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A Quarterly Newsletter

issue 9, April 2009

I$10bn Islamic bank to launch by year end

Adnan Yousef, CEO of Al Baraka Banking Group, said that the world's largest Islamic bank, with an initial capital of $10bn, will be launched before the end of this year. Yousef told CNBC Arabiya that Sheikh Saleh Kamel, chairman of Al Baraka Banking Group, is heading an alliance to launch the bank. The bank will launch an initial public offering of $3bn.

Zain eyes acquisition in India

Kuwait's Zain Group is considering an acquisition in India, the fastest growing telecommunications market in the world, reported Dow Jones. Zain said two companies that it is looking at are Datacom Solutions and Loop Telecom, both of which hold licenses to start mobile phone services across India.

Etisalat plans $1bn investment in Indian market

The Emirates Telecommunication Corporation, Etisalat, said it plans to invest $1bn in the Indian market. The announcement was made to Khaleej Times by Etisalat Chairman Mohammed Hasan Omran after the company's annual general meeting.

KUFPEC seeks new assets

Kuwait Foreign Petroleum Exploration Company, the international investment arm of Kuwait Petroleum Company, is urgently seeking to buy corporate acquisitions and oil-producing assets, and it is not too picky about what to buy, Shayma Amin, an international business analyst and petroleum engineer with KUFPEC told The National. Charged by KPC with nearly doubling its output by next year, the company is looking to negotiate one or more major deals by the end of this year that would add at least 10,000 barrels of oil equivalent per day (boepd) of oil and gas production and 30 million barrels equivalent of reserves, he said.

Aramco to spend $60bn on future oil projects

Oil giant Saudi Aramco is planning to spend $60bn on oil and gas projects up to 2014 as part of its next five-year plan, a contractor close to the company has told Al-Watan. This would be $10bn less than spent for the current five year plan, which ends in June. Saudi Arabia's oil minister Ali Bin Ibrahim Al-Naimi would not confirm the figure, stating that the kingdom would its investments 'would stay on course'.

Kuwait to cancel $15bn oil refinery

Kuwait is scrapping its $15bn project to build a new oil refinery after an independent watchdog said the plans were not feasible. Kuwaiti Prime Minister Sheikh Nasser Mohammad al-Ahmad al-Sabah, told Al-Watan daily: 'The government is committed to the Audit Bureau report, and the council of ministers will officially halt the project at its next meeting [which takes place on Monday].' The contract to build the 630,000-barrels per day refinery was awarded last May to four South Korean companies and a Japanese firm.

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Qatar may merge gas areas

Qatar is looking at combining two gas areas into a single block to draw foreign explorers, reported the International Oil Daily. Explorers showed no interest in Qatar's offer of a deep water gas area called Block A last year, which has prompted Qatar Petroleum to merge Block B and Block C, the report said. Bank, a federal banking house.

Are Islamic banks the financial institutions of the future?

Islamic banking has grown at an annual rate of 15% and reached a volume of $1 trillion, five times higher than in 2003. With the financial crisis reaching its peak, more and more politicians and economists agree that yesterday's financial world and tomorrow's financial world will not have much in common. A new codex is needed. Germany's president Horst Koehler said, that the world needs a second Bretton Woods, referring to the gathering of leaders after World War II which led to a global monetary system based on the gold standard and on fixed exchange rates. Bretton Woods, named after a city in New Hampshire, ceased to exist in 1971, when then-US president Richard Nixon nullified the gold standard. As a reaction Western European states declared their own monetary system in 1973. Did this nullification led to the current financial crisis? Without the gold standard, dollars could be printed with no limit, leading to excessive leveraging and a debt-laden economy.

Low-interest rates led to asset inflation on the global stock exchanges.

Ras Laffan Port the world's largest LNG export facility

Qatar has already established itself as the No.1 exporter of Liquefied Natural Gas (LNG) in 2007 with exports reaching 31m tons that year.

Qatar is also well on its way to achieve its target to reach 77m tons per year of LNG exports by 2011 as new trains are brought into production. LNG is produced by the two major Qatar Petroleum (QP) Joint Venture industries; Qatargas and RasGas who are based in the Ras Laffan Industrial City situated in the north east coast of Qatar.

The first new mega-train for Qatargas 2 Project is under commissioning and will be inaugurated in April 2009. The Qatargas 2 Project mega-trains 4 & 5 will produce a total of 15.6m tons per year and the cargo is mainly destined for the United Kingdom. The other mega-trains of Qatargas 3 & 4 and RasGas 3 will also be brought into production in the next 2 years. When the present expansions are completed, Qatargas and RasGas will each operate seven (7) production trains producing 41m and 36m tons respectively.

Ras Laffan Port is the point of export of this clean energy product and also continues to claim a number of global firsts. The Port is an ultra modem and purpose built being one of the top exporting ports in the Middle-East & Asia regions. The Port commenced operations in September 1996. Since that time, the Port and its berth facilities have been increased significantly to cater for the exports of new and expanded industries. The present Port covers an area of 56 square kilometers and serves a fast-expanding hinterland of the Ras Laffan Industrial City. It is the only gateway for Qatar's principal export earner - Liquefied Natural Gas (LNG) produced from the North Field. In addition it handles a growing volume of a variety of cargoes, both liquid and dry bulk.

With four (4) operational LNG berths, the Port is already the World's premier LNG exporting facility. On Sunday 22nd March 2009, the Port witnessed the first instant whereby all the four LNG berths were occupied simultaneously. This scene is only possible in Ras Laffan due to having the highest number of LNG berths globally.

