



OPPORTUNITIES IN THE MIDDLE EAST

June 2012

Agenda

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- ▶ Opportunities in the Middle East
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EDC's Role : Facilitating Canadian Trade



- ▶ EDC is Canada's official export credit agency (ECA)
- ▶ We support and develop Canada's export trade and international business efforts through the provision of:
 - ▶ Financing and insurance solutions for Canadian exporters and investors
 - ▶ Financing solutions for buyers of Canadian goods & services
 - ▶ Matchmaking and market intelligence
- ▶ We operate on commercial principles and add capacity to the private banking and insurance sectors
- ▶ Canadian benefit - key consideration in all that we do!

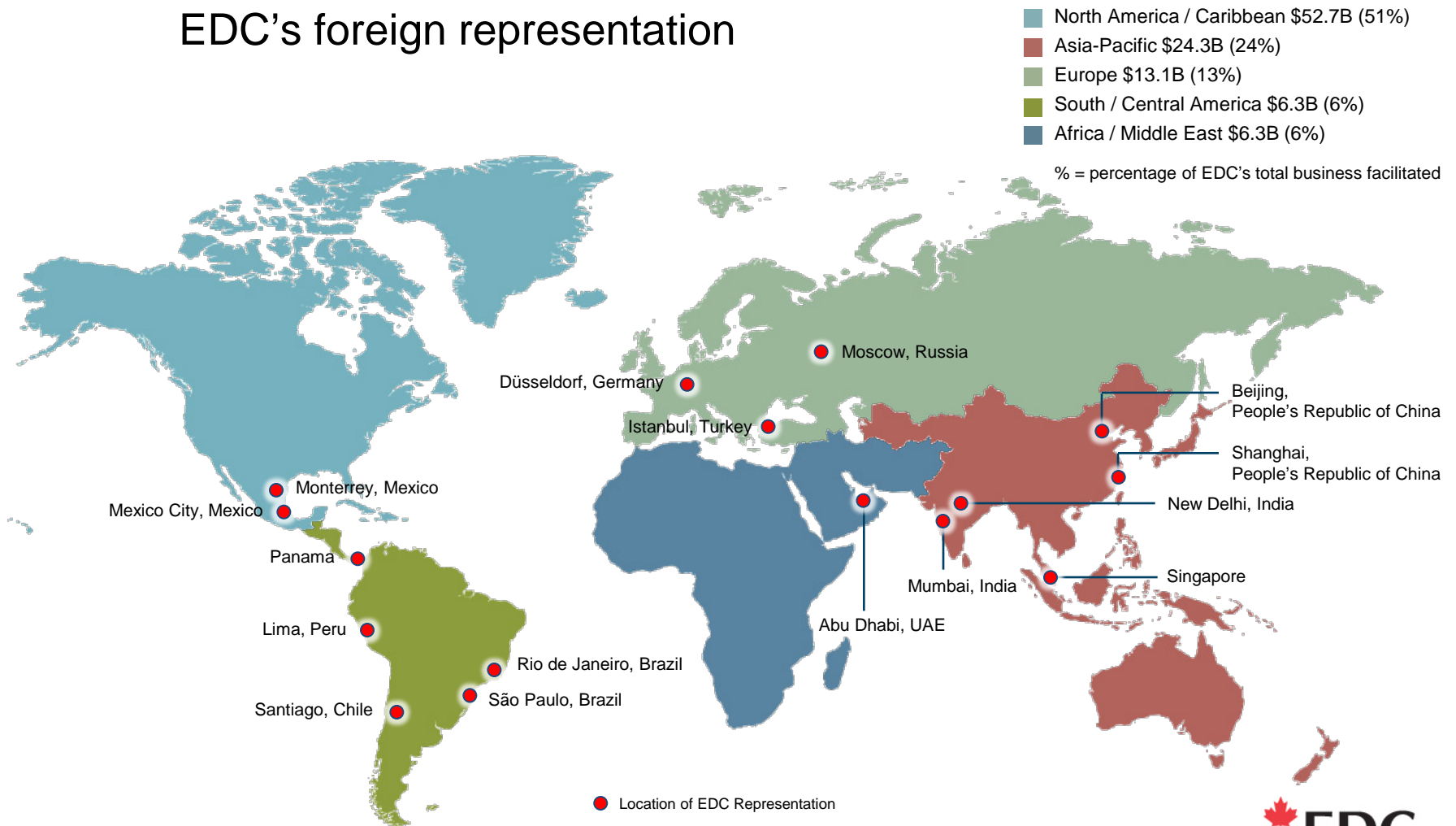
Connecting with Canadian Businesses Across Canada

