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About The Global Economics Ltd.

The Global Economics Limited stands as a distinguished and esteemed digital and print business magazine, with its headquarters situated in the heart of London. Renowned for its insightful analysis, our publication delves into the intricate currents of global business, offering comprehensive coverage of diverse sectors that define the contemporary economic landscape.

At the core of our mission is the commitment to provide our discerning readership, composed of C-level executives, Directors, and key decision-makers from medium and large-scale enterprises, with thought-provoking and in-depth insights. Subscribers to our magazine gain access to a wealth of knowledge, ranging from nuanced discussions on banking, wealth management, cryptocurrencies, and fintech to broader explorations of technology, real estate, hospitality, energy, and other pivotal industries. Our editorial content ensures that our readers are consistently informed with cutting-edge analyses, positioning them at the forefront of informed decision-making.

The Global Economics Limited also hosts a distinguished Annual Awards Program. This program is meticulously designed to acknowledge and honour key market players across diverse business sectors worldwide. Our prestigious awards not only confer distinction upon the recipients but also amplify their global visibility and recognition.

Open to companies on a global scale, our awards program spans sectors such as Banking, Insurance, Finance, Technology, Hospitality, and Real Estate, among others. Participation in our Annual Awards Program is open and free, embodying our commitment to fostering a culture of recognition and celebration within the global business community.

An ode to our Readers

Greetings from The Global Economics!

We are delighted to present the 27th issue of our magazine, which has thrown the spotlight on many developments in the financial and banking sectors in the last two months. In Europe and the Middle East, the banking sector is witnessing a welcome expansion, with many private and central banks partnering to strengthen financial ties.

There have also been massive expansions and growth opportunities in non-bank financing across the world. The finance sector, particularly in Asia, saw some changes when Japanese stocks soared as the country welcomed its first female Prime Minister. Tech stocks also gained when Nvidia recorded its highest valuation as it bets on the AI boom.

We have also delved into how the changing geopolitical order is influencing global trade. Old trade routes are being revived, and countries are adopting more economic integration as they find their place in the international system, thus enhancing multilateralism.

In this edition, we have also written about lesser-discussed topics like steel manufacturing in Europe, hotel and real estate prospects in China, new mergers in the pharmaceutical industry and the Chinese hotel industry's expansion into Singapore.

The tech world was thrown into chaos in October with the AWS outage, which we have reported on in this issue. We have also written about AI expansion, with the EU granting chip manufacturing licenses and Apple's vision for privacy-driven AI.

The retail sector was in the news with OTB Group announcing its intention to expand in China despite deflationary tendencies. The sector saw regional expansion with L'Oreal and Mastercard deciding to launch credit card facilities for beauty professionals in Latin America.

This edition throws light on some topics which mainstream media has not shed light on, but have a great bearing on the business world. We hope you enjoy reading it as much as we enjoyed curating it for you.

Cheers!

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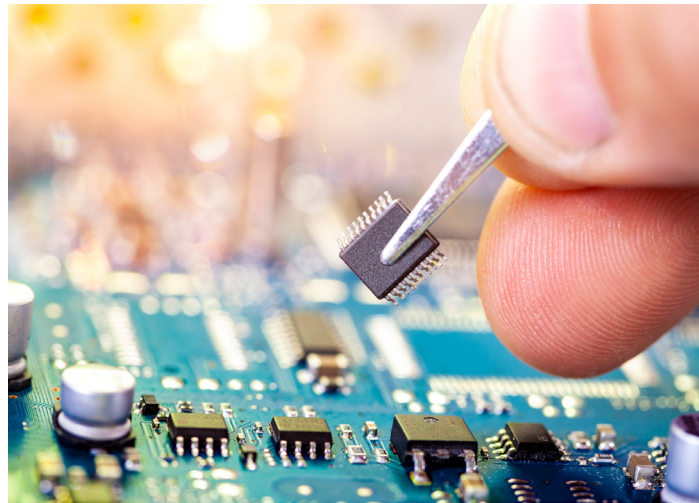
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JAPAN STOCKS REACH RECORD HIGH AS HOPE FOR FIRST FEMALE PRIME MINISTER BUILDS

Shares in Japan reached new highs on Monday as investors welcomed the political momentum behind Sanae Takaichi, who is likely to become Japan's first female prime minister. Her likely premiership unleashed a tide of hope in the financial markets, lifting confidence in a fresh pro-growth agenda and solidifying Japan's standing as an economy finally emerging from three decades of feeble growth.

The Nikkei 225 index soared nearly 5% to approach the 48,000 mark, while the broader TOPIX also advanced to its highest level on record. The rally was led by export-heavy sectors, technology manufacturers, and defense contractors, all of which are expected to benefit from Takaichi's pledges of aggressive fiscal spending, economic resilience measures, and stronger national security policies.

The yen slid to nearly a 12-month low against the U.S. dollar, further boosting shares of exporters like Toyota, Sony, and Panasonic. Market commentators credited the move to speculation that the administration of Takaichi will lead the Bank of Japan to continue an accommodative policy, keeping any dramatic normalisation of interest rates at bay despite worldwide tightening cycles.

A Historic Shift in Japanese Politics

If Parliament approves in the second half of this month, Takaichi would be Japan's first woman to hold the country's highest office. This would be a symbolic first for a nation where women have long been underrepresented in business and politics.

The appointment is also considered a social and strategic landmark, with the LDP seeking to restore its popularity among young and female voters.

Her triumph in the LDP leadership contest comes after months of political unrest, economic strain, and leadership exhaustion in the government of Prime Minister Fumio Kishida, which had languished under low popularity ratings and public disaffection over rising living ex-

penses. But Takaichi herself is no social liberal moderniser. She is a hard-line conservative on defense and society, calling for constitutional revision, increased defense expenditures, and a more assertive approach to regional security, especially against China and North Korea.

However, in the economic sphere, she has promised continuity with "Abenomics-style" policies, a mix of fiscal stimulus, monetary relaxation, and structural reforms aimed at stimulating growth through government intervention and business dynamism.

Market Drivers and Economic Expectations

Equity momentum captures investor optimism and belief in Japan's long-term growth. Japan had modest momentum for wage growth and corporate reform during Kishida's time, but pressure on prices downwards and increasing import prices in a weak yen limited momentum.

Markets under Takaichi anticipate a more stringent fiscal drive by way of state investment in tech, infrastructure, defence, and renewables. A lower yen, while a two-edged sword, has always benefited the Japanese exporters, which form the Nikkei index, by being more profitable. But it increases the prices of imports for food and oil, a continuous problem for the consumers already being charged 3-4% inflation, much higher than the long-term BOJ target.

Takaichi will need to fight the problem of balancing market-friendly stimulus with policies that will relieve the burden on the commoner. The BOJ, led by Governor Kazuo Ueda, has slowly backed away from its ultra-loose money policy, letting bond yields creep higher.

The markets now, though, anticipate that the central bank will keep conditions accommodative for longer than originally forecast. Any sign of political meddling at the BOJ would reignite discussion of central bank autonomy; however, investors are currently more focused on the short-term lift to liquidity and asset prices.

Economic and Political Prospect

Japan's economy stands at a crossroads. It has grown increasingly, but incrementally, at 1% per annum over the past decade. The convergence of an ageing population, labour shortage, and record public debt exceeding 260% of GDP is a calamitous long-term test. At the same time, its needs have reduced in the face of changing geopolitics as supply chains globally reallocate away from China.

Japan's semiconductor and manufacturing industries are increasingly coming to be regarded as strategic Indo-Pacific assets, with foreign investment and American cooperation targeting them.

Takaichi's administration is expected to double down on these strengths. Her economic platform centres on "*national resilience*" by enhancing domestic production of critical goods, investing in high-tech industries, and strengthening economic security. She has also called for defense spending to rise to 2% of GDP, aligning Japan more closely with NATO standards and expanding opportunities for defense contractors and related industries. Still, risks loom. Fiscal expansion could further strain Japan's public finances, especially if growth does not keep pace. Rising bond yields and a falling yen might unsettle debt markets, while consumer purchasing power remains fragile.

Politically, Takaichi's hawkish nationalism and controversial visits to Yasukuni Shrine may stir diplomatic friction with China and South Korea, a factor that could weigh on regional trade sentiment. In the short term, the markets would likely be at an optimistic peak. Overseas investors, who invested billions in Japanese stocks this year, are emboldened by the stability and predictability that Takaichi offers as opposed to her predecessor's shaky tenure. Reforms, shareholder-friendly initiatives, and a rising emphasis on indigenous innovation might continue to fuel the rally until 2026. If the new prime minister can reconcile fiscal stimulus with reforms, Japan may eventually emerge from its era of economic instability.

NVIDIA TOUCHES \$5 TRILLION VALUATION AS AI BOOM REACHES NEW HEIGHTS

Nvidia has become the first semiconductor company to cross the \$5 trillion market capitalisation mark in a defining moment for global markets and the wider artificial intelligence industry. The firm's graphics processing units have become essential infrastructure for technology firms, cloud providers, research institutions, and national governments racing to build AI capability.

A Rapid Rise Reshapes Market Leadership

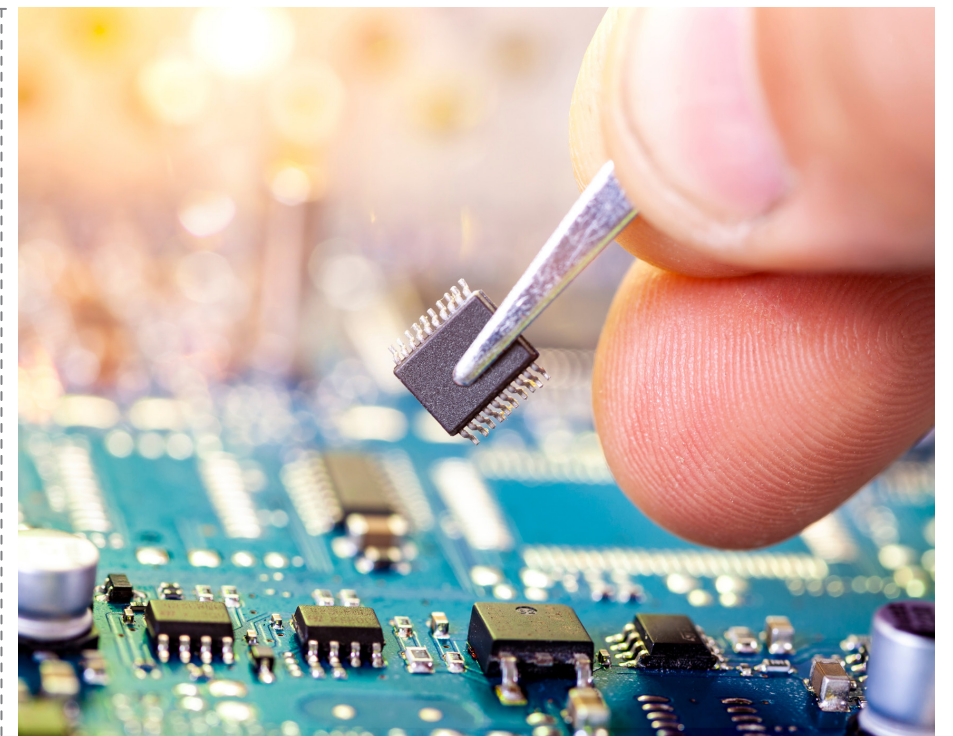
Nvidia's stock has been on a tear for the last two years. Fueled by ongoing demand for its H100 and newer Blackwell-architecture chips, revenue growth has persistently beaten analyst estimates. The data centre business, now the company's biggest contributor, added substantial backlog orders from hyperscalers, including Microsoft, Amazon and Google, as well as newer AI platform companies building foundation models and AI-native applications.

Reaching \$5 trillion has now propelled Nvidia past some of the world's most valuable corporations, including Apple and Saudi Aramco, depending on market movements on any given day. Very few names, most notably Microsoft, remain competitive at this valuation. Market analysts say the shift reflects a historic rebalancing of investor belief about where future economic growth will come from: not in consumer hardware or oil reserves, but in AI infrastructure and compute power.

The Geopolitical Dimension

Nvidia's growth has not been immune to global tensions. Trade restrictions on advanced chip exports to China, one of its largest markets, raised concerns about a decline in revenue. But the company quickly began creating chip versions that conformed to trade rules, also trying to mitigate potential losses from large customers by geography.

Meanwhile, governments across the US, Europe, India, and the Middle East have announced investments of several billion dollars to secure local AI compute capacity, often designating Nvidia's



platforms as the default starting point. In effect, it has positioned Nvidia as a central strategic asset in global digital competition. The company now counts partnerships from cloud giants through to sovereign AI initiatives and national supercomputing programs, embedding its technology deeper into critical infrastructure.

Innovation at the Core Engine

But while demand has played a significant role, the company has also maintained a consistent leadership gap over rivals, as its GPUs continue to outperform alternatives in training and inference workloads. In particular, the introduction of the Blackwell platform has been most influential, promising to bring in substantial improvements in both performance and efficiency for the next wave of generative AI models, which are growing exponentially in size and training complexity. For investors, Nvidia now embodies both extraordinary growth potential and increasing scrutiny. Some analysts warn that no company can maintain such rapid expansion forever. The share price already reflects high expectations. Any signs of a slowdown in AI adoption, supply-chain disruption, or competitive challenges may result in pronounced volatility.

However, others feel that it is still early days for Nvidia to benefit from

the industrial transition of AI. Unlike in the previous technology cycles led by consumers, this AI ecosystem is growing across healthcare, manufacturing, finance, defence, scientific research, and energy. This is a systemic shift, rather than a cyclical one: as organisations progress from experimentation to deployment, the demand for scalable AI computing power could multiply. Even a modest share of that future market would justify Nvidia's current positioning.

Competition Looms Ahead

Competitors are hastening their efforts to narrow the gap. AMD continues to improve its line of accelerator platforms, while Intel tries to regain strength in data centre markets. Cloud companies are expanding their own custom chip initiatives to reduce their dependence on a single supplier.

Nvidia's strategy now rests on ensuring supply meets demand, supporting developers across the entire AI lifecycle, and expanding into new compute frontiers, including edge AI and robotics. It is also investing in platforms that help enterprises operationalise AI safely, efficiently, and at lower cost, a vital move as the market moves beyond early adopters. It remains to be seen what Nvidia's future trajectory will be like.

EUROPE'S PUSH TO TIGHTEN RULES ON NON-BANK FINANCE



European regulators are increasingly tightening regulation of the shadow banking sector as non-bank financial institutions expand their asset base to over €50 trillion. This figure exceeds the traditional banking sector by more than 20%. Such a regulatory push reflects increasing concerns regarding systemic risks, leverage buildup, and the potential for financial instability from entities working outside the framework, followed by conventional banks.

The need for such an initiative was highlighted by the European Central Bank President Christine Lagarde in October 2025, when she called for stringent regulations of non-bank financial firms to level the playing field with traditional lenders. Non-bank institutions hold assets worth approximately 350% of GDP and exploit bank regulations despite functioning like banks.

