby promote sustainability," he added.

Seetharaman had earlier said Qatar has the potential for \$10bn to \$15bn overseas funds inflow since its upgrade into emerging market.

On the macroeconomic prospects of Qatar, he said the domestic economy is expected to grow by 3.4% this year and the country continues to

follow its non-hydrocarbon diversification model and prudent fiscal management amidst low oil prices.

Finding that Qatar's 2017 budget has allocated 44% of total expenditure to key sectors such as health, education and infrastructure; Seetharaman said "there is a clear focus on health, education and infrastructure development".

In the infrastructure space, Qatar is currently witnessing mega infrastructure projects culminating towards the FIFA World Cup in 2022, he said, adding Qatar's diversification has thereby contributed to sustainable development.

The Qatari government is also taking steps to increase non-oil revenues, focusing on indirect taxes and levies, according to him.

Investor Presentation: Business Opportunities to Develop and Operate Private Schools

Date	Time	Location
Monday, 15 May 2017	12:00-14:00	Ministry of Economy and Commerce, HE Sheikh Fahad bin Jassim Al Thani Hall, Tower B, First Floor

The Private Sector Development & Partnership Technical Committee at the Ministry of Economy and Commerce invites all interested parties to a workshop to introduce the project. The objective of the workshop is to explain the bidding and evaluation process in detail and answer the questions from investors.

Objective of the Initiative
Create a new model for developing the educational system with more effective participation by the private sector in order to provide high quality education.

- Improved infrastructure that supports training and education quality and effectiveness and take best advantage of it.
- Diversify education by offering diversified and special schools.
- Attract, recruit, develop and retrain a high quality workforce in the field of education.
- Accommodate students coming to the country in the next few years.

وزارة الاقتصاد والتجارة
Ministry of Economy and Commerce

Private Sector Development & Partnership Technical Committee

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Turkey trade with Gulf below potential: Erdogan

Turkish President Recep Tayyip Erdogan said yesterday his country's trade with the Gulf had yet to reach its full potential, as he visited a region where Ankara aims to strengthen ties.

"We want to develop trade volume with the Gulf states, which last year reached \$17.4bn," Erdogan said in Kuwait. "Compared with the potential we have, this size is below the required level."

Negotiations between Ankara and the six countries of the Gulf Cooperation Council (GCC) are under way for a free trade agreement.

The GCC groups Bahrain, Kuwait, Oman, Qatar, Saudi Arabia

and the UAE. Erdogan, who told reporters he was happy with his government's political ties with the GCC, had previously said he aims to boost cooperation in the economic and defence sectors.

The Turkish president arrived in Kuwait yesterday to lay the foundation stone for an airport terminal project awarded to Turkish firm Limak Holding and a local partner, Al-Kharafi International.

The expansion of Kuwait International Airport will triple capacity to 25m passengers a year and is the largest contract to date for a Turkish company in the Gulf state.