- ▶ 17 offices across Canada
- ▶ Able to respond locally to your needs



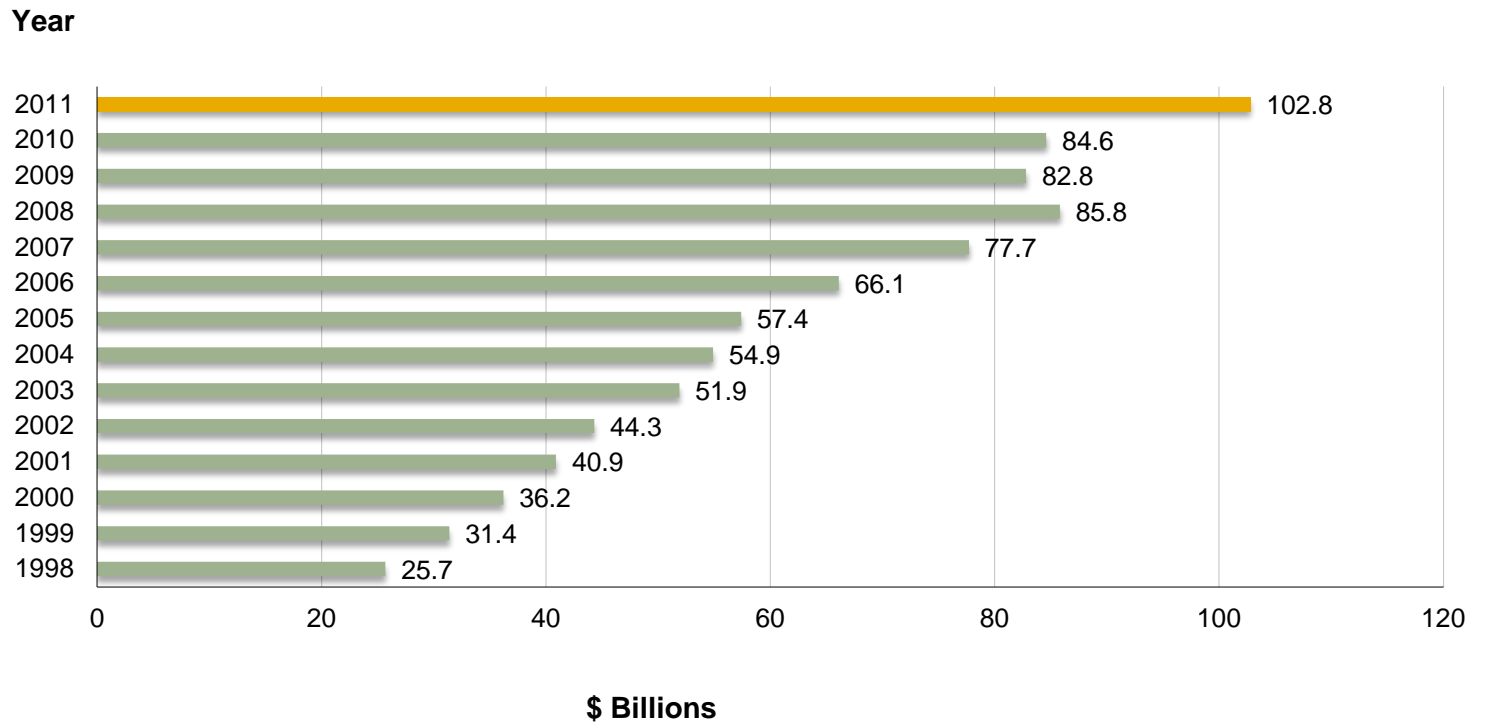
Supporting Business Worldwide

EDC's foreign representation

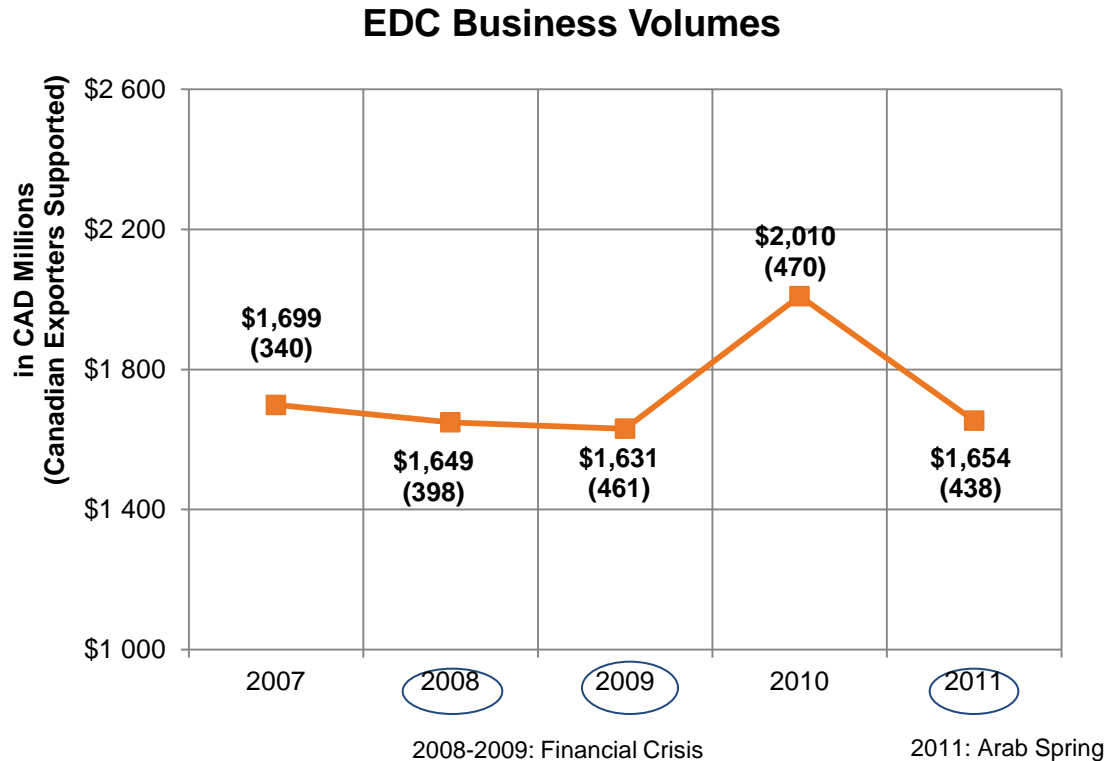