The Scale of Europe's Shadow Banking Challenge

The European non-bank financial intermediation sector broke all records last year, with investment funds and other financial intermediaries holding combined assets of €50.7 trillion. It represents a significant jump from €42.7 trillion at the end of 2022, driven mostly by valuation surges and regular capital inflows despite quantitative tightening.

As per the European Systemic Risk Board's 2025 NBFI Risk Monitor, investment funds and other financial intermediaries control more than 50% of the European financial sector in comparison to traditional banking. The structural change highlights one of the major transformations in European finance since the 2008 global financial crisis.

According to the Financial Stability Board, the global non-bank financial intermediary sector grew by 8.5% in 2023, outpacing the 3.3% growth of the banking sector. Europe accounts for the majority of this expansion, with Germany, France, Luxembourg, the Netherlands, and Ireland accounting for approximately 71% of financial corporations' assets and liabilities in the EU.

Regulatory Initiatives and Policy Developments

The European Commission launched a focused consultation on macroprudential policies for non-bank financial intermediation in May 2024. The consultation focused on vulnerabilities such as uncontrolled liquidity mismatches, significant leverage, and interconnectedness within NBFI sectors and between non-banks and the banking sector. It mainly sought views on improving coordination among EU macroprudential authorities.

In September 2023, the European Commission adopted technical standards that mandated credit institutions to report their exposures to shadow banking entities, as required by the Capital Requirements Regulation.

Mairead McGuinness said that non-bank financial institutions are sitting on substantial leverage and liquidity gaps, and their activity poses a direct threat to the financial system.

Globally, the International Organisation of Securities Commissions has been building global assessments of leverage, with developments estimated to affect reviews of EU and UK fund management rules. The Financial Stability Board published a consultation in 2024 on policy measures to address leverage in non-banks, which closed in February 2025.

Specific Vulnerabilities and Risk Factors

European regulators have shortlisted major concerns concerning vulnerabili-

ties within the non-bank financial sector. Liquidity mismatches happen to be the most threatening, because many funds promise daily settlements but hold illiquid assets. In times of market downfall, this structure would collapse, leading to a fire sale and an increase in market volatility.

The ESRB's 2025 monitor demonstrated that a subset of highly leveraged UCTIS funds is exposed to significant market and liquidity risks due to directional positions and low holdings of liquid assets.

Although it made up for 2% of the entire UCITS sector, these leveraged funds happen to be potential risks to financial stability and the reputation of UCITS.

For instance, the August 2024 market volatility due to monetary policy shifts and low free float in markets, uncovered risks from hedge fund leverage, mainly in carry trades. Deleveraging by hedge funds likely increases market volatility through both position liquidation and counterparty channels, showcasing how non-bank activities can hamper broader markets.

The interconnectedness among banks and non-banks creates complex transmission channels for financial shocks. Banks act as facilitators in foreign exchange and interest rate swap networks, offering broker services alongside margin financing, and also maintain direct exposures to NBFI-issued instruments.

Recent ECB analysis uncovered that significant growth has been seen in private market funds, where assets under management have grown five times over the past decade, made up of "layered leverage", i.e., borrowed capital induced at several points during the investment chains.

The Lagarde Doctrine: Levelling Up, Not Down

Christine Lagarde's October 2025 speech passed a clear regulatory thesis that has come to certify the European approach to shadow banking oversight.

Rather than relaxing rules for banks to create competitive parity, Lagarde pushed for those levelled standards to be levelled for non-banks stepping in for bank-like activities or with major links to the awning sector.

Lagarde gave a grave warning that if risks are built outside the banking system, which happens to be out of the jurisdiction of regulators and supervisors, then the precedents of 2008 may rise from the ground, with monetary policy being the only tool to cool off the financial burns. These warnings directly come from the aftermath of the global financial crisis, when shadow banking channels built up uncontrolled risks that led to a massive intervention of the central bank.

The Path Forward: Implementation Challenges

The European Commission is anticipated to publish a legislative proposal to review the securitisation framework in spring 2025, following a targeted consultation that ended in December 2024.

The securitisation market has been on a continuous decline since the 2008-2009 crisis, and policymakers hope regulatory reforms can inject momentum into this market to strengthen bank lending capacity and deepen capital markets.

The Commission's work on macroprudential policies for NBFI might lead to amendments in legislative proposals in 2025 or 2026, through the path from consultation to implementation after facing substantial challenges.

The diversity of non-bank business models, different risk profiles across entity types, and the cross-border nature of many activities further make things complex for efforts to develop a fair yet effective regulation.

Industry resistance to increased regulations has been a no-brainer. Non-bank financial initiatives have flourished slightly due to regulatory arbitrage opportunities, and tightening rules will invite major pushback from asset managers, private equity firms, and other stakeholders. The challenge for policymakers is to improve financial stability without strangling innovation or pushing activities further into unregulated corners of the financial system.

The stakes now extend beyond regulations. It is now critical that policymakers adapt regulation and supervision to this challenging environment. The next barrier would be whether European authorities can tackle political, technical, and coordination challenges to execute the extensive shadow banking reforms.

SURGE IN MIDDLE EAST HEDGE-FUND ACTIVITY: IMPLICATIONS FOR NON-BANK CAPITAL FLOWS

The United Arab Emirates has become a significant challenge to traditional financial centres. Key cities like Dubai and Abu Dhabi are witnessing unprecedented growth in hedge-fund activity that is fundamentally altering global capital flows. Such transformation highlights a structural shift in how non-bank capital moves through the global financial system, with profound effects for asset allocation, regulatory arbitrage, and the future framework of international finance.

The Numbers Tell a Compelling Story

The sheer scale of the UAE's hedge fund boom is beyond all analysts' estimates. Abu Dhabi Global Market (ADGM) reported a 32% jump in company registrations last year, the majority being an inflow of hedge funds, asset managers, and investment firms establishing a Middle Eastern base. The Dubai International Financial Centre attracted 60 hedge funds as of Q2 '24, while Abu Dhabi Global Market sealed the second spot. Notably, ADGM's total assets under management rose by a staggering 211% in the first quarter of 2024 and a 42% increase in the first half of 2025. It had registered 11,000 active licenses, highlighting its strength among global fund managers. According to Boston Consulting Group, the UAE's net wealth is estimated to reach \$4.4 trillion by 2028. This will be fuelled by an increase in financial wealth and real assets. This growing economic influence improves the region's stature as a hub for hedge fund investment and positions the Emirates as more than just a tax haven and as a wealth management hub.

Heavyweight Players Make Strategic Commitments

The hedge fund migration to the UAE goes beyond boutique managers looking for favourable tax treatment. Major global players have made significant promises signalling a long-term position rather than mere relocation. Brevan Howard, the world's 13th largest hedge fund by AUM, announced that it would double its ADGM-based workforce. They have also set up a trading desk in Abu Dhabi, showing operational commitment. Other major names with UAE presence are Millennium Management, Capula Investment Management, and numerous multi-strategy platforms looking to capture both re-



gional capital and trading opportunities. The inflow spillovers beyond hedge funds into private equity, venture capital managers, and family offices create an alternative asset management ecosystem.

Regulatory Architecture and Competitive Advantages

The UAE's emergence as a hedge fund hub highlights intricate policy changes and institutional development rather than a coincidence. Both DIFC and ADGM are run as independent financial free zones with different regulations based on common law principles, giving similar legal

and regulatory structures for international managers. Zero corporate and personal income tax is surely an attraction, but other reasons exist as well. Regulatory flexibility, streamlined licensing processes, and supervisory approaches feed into operational expansion regulated by Western jurisdictions. The UAE also offers access to significant regional capital. Gulf sovereign wealth funds hold trillions of dollars, out of which family offices and institutional investors across the GCC look for investment opportunities. Being in proximity to capital pools offers tactical advantages for managing fundraising and investor relations.

Implications for Non-Bank Capital Flows

The hedge fund inflow also impacts the movement of non-bank capital globally. Firstly, it acts as a catalyst for the diversification of financial intermedia-

years. Saudi Arabia's Public Investment Fund (PIF) has allocated \$6.6 billion in the past 3 years. These investments act as strategic objectives for knowledge transfer and relationship building. Lastly, the transformation impacts regulatory arbitrage opportunities. While DIFC

East IPO market also recorded 53 listings last year, collecting over \$13 billion. This facilitates capital market development, mainly led by Saudi Arabia and the UAE, creating opportunities for PE exits.

Challenges and Sustainability Concerns

Amidst clouds of immense growth, questions arise of sustainability and depth of the UAE's hedge fund boom. The influx is partly due to tax considerations and lifestyle choices. These factors would vaporise if tax policies are altered or Western jurisdictions distribute incentives for retaining talent and capital.

Operational challenges concern clearing and settlement infrastructure, broker-client relationships and access to global liquidity pools. The development of sufficiently deep capital market infrastructure to support operational efficiency remains cloudy.

The concentration of activity in two clusters providing financial free zones raises concerns of scalability. Abu Dhabi's financial centre at Al Maryah Island is nearing its capacity, demanding physical expansion to accommodate continued growth.

The Larger Transformation

The surge in Middle East hedge fund activity is an ongoing transition in the larger space of global financial geography. As the GCC is striving to meet its target of Vision 2030 and similar initiatives. The development of the financial services sector will provide strategic advancements beyond near-term economic returns.

For the UAE, establishing a credible global financial centre is a matter of national pride, attracts human capital, and facilitates the knowledge-sharing sector for the betterment of the citizens.

For global finance, the emergence of the UAE as a legitimate option instead of traditional centres provides greater resilience and competition in the system. Such diversification may prove beneficial if Western financial centres struggle with regulations or politics, or other challenges that might foul their attractiveness.

The effects on non-bank capital flows will take a longer term. When the UAE succeeds in establishing a credible hub, other emerging financial centres may follow similar models, hence fragmenting global finance into multiple regional hotspots instead of a West-dominant sector.

tion away from traditional banking centres. As alternative asset managers start running their operations from the UAE, decisions regarding capital allocations start originating from the Middle East, besides New York, Hong Kong, or London. Secondly, the UAE's influence improves cross-border capital deployment from GCC investors into global markets. Last year, global private debt fundraising reached \$166 billion, with direct lending strategies growing 2% YoY to \$122 billion.

The Gulf is a major investor in Asia, with investments doubling in recent

and ADGM maintain credible regulatory frameworks, they operate under the direct jurisdiction of European and American regulators.

Private Markets and Alternative Credit Flows

Apart from conventional hedge funds, the UAE registers an inflow of PE, VC, and private credit managers. MENA state-owned investors invested \$56.2 billion across 97 deals in the first nine months of this year. The indigenous sovereign funds were limited to the region. The Middle

FINTECH, FAITH, AND THE FUTURE OF GULF SMES: THE ERAD EXPERIMENT

A Riyadh-based fintech platform, erad, has secured a \$33 million debt financing round headed by India's Stride Ventures. This financing would help close the gap in the Gulf Cooperation Council's deficit in large, small, and medium enterprises (SMEs). The transaction was finalised at Money 20/20 in Riyadh in September 2025, underscoring an increase in investor confidence in financing for alternative assets across the Middle East.

The Gulf is facing a massive financing crisis for the SME sector. The GCC's SME financing gap is estimated at \$250 billion, with SME lending by commercial banks accounting for around 3% of total lending throughout the region. This gap persists despite economic diversification efforts in the non-oil GDP sector. In the UAE, SMEs employ 86% of the private-sector workforce and contribute 64% to non-oil GDP. Saudi Arabia, with its ambitious target under Vision 2030, has increased SME's GDP contributions to 35% by 2030. Salem Abu-Hammour, Co-founder of erad, has said that the investments are a result of a robust period of 5X year-on-year growth, as the company doubles down on expansion in Saudi Arabia, despite access to capital being difficult for SMEs. The funding will help erad in expanding its operations in Saudi Arabia and the UAE to cater to the increasing demand from businesses across retail, food and beverage, healthcare and digital sectors.

The erad Model

Salem Abu-Hammour, Faris Yaghmour, Abdulmalik Almeheini, and Youssef Said founded erad in 2022 as a financing platform aiding SMEs in securing Shariah-compliant working capital solutions by utilising a data-driven approach to lend faster and customizable financing to businesses in Saudi Arabia and the UAE. They use proprietary data modelling for risk assessment, enabling them to scan applicants and provide financing approval in just 48 hours. This differentiates them from traditional bank lending processes, which can take weeks or even months and, in some cases, require substantial collateral coverage. Since the launch, erad has been widely accepted

throughout the market. The company has released over \$50 million in funding for regional SMEs, and has received applications for over \$530 million in funding from recognised brands from both nations. This massive gap between funded amounts and funding requests highlights the scale of untapped demand and the future of erad.

Systemic Barriers and Market Failures

Policymakers have sought to spur growth in this sector, but structural bureaucracy impedes exponential growth in SME financing. A 2020 survey by the Central Bank of the UAE revealed that 75% of SMEs identified themselves as financially constrained, but only 17% had applied for bank credit, of which half received financing. Such a discrepancy between need and access highlights various foundational flaws. Traditional banks face challenges in SME lending, mainly due to the high cost of customer acquisition, lengthy processing times, and information asymmetries regarding borrowers' creditworthiness. Some SMEs also lack minimum financial documentation or established credit records, making lending difficult.

Furthermore, risk-weighted capital requirements and institutional inertia create incentives for banks to concentrate lending on large corporate clients and sovereign-backed entities rather than on small businesses. While Saudi Arabia focuses on 20% SME lending by 2030 and the UAE's Operation 300bn prioritises industrial SMEs, actual bank allocations remain below 10% across the GCC.

Challenges and Competitive Dynamics

Competition is part and parcel of the game. It is intensifying as more players recognise the opportunity in SME financing. Traditional banks are steadily improving digital capabilities and reconsidering SME strategies. Regional and international fintech platforms continue to foray into the market with significant backing. Economic volatility is another risk factor. While Gulf economies benefit from high oil prices and government expenditure, local businesses remain prone to global economic turmoil. A continued

downturn would negatively impact SME performance and increase default rates, testing erad's underwriting models and portfolio resilience. The current regulatory frameworks support alternative finance innovation; future policy changes may introduce additional compliance requirements or capital adequacy standards. Talent acquisition and retention in a competitive market are headaches. Increasing the standards of technology, risk, and operations requires teams to have substantial compensation, a compelling culture, and clear growth trajectories.

Broader Implications for Regional Finance

The transaction between erad and Stride Ventures demonstrates the larger trends changing Middle Eastern finance. Growing sophistication among investors leads to a focus on sustainable, technology-enabled business models that address real market requirements. Global capital flowing into Gulf fintech is driven by expanding TAM, supportive regulation, and a focus on national development agendas. The participation of specialised lenders like Stride brings in domain knowledge and experience from mature markets.

Future Trajectory

Erad's \$33 million debt financing marks a turning point in how Gulf economies approach SME financing, moving from acknowledging the problem to deploying scalable solutions. The company's ability to deliver Shariah-compliant capital at unmatched speed displays the burning demand, which appropriately aligns with broader economic transformation objectives. As erad grows in Saudi Arabia and the UAE, its success will form a valuable case study for alternative financing models in emerging markets. The key challenges that erad focuses on are information mismatch, operational efficiency, and inadequate capital deployment across the Gulf region. Time has the answer to how much will erad capture of the \$250 billion opportunity based on its execution, risk management, and innovation. The future of erad will define how regional SMEs gain access to capital and, in a broader form, how Gulf economies achieve their diversification ambitions.