The accompanying photo shows the Port scene with the various LNG tankers loading alongside the berths:

Berth LNG1 - 'Al Khor' - Capacity: 135,000 m3 - Moss spherical tanks

Berth LNG2 - 'Disha' - Capacity: 136,000 m3 - Conventional membrane tanks

Berth LNG3 - 'Al Jassasiya' - Capacity: 145,700 m3 - Conventional membrane tanks

Berth LNG4 - 'Al Hamla' - Capacity: 216,000 m3 - Q-Flex membrane tanks

Additionally, new berths LNG5 & LNG6 are also under construction and will be both operational by the year 2011. All the Berths from LNG3 to LNG6 are capable of handling the new generation of LNG carriers aptly designated as Q-Flex and Q-Max. These latest vessels were specially designed and built to transport Qatari LNG to the world's market.

Besides the LNG facilities, Ras Laffan Port also has a number of other berths to export liquids such as condensate, LPG and GTL products. The dry cargo berths handle sulphur, bulk materials and project cargoes. The latest addition to the current Port facilities is a large ship repair and dry-dock facility which is expected to be operational by mid-2010. The facility will be equipped with the latest and most modern ship servicing equipment and other supporting facilities similar to those available at other world-class dry-dock.

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GCC demand for gas growing faster than for oil

According to OPEC the growth is expected to expand the proportion of gas in the Arab energy market to more than 46% by 2020.

Saudi Arabia's natural gas demand is expected to reach 14.5 billion cubic feet-a-day over the next 25 years, compared to around 5.5 billion cf/d at present.

Dubai's demand for gas is rising by 15% a year, but in spite of possessing some 214 trillion in gas reserves the UAE does not supply enough gas domestically to power its electricity and desalination plant requirements.

The federation's main oil producer Abu Dhabi also uses almost 2 billion cf/d of its gas to re-inject into oilfields to maintain reservoir pressures.

Elsewhere, energy shortfalls are more manifest with delayed expansion at Aluminium Bahrain and Gulf Petrochemicals Industries' fertiliser plant. Ethane shortages are also stalling development of downstream industries in Saudi Arabia.

Bahrain, which needs to double its gas supply in the next ten years, is at the forefront of those in the Gulf calling for a regional gas network as power and feedstock requirements for a growing industrial base increase dramatically.

Qatar meanwhile, even with its huge gas resources and status as the world's biggest LNG exporter, has declared a pause on new export projects declaring that domestic requirements will take priority.

Are Islamic banks the financial institutions of the future?

Story Continued

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A new codex is needed. Germany's president Horst Koehler said, that the world needs a second Bretton Woods, referring to the gathering of leaders after World War II which led to a global monetary system based on the gold standard and on fixed exchange rates.

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Did this nullification led to the current financial crisis? Without the gold standard, dollars could be printed with no limit, leading to excessive leveraging and a debt-laden economy.

Low-interest rates led to asset inflation on the global stock exchanges. In the case of the TMT-bubble at the end of the 1990s this inflation was created without any real economic performance (most internet start-up where in debt).

Asset-based system

In an Islamic monetary system, money itself has no value. 'Islam denies the conventional mentality that out of every dollar a new dollar has to be created', says Shariah scholar Dr. Imran.

This means, that capital can only increase in value in value if a financial vehicle's underlying asset increases in value. Since interest is forbidden under Islamic law, money can not add value to itself.

Closer to real economy

Loans, derivatives and hedge funds are haram, because short-selling and speculation are also haram. Further more, the risk-sharing concept of Mudaraba, when entrepreneurs are granted capital and share the profits with the bank, moves Islamic banks closer to the real economy.

As a result, most Islamic banks have performed well so far in 2008. Nearly all Islamic banks reported profits in the first nine month of 2008. Despite the recent turmoil in Dubai's real estate market, Islamic home developer Deyaar's Q3 profits jumped 56% to Dhs312 ($84.9).

Other Islamic banks such as Gulf Finance House (GFH) also show no let-up in expanding. On November 10, GFH unveiled its master plan for a $5bn Energy City in Libya.

Although Islamic banks' stocks fell too, Islamic banks seem to be better prepared for any worsening of the financial crisis (as yet). Investing in permissible stocks line with Shariah also has its benefits for the private investor. Conventional banking and insurance shares, which lost the most this year, are haram too.

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" ExSafe now available for BlackBerry "
SO WHAT IS THIS SERVICE

We've got some great news from BlackBerry Cool 15 presenters, ExSafe. ExSafe takes control of the Microsoft Office application suite, storing documents away from vulnerable local disks and servers in a highly secure online storage environment. ExSafe is now officially available for public consumption, and has been successfully tested on Vodafone, O2 and AT&T networks (with more to come shortly).

You can purchase ExSafe or download a one week free trial by clicking the links below. A word of warning: we've been told that ExSafe gets a little glitchy if your BlackBerry is attached to a computer via USB, but simply unplugging the device will eliminate any problems This unique and complete service enables users to securely access their Office documents (Excel, Word, Powerpoint, PDF, text notes, etc.) from any location in the World regardless of whether they are using their BlackBerry or their computer, and to share documents with others in their organization and vice versa. Download a one week free trial now by visiting http://www.exsafe.net/bb.ashx?freetrialweek from your BlackBerry!

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