Business Growth

- ▶ EDC facilitated \$102.8B in volume, as Canadian exports continued to rebound in 2011



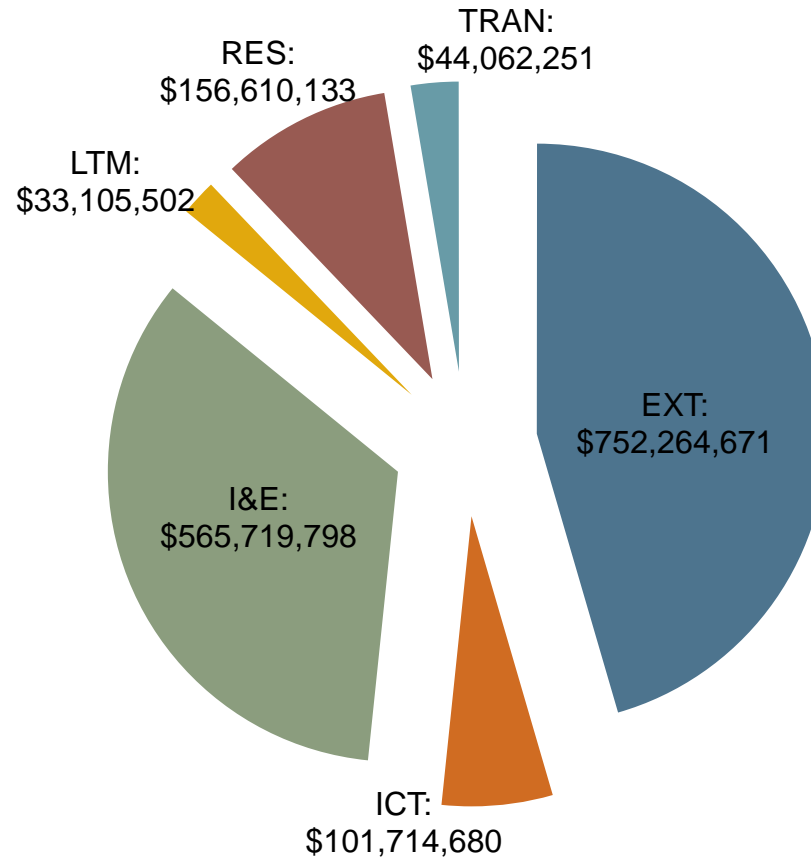
EDC Business Volumes in the Middle East (2007-2011)