WALMART CHOOSES NASDAQ OVER NYSE, ITS RECORD-BREAKING LISTING TRANSFER

Nasdaq has just landed one of the most iconic names in traditional retail, Walmart. The consumer retail giant has made a major shift from its longtime listing on the New York Stock Exchange (NYSE) to its main rival, the Nasdaq. The decision is notable not only because Walmart has a market value of about \$852 billion, but the decision to shift the stock exchange was the largest exchange transfer in history.

According to data from the London Stock Exchange Group (LSEG), Walmart is the NYSE's fourth-largest listing by market capitalization, which makes it a substantial win for Nasdaq. For years, the US exchange and Nasdaq have been rivals, a defining feature of the US stock market. Nasdaq is known as the go-to exchange for technology companies, while NYSE was known for attracting the largest industrial and financial names. The back-and-forth competitive dynamic was at its most intense during the late 1990s dot-com boom, when tech companies grew in value and importance.

Walmart's decision to change exchanges was a major win for Nasdaq, while it goes against the tech/non-tech divide, the retail giants stated that this move was part of its technology-forward approach and its push to redefine the retail industry, particularly in automation and artificial intelligence (AI).

The company's stock will start trading on the Nasdaq Global Select Market on December 9. Walmart's Chief Financial Officer, John Rainey, stated that the retailer is setting a new benchmark for omnichannel retail by integrating automation and AI into its operations. As Walmart is technology-forward, so are nearly every leading company, which are taking initiatives in artificial intelligence. So the difference between technology companies and traditional companies is becoming less clear-cut than before.

Companies change their listing venue for many reasons, such as better alignment with the exchange's investor base, technology and services, or to reduce listing and compliance costs.

Regarding Walmart, the retailer wanted to move from the NYSE to the Nasdaq to gain favour with technology investors and show its willingness to go beyond conventional retail stores. Brian Jacobsen, chief economic strategist at Annex Wealth Management, stated that when Walmart was added to the Nasdaq 100, a benchmark index of some of the largest non-financial companies, it would create a ripple effect. He added that Walmart will be the newest member among existing members like Costa, which will attract investors interested in technology.

Intercontinental Exchange, the parent of the New York Stock Exchange,

did not comment on Walmart's leaving the NYSE. The shift is more common, as nearly every major US company is increasingly attracted to AI and to Nasdaq. Recently, Shopify and Kimberly-Clark have all made the move in 2025. The appeal of the Nasdaq 100 index has increased by nearly 20%, which is cited as a reason for the transfer. This year, NYSE has been buoyed by transfers from several companies, such as Virtu, CSW Industrials, and QXO.

Nasdaq itself has highlighted the momentum behind these switches. In September 2024, the exchange reported that over 500 companies, representing \$2.7 trillion in market value, had moved from the NYSE to the Nasdaq over the past 20 years. Almost 16 companies have transferred in 2024 alone, including notable names like government technology contractor SAIC and food manufacturer Campbell's.

According to J.R. Mastroianni, Head of Exchange Transfers and Listing Services at Nasdaq, the most recent transfers over the last five years account for more than \$1 trillion of the total market capitalization of all switches. This trend points to a growing recognition among public companies of the strategic advantages offered by Nasdaq, especially as the boundaries between technology and traditional sectors continue to dissolve.

GLOBAL BANKS EXPANDING IN THE GULF: GOLDMAN SACHS OPENS KUWAIT OFFICE

The Gulf region is witnessing a significant surge in the presence of global banking giants, with Goldman Sachs recently opening an office in Kuwait on October 6. This strategic move highlights Kuwait's efforts to position itself as a regional financial hub and to alter the increasing appeal of Gulf Cooperation Council markets to international financial institutions. Goldman Sachs' expansion into Kuwait is followed by a bunch of other major financial firms, including Franklin Templeton, State Street, and Carlyle Group, with all undergoing planning to establish local operations, following BlackRock's prior entry into the market. This coordinated action by Wall Street's elite signals a fundamental shift in how global finance perceives the depth of the Gulf region.

Goldman Sachs Deepens 50-Year Partnership

Goldman Sachs and Kuwait have enjoyed a strategic partnership for over half a century, collaborating in segments of investment banking, capital markets, and asset management initiatives. The establishment of an in-office presence in Kuwait City highlights a critical step for this longstanding relationship. It demonstrates the firm's commitment to increasing its foothold in the Middle Eastern region. David Solomon, Chairman and CEO of Goldman Sachs, highlighted that Kuwait is moving towards rapid transformation to push for economic growth and opportunities for its citizens. The new office will equip Goldman Sachs to provide personalised services to regional clients with a better overall understanding, whilst supporting Kuwait's economic diversification strategy outlined in its Vision 2035. As part of the expansion, Goldman Sachs hired Mohammad Almatrouk as Managing Director to take charge of the office and oversee the firm's growth in Kuwait. Almatrouk is an experienced leader, thanks to his role at Kuwait's Public Institution for Social Security (PIFSS), which manages over \$130 billion in pension assets. This firm has hired Fahad Alebrahim as Managing Director for its Private Wealth Management business to gain a deeper understanding of local capacities.

Kuwait Emerges as Regional Financial Hub

Global financial institutions are showing increased interest in Kuwait due to various factors, but especially its substantial sovereign wealth. The Kuwait Investment Authority, established in 1953,

oversees \$1 trillion in assets under management (AUM), making it the world's oldest sovereign wealth fund. Moreover, Kuwait's GDP is \$160 billion for a population slightly under 5 million, creating a wealthy per capita market attractive to wealth management and investment banking services. The slew of office openings follows a pattern similar to that of neighbouring UAE and Saudi Arabia, where governments have leveraged their sovereign wealth fund relationships to attract financial firms to establish local operations in the country. Kuwait's Crown Prince held a meeting with top US CEOs in New York, including C-suite execs of BlackRock, Franklin Templeton, Goldman Sachs, and senior executives from tech giants like Microsoft and Alphabet. This meeting showcases high-level government engagement in attracting global financial players.

Wave of Global Financial Firms

BlackRock received a license earlier in September 2025 to open a branch office in Kuwait. They have appointed Ali Al-Qadhi in the lead role for the office; he has been overseeing BlackRock's client business in Kuwait and Qatar for the last two years. This step will position BlackRock as the first major asset manager to establish a physical foothold in the country, setting the stage for competitors to follow. Franklin Templeton, one of the world's largest asset managers, announced a new office in Kuwait to increase its presence in the Middle East. Jenny Johnson, President and CEO of Franklin Templeton, expressed his excitement regarding opening an office in Kuwait as a hub for improving client relationships and partnerships across the region. Carlyle Group and State Street are also in line to set up their local offices. These moves highlight a significant concentration of global financial institutions' expansion in the Gulf region in recent years. The timing of these expansions is another key indicator of growing confidence in the Gulf's economic trajectory. Goldman Sachs and Citigroup have recorded gains in market capitalisation, with increases of 52.4% and 56.5% respectively, mainly due to resurgent investment banking activity, huge trading revenues, and improved cost efficiency.

Strategic Implications and Market Outlook

The inflow of international expertise and competition will act as a catalyst for financial sector modernisation and support its objectives of economic diversifi-

cation for Vision 2035. The mix of major global players will improve service quality and build a system that will facilitate complex transactions, capital markets development, and wealth management services. The Gulf region stands as one of the fastest-growing and wealthiest markets, equipped with a young and educated population. It also holds substantial sovereign and private wealth, making room for services like private banking, asset management, and investment banking activities. The current transformation will increase deal flow in mergers and acquisitions, initial public offerings, and infrastructure financing. The focus on local talent development highlights a win-win situation. Global firms gain access to professionals with knowledge of local markets, regulations, and culture, while the region enjoys the fruits of knowledge exchange and professional development.

Challenges and Opportunities Ahead

Circumstances follow opportunities. The expansion wave carries regulatory compliance, licensing requirements, and compliance obligations. Geopolitical scenarios might be favourable at present but require constant rebalancing. Competition from top local talent will rise as more global players establish operations, leading to higher compensation costs. Opportunities also outweigh challenges. The Gulf's commitment to economic diversification is leading to a demand for customised financial services. Government programmes in Saudi Arabia, the UAE, and Kuwait all focus on private sector development, entrepreneurship, and innovation, avenues that demand critical financial infrastructure and expertise.

The amalgamation of technology and finance offers attractive promises. Regional governments are fostering the growth of fintech firms and inculcating digital transformation. Global financial institutions can leverage their technological capabilities and innovation platforms to aid such initiatives while increasing new revenue streams. The establishment of global financial behemoths like Goldman Sachs, Franklin Templeton, and BlackRock marks an inflow of both capital and expertise, with an increase in appeal for the region's growing importance in global finance. For Kuwait and its Gulf neighbours, this represents an opportunity to accelerate their transformation into genuine financial hubs capable of competing on the global stage. The coming decade will determine whether this wave of expansion delivers its promise.

BEYOND BANKS: HOW SAUDI FINANCE COMPANIES ARE POWERING CREDIT INCLUSION AND VISION 2030

Saudi Arabia's non-bank finance sector is experiencing unprecedented growth, with outstanding credit of over SR99.35 billion (\$26.5 billion) as of the end of the second quarter of 2025. These figures recorded a year-on-year (YoY) increase of over 10%. This growth demonstrates the increasing role of finance companies in the Kingdom's financial ecosystem, mainly in serving consumers and small businesses that were denied access to credit by traditional banks. According to the Saudi Central Bank (SAMA), lending by finance companies accounts for approximately 3.12% of total financing extended by commercial banks. Though this share is at a lower end, the rapid expansion and strategic focus on these non-traditional lenders highlight their growing importance in advancing Vision 2030's financial inclusion and economic diversification objectives.

Consumer-Centric Portfolio Drives Growth

Saudi finance companies mostly offer personal loans and auto financing under their portfolio. Individual finance accounts for the largest segment at roughly 29% of total credit facilities, amounting to approximately SR28.7 billion. Auto financing holds the second spot with SR25.93 billion. Following up is housing real estate financing, constituting 23% of the portfolio at SR23 billion.

The retail sector holds the majority with 77% of total outstanding credit lent by the finance company. SAMA mentioned in its 2024 Financial Stability Report that this lion's share makes up for extreme risk exposure; however, approximately 50% of retail credit is under the names of public sector employees with stable incomes, minimising the default risk to a great extent. What is growing at an even faster rate is the smaller lending segment. Credit card finance rose to a 31.5% YoY to reach SR2.12 billion, making it one of the fastest-growing categories. Commercial real estate financing also saw immense growth at 22.8% annually, climbing to SR5.66 billion as finance companies are a little lenient in lending to property developers and businesses outside of the conventional banking sector. Loans classified under "others" rose 14% to SR14.04 billion, highlighting broad-based demand across multiple categories.

Bridging the SME Financing Gap

Finance companies are playing an increasingly key role in addressing the Kingdom's SME financing gap, a key

priority under Vision 2030. Micro, small, and medium-sized enterprises together received nearly 19% of credit in Q2. This highlights how non-lenders make up for fulfilling their targets of expanding access to credit for smaller enterprises. As per SAMA data, MSME lending accounted for 9.4% of banks' loan portfolios and 18.9% of finance companies' portfolios last year. This demonstrates the wide discrepancy of finance companies in this overlooked segment. Contrarily, large companies outside the SME group made up only 4.4% of finance company credit, as larger firms still lean on banks or capital markets for their funding requirements.

Regulatory Reforms Lead Sector Expansion

SAMA has actively pushed for the growth of the non-bank finance sector through strategic regulatory reforms as part of the Financial Sector Development Program. A substantial breakthrough came in January 2023 when the regulator reduced the minimum paid-up capital threshold by half from SR100 million to SR50 million for new finance companies focusing on SME lending.

SAMA has proposed changes in the Finance Companies Control Law to decrease the bank guarantee mandates from 100% to 20% of capital to attract new Sharia-compliant lenders and fintech entrants. Such reforms are expected to substantially increase financing access for SMEs and consumers by reducing the barriers to entry for new players. The regulator also recently opened gates for innovative business models by licensing the first debt-based crowdfunding platforms and settling a low SR5 million capital limit for buy-now-pay-later (BNPL) aggregators. Since 2022, rules have been diluted to allow finance companies to engage in multiple financing activities like consumer finance, real estate, and SME finance.

Funding Structure and Market Positioning

Saudi finance companies operate under a different funding model that varies from conventional banks. Most are not allowed to accept customer deposits except in limited cases with SAMA's prior approval; they have to fund their operations mainly through shareholder capital, wholesale funding from bank credit lines, and, where approved, sukuk or bond issuance. This structure mainly leads to higher costs of funds in comparison to deposit-accepting banks, requiring finance

companies to manage pricing and product design around risk and speed. This is particularly relevant to consumers, automotive, and SME niches where exposures are mainly unsecured. However, this model also provides flexibility and allows these firms to pursue business lines that banks might not prioritise, like leasing, microfinance, and BNPL services.

Their presence increases competition and choice in the credit market, providing consumers with additional options for auto loans or credit cards and offering small businesses alternative financing when bank loans are inaccessible. Although finance companies hold a minor 3.12% of the overall market, their impact on niche lending segments is substantial, providing customised financial solutions that complement conventional banking services.

Future Outlook and Strategic Implications

Looking forward, Saudi finance companies are strengthening for expansion in alignment with the Kingdom's Vision 2030 ambitions. Their ability to provide fintech solutions, such as instant consumer loans via mobile applications and revenue-based financing for startups, gives them an edge in reaching various customer segments that seek speed and customisation in traditional relationships. The sector's rapid growth in recent years has been underplayed by regulatory reforms, fintech innovation, and strong borrower appetite across multiple segments. The larger sectors, like personal loans, automobile financing, and credit cards, showcase diversification and the exploitation of opportunities beyond core product offerings.

Simultaneously, prudent oversight by SAMA, including updated governance and risk management frameworks, helps ensure sustainable growth. The regulator's balanced approach of encouraging innovation while maintaining financial stability has led to a scenario where non-bank lenders can grow without dealing with system risks.

With regular and consistent policy support, including regulatory amendments and technological progress, Saudi finance companies can better penetrate the Kingdom's credit market. Currently, they hold approximately 3% of the total financing market; however, their impact on consumer lending and SME financing makes them a critical driver for achieving the financial targets of Vision 2030.

UAE-TÜRKIYE CENTRAL BANKS SIGN AGREEMENTS TO STRENGTHEN FINANCIAL COOPERATION

The central banks of the United Arab Emirates and Türkiye have signed three landmark agreements designed to increase financial cooperation and accelerate bilateral trade between the two nations. The agreement includes a bilateral currency swap agreement alongside two memoranda of understanding (MoU) focused on promoting local currency adaptation and integrated payment systems, marking a key step towards the changing economic relationship between the Gulf nation and the regional power. The agreements announced in early October 2025 highlight a new chapter of economic rapprochement, which led to the transformation of the UAE-Türkiye relationship from tension to partnership over the past few years.

