

TRADING WITH THE MIDDLE EAST

OVERVIEW

Rich in natural resources and strategically positioned at the crossroads of Europe, Asia and Africa, the Middle East has long been a hub for international trade.

Today, the Middle East is one of the fastest growing and most economically competitive regions in the world. This growth is largely fuelled by oil – although governments across the region are becoming less reliant on the energy sector by implementing structural reforms, such as economic diversification and opening to new markets.

Reflecting these economic developments, the region stands at the beginning of an e-commerce boom: internet usage across the Middle East has risen by a staggering 2,639 per cent over the past year and mobile phone ownership is 19 per cent higher than the world average. It is therefore hardly surprising that Arabic, an official language in every Middle Eastern country, is set to be the fourth most prevalent language on the web by 2015 after English, Chinese and Spanish.

The Middle East is also becoming an increasingly popular destination for international tourists. This trend is set to continue with upcoming global events such as the Abu Dhabi and Bahrain Grand Prix, the Expo 2020 in Dubai and the FIFA World Cup in Qatar in 2022.

Britain has strong historical ties to the Middle East and has long recognised the significance of the region. By 2011, the UK had become the second-largest investor in the Middle East in terms of projects, and third largest in terms of amount invested. A growing number of British companies, including consumer brands, are expanding in the region, where ‘Brand Britain’ is held in high esteem: in 2012, Middle Eastern countries were the third-biggest contributors to overseas tax-free shopping in the UK.

While most companies already trading with the Middle East are optimistic about the region’s business prospects, those who are not familiar with the local environment remain discouraged by perceived barriers – including cultural differences and concerns over political volatility.

A range of partners and resources are available to help bridge this knowledge gap, and allow British exporters to discover the Middle East as a lucrative and fast-growing market for their businesses.

Sources: Bloomberg Business Week, DHL, The Economist, Economist Intelligence Unit, Ernst & Young, GOV.UK, UKTI, World Economic Forum



DHL IN THE MIDDLE EAST

In 1975, DHL became the first international express delivery company to set up a base in the Middle East with its Tehran office. By 1978, DHL’s regional network stretched across Bahrain, Saudi Arabia, the UAE and Kuwait.

In December 2013, DHL opened its newest and largest regional Express ground operations facility in Dubai Meydan City, United Arab Emirates. Further expansion and upgrade projects are underway in every major city in Saudi Arabia, as well as key locations in Oman and Jordan.

The resulting state-of-the-art network, combined with DHL’s commercial expertise and regional understanding, will allow the Middle East to become the centre of global commerce and logistics connecting Asia, the Pacific, Europe and Africa.

7 OF THE 2013-2014 TOP 50 COMPETITIVE ECONOMIES ARE IN THE MIDDLE EAST:

- #13 QATAR
- #19 UAE
- #20 SAUDI ARABIA
- #27 ISRAEL
- #33 OMAN
- #36 KUWAIT
- #43 BAHRAIN

REGIONS AND REGIONAL TERMS

Gulf Cooperation Council (GCC)

(Cooperation Council for the Arab States of the Gulf)
 A political and economic federation established in 1981
 Member states: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, the United Arab Emirates

The Levant

A geographic term for the eastern Mediterranean.
 Countries include Israel, Jordan, Lebanon, Syria and the Palestinian Territories



THE MIDDLE EAST TODAY

177.2 million people



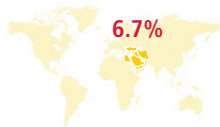
44% of the world's crude oil reserves are controlled by six countries in the Middle East



The median age is 25, one of the youngest populations in the world



10%: the proportion of total emerging and developing market GDP that the Middle East generates, despite only having 6.7% of the population



3 UKTI high growth markets: Qatar, Saudi Arabia & UAE



Uptake of luxury products is currently growing 10-12% in the Middle East



THE MIDDLE EAST TOMORROW

2017: Prince Alwaleed bin Talal's Kingdom Tower in Jeddah will be complete, the world's tallest building (1 km high)



2019: Doha Metro is scheduled to open
 Saudi Arabia is planning metros in Riyadh and Jeddah. Other projects include: Jeddah to Damman, Mecca, Medinah and Jeddah & Istanbul, Turkey to Muscat, Oman



2020: approximately US\$ 900 billion will have been spent on construction in the GCC



2022: up to US\$ 200 billion will be spent on megaprojects in Qatar in the run-up to the FIFA World Cup



2025: more than 90% of the total population in Bahrain, Kuwait, Lebanon and Qatar will likely live in urban areas



OTHER FACTS

- Saudi Arabia is the world's largest consumer of videos on YouTube
- In 2012, Middle Eastern countries were the third-biggest contributors to overseas tax-free shopping in the UK (27% of UK Tax Free Shopping spend)
- Uptake of luxury products is growing 10-12% in the Middle East.