	CIB	FIN	PRI	ARI	Total
2007	\$331,233,720	\$799,345,047	\$100,253,597	\$467,996,132	\$1,698,828,496
2008	\$134,199,046	\$522,222,945	\$100,000,000	\$892,495,082	\$1,648,917,072
2009	\$92,466,633	\$425,741,420	\$100,000,000	\$1,012,714,858	\$1,630,922,910
2010	\$271,920,200	\$564,913,128	\$100,000,000	\$1,072,680,791	\$2,009,514,119
2011	\$342,718,701	\$304,783,624	\$100,524,491	\$905,450,218	\$1,653,477,035



2011 Business Volumes by Sector (Middle East)



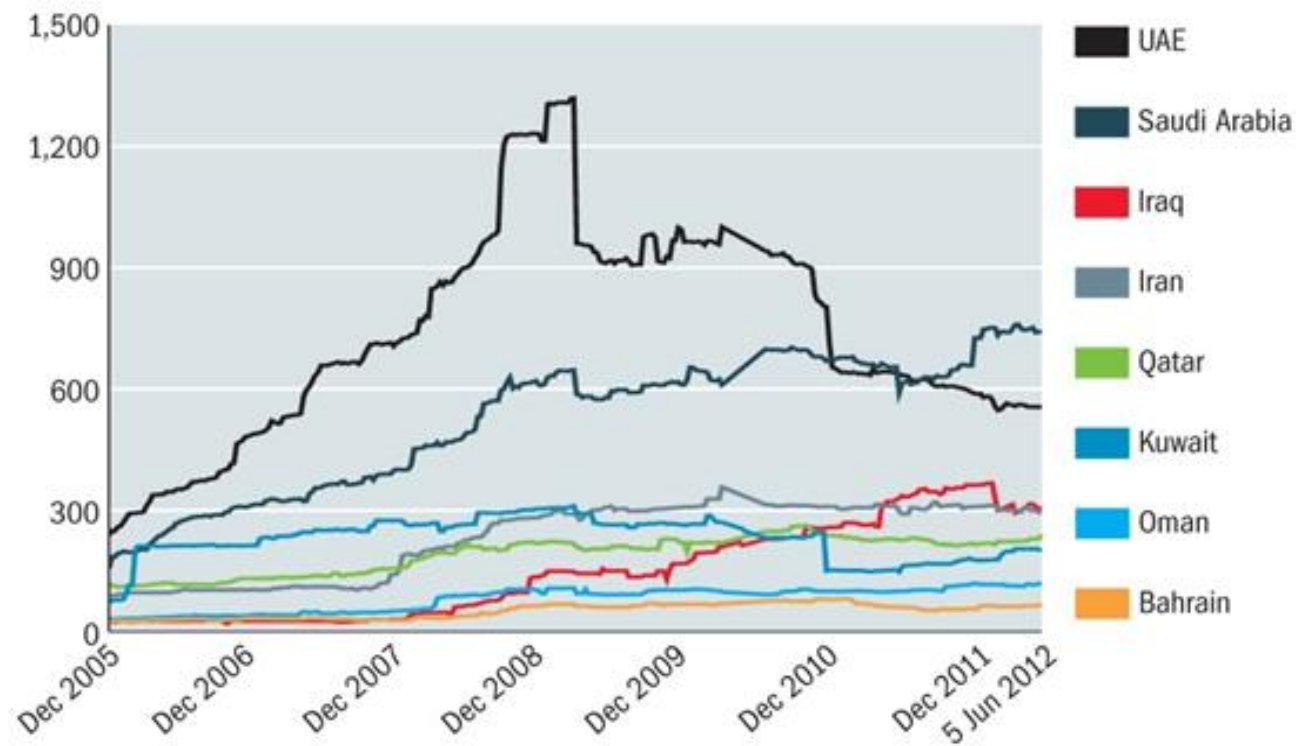


Why the Middle-East? Why now?

- A combination of rapidly expanding population and industrial base, coupled with artificially low power tariffs
- The GCC countries plan to invest **\$ 968 billion** in major projects over the next ten years. Construction, infrastructure and the oil industry account for 80% of all projects.*
- Very good local infrastructure, availability of manpower, ease of doing business & access to other markets (hub)
- Canadian Expertise
- Market integration within MENA region and Sub-Saharan Africa. Capture the complete synergy with integrated approach to market coverage
- Favorable banking conditions – Quality Assets
- Fierce competition..but lots of opportunities!

GULF PROJECTS INDEX

VALUE OF PROJECTS PLANNED OR UNDER WAY (\$bn)



Source: MEED Projects

Power & Water

- ▶ The UAE has one of the highest water consumption levels in the world → the local water and electricity authorities are increasing capital investments into their emirates' infrastructure:
- ▶ Abu Dhabi Water and Electricity Agency (ADWEA) currently has around US\$1.3bn invested in expanding five existing desalination plants.
- ▶ In Dubai, nearly US\$7bn is being invested in power & water infrastructure. Furthermore, the Dubai Electricity and Water Authority has established a US\$19bn capital expenditure plan from 2012: power generation capacity triple to 22 gigawatts in 2017 and water desalination capacity also triple to 913mn gallons per day.
- ▶ Investment in power & water in other emirates is also high: Sharjah is currently spending US\$1.17bn, Ajman US\$357mn and Fujairah US\$856mn.
- ▶ One of the most dynamic sub-sectors in Saudi Arabia has been power plants and transmission and distribution, with the US\$80bn, 10-year investment plan for electricity infrastructure (2008-2018) having led to significant activity in the energy sector.
- ▶ Water is in short supply in Saudi Arabia, the country has turned to desalination plants to meet growing demand. The government has already pledged US\$53.3bn in water projects, with the majority of this is allocated for sewage and wastewater treatment projects.

Some of the Power & Water Opportunities:

Project Name	Country Name	Sector	Revised Budget (\$m)	Project Status
<u>MEW - Doha Desalination Plant Phase I</u>	Kuwait	Water	\$503	Study
<u>PTB - Umm al-Hayman Sewage Treatment Plant Expansion</u>	Kuwait	Water	\$1,550	Main Contract PQ
<u>PTB - Al Zour North IWPP</u>	Kuwait	Power	\$8,387	Main Contract Bid
<u>PTB - Nuwaiseeb IPP</u>	Kuwait	Power	\$2,500	Study
<u>Oman Power & Water Procurement Company - Suwaiq IWP</u>	Oman	Water	\$500	Study
<u>Oman Power & Water Procurement Company - Duqm IWPP</u>	Oman	Power	\$2,000	Study
<u>KAHRAMAA - Ras Laffan IWPP Expansion</u>	Qatar	Power	\$3,000	Main Contract Bid
<u>KAHRAMAA - Water Security Mega Reservoirs</u>	Qatar	Water	\$2,000	Design
<u>KAHRAMAA - Facility D IWPP</u>	Qatar	Power	\$2,000	Study
<u>SEC - Al-Uqair South Power Plant</u>	Saudi Arabia	Power	\$5,200	Study
<u>SEC - Jizan Refinery Power Plant</u>	Saudi Arabia	Power	\$2,500	Study
<u>SWCC / Marafiq - Yanbu Power & Desalination Plant: Phase 3</u>	Saudi Arabia	Power	\$4,000	Main Contract Bid
<u>SWCC / Marafiq - Yanbu Desalination Plant: Phase 3</u>	Saudi Arabia	Water	\$2,000	Main Contract Bid
<u>MEE (Egypt)/MWE (KSA) - Pan-Arab Grid (Saudi Arabia-Egypt Undersea Link)</u>	Saudi Arabia	Power	\$8,500	Study
<u>MMC/Saudi Binladin Group - JEC: Industrial Zone: Power & Desalination Plant</u>	Saudi Arabia	Power	\$3,000	Main Contract Bid
<u>DEWA - Lehabab Power Plant</u>	UAE	Power	\$5,500	Study



Source: MEED Projects

Canadian Capabilities: Power & Water in the Middle East

▶ EDC has supported the following Canadian Supply in the region:

▶ For Engineering & Construction – Environment

- Noise, air or soil related technologies, machinery, equipment or services
- Recycling and waste management (including machinery, equipment and services)
- Environment engineering and consulting, R&D, training
- Water and waste water treatment (including machinery, equipment and services)

▶ For Power

- Electrical distribution (e.g. switchgear, protective equipment, wire, transformer)
- Power Generation: Hydro
- Power Transmission (e.g. towers, cable, transformers, sub-stations)

▶ EDC Signed Project Finance Deals (2007 onward):

BAHRAIN		
Obligor	Canadian Benefit	Structure
Al Dur Power & Water Company B.S.C.	General Electric Canada	Limited Recourse/Project Financing

SAUDI ARABIA		
Obligor	Canadian Benefit	Structure
Dhuruma Electricity Company	General Electric Canada Inc.	Limited Recourse/Project Financing

QATAR		
Obligor	Canadian Benefit	Structure
Ras Girtas Power Company	Various Canadian Exporters-Energy	Limited Recourse/Project Financing

Infrastructure (Transportation & Healthcare)

- Among the 6 GCC countries: **\$5.3 billion** of transport construction contracts have been awarded so far this year (as of May 9, 2012).
 - ❖ Airports- most active sub-sector with total of \$2 billion contract awards (37% of total).
 - ❖ Rail is 2nd largest=\$1.6 billion (30% of total), followed by Ports (23%).*
- In the next 15 years, the GCC states are set to heavily invest in new hospitals and medical training facilities, as driven by demand*
 - ❖ **\$15.3 billion**: Value of hospital projects planned or under way in the Middle East, of those:
 - ❖ **\$8.6 billion** are in Saudi Arabia**

Saudi Arabia, Gulf's most populous state- highest value of healthcare projects planned.
2011 Budget: Government pledged to spend \$18.3 billion on the country's healthcare & social sectors

Examples: 3 Medical cities: Dammam, Riyadh & Jeddah**

UAE's population is growing at a slower pace than other GCC states, but rise in chronic health conditions results in increased healthcare infrastructure:

In March 2010, Abu Dhabi awarded ~ \$1.3 billion contract to build Cleveland Clinic

Infrastructure

Airports:

PROJECT NAME	COUNTRY	CONTRACT VALUE (\$m)	STATUS	PROJECT OWNER
<u>Bahrain Airport Company - Bahrain International Airport Upgrade: Phase II</u>	Bahrain	4,600	Main Contract PQ	Bahrain Airport Company
<u>DGCA - Kuwait Airport Expansion</u>	Kuwait	6,000	Execution	Kuwait - Directorate General of Civil Aviation (DGCA)
<u>NDIA - Doha International Airport</u>	Qatar	17,500	Execution	New Doha International Airport (NDIA) Steering Committee
<u>GACA - King Abdulaziz International Airport</u>	Saudi Arabia	8,172	Execution	Saudi Arabia General Authority For Civil Aviation (GACA)
<u>Abu Dhabi Airports Company - Abu Dhabi Airport Expansion</u>	UAE	6,800	Main Contract Bid	Abu Dhabi Airports Company
<u>DCA - Dubai Airport Expansion</u>	UAE	4,294	Execution	Department of Civil Aviation (DCA)

Hospitals:

<u>Ministry of Health - Eight Hospitals</u>	Kuwait	7,000	Execution	Kuwait Ministry of Health
<u>Aljoaib Holding / Apex Medical Group (AMG) - Salalah Medical City</u>	Oman	1,000	Design	Aljoaib Holding / Apex Medical Group (AMG)
<u>MOH - King Fahad Medical City Expansion in Riyadh</u>	Saudi Arabia	825	Main Contract Bid	Saudi Arabia Ministry of Health
<u>Ministry of Health - King Khaled Medical City in Dammam</u>	Saudi Arabia	1,200	Design	Saudi Arabia Ministry of Health
<u>Mubadala/Cleveland Clinic - Cleveland Clinic Abu Dhabi</u>	UAE	1,400	Execution	Mubadala/Cleveland Clinic 

Source: MEED Projects

Agriculture-Food

Market that offers vast opportunities for specialty foods: honey, maple syrup, frozen desserts and ready-to-serve foods, intended for hotels and restaurants. Pre-prepared foods and ready-to-eat meals are popular due to the local population's propensity to dine out. Bulk foods, such as canola, are also imported in large quantities, particularly in the UAE (Dubai).

Saudi Arabia:

Although the government is expected to phase out wheat production in the next decade, it has made development of the agricultural sector a priority

2012 per capita food consumption growth= 11.6%; forecast growth 2011-2016: 48.3% 2012 mass grocery retail sales growth=14.2%; forecast growth to 2016: 75.3%

Consumers interested in premium products: high-value packaged & processed foods.
Rising health consciousness- increasing opportunities for “healthy” food producers as well as demand for organic food.

UAE:

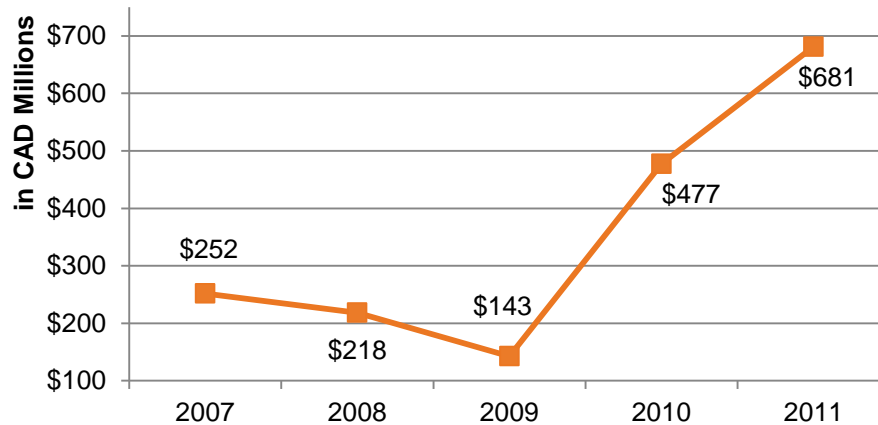
2012 mass grocery retail sales=7.9%; forecast to 2016=54.6%

Heavy dependence on food & drink imports to meet domestic demand
Increasing demand for organic food & health conscious population



EDC's Support in Oil & Gas for the Middle East

EDC's Oil & Gas Business Volumes in the Middle East



Signed Project Finance Deals (2007 onward)

SAUDI ARABIA		
Obligor	Canadian Benefit	Structure
National Chevron Phillips Company	Various Canadian Exporters-Oil & Gas	Limited Recourse/Project Financing
Saudi Aramco Total Refinery and Petrochemical Company	Various Canadian Exporters-Oil & Gas	Limited Recourse/Project Financing
QATAR		
Barzan Gas Company Limited	Various Canadian Exporters-Oil & Gas	Limited Recourse/Project Financing
U.A.E.		
Dolphin Energy Limited	Rolls Royce Canada (Energy) Ltd.	Limited Recourse/Project Financing



Leveraging EDC Relationships

EDC has developed key relationships with top corporations in the Middle-East , in the Oil & Gas sector :

- ▶ **Abu Dhabi National Oil Company (ADNOC)** - 4th largest oil & gas company in the world
- ▶ **Abu Dhabi Basic Industries Corporation (ADBIC)**
- ▶ **Aramco** (largest national oil company in the world),
- ▶ **Kuwait National Petroleum Company (KNPC)**
- ▶ **Kuwait Oil Company**
- ▶ **Oman Oil**
- ▶ **Qatar Petroleum (QP** - national oil & gas company is the 2nd largest LNG producer in the world)
- ▶ **Saudi Basic Industries Corporation (SABIC)**

A Few of the Largest Oil & Gas Projects in the Middle East

PROJECT NAME	SECTOR	ESTIMATED COST (\$m)	STATUS	PROJECT OWNER
Bapco - Bahrain Refinery Upgrade	Refining	6,000	Study	Bahrain Petroleum Company (Bapco)
KNPC - Clean Fuel Project 2020: Package I/II/III	Refining	6,000	FEED	Kuwait National Petroleum Company (KNPC)
OOO / IPIC - Duqm Refinery	Refining	6,000	Study	OOO / IPIC
QP / Qapco - Ras Laffan Petrochemical Complex	Petrochemicals	5,000	Study	QP / Qapco
RasGas Company Limited - Barzan Gas Development - Onshore (Phase III)	Oil / Gas Production	3,000	Study	RasGas Company Limited
Saudi Aramco/Mitsui&Co/Nabaa -Yanbu Integrated Refinery & Petrochemicals Complex	Petrochemicals	20,000	Study	Saudi Aramco/Mitsui&Co/Nabaa
Sadara Chemical Company - Jubail New Petrochemical Complex: Polyethylene Package	Petrochemicals	20,000	Execution	Sadara Chemical Company
Saudi Aramco - Riyadh Refinery : Clean Transportation Fuels Project	Refining	2,500	FEED	Saudi Aramco
ADNOC / KNOC / GS Energy - Oil Field Development Project	Oil / Gas Production	5,000	Study	Abu Dhabi National Oil Company (Adnoc)
ZADCO - Upper Zakum Full Field Development: Permanent Production Facility	Gas Processing	10,000	FEED	Zakum Development Company (ZADCO)
Tacaamol - Al-Gharbia Chemicals Industrial City	Petrochemicals	20,000	Study	Tacaamol



Source: MEED Projects

Metals: Aluminum

Some of the Scheduled Aluminum Projects in the Region:

Project Name	Country Name	Revised Budget (in millions)	Project Status	Main Contract Award
Alba - Aluminium Plant Expansion - Phase VI	Bahrain	\$2,000	Study	01/05/2013
Mass Global Investment Company - Erbil Smelter Project	Iraq	\$300	Study	01/01/2013
Sohac - Sohar Aluminium Smelter Expansion	Oman	\$2,400	Study	01/01/2013
Sino Saudi Jizan Aluminium - Jizan Economic City - Aluminium Smelter	Saudi Arabia	\$3,500	Study	01/10/2013
ADBIC - Taweelah Aluminium Rolling Mill	UAE	\$1,500	Study	01/10/2013
EMAL - EMAL Project: Phase II	UAE	\$4,500	Main Contract Bid	01/05/2012

Source: MEED Projects



EDC's Experience

EDC has developed key relationships with top corporations in the Middle-East :

Sohar Aluminum

Qatalum, Dubai Aluminum Company (DUBAL)

Emirates Aluminum (EMAL)

Aluminum Bahrain (Alba)

Signed Project Finance Deals (2007 onward):

OMAN		
Obligor	Canadian Benefit	Structure
Sohar Aluminum Company LLC	Alcan Inc.	Limited Recourse/Project Financing
SAUDI ARABIA		
Ma'aden Aluminum Company	Various Canadian Exporters-Extractive-Mining	Limited Recourse/Project Financing
Ma'aden Bauxite and Alumina Company	Various Canadian Exporters-Extractive-Mining	Limited Recourse/Project Financing
QATAR		
Qatalum Limited	SNC-Lavalin International Inc.	Limited Recourse/Project Financing
U.A.E.		
Emirates Aluminium Company Limited PJS	SNC-Lavalin International Inc.	Limited Recourse/Project Financing

Qatar projects for FIFA Cup in 2022

Current estimated budget for projects associated to World Cup event is close to US\$100 Billion.

Name of Project	Estimated Budget (US\$)
Railways / Metro Network	35
Roads / Bridges (excluding Qatar Bahrain Friendship Bridge and Doha Bay Crossing Projects)	20
Hotels and Tourism related infrastructure	17
New Doha Airport	13
New Doha Sea Port	5
12 Football Stadiums (9 New and 3 Renovated)	5
Additional Power and Water projects	3













Total Estimated Budget

US\$ 98 Billion

Source: Qatar National Bank's review of Published Information and Government sources

** Please note these figures are current estimates and may change*

Country Positions

Country	EDC's Position
 Bahrain	EDC could consider providing support to Canadian companies planning on or currently doing business in the market
 Kuwait	Open under select programs, subject to regular approval criteria
 Oman	Open under all programs, subject to regular approval criteria
 Qatar	Open under all programs, subject to regular approval criteria
 Saudi Arabia	Open under all programs, subject to regular approval criteria
 United Arab Emirates	Open under all programs, subject to regular approval criteria
 Yemen	EDC is currently monitoring the situation and reviewing its position in this country
 Iran	EDC is closed or highly restricted under all programs in view of Government of Canada restrictions and current operating environment.
 Iraq	EDC is closed or highly restricted under all programs in view of Government of Canada restrictions and current operating environment.
 Jordan	Open under all programs, subject to regular approval criteria
 Lebanon	Open under select programs, subject to regular approval criteria
 Syria	EDC is currently monitoring the situation and reviewing its position in this country

Events & Useful Links

EDC team for the Middle East will be present at the following trade shows and conferences & we look forward to connecting with companies:

- **Canada's Minister of Trade mission to Saudi Arabia – October 8-10**
- **ADIPEC – Abu Dhabi – November 11-14, 2012** (<http://www.adipec.com/>)
- **Arab Health – Dubai – January 28-31, 2013** (<http://www.arabhealthonline.com/>)
- **Gulf Food – Dubai – February 25-28, 2013** (<http://www.gulfood.com/>)
- **CABC Trade Mission**
- **PDAC 2013 – Toronto – March 3-6, 2013** (<http://www.pdac.ca/pdac/conv/>)
- **Global Petroleum Show – Calgary – June, 2013** (<http://globalpetroleumshow.com/>)

- Useful Links:
- *EDC country information:* <http://www.edc.ca/EN/Country-Info/Pages/default.aspx> &
Upcoming events: <http://www.edc.ca/events/en/pages/upcoming-events.aspx>
- *Canada-Arab Business Council:* <http://canada-arabbusiness.org/>
- *Trade Commissioner Service:* <http://www.tradecommissioner.gc.ca/>
- *Canadian Construction International Business Directory:* <https://www.cca-acc.com/>

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Thank you! Merci!

Questions?