Currency Swap Agreement Details

The bilateral currency swap agreement between the central banks of the United Arab Emirates and the Central Bank of the Republic of Türkiye holds a nominal value of AED 18 billion and TRY 198 billion, approximately \$4.9 billion in dollar terms. This facility will unleash liquidity in local currency for financial markets in both countries, facilitating efficient settlement of cross-border financial and commercial transactions.

The swap agreement will allow a mutual credit line that enables both central banks to exchange their domestic currencies at a previously fixed rate. In times of currency market stress or liquidity shortages, either central bank can withdraw on this facility to gain access to the partner's currency, increasing the financial safety cushion and decreasing dependence on US dollar mediation for bilateral transactions.

This mechanism will help aid bilateral trade and strengthen financial cooperation by reducing currency conversion costs, reducing foreign exchange risk, and increasing market confidence. With permission for direct transactions in dirhams and lira, both countries can save costs and complexities associated with conversion via third currencies, mainly the US dollar.

Payment System Integration and Local Currency Promotion

The first MoU puts forth the framework for increasing the use of UAE dirhams and Turkish lira in cross-border transaction settlement.

This agreement intends to increase independence in payment settlement for bilateral trade, minimising transaction costs and improving settlement efficiency for businesses operating between the two countries.

This agreement also aligns with a larger global trend towards currency diversification and de-dollarisation, as emerging market economies mainly try to gain monetary autonomy and reduce exposure to US dollar volatility. Especially for Türkiye, increasing usage of the lira in cross-border translations aids in the stabilisation of the currency.

The second MoU highlights the practical integration of the payment system. It promotes the use of domestic payment cards in both countries and focuses on smoothing cross-border payment transactions, whilst maintaining the legality of regulations and supervisory require-

ments. The agreement primarily focuses on integrating the UAE's instant payment platform, Aani, with Türkiye's FAST system to enhance the seamlessness of financial transactions.

The technical amalgamation includes connecting switches and electronic systems in both nations to increase interoperability and operational efficiency. Once it rolls in full swing, consumers and businesses in both countries will be able to make seamless, real-time transactions across borders using their domestic payment infrastructure, helping them avoid delays and saving costs with conventional money transfer banking setups.

The memorandum also boosts knowledge exchange in building platforms for central bank digital currencies (CBDCs) for both personal and business use. As both the UAE and Türkiye explore CBDC development, this cooperation framework provides opportunities to share best practices and technical knowledge.

The UAE is actively working on Project mBridge, a partnered initiative with China, Hong Kong, Saudi Arabia, and Thailand, while Türkiye is working on its indigenous lira pilot programs.

Economic Context and Trade Dynamics

The bilateral non-oil trade between both countries was approximately \$44 billion from September 2024 and August 2025. It was an increase of 12% from a similar period previous year despite supply chain issues and volatility in global trade activity. This performance can also be credited to the efforts of the Comprehensive Economic Partnership Agreement (CEPA) signed between them. The UAE has also committed a \$10 billion investment fund for Turkish projects, especially.

These projects come from sectors that have high-growth potential, like financial services, agriculture, logistics, transport, and tourism.

Strategic Implications for Regional Finance

The UAE-Türkiye central bank cooperation highlights a broader objective of regional financial integration and money market coordination. The UAE is an established financial hub capable of conducting local currency swap lines for fostering economic partnerships. They have similar partnerships with Egypt and Ethiopia in 2023 and 2024, respectively, highlighting the expanse of financial networks in the MENA region. For Türkiye, access to dirham liquidity provides significant assistance in the current times of currency crisis. The lira has experienced massive depreciation in recent years due to unconventional monetary policies, high inflation, and political uncertainties. The swap acts as a buffer for future currency pressures.

The CBDC cooperation leg expects a future with a major share of digital currencies in cross-border transactions. Efforts for building interoperability frameworks will position UAE-Türkiye to lead in regional digital currency adoption.

Challenges and Implementation Considerations

Despite these high hopes from these agreements, on-ground challenges need to be faced. Currency swap facilities tend to be efficient when both countries have stable and liquid currencies.

The volatility of the Turkish lira is not unknown, also its international usage is not widespread, making it a hassle for UAE entities. However, Turkish businesses may reap extra benefits from the dirham's liquidity coming from the stable monetary governance of the UAE.

Payment system integration will need robust technical infrastructure development and regulatory mandates. Variations in financial governance standards, anti-money laundering requirements, and consumer protection rules will have to be reconstructed to improve cross-border transactions.

Local currency adoption might be difficult for merchants and consumers as well. Businesses using US dollars for foreign transactions will need incentives to shift towards local currency settlements. Banking sector adoption, foreign exchange market depth, and hedging instruments all will have to be reconciled for overall adoption.

Outlook and Regional Significance

For the Gulf region, the UAE's front-running for establishing currency swap networks and payment system linkages demonstrates ambitions of international financial development. Abu Dhabi aims to become a regional financial anchor capable of providing monetary stability and liquidity to support strategic partners in the MENA region. For Türkiye, these agreements provide multiple benefits for economic upgradation. Due to its geographical location and relevance in the Islamic world, Türkiye continues to receive significant international cooperation and investment from Gulf partners.

The future holds the report card for the impact of these agreements. Early signs of an increase in bilateral trade due to CEPA demonstrate that if pragmatic economic complementarities and political will support institutions, they can produce promising results.

CAN EU WHOLESALE BANKS STAY RELEVANT IN A CHANGING WORLD ORDER – AN EXISTENTIAL TEST FOR EUROPE’S FINANCIAL POWER

European wholesale banks are struggling to maintain their market share amidst geopolitical upheavals and structural flaws, jeopardising their falling stature in global finance. After decades of US dominance in wholesale banking, the current situation of geopolitics is both an opportunity and a hazard for European institutions.

A harsh reality exposed by the wholesale banking outlook by Oliver Wyman is that the US wholesale banks control 32% of global wholesale banking revenues and 44% of core corporate and investment banking revenues. European institutions have faced a continuous loss of share in regional markets, as well as after the global financial crisis.

The Gravitational Pull of US Markets

US asset holders have \$65 trillion in assets, making up 45% of global asset ownership. Their capital markets have given steady returns, offering depth and liquidity. This has attracted over 70% of asset allocations and captured over 65% of global trading volumes. Such strength enables US financial institutions to dominate wholesale banking and leave Europeans to struggle.

Their strength flexes its muscles outside its borders as well. US institutions hold a 38% market share in Europe, the Middle East, and Africa (EMEA) for core CIB businesses, compared to just 27% for European peers. Astonishingly, US banks control more wholesale banking volume in Europe than European banks themselves. US banks control a one-fourth share in the Asia Pacific as well.

Such dominance was built over decades on the foundations of an excellent capital market, technological investment, and regulatory frameworks that favoured scale and innovation. European banks, struggling with scattered markets, tighter capital requirements, and political unwillingness to consolidate, have been left with an empty cup.



A Window of Opportunity, or False Hope?

The current geopolitical disruptions could be a game-changing time for European banks to gain their fair share. The evolving US trade and tariff scenario has raised questions over US economic dominance. Global investors are reshuffling their US assets for protection against tariffs.

The US market and wholesale banks are not a house of cards that will break down in strong winds; it is still difficult to eat up their share in the medium term. Around \$20-25 billion, representing 5% of Core CIB revenues, is anticipated to exit the US markets if the US administration continues with extreme policies. European and international policymakers are responding to growth in regional financial markets.

Europe’s Structural Handicaps

European wholesale banks face several structural challenges. Let’s look into them:

Under-allocation of funds: European banks lack proper allocation of capital and resources for wholesale banking activities compared to their counterparts.

Outdated Technology: a lack of resources for technology infrastructure, capabilities, and innovation has left European banks far behind in keeping up with the technological upgrades of US rivals.

Product orientation: Euro banks maintain structural orientation towards corporate banking and financing activities, while US banks control advisory services and market businesses that generate higher returns.

Fragmented regional markets: European capital markets remain scattered across national borders with different regulatory regimes, tax compliance, and market infrastructure, aiding US banks with economies of scale in their domestic market.

Talent competition: Euro banks struggle to retain top talent as US counterparts offer higher remuneration, superior technology platforms, and greater career advancement opportunities.

Policymakers Hold the Key

The European Commission’s April 2025 acknowledgement that progressing towards an EU Savings and Investments Union is key to enhancing the competitiveness of European banks. The execution remains uncertain. The European Banking Authority’s May 2025 position paper revealed that banks’ ability to cater to future needs will have to face a complex and broken supervisory and regulatory structure, made complex by rules, standards, guidelines, and natural discretion. Simultaneously, the US administration may reduce regulatory burdens on US financial institutions by reducing capital requirements through reconciliation of the Supplementary Leverage Ratio, GSIB surcharge, and stress capital buffers. Such moves later improve the relative attractiveness of US wholesale banking activity and create more capacity for American institutions to pursue growth opportunities globally.

Some Bright Spots Emerge

Despite structural cracks, European banks have certain metrics that promise a strong future. The European Banking Authority reported in November 2024 that EU banks have maintained high capital buffers and high profitability, facilitating huge dividend payouts and share buybacks. The favourable interest rate environment from 2022 onwards has also increased the profitability of the European banks. Some non-US banks are working to grab opportunities and take steps to capture gaps left by US players, mainly to win back market share in domestic markets that US banks had once captured. Some European institutions maintain a strong market share in key products in the regional market, giving them a head start.

Oliver Wyman’s February 2024 outlook mentioned the positive interest rate environment and potential amendments

in capital rules present opportunities for European firms to increase earnings and gain a competitive edge over US rivals. After struggling for over a decade to lose market share, European wholesale banks have come out leaner and more focused on capitalising on the changing market dimensions.

The Verdict: Survival Requires Transformation

The answer to whether EU wholesale banks can survive in the changing market dynamics relies on actions undertaken by both banks and policymakers. For European wholesale banks to remain major players, several conditions need to be met. European policymakers urgently need to reduce political resistance to pull off a substantial capital market union, scrapping barriers for overseas investment and creating an integrated market infrastructure. European banks need to increase investment in technology and innovation to keep up with their US competitors.

Further, regulatory compliance needs to be decreased to maintain simplicity and compliance costs for financial stability. Banks also need to make difficult strategic choices to invest in high-growth, high-margin activities. At the moment, very few European wholesale banks are equipped with the strength to shift the competitive balance effectively. The majority of them require substantial reconciliation, making difficult decisions about business, geography, talent, and technology.

The multipolar world scenario offers European banks a great opportunity for revenue growth and market share gains, but only coordinated policy action can help them capitalise on it. Without due policy amendments, European wholesale banks will only be able to become regional players in a US-dominated global market.

The stakes are multifold, not just banking industry market share. A crippled European wholesale banking sector constrains the continent’s ability to finance innovation, support emerging industries, and achieve strategic autonomy in economic development.

The window for jumping on foreseeable opportunities is limited. European banks and especially policymakers need to act decisively or watch American dominance take shape into a permanent structure.



KUWAIT TAKAFUL CARVES THE PATH FOR DIGITAL TRANSFORMATION AND REGIONAL EXPANSION

**MR. ABDULWAHAB AHMED, CEO,
KUWAIT TAKAFUL**

With over 20 years of market experience, how has Kuwait Takaful's strategic focus evolved from its founding vision to today's competitive landscape, particularly in balancing traditional takaful principles with digital innovation?

We began in 2003 with one clear goal: to offer cooperative insurance that fully adheres to Islamic Sharia principles. That vision continues to guide everything we do today. In 2024, our rebranding marked a new chapter of growth and modernization.

We have embraced digital transformation across all areas while staying true to our Takaful values of fairness, transparency, and shared responsibility. We remain a pure Takaful operator, not a conventional insurer. Our financial structure clearly

separates the Policyholders' Fund, which continues to generate surplus shared with participants according to Sharia. Through our digital services, smart customer support, and easy online access, we ensure our clients receive fast, transparent, and value-driven service.

With several takaful providers in Kuwait, what specific value propositions and competitive advantages have positioned Kuwait Takaful as one of the top providers in the market?

Our strength comes from a mix of financial stability, strong governance, and diversified operations. We are supported by a strong shareholder base, with paid-up capital reaching KWD 15,000,000 in 2024, showing our commitment and confidence in long-term growth. We partner only with highly rated international reinsurers, ensuring strong protection and

confidence for our clients. Our financial statements are audited by top global firms, giving full transparency and trust to shareholders and policyholders alike. We also maintain a balanced portfolio across all major lines, Motor, Fire, Marine & Aviation, Health, and General Accidents, reducing our exposure to market fluctuations and ensuring sustainable growth across sectors.

The insurance industry is rapidly evolving with technological advancements. What are the key technology initiatives currently underway at Kuwait Takaful, and how are they reshaping customer experience and operational efficiency?

Our corporate vision focuses on becoming the fastest and simplest insurer through the use of advanced digital solutions. We have launched a smart

call center that handles most customer requests immediately and efficiently, improving service quality and response time. All rules-based tasks are being automated, cutting turnaround times for underwriting and claims, reducing costs, and allowing our staff to focus on more complex decisions. We also believe technology succeeds only when people are skilled. That's why all 50+ employees are receiving continuous training on new digital tools to deliver modern, efficient, and empathetic Takaful service.

What markets or regions are you targeting, and what timeline are you working toward for this expansion?

Our vision focuses on two key goals. First, to become the fastest-growing Takaful insurer in Kuwait, and second, to expand across the GCC region to serve the rising demand for Sharia-compliant insurance. While Kuwait remains our main priority today, regional growth is already on the horizon. We are preparing for this next phase through a stronger capital base, advanced digital transformation, and close partnerships with highly rated international reinsurers, ensuring sustainable and stable expansion.

What steps is Kuwait Takaful taking to adapt its product portfolio to address emerging risks, particularly in areas like cyber insurance and digital risk coverage?

Innovation in our products and services is not only a core value, it's how we stay sustainable in a fast-changing world. We are now focusing on supporting small and medium-sized enterprises (SMEs), which form a growing part of the regional economy. Building on our long experience serving major businesses in Kuwait, we understand that SMEs face unique challenges in today's competitive and digital environment. Their risks evolve quickly, and we are continuously adapting our product portfolio to match their changing needs. We regularly update and expand our offerings, going beyond traditional lines like Motor, Fire, and Marine, to include solutions that protect against new and technology-driven risks such as cyber and digital threats, ensuring our products remain relevant and resilient.

How is the company addressing climate-related risks in its product offerings?

Kuwait Takaful fully recognizes the growing importance of climate-related risks and their impact on businesses and communities. We are developing products that support environmentally friend-

ly and sustainable projects, including renewable energy initiatives and green businesses. Our Takaful model aligns with Kuwait Vision 2035, and we remain committed to promoting sustainability through ethical investments and responsible insurance coverage, all guided by Sharia principles.

With A+ rated reinsurers backing your operations, how do you balance risk retention versus risk transfer? How has your reinsurance strategy supported your growth ambitions while maintaining financial stability?

Our reinsurance strategy is one of our main strengths. We work exclusively with highly rated international reinsurers to maintain strong financial security and stability. We aim for a careful balance between retained and transferred risk, ensuring that both shareholders and policyholders benefit from a stable and sustainable model. Risk management is embedded in our culture, starting from our leadership, which has a strong actuarial background and a deep understanding of risk mitigation.

We use optimized treaty structures and excess-of-loss protections to guard against major losses and market shocks. Our reinsurance strategy not only safeguards our stability but also acts as a foundation for growth, enabling us to expand confidently in local and regional markets.



**MR. SAMI SHARIF, CHAIRMAN,
KUWAIT TAKAFUL**

AFRICA'S RARE-EARTH OPPORTUNITY



Africa stands at a crucial junction in its economic trajectory. The demand for critical minerals is anticipated to skyrocket by almost 1,500% by 2050. The African continent possesses one-third of the world’s known reserves of such essential resources. Concerns arise about whether Africa can transition this geological treasure into economic prosperity or if its history will repeat itself, with minerals being exported and poverty being sustained. Well, the stakes this time are much beyond monetary gains. Critical minerals, mainly rare earths, are an integral part of national security strategies. They are one of the centrepieces of the great power struggle between the US and China. Africa has around 600 million people deprived of electricity and underdeveloped infrastructure, which will require urgent attention, as they are potential markets for the technologies enabled by rare earths.

Africa’s Mineral Endowment

Africa’s critical mineral reserves are of broader scope and strategic importance. The continent holds 80% of the world’s platinum and chromium, 47% of its cobalt, and 21% of its graphite. Such huge reserves, including monazite and scandium, are scattered across Nigeria, South Africa, Tanzania, Malawi, Angola, and other nations. South Africa holds \$2.5 trillion worth of ore reserves, with

16 commodities ranked in the top 10 globally. The Steenkampskraal mine in the Western Cape is one of the world’s most

abundant rare earth deposits, while the Phalaborwa project strives to start operations. Tanzania’s Ngualla project, Malawi’s Songwe Hill mine, and Angola’s Makuutu deposit collectively hold African rare earth production that can change the global supply chain. According to the benchmark Mineral Intelligence, eight rare earth metal mines across Tanzania, Angola, Malawi, and South Africa are estimated to begin production by 2029, producing approximately 9% of the global

supply. Estimates highlight that Africa’s control over global rare earth mineral production would reach 10% by 2030. These deposits are uncovered at the right time. Global rare earth element production has grown from 376,000

Western economies dependent on rare earths for everything from smartphones and EVs to advanced weapons systems and renewable energy infrastructure. The US, however, is left behind this time. It severely lacks domestic rare earth processing capabilities despite growing demand fuelled by defence requirements and green technology.

President Donald Trump’s administration has called it “*rare-earth diplomacy*”, i.e., a quid pro quo method of offering security guarantees or market access for countries’ mineral wealth. This approach materialised further in February this year when Congolese President Felix Tshisekedi offered the US access to Congo’s critical minerals in exchange for a security guarantee. The proposal was effective enough to involve the Trump administration with Qatar in brokering a peace deal between Congo and Rwanda, putting an end to a bloody conflict that had destabilised the region for three decades.

The Resource Curse Spectre

Africa aptly understands how lopsided resource-sharing agreements can hamper development. For a few centuries, the continent’s resources have fuelled industrialisation in developed economies, which import raw commodities as low-cost inputs and resell them as expensive finished goods. Congo is evidence of this curse, despite being one of the world’s most resource-rich countries. Decades of instability, corruption, and exploitative extraction arrangements have crippled the state. Somewhat similar patterns have been observed across the continent, with nations blessed with natural resources experiencing governance collapse and populations barely surviving on minuscule benefits derived from the resources extracted under the tin-roof huts.

Strategic Imperatives for Value Capture

For Africa to convert rare-earth opportunities into sustainable development, various strategic requirements need to be met.

tonnes in 2023 to 390,000 tonnes in 2024, whereas the prices only rose 2% in January 2025, after China reduced its output. The supply constraints have further increased global interest in diversifying sources away from Chinese controls.

The China Factor and Rare-Earth Diplomacy

China currently possesses nearly half of the world’s known rare earth element reserves and dominates processing capacity as well. Such concentration of supply has increased vulnerabilities for

ARAMCO BUYS MINORITY STAKE IN PIF-BACKED HUMAIN TO PUSH THE KINGDOM'S AI CAPABILITIES



A transparent government framework is key to institutionalising consensus on using critical minerals revenues to advance social and economic transformation. Further, agreements with foreign partners need to include value addition within Africa.

Moving ahead, the value chain from exports to processing, refining, and manufacturing components will lead to a gradual shift from revenue streams to wealth creation. An OPEC-like *'rare earth cartel'* would strengthen the African collective voice, while bargaining with major powers could yield extra benefits. United, they can avoid going up against each other and share technology, skills, and infrastructure investment.

Lastly, revenues from critical minerals should be invested in diversification and the improvement of African infrastructure. The continent's 1.5 billion people include 600 million with no access to electricity. This will require significant energy infrastructure investment. Mineral revenues could also fund the clean energy transition, grid expansion, and manufacturing capacity required to join the global green technology supply chains instead of being just a raw input vendor.

Projects Advancing Toward Production

Several projects under construction highlight Africa's rare earth sector development. Malawi's Songwe Hill mine, de-

veloped by Mkango Resources, is on the verge of starting production in 2025 after an early announcement in 2022. The project will focus on neodymium and praseodymium, needed in EV motors and wind turbines. South Africa's Steenkampskraal Monazite Mine aims to become a leading producer of rare earth elements and thorium, in addition to monazite extraction.

The production benefits from South Africa's limited infrastructure and mining expertise; challenges remain in securing financing and navigating environmental clearances.

Tanzania's Ngualla project is one of the world's largest neodymium and praseodymium deposits. It has started attracting investment and technical partnerships. Angola's Makuutu deposit represents another significant resource base advancing through feasibility stages.

These projects cumulatively represent billions of dollars in investment and thousands of jobs. More importantly, they establish models of how African rare-earth operations can be structured, with a delicate balance of foreign knowledge and capital alongside domestic ownership.

The Path Forward

Africa has a once-in-a-lifetime opportunity to break the resource curse and capitalise on its natural resources to fuel sustainable development and social prosperity. However, banking on this oppor-

tunity will require dodging old traps and manoeuvring through complexities arising from technological advancement and power competition. Long-term development requires political will to overcome short-term gains. It also needs technological capacity to negotiate delicate agreements and run complex operations.

Institutional frameworks ensure transparency and accountability in resource revenue management, along with a strategic vision to utilise rare-earth wealth for larger economic transformation. An International Monetary Fund (IMF) report highlighted a strategic development. It is mentioned that effective utilisation of critical minerals could increase sub-Saharan African GDP by 12%, or \$228 billion, by 2050.

However, capturing this growth requires establishing processing capabilities, negotiating favourable partnerships, and developing infrastructure and institutions to transform mineral deposits into prosperity. Although geological surveys have confirmed the presence of rare-earth opportunities in Africa, some questions still need to be addressed.

The question is whether African leaders, institutions, and demography can eradicate previous patterns and pressures to make sure they break the curse this time. The decisions to be made in the upcoming years will determine whether the future will reap benefits or result in missed opportunities.



Saudi Arabia's Public Investment Fund (PIF) and one of the largest oil companies in the Kingdom, Aramco, said in a joint statement in October that the oil giant will acquire a minority stake in HUMAIN, an artificial intelligence (AI) company. Through Humain, the two companies aim to combine their respective AI assets and expertise to push Saudi Arabia's position as a global leader in AI expansion.

Under the terms of the agreement, PIF will own a majority stake in the AI firm, while both parties will contribute to Humain's AI assets, capabilities, and talent. This partnership will also fast-track Humain's growth and unify the national AI infrastructure. While the agreement is subject to definitive agreements and regulatory approvals, its completion would result in one of the Middle East's biggest AI consolidation efforts, pushing the Kingdom as a global force in AI capabilities.

According to Yazeed A. Al-Humied, Deputy Governor and Head of MENA Investments at PIF, this cooperation will boost AI talent, innovation and intellectual property, while also opening further investment opportunities.

Amin H. Nasser, President and CEO of Aramco, said that AI technologies will aid the company in reducing emissions, improving its operational efficiency and also drive its competitiveness in the domestic and international energy market.

Humain was launched in May of this year and develops full-stack AI capabilities spanning next-generation data centres, cloud platforms, and high-performance infrastructure. Humain also creates advanced AI models such as ALLAM, which is regarded as the world's most powerful Arabic LLMs. The company also provides transformative AI solutions for industry and government applications.

AI expansion is an integral part of Saudi Vision 2030. Recently, the Saudi Company for Artificial Intelligence (SCAI), which is also owned by the PIF, was merged with Humain to further consolidate Saudi Arabia's AI sector. The PIF is actively investing in digital infrastructure and AI research, and Aramco is making full use of newer technologies to scale its industrial prowess while prioritising sustainability.

Nasser has also gone on record to say that Saudi Arabia will make optimal use of its abundantly available cheap natural gas and renewables to push the Kingdom as a global AI leader. The CEO explained that data centres require large volumes of electricity as they train and run AI applications.

This electricity is usually generated through renewables. It has been estimated that these data centres will consume four times more electricity than the global electric vehicle fleet by 2030, most of which will be powered by natural gas, and some part by renewables.

In November, Aramco's adjusted net income was 104.92 billion Saudi riyals for the third quarter, a 0.9% surge, exceeding analyst expectations of 98.47 billion Saudi riyals. Nasser said that much of Aramco's capital spending will be poured into increasing natural gas production by over 60% by 2030, and also towards its investments in Humain. The company projects capital expenditures of \$52 billion to \$58 billion this year.

Despite oil prices dropping over 6% this year, Aramco said that demand from developing countries, particularly from Asia, will remain strong. Nasser has forecast that demand will grow 1.1 million barrels per day (bpd) to 1.3 million bpd this year.

Shortly after Aramco took a minority ownership in Humain, the AI company signed a deal with yet another PIF-backed company called Savvy Games Group. The two companies have pledged to deploy full-stack AI across sectors to foster innovation across the Kingdom. The MoU ascertains that Savvy will leverage Humain's AI systems, data platforms, and related infrastructure to improve its efficiency across operations like human resources and finance.

Savvy and Humain will also explore research and development opportunities, along with new AI applications across Savvy's business lines. The support of Humain's advanced data centres and cloud computing services will facilitate Savvy's digital transformation and help meet its productivity targets.

Saudi Arabia's Vision 2030 is not only the goal of the government, but an active target that even private companies are working hard to achieve. With the primary aim of reducing the economy's dependence on oil, the Kingdom has a solid blueprint to diversify its economy and position itself as a global leader in finance, technology and sustainability. Private sector companies have understood their role in achieving Vision 2030 and are actively pursuing more such partnerships and opportunities, not only for their personal benefit but also for the Kingdom.

JAPAN'S ECONOMY CONTRACTS FOR FIRST TIME IN SIX QUARTERS ON TARIFF HIT

Japan's economy tanked 1.8% in the three months through September, mainly due to its exports being hit by US tariffs during the winter. Especially, shipments from auto-makers have fallen, following a period of front-loaded exports before tariffs came into effect. The contraction, however severe, is below economists' estimates, highlighting a temporary pat on the wrist before the start of a probable recession. GDP declined by 1.8% on an annualised basis in July-September, compared to the revised growth of 2.3% in the previous three-month period and the 2.5% fall which economists anticipated.

Tariffs Take Their Toll on Exports

Exports offset the major pullback in growth as the impact of higher US tariffs intensified. Front-loading has helped with cooling a bit, but nothing significant. Net external demand decreased 0.2%, versus a 0.2% increase in April-June. The US and Japan formalised an agreement in September that laid a base 15% tariff on almost all Japanese imports. However, automobiles attracted a 27.5% tariff, and most other goods landed in the 25% tariff category. This 15% is significantly higher than the previous 2.5% tariff on automobiles, creating huge cost pressures for Japanese exporters. Japanese exports contracted for four consecutive months from May, as US tariffs impacted shipments, though September saw a rebound into growth. On an annualised basis, exports fell 4.5% in the third quarter and 1.2% compared to the second quarter when they rose 2.3%.

Housing Investment Adds to Weakness

Housing investment also weighed heavily on growth as tighter energy-efficient regulations introduced in April slowed commitments. Residential investment fell by 9.4% every quarter and more than 32% on an annualised basis, representing one of the sharpest declines in recent years. The contraction was mainly due to tighter energy conservation standards mandated for all new construction projects starting April 1, 2025. The regulatory change brought on a temporary shock as developers and homebuyers adjusted to new requirements, delaying projects and dampening activity.

Mixed Signals from Domestic Demand

Private consumption, accounting for over 50% of economic output, increased by 0.1%. This was slightly lower than the 0.4% rise of the second quarter, highlighting the unwillingness to spend on

increased food costs. This spending nature also demonstrates the current challenges of Japanese households facing higher living costs. Consumer confidence remains shaky. A September 2025 Bank of Japan survey found that 62.5% of respondents said that things were worse than a year ago, while only 3.8% said they felt things had improved. Rising costs for necessities such as food, electricity, and gas have stretched household budgets, leaving less disposable income for discretionary spending on items such as dining out, travel and entertainment.

Capital spending, another key driver of private demand-led growth, provided a bright spot, rising 1% in Q3, way beyond market estimates of 0.3%. The stronger-than-expected business investment suggests that Japanese companies remain confident in the long term.

Policy Response and Stimulus Measures

The weak GDP data comes as Prime Minister Sanae Takaichi's government prepares a stimulus package to help households manage increased living costs. Policymakers have noted an increase in GDP contraction as a reason for aggressive stimulus measures. The market rumours suggest a stimulus of over 17 trillion yen (\$109.94 billion). This significant package aims to provide some relief from tariffs, support households, and maintain economic momentum to counter this temporary slowdown.

Bank of Japan's Dilemma

This contraction creates further complications for the Bank of Japan's path towards policy normalisation. Economists casually viewed this quarter's GDP figures as having a marginal impact on BoJ thinking when next deciding interest rates versus factors such as inflation. Takuji Aida, Credit Agricole chief Japan economist, a close associate of Takaichi's main panel, was tasked with laying out the country's growth strategy. He argued that it would be misleading for the BoJ to decide to raise interest rates. The BoJ has signalled its willingness to increase rates as a part of a gradual exit from ultra-loose monetary policy, but struggles



with a sharp balancing act of maintaining growth momentum. While inflation sustains at the bank's target of 2%, weak consumption and external headwinds create uncertainty about the sustainability of price pressures.

Outlook and Recovery Prospects

Harumi Taguchi, principal economist at S&P Global Market Intelligence, expects GDP growth to rebound going forward, adding that the impact of new housing rules is expected to diminish as the market adjusts. The combination of substantial fiscal stimulus, adaptation to regulatory amendments, and potential stabilisation in export markets supports the case for recovery.

Risks persist, as Japan's dependence on exports poses a significant threat due to global trade dynamics, particularly under protectionist pressures. The full impact of the 15% US tariff may not be fully reflected in the Q3 data, as companies will be working to adjust inventory and supply chains. This contraction exposes Japan's structural vulnerabilities in times of fragmented global trade. The decline seems temporary on a standalone basis, caused by one-time regulatory factors and front-loaded export timing. However, it highlights the underlying challenges policymakers face as they navigate between supporting growth and normalising monetary policy. The upcoming stimulus package and trajectory of trade relations will mainly rely on whether Japan's economy returns to a sustainable growth path or struggles with more protracted weakness.

OCCIDENTAL'S Q3 PROFITS BEAT WALL STREET EXPECTATIONS DUE TO INCREASED PRODUCTION



Occidental Petroleum's Q3 profits beat Wall Street expectations as increased production offset weaker oil prices. The US shale producer said that its 2024 acquisition of CrownRock in a \$12 billion deal helped churn out higher profits as its quarterly average global production climbed from 1.41 million barrels of oil equivalent per day (MMboepd) last year to 1.46 MMboepd.

Oil and gas supply in the US reached a record high this August, despite the benchmark Brent crude dropping over 13% as OPEC increased supply and overall global demand shrank. Occidental's performance has surprised industry observers as realised oil prices fell to \$64.78 per barrel in the last quarter from \$75.33 during the same period last year.

The company projects a production range between 1.44 MMboepd to 1.48 MMboepd for this quarter, although LSEG analysts forecast production to be nearly 1.44 MMboepd. Despite posting these positive indicators, Occidental's shares still fell in extended trading, prompting market researchers to suggest that the market could show a little more 'upside in Q4.'

In October, the shale producer announced that it would be offloading its chemicals arm, OxyChem, to the Warren Buffett-owned Berkshire Hathaway for \$9.7 billion. This marked Occidental's

biggest divestment to date, and was driven by the company's efforts to reduce debt, which had accumulated after it pursued a string of takeovers in the past years.

Industry observers commented that OxyChem's sale could weigh on free cash flow growth in the years to come, for the oil company, as this unit had the potential to augment significant expansion.

Occidental's debt problems began with its \$55 billion buyout of Anadarko. Although the company denies these claims, its problem only worsened with its August 2024 acquisition of CrownRock.

Therefore, to reduce debt, which was \$23.34 billion in June, it has been steadily divesting in recent years. In August, it disclosed \$950 million of additional divestitures since Q2, of which \$370 million had already closed. Through this, it was possible for the US oil giant to repay \$3 billion of debt year-to-date.

Occidental confirmed that \$6.5 billion of the proceeds from this deal will be used to repay its debts, which would bring the total principal debt below its target of \$15 billion, which was set after the CrownRock deal. As of September 30, its long-term net debt was \$20.85 billion, having repaid \$1.3 billion in Q3. The company also posted an adjusted profit of 64 cents per share for the last quarter, beating analysts' expectations of 52 cents apiece.

This Houston-headquartered oil company is not the only energy sector giant to exceed Wall Street expectations. Earlier this month, Exxon Mobil also reported adjusted earnings of \$8.1 billion, recording \$1.88 per share, as opposed to analysts' estimate of \$1.82 per share. The company credited more oil and gas production in Guyana and the Permian Basin for these figures, as it helped counter weaker oil prices.

However, like its peer Occidental, Exxon also suffered from declining free cash flow in the aftermath of its acquisition of additional acreage in the Permian Basin. Cash flow dropped from \$11.3 billion to \$6.3 billion.

Similarly, industry rival Chevron posted adjusted earnings of \$3.6 billion or \$1.85 per share, comfortably surpassing analysts' expectations of \$1.68 apiece, for the three-month period. The second-largest oil producer in the US said that its performance this quarter was boosted by its \$55 billion acquisition of Hess and stronger refining margins.

These figures indicate that despite a crunch in cash flow, energy companies are performing favourably and are attributing their success to their M&A strategy. If they continue to post increased earnings and revenue, it is likely that more such acquisitions will be announced in the oil and gas sector.

HOW FRIENDSHORING IS TRANSFORMING THE GULF INTO A TRADE HUB

The Gulf Cooperation Council (GCC) is undertaking a strategic transformation known as friendshoring. It is a practice of relocating supply chains to reliable political and economic partners, hence altering global trade patterns. Such a shift is a result of increased geopolitical tensions, pandemic disruptions, and recent trade policy volatility. This makes the GCC nations a pivotal node in the developing architecture of international commerce.

The World Bank has reported non-oil growth estimates for 2025 and 2026 to be 3.4% and 3.5% respectively. The IMF highlights an overall GCC growth to average 3.5% in 2025 and 4.2% in 2026. This performance is more than just cyclical factors, highlighting structural changes in how global supply chains are being restructured.

Advantages of Strategic Location Meet Modern Infrastructure

The GCC has a geographical advantage, but friendshoring has changed the location from a latent asset to a strategic advantage. The region lies between Europe, Asia, and Africa, with one-third of the world's population, within a four-hour flight. As companies seek resilient alternatives to supply chains disrupted by conflicts in the Black Sea and drought affecting the Panama Canal, the Gulf's water becomes a sweet spot.

The geographic leverage is being capitalised on by building massive infrastructure around it. The region is part of China's Belt and Road Initiative, alongside the launch of the India-Middle East-Europe Economic Corridor and Iraq Development Road in 2023-2024, which has significantly enhanced the Gulf's

importance for both Asian and Western economies. These initiatives create various pathways for trade, increasing the resilience that companies now look for, besides cost reduction. The expanding transport network improves connectivity for companies, allowing them to exploit the GCC's common market and customs union fully. Modern ports, logistics hubs, and multi-modal transport facilities put the region at a juncture of continents.

The UAE alone operates 40 multidisciplinary free zones offering full foreign ownership, simplified company formation, and 100% tax and customs duty exemptions. Oman and Qatar maintain comparable zones in strategic locations, while Bahrain considers its entire territory a free zone, with specialised industrial areas.

Economic Diversification Creates New Opportunities

The Gulf states are struggling with significant economic diversification as they work to bring in non-hydrocarbon revenue, which accounts for 40% of GDP across all countries, excluding Bahrain and the UAE. For economic diversification, Saudi Arabia's Vision 2030 is investing in tourism, financial services, and clean energy.

The UAE is building its advanced technology sector, which includes cryptocurrency, AI, and e-commerce. Followed by Qatar, which is focusing on the knowledge economy. Whereas Oman is investing for the long term by establishing a manufacturing base and logistical hubs.

Friendshoring opens new opportunities for foreign direct investment across such diverse sectors. Major companies, including Mondelez International and

WestPoint Home, have established manufacturing facilities in Bahrain, while Indian chip producer Polymatech Electronics followed with a \$16 million investment. Bahrain has received \$2.4 billion as foreign direct investment due to its Golden License scheme, generating employment for over 3,000 people.

The Gulf pharmaceuticals industry remains small; however, the tariff volatility has made firms find alternative markets in Africa and South Asia. Biopharma companies in Saudi Arabia and the UAE are increasingly partnering with European players to mitigate US market exposure, demonstrating how friendshoring drives diversification of trade relations.

Trade Agreement Momentum and Strategic Partnerships

The GCC is undergoing negotiations with various partners for securing a free

trade agreement. This will unlock new markets alongside an inflow of foreign direct investments. Currently, the GCC is in the last phase of negotiations for an FTA with the United Kingdom. This FTA aims to increase their bilateral trade by 16% or £8.6 billion per annum. In October 2024, the region signed off on an FTA with New Zealand and underwent a decade of negotiations. The GCC is also in the final stages of negotiating an FTA with the United Kingdom, esti-

at €39 billion, with the UAE as the 11th biggest services trading partner of the EU.

Addressing Supply Chain Vulnerabilities

The aluminium sector highlights both the challenges and adaptive responses showing friendshoring dynamics. The UAE is amongst the top three aluminium suppliers to the US, with exports of over 345,000 tons last year. Recent tariffs of 10% have significantly crushed the margins of players like Emirates Global Aluminium.

and Aluminium Bahrain. These producers are now reallocating the output towards Asian and European markets and increasing production of high-margin products like special alloys to minimise losses. In petrochemicals, the US is heavily dependent on polymers and refined chemicals from Saudi Arabia and Qatar. Higher raw material costs for US manufacturers could decrease production, hence lower demands for Gulf exports. Saudi firms like SABIC are restructuring downstream expansion to diversify customer bases, mainly China, India, and Southeast Asia. These sectoral rearrangements demonstrate one aspect of friendshoring, which

is to maintain current trade patterns but appropriately modify them to future risks and opportunities.

Challenges and Strategic Imperatives

Challenges are a part of the game. Skills shortages curtail rapid industrial expansion. Geopolitical tensions, while driving friendshoring opportunities, also create uncertainties that complicate long-term planning. Global trade fragmentation introduces complexity into supply chain management, potentially offsetting efficiency gains from geographic diversification.

The region's neutrality towards global tensions is both an opportunity and a challenge. Maintaining neutrality is beneficial in attracting companies looking to hedge geopolitical risks; however, maintaining neutrality becomes difficult when great power collides.

The transition of the Gulf into a trade hub via friendshoring still has a long way to go. It requires continued investment in infrastructure, human capital, and institutional frameworks. Regulatory environments must remain business-friendly while tackling legal standards regarding labour rights, environmental hazards, and financial transparency. Free trade agreements negotiations must overcome protectionist pressures in allied countries to ensure market access.

As global companies prioritise resilient supply chains over purely cost-optimised networks, the GCC's combination of strategic location, modern infrastructure, political stability, and increasing domestic market size is beneficial. The future holds the answer to how effective friendshoring has played out in the Gulf or how efficiently regional policymakers and businesses have capitalised on this opportunity.



FROM SILK ROAD TO CHANCAY: HOW GEOPOLITICS REVIVES HISTORIC TRADE PATHWAYS



The resurgence of protectionism across the global economy is unexpectedly changing the international trading landscape. While tariff wars are threatening bilateral relations, creating fissures in the global commercial system, ancient corridors connecting continents are experiencing a remarkable renaissance.

From the Trans-Caspian routes covering Central Asia to Latin American passages linking the Pacific, traditional pathways are emerging as vital passages in a fragmented trading economy. Such revival highlights reconciliation of trading activity fueled by geopolitical realignment, infrastructure investment and the need for supply chain diversification.

The New Tariff Reality

The US has turned upside down its approach to international trade by levying reciprocal tariffs announced on April 2, 2025. The European Union is facing a 20% tariff, China is negotiating 34%, and Japan is enduring 24% duties. The economic consequences are substantial.

Trade restrictions tend to affect an estimated \$2.7 trillion of merchandise, nearly 20% of global imports. More than half of the forecast global trade growth for 2025 arises out of rerouting US imports from China, front-loading shipments ahead of tariff implementation, and a trade diversification strategy.

The Middle Corridor Renaissance

The most transformative route happens to be none other than the Trans-Caspian International Transport Route, known as the Middle Corridor.

This ancient Silk Road pathway connecting China to Europe via Kazakhstan, the Caspian Sea, Azerbaijan, Georgia, and Turkey has witnessed massive growth since Russia's 2022 military operation in Ukraine, impacting previous northern routes through Russian territory.

Middle Corridor freight volumes skyrocketed by 86% YoY in 2023, with transported cargo more than doubling from 1.5 million tons in 2022 to 3.2 million tons by December same year. Kazakh rail vol-

umes surged by 63% last year as companies look for alternative routes relying on Soviet infrastructure.

The corridor transported 771 million tons in the first quarter of 2024 alone, up from 1.7 million tons in 2022. The transformation goes beyond just cargo figures. Transit times between China and Europe via the Middle Corridor have decreased from 50-53 days in 2022 to nearly 19 days.

The ongoing infrastructure improvement aims to bring this further down to 12 days by 2030. Kazakhstan has come out as the sine qua non of this transformation.

The country launched major infrastructure projects, including customs reforms with electronic clearance systems, reducing transit cargo processing to around 12 hours on key routes. In March 2024, a new rail-sea route opened, connecting Xi'an with Europe via Kazakhstan and the Caspian Sea. Early this year, Kazakhstan and China launched a freight train service from Chengdu through Kazakhstan, Turkmenistan, Iran and Turkey

to the EU border, with the maiden train enabling a 40-day transit time.

Azerbaijan is another node in the route. Goods originating from China using this route have exceeded 27,000 TEUs last year, a staggering 23X increase from 2023. Over 350 container blocks train runs between China, Central Asia, and Azerbaijan in 2024, with plans to quadruple this figure in 2025.

Azerbaijan is modernising its Baku Port to accommodate higher cargo volumes and integrate advanced logistics technologies, while the Baku-Tbilisi-Kars Railway, previously handling 6.5 million tons annually, is set to increase capacity to 17 million tons by 2035.

Next Generation Trade Hubs

The UAE is the leader in consolidating multimodal power. Its world-class Jebel Ali port links Asia, the Middle East, and Europe. Vietnam lands in the second position, driven by increasing exports and a new tariff deal with the US. Malaysia stands at the third spot, with Port Klang, a key multimodal hub.

Saudi Arabia is on the rise, skipping from 11th to fourth position with lower tariffs around 4% and growing non-oil exports expanding trade potential. Kazakhstan ranks 16th as a logistic node, with Khorgos and Nur Zholy hubs facilitating Eurasian cargo.

The Chancay Transformation

The reopening of Peru's Chancay Port in November 2024 is a game-changer. The \$3.6 billion Chinese-funded facility, owned by COSCO Shipping, is the first South American port on the Pacific coast capable of receiving ultra-large container vessels of up to 24,000 TEU capacity.

Chancay reduces transit times between China and Peru by 12 days, reducing up to 20% costs. Through fully autonomous cranes and smart port technologies, productivity has gone up by 50%.

Apart from Peru, the port is also benefiting several of its neighbours. Colombia, Ecuador, Chile, Bolivia, and Brazil are taking up Chancay as a transshipment hub for Asian markets. Ecuador's banana exports to China increased by 45.56% in the first half of 2025 after Chancay's opening.

Bolivia has agreed to multi-billion-dollar deals to export lithium and other minerals via Chancay.

Challenges and Realities

The traditional routes face several obstacles. The Middle Corridor takes three times longer than the Northern Route through Russia due to multiple border crossings, transshipments between modes, and operational inefficiencies. Infrastructure shortage remains persistent.

Caspian Sea ferry capacity, port facilities at Aktau and Baku, rail infrastructure across central Asia and border crossing efficiency require a significant upgrade. Latin America routes face indigenous challenges. While Chancay offers game-changing potential, connecting infrastructure, including roads and railways, to remote markets remains underdeveloped.

Looking Forward

The resurrection of traditional routes is more than tariff pressure adjustments. It highlights a fundamental geopolitical realignment as countries seek to reduce dependency on unreliable partners. Established routes still tend to carry more than half of global trade, providing stability and scale that new corridors cannot scale up to immediately. However, the future depends on diversification, regionalisation and the search for politically neutral pathways. The ancient Silk Road and Inca Trail are being reborn through 21st-century technology, financing, and strategic necessity. Whether these routes ultimately complement or displace traditional corridors depends on political choices, infrastructure investment, and the willingness of nations to cooperate despite broader tensions. For now, old pathways are proving vital lifelines in a fractured global trading system increasingly defined by walls rather than bridges.





HOW SCB DATA X TURNS ‘SPARKS’ TO ‘SOLUTIONS’ TO DRIVE REAL-WORLD AI IMPACT

What do you believe to be the most important cultural change - rather than a technical one - that DataX needs to make as it moves from “Data foundation building” to “Group adoption and Value creation”, to guarantee that all SCBX portfolio companies fully utilise the potent platforms you’ve created?

The most important cultural shift DataX needs to make when moving from “Data foundation building” to “Group adoption and Value creation” is the change from being a “Platform Builder” to a “Value-Driven Strategic Partner”, where Portfolio Companies embrace full ownership.

The requirement is deep focus on two core EMBRACE values, which are ‘Accountability (Own the Impact)’ and ‘Collaboration (Work and Win Together)’.

For accountability, the culture must shift to one where Portfolio Companies take full accountability for leveraging the platforms and turning the resulting insights into transformative business values, rather than simply viewing DataX as a shared service provider.

With regard to collaboration, this ensures seamless integration and maximum utilisation of the potent platforms by fostering a shared objective between DataX and the portfolio companies, cementing DataX’s role as a strategic business partner.

With its “Agentic AI framework” and open API architecture, the “aGenX” platform is undoubtedly a key advantage. How do you see aGenX developing to support DataX in becoming a regional leader in data and AI, looking beyond the SCBX ecosystem?

To support DataX’s vision of becoming a regional data and AI leader beyond the SCBX ecosystem, the aGenX platform should leverage its distinctive feature, which is emphasising Enterprise-Grade Standards.

The platform is already designated as Enterprise-grade with responsible AI. Maintaining and marketing this high security and governance standard will be critical for attracting other large regional companies seeking trusted and compliant AI backbones.

The open API architecture further simplifies integration for new partners.

MR. SUTTIPONG KANAKAKORN,
CEO, SCB DATA X COMPANY LIMITED

The purpose of your culture initiatives, such as “Why Not Wednesdays” and the “DataX AI Hackathon,” is to encourage creativity. Could you provide an example of a project that began as a “spark” during one of these meetings and developed into a solution that is currently having a significant impact on business?

Some of these cultural initiatives which snowballed into solutions, and which have ultimately had a significant impact on our business, are the ORCAA (AI-powered chatbot assistant) and PYGMY (AI Timesheet assistant).

The Orcaa chatbot was designed to streamline employee workflows and enable self-service support by providing instant access to policies and manuals. It has helped reduce response time to employee inquiries by over 65%.

The PYGMY, on the other hand, was designed to assist employees in recording timesheets with step-by-step guidance and automate requests and has resulted in more than 90% On-Time Submissions of entries.

Looking ahead to Horizon 3, where Data/AI becomes the “core group capability and competitive advantage”, what single capability (technical, human, or cultural) do you believe is the most critical to develop today to make that future a reality?

The future is now, and if we do not have a long-term blueprint, we are bound to fall behind. We, at DataX, believe that the Scalable AI-Native Mindset (Human/Cultural) is one of the most significant developments that can lead to a bright future.

This capability goes beyond having platforms; it is the ability of every business unit to consistently apply “Dynamic Reasoning” to business problems and embed AI into their daily decisions.

Developing this mindset requires sustained training (e.g., Online and Offline Skill Up Training, experimentation, and a culture of continuous learning) to ensure that all portfolio companies can demonstrate and showcase measurable impacts, improving cost efficiency and new growth opportunities.

Your vision is to be a “regional data and AI leader”. Besides serving the SCBX

Group, are there plans to commercialise DataX’s platforms, like aGenX, as a “Platform-as-a-Service” (PaaS) for external partners, and what challenges do you foresee in that transition?

Our PaaS strategy is clearly defined as curating and developing enterprise-grade AI/Gen-AI platforms for the SCBX Group and beyond.

This external commercialisation drive, focused on platforms like aGenX, serves key strategic imperatives, which include:

- **Validating Regional Leadership:** Competing in the external market proves the robustness and competitive advantage of our platforms, solidifying our claim as a regional leader.
- **Unlocking New Value Streams:** We will leverage aGenX’s distinctive features, its Agentic AI framework and API-based open architecture, to offer high-value, modular, and responsible AI capabilities to external partners, generating new growth opportunities.

The key challenges will be ensuring enterprise-grade security, navigating regulatory requirements across markets, and designing operating models that allow customisation while remaining scalable.

We are preparing for that journey step by step, starting with strengthening our platform foundation within SCBX.

DataX serves as the central AI COE for a diverse group of companies, from CardX to AutoX and InnovestX. What is your strategy for balancing the need to build standardised, scalable group-wide platforms with the unique, specific business needs of each portfolio company?

Our strategy is a “platform core with business-specific extensions.” We build standardised, scalable capabilities at the Group level, like data platforms, governance, and foundational AI tools, while allowing each portfolio company to tailor use cases, workflows, and interfaces to their unique needs.

This model ensures efficiency and consistency yet gives each business the flexibility to innovate and accelerate impact.

Your EMBRACE values include both “Bold” (Dare to Try New Ideas) and “Accountable” (Own the Impact). In the fast-moving world of AI, how do you, as a leader, create an environment that is psychologically safe for teams to be bold, even if it means failing, while still upholding accountability?

We encourage teams to be bold by creating an environment where experimentation is safe and learning is valued.

At the same time, we ensure accountability through clarity. We believe in clear objectives, clear guardrails, and clear ownership.

People know they have the freedom to try new ideas, but also the responsibility to understand the impact of what they build.

This balance allows innovation to flourish without compromising quality or trust.

Your company profile mentions “Resilience” (Adapt & Thrive) as a core value. In the context of AI, where models and technologies can become outdated in months, how do you build and maintain resilience within your tech teams and your technology stack?

To maintain Resilience (Adapt & Thrive) when AI models and technologies change rapidly, DataX focuses on agility in its tech stack and continuous human upskilling. We focus on the following:

- **Agile Technology Stack:** The focus on building platforms based on a modular enterprise-grade AI/Gen-AI platform and being a connector to multi-modal LLM and agnostic AI services provides resilience. By not being locked into a single model, DataX can swiftly swap out outdated components and adapt and thrive with breakthroughs.
- **Human Resilience via Continuous Learning:** The company ensures tech teams remain resilient through a culture of lifelong learning.
- **Global Research Contribution:** By advancing AI research at a global level (e.g., publishing papers in EMNLP 2025), DataX is positioned at the cutting edge, anticipating and driving change rather than merely reacting to it.



THE ANNUAL GLOBAL ECONOMICS AWARDS - 2024 BANGKOK



L'ORÉAL AND MASTERCARD LAUNCH CREDIT CARD FOR BEAUTY PROFESSIONALS IN LATIN AMERICA

L'Oréal has partnered with Mastercard to launch a new credit card designed for use in the beauty industry. The card is called the L'Oréal Mastercard BusinessCard. It is now available in Mexico through a partnership with Clara, which is a popular payment platform that works with Latin American businesses.

The card was designed to help beauty professionals, including creators, freelancers, salon owners, entrepreneurs, and distributors who are not directly working under L'Oréal. The card will offer them access to digital business. People who sign up for the card will receive exclusive perks, including purchase discounts, loyalty points, special business training, and a \$150 welcome bonus.

Currently, transactions between businesses, especially small retailers in Latin America and the Caribbean, use traditional methods such as checks, bank transfers, and cash to make payments. Mastercard stated that paying in physical modes made people vulnerable to fraud and unauthorized financial activities.

The company stated that the goal of the partnership was to address that problem by introducing a more secure, digital payment system that can help to solve the

unique needs of beauty industry professionals. A recent Mastercard report discusses new developments in the global payment landscape. The report discussed how technological advancements, ever-changing customer needs, and evolving business expectations have changed how money flows around the world.

The report forecasted that by 2030, global payment systems will be more interconnected, enabling people to make payments seamlessly across platforms, currencies, and national borders. This interconnectedness is expected to lead to more secure, nearly invisible payment transactions for both consumers and businesses. One of the main predictions the study made was that digital wallets will become central in how people make payments in the future. As companies increasingly invest in artificial intelligence, users will see personalisation, enhanced identity protection, and improved financial oversight. The digital wallet will evolve to handle both personal and business finances.

Through L'Oréal's partnership, it will help to remove barriers for beauty professionals. For years, many talented stylists and entrepreneurs have struggled to access the training, tools, and financial services necessary to grow their busi-

nesses. With this new initiative with Mastercard, L'Oréal is providing access to educational resources, business development opportunities, and greater financial flexibility. These offerings will empower professionals to invest in their skills and expand their businesses within the digital economy.

Mastercard stated that it is committed to helping small and medium-sized companies enter the digital financial space. They plan to introduce this program in more countries across the region, aiming to partner with many significant financial institutions to expand its reach. This announcement came after L'Oréal made a strategic move in the luxury beauty sector. Recently, the company bought the House of Creed for \$4 billion and secured a fifty-year exclusive license for the Gucci fragrance and beauty business. They will commence the deal once their existing agreement with Coty ends.

L'Oréal and Kering, two major French companies, have formalized a far-reaching partnership in the beauty and wellness sector. The agreement covers L'Oréal's acquisition of Creed and grants exclusive rights to develop, create, and distribute fragrance and beauty products for Gucci, Bottega Veneta, and Balenciaga for the next 50 years.

ALIBABA PUMPS IN 2 BILLION YUAN FOR ITS INSTANT COMMERCE INITIATIVE



This enthusiasm was a result of Alibaba reporting a 78% jump in profit for the June quarter, while robust AI demand was credited for the 26% revenue growth for its cloud business. As this news broke, the e-commerce giant's shares jumped a whopping 13% and closed at \$135.

The increase in public cloud revenue, which includes the growing uptake of AI-related goods, was the primary driver of this growth pace. For the eighth consecutive quarter, revenue from AI-related products continued to climb in triple digits year over year. Along with start-ups DeepSeek and Moonshot AI, among others, Alibaba has become one of China's leading AI developers as it intensifies the open-source strategy by allowing other developers to use, alter, and distribute its AI models. The uncertainties surrounding the availability of AI processors did not deter Alibaba either.

Alibaba Group Holding announced that it will invest 2 billion yuan (\$281 million) in a program where Taobao convenience stores across China support its instant commerce and on-demand delivery business. While Taobao Shangou owns a string of brick-and-mortar shops, these investments will go into revamping the technological capabilities of existing convenience stores.

This is also a testament to the advanced digital infrastructure under Alibaba's wings. Under the terms of the agreement, Alibaba will provide the operators of partner convenience stores with digital supply chain support from 1688.com, which is its domestic wholesale unit.

Technical support to enable more efficient product procurement and restocking of the inventories will also be done under its Aoxiang platform, along with Taobao branding.

According to Hu Qiugen, Alibaba's instant commerce unit's general manager, with this technical support, each store will ensure that 'one-stop, 24-hour and 30-minute delivery' services are available to consumers.

Taobao partner convenience stores are expected to be set up in over 200 locations across China. Hu also added that the first batch of these convenience stores was launched last week in multiple cities, like Hangzhou and Nanjing, to name a few.

Through this initiative, the Hangzhou-headquartered Alibaba is delving further into the expansion of the scope of goods and merchants as part of its instant commerce boost.

This program has been introduced a mere two months after the company CEO, Eddie Wu Yongming, said that Alibaba's user base was increasing and the platform was quickly overtaking rival companies like Meituan and JD.com.

In August, this Chinese tech conglomerate's CEO said that the company had won 'consumer mindshare' as it was pushing its instant commerce initiative to regain growth in China's highly competitive domestic market. Yongming was confident that the company's recent performance reflects its capabilities could set the bar for efficiency in the industry in the long run.

The Taobao Instant Commerce initiative was launched in April and has helped Alibaba push its standing in the Chinese market. Through this program, the company has established itself as the 'go-to' platform, providing customers with a massive range of products like food, groceries, electronics and apparel.

The Taobao shopping app can be used to access Taobao Shangou, and in its network, over one-third of the traditional convenience stores are currently open 24/7. Alibaba reports that Taobao Shangou's daily orders reached up to 120 million, while its monthly active users exceeded 300 million in August.

The Chinese Ministry of Commerce's Chinese Academy of International Trade and Economic Cooperation predicts that the nation's instant commerce sector will grow to 2 trillion yuan. Alibaba is not the only company pushing its instant commerce programs. It's Beijing-based Meituan claims to have over 500 million users and announced a partnership with over 10,000 brands last week. Meituan will help these brands develop virtual stores on its platform and also offer the necessary digital tools, warehousing and logistics support.

DIESEL OWNER OTB GROUP TO INCREASE INVESTMENTS IN CHINA AMID DEFLATIONARY PRESSURES



Only The Brave (OTB) Group, which is the parent company of Italy's denim giant Diesel and owner of other luxury brands like Maison Margiela, said that it is enthusiastic about the enterprise's performance in China and will be increasing its investments in the country.

Renzo Rosso, Founder and Chairman, OTB Group, who is in China to mark the 20th anniversary of Diesel's entry into the Asian giant's market, said that along with continuing investments, there would be some reshuffling in business operations. Some outlets will be closed, but new stores will be opened in better locations, he said.

Despite China's slowing growth margins due to domestic and international macroeconomic trends, Rosso emphasised that he believes in the potential of the Chinese market and that soon OTB will have a 'better space for a better price,' which was previously unavailable.

He also said that the company's performance has been better than in previous years, especially at a time when industry peers are reporting lower growth and smaller profits; OTB's performance is on an uptrend. China is a lucrative market for global brands, particularly high-end and luxury businesses, with Chinese nationals accounting for around one-third of global purchases.



OTB also owns the luxury brand Jil Sander and has reported a turnover of 1.8 billion euros last year, which was a 4.4% drop from the 1.9 billion euros it recorded in 2023. OTB Chairman also said in 2024 that the company was in no hurry to go public. Market conditions were highly volatile last year because of heightened geopolitical tensions and the uncertainty surrounding the impending Trump tariffs.

However, despite an improving IPO market, Russo has maintained that he is willing to wait another year at least before the Diesel owner makes its debut on the market.

OTB is not the only company which is enthusiastic about China. Fellow luxury and fashion retail brand Louis Vuitton Moët Hennessy (LVMH) also reported that share prices were at their best in over 20 years on Wednesday, citing improving demand from China. Shares jumped as high as 14%, with third-quarter sales rising 1% to 18.28 billion euros, beating analysts' expectations.

Mainland China has always been the luxury sector's primary target and has helped improve the luxury sector's performance in the past year. Chinese shoppers have taken a liking to new experiences like Louis Vuitton's ship-shaped boutique in Shanghai. While sales figures from travelling Chinese shoppers also improved, but are still negative YoY.

These luxury brands are taking efforts to improve demand in the world's second-largest economy, and it was reflected in the Q3 sales. LVMH's fashion and leather goods have traditionally been profit makers. While sales of these products improved from the previous quarter, there was still a 2% decline YoY.

This decrease in profit and growth margin has worsened in the post-pandemic years as consumption expenditure has consistently declined in China, which has been worsened by a prolonged property market crisis, lack of job security and the recent tariff war started by US President Donald Trump. In September, it was re-

ported that both consumer and producer prices fell owing to deflationary pressures, as Beijing officials are forced to deliver more policy measures. Despite improved export growth last month, a new wave of the tariff and counter-tariff war between China and the US has increased concerns over unemployment and deflation.

However, policymakers are still wary about launching any major stimulus packages due to the risk of creating a stock market bubble, which could result in a crash like 2015. According to data from the National Bureau of Statistics (NBS), in September, the Producer Price Index (PPI) was down 2.3% compared to the same time last year, which was still a lesser drop than the 2.9% in August.

OTB's confidence in China's potential could push its peers to increase investments in the country too. However, these luxury brands must be sure that economic conditions in the country will improve before they pour in investments during these volatile times.

GUCCI-OWNER KERING TO SELL ITS BEAUTY DIVISION TO L'ORÉAL FOR 4 BILLION EUROS



Luxury group Kering announced its decision to sell its beauty business subsidiary to French company L’Oreal for 4 billion euros (\$4.66 billion). This move is part of new CEO Luca de Meo’s strategy to manage Kering’s high debt and refocus its core business on fashion. The Gucci-parent company has agreed to sell its fragrance line, Creed, to L’Oreal.

Kering has also given the French beauty giant a 50-year exclusive license to develop fragrance and beauty products under its fashion labels like Gucci, Bottega Veneta and Balenciaga. However, it is worth noting that the license to build fragrance lines for Gucci is currently held by Coty, and L’Oreal is believed to acquire these rights once the current license expires in 2028. Kering had a net debt of 9.5 billion euros at the end of June, along with 6 billion euros in long-term lease liabilities, which only furthered investor concerns, and this new deal is the company’s way of assuring investors that it has a long-term plan to get its finances in order. With demand falling for Gucci products in China, which has served as one of the primary markets for the brand, Kering has struggled with declining growth.

Gucci comprises most of Kering’s profits, and so, in an attempt to reduce its dependence on the luxury fashion brand, Kering acquired perfume maker Creed for 3.5 billion euros in 2023 and established its beauty business. Despite its efforts to diversify its product range, the company has failed to boost its revenue, even recording a 60 million euro operating loss in the first six months of the year. In July, Kering reported a 15% drop in quarterly revenues, with sales totalling 3.7 billion euros. Gucci also reported 1.46 billion euros in profits, a 25% fall, year on year.

The French billionaire Pinault family-controlled group brought down its net down in June from 10.5 billion at the end of last year, mainly from its real estate business. In the last year alone, Kering has lost over 60% of its share value.

The company has also decided to shrink its store network, with plans to shut down operations in roughly 80 stores by the end of this year. In September, Meo said that he intends to make certain difficult decisions to get the company back on track. He had also hinted that changes which would make Kering more profitable, faster and more integrated would be implemented by the end of 2025. With

news of the L’Oreal buyout, investors and industry observers are anticipating Meo’s next moves. This is not the first time Kering and L’Oreal have entered into a partnership. In 2008, L’Oreal, which is the leading cosmetics and beauty company in the world, acquired the rights to produce perfumes under the Yves Saint Laurent brand from Kering for 1.15 billion euros. This will be L’Oreal’s biggest deal to date, surpassing its buyout of Australia’s Aesop for \$2.5 billion in 2023.

The cosmetics-maker had announced earlier this year that it had many M&As in the pipeline. Earlier this month, representatives of Armani also approached L’Oreal to be one of the potential buyers of a minority stake in the company, after the French brand was named as one of the preferred buyers in a will by late designer Giorgio Armani himself. With the luxury sector in a slump owing to lowered consumption expenditure in China and uncertainty surrounding Trump tariffs, any restructuring that occurs within companies, across the industry, is unlikely to yield immediate results. These are long-term prospects which will only bear fruit a couple of years from now, once global economic conditions become less volatile.



Europe’s stock markets rallied recently, driven by a significant policy move that could reshape its steel industry. The European Commission proposed slashing tariff-free steel import quotas by nearly 50%, coupled with a doubling of tariffs to 50% on shipments exceeding these limits. This decisive plan aims to shield Europe’s steel sector from excess global supply, particularly from low-cost producers like China, and restore vitality to an industry operating well below sustainable capacity. Investors rewarded this move with notable gains in steel-related equities, signalling optimism about the sector’s revival.

A Market Reaction Rooted in Protection

The EU’s proposal to cut tariff-free steel import quotas from around 35 million tonnes in 2024 to 18.3 million tonnes represents a sharp 47% reduction. Import volumes above this new threshold would incur a heavy 50% duty, up from the current 25%. These measures aim to combat global steel overcapacity, which has pressured EU steel plants to operate at just 67% of capacity, resulting in closures and job losses. The goal is to elevate capacity utilisation closer to 80-85%, which Eurofer, the European steel industry association, and major steelmakers like ArcelorMittal regard as necessary for viable operations. The EU’s apparent steel consumption in 2024 stood at 127 million tonnes, a decline from previous years and pandemic levels, highlighting existing demand challenges.

Financial markets responded positively: the pan-European Stoxx 600 index rose 0.8%, with steel producers like ArcelorMittal (+6.6%), SSAB (+5.3%), and Thyssenkrupp (+4.7%) recording strong gains. Analysts at J.P. Morgan forecast

price improvements through 2026, estimating that the sector could see an EBITDA boost of approximately €50 per tonne.

Meanwhile, the EU’s broader steel industry is positioned at a critical turning point after years of declining production and rising imports, with infrastructure investments such as Germany’s €500 billion programme from 2027 expected to increase steel demand.

Global and Cross-Border Implications

While Europe seeks to bolster its steel industry, the move reverberates globally. Countries that export steel to the EU, including India, face significant impacts; India’s steel export quota is effectively cut by about 47%, raising concerns over export volumes and pricing. The UK’s steel sector, reliant on the EU for 78% of its steel exports worth nearly £3 billion, foresees a major crisis given the higher tariffs and reduced quotas. Additionally, US steel tariffs set at 25-50% have shifted trade flows, increasing the likelihood that excess global steel production will now compete more aggressively in the European market despite the new measures. This policy also poses challenges for industries dependent on steel imports, such as automotive manufacturers, who anticipate rising input costs. The auto sector saw provisional losses in European stocks after the news, reflecting fears that steel tariffs may inflate production costs at a time when companies like BMW are already adjusting profit forecasts.

Challenges Amid Market Rebalancing

Europe’s steel industry confronts several major hurdles. Besides the persistent issue of global overcapacity, there is the challenge of balancing protective measures with trade compliance under WTO rules. The existing EU safeguards expire

in mid-2026, making the timely implementation of revised quotas and tariffs crucial. Furthermore, industries reliant on steel face cost inflation risks, potentially impacting downstream competitiveness and consumer prices. The steel sector must also navigate decarbonisation demands and evolving market dynamics while attempting to ramp up from underutilised production levels.

Opportunities for a Sustainable Revival

Despite these obstacles, the proposal opens up significant opportunities. By curbing unfairly priced steel imports and adjusting tariffs, EU steel producers could restore profitability and investment confidence. Expected improvements in operating rates from 67% to nearly 80% could reduce plant closures and job losses. The policy also incentivises greater domestic production, potentially fostering innovation and stronger supply chains within Europe’s carbon steel sector. Additionally, the anticipated increase in infrastructure spending across member states offers a long-term demand boost that could support industry recovery. Looking forward, the European steel sector stands at crossroads. If successfully implemented, the new tariff and quota regime could stabilise and partially rejuvenate the industry, safeguarding hundreds of thousands of jobs and vital value chains. However, this will require EU member approval and careful calibration to avoid unintended market distortions.

The global steel trade may adapt through redirected flows and new pricing mechanisms, underscoring the interconnected nature of today’s steel markets. Ultimately, Europe’s strategy reflects a pragmatic blend of protection and support aimed at fostering a resilient steel industry amid ongoing global uncertainties.

SINGAPORE EMERGES AS PHASE 1 IN CHINESE FOOD INDUSTRY'S GLOBAL EXPANSION STRATEGY



In the past year, Singapore's food and hotel industry's landscape has witnessed an interesting phenomenon, as a record number of Chinese restaurants and cafes have opened across the country. These Chinese eateries are using the island as a litmus test as part of their global expansion strategy. These businesses are facing shrinking demand, intense price competition and thinning profits in China.

Well-known beverage chains like Luckin Coffee and bubble tea maker Mixue have also established their presence in Singapore, following the lead of hotpot and mala restaurateurs. This is a trend that

has surged in the post-pandemic period, and experts are positive that Singapore is likely to witness more such inflows in the coming years.

The pandemic has slashed growth rates in China, which is now plagued by a long-term property market slump and is facing the brunt of the US tariffs. This has resulted in extreme price wars not just in the food and beverage industry, but also in the e-commerce and auto sectors, thus increasing deflationary pressures.

Singapore shares cultural similarities with China, which makes it a familiar market for newly expanding Chinese

businesses, reducing the scepticism these restaurateurs might be grappling with as they seek to go international. The city-state is also keen to strengthen ties with other global powers, especially China, particularly at a time when the US is adopting more protectionist policies.

Consultancy firm Momentum Works reported that nearly 85 Chinese food and beverage brands were operating across 405 outlets in Singapore, as of August 2025. This is a significant increase compared to the data from June 2024, which showed that 32 Chinese brands were running 184 outlets in the country.

However, it is surprising that these restaurants, which include street food stalls, mid-sized establishments and Michelin Star restaurants, are all still contending with rising costs and lowered consumer expenditure, just like they did back home.

In China, a record three million restaurants went out of business last year, but hoteliers of Chinese brands in Singapore are confident that the lean business models and supply chain management that helped them stay afloat in China will help them thrive on the island as well.

The industry is also advancing its technological capabilities on the domestic front. For example, Chagee, a popular tearoom franchise across China, is using homegrown machines that dispense iced milk tea with customised amounts of ice and sugar in just eight seconds.

This readiness to accept changing trends according to consumer preferences has helped these brands, like Luckin and Mixue, to offer customers drinks priced far lower than rivals like Starbucks, significantly affecting the profit margins of their Western counterparts in China.

Despite comprising over a fifth of Starbucks' cafes, the coffee chain's share in China dropped to 14% last year from 34% in 2019, with the US coffee maker considering selling a portion of its Chinese operations. In September 2025, news broke that most of the bidders seeking to buy some part of Starbucks China had made offers as high as \$5 billion. These bids valued it at about 10 times its expected EBITA of \$400 million to \$500 million in 2025.

With a Chinese population of over 6 million, Singapore is the perfect international location for Chinese restaurateurs. The island is also wealthy and fashionable, which they say is yet another vantage point. These hoteliers believe that by establishing their base in Singapore, they can gain brand outreach across Malaysia, Vietnam and Indonesia.

Demand to set up restaurants in Singapore is so high that smaller Chinese enterprises are often backed by bigger investors who have been quite successful in outbidding local restaurateurs for properties in prime locations. In 2024, Shanghai's Michelin-starred Yong Fu opened

in Singapore with an investment of \$7.72 million.

According to Ye Cheng Zhong, a Yong Fu director and one of the three investors, this sum includes the cost of renovation, rent, wages for the staff and other operational costs like a stocked-up wine cellar for the next five years.

Singapore is only the first part of his international expansion strategy, and Zhong wishes to open up his restaurant in London by the end of this year and take on New York and Paris in 2026.

However, Chinese businesses prospering in Singapore have elicited a degree of criticism from local businesses. In June, Singapore Tenants United for Fairness, a cooperative that represents over 700 businesses, took to the social media site LinkedIn to issue a statement highlighting the intense competition domestic

businesses are facing as Chinese SMEs expand their presence across the island.

The cooperative explained that these small Chinese enterprises are much bigger than large-scale local Singaporean businesses, underscoring the lack of an even playing field.

Moreover, with large Chinese enterprises pouring in investments into the island has caused property rent to exponentially increase, particularly in high-traffic locations where commercial space is already scarce.

Moreover, food critics argue that the uncontrolled influx of Chinese restaurants is diluting the country's local culinary fabric.

However, these arguments are unlikely to deter this booming food business. The Singaporean market has proved to be of strategic importance for Chinese hoteliers, and as market demands grow, more such cafes and restaurants are bound to pop up across the island. With Singapore emerging as a lucrative market, it remains to be seen whether the rest of Asia also responds similarly and how it could impact the continent's food industry in the years to come.



KIMBERLY-CLARK PLEDGES \$40 BILLION TO ACQUIRE TYLENOL-MAKER KENVUE



US company Kimberly-Clark has set aside \$40 billion to buy Kenvue in a deal that has startled investors as the company has grappled with weak sales, lawsuits and US President Trump’s attacks linking its popular pain-killer Tylenol to autism. The news caused Kimberly’s shares to drop 13%, as stockholders are unhappy with the 46% premium being paid for Kenvue, which has also had a difficult year.

Earlier this year, the drugmaker made headlines when it fired its CEO, Thibaut Mongon, in July, raising investor speculations that this was the first step towards Kenvue announcing a partial or full sale of the company. In the past year, the Band-Aid and Tylenol-maker has maintained that it was pursuing strategic alternatives, as the company has been deemed a suitable candidate for an acquisition, and investor pressures have increased to either improve its performance or consider a sale.

Kenvue’s shareholders will receive \$3.50 and 0.15 Kimberly-Clark shares apiece. The deal will be finalised in the second half of next year. Funded by JP-Morgan Chase Bank, it will be financed through a mix of cash and debt. A regulatory filing showed that, should the deal fall through, either party could be required to pay an all-cash \$1.12 billion termination fee.

Kenvue has been battling falling shares since Trump’s comments about Tylenol causing autism in children. However, with Kimberly’s announcement, the pharma company’s shares jumped as much as 19.6% on Monday. Investors have hoped for a partial or entire sale of the company for the better part of the year. In response to their concerns, the consumer health company appointed three new directors to its board in March after reaching an agreement with activist investor Starboard Value.

The hedge fund invested a stake in Kenvue in October 2024, and both parties were in a four-month-long tussle regarding the appointments, as Starboard was left dissatisfied over the skin health and beauty segment’s performance, which includes brands like Neutrogena and Aveeno.

Kimberly, which manufactures Kleenex tissues, had always shown interest in the drug company, even when it was still part of Johnson & Johnson. However, insider sources confirmed that talks of a buyout only began over the summer, after Mongon’s exit. While investors and market observers alike have flagged concerns about this takeover, Kimberly has projected \$2.1 billion in annual cost savings from the deal. It will also gain control of Kenvue’s wide range of products, like Listerine, Neutrogena and Aveeno, which could drive an annual revenue of \$32 billion for the merged entity.

Kimberly is ready to take on the risk of integrating Tylenol into its product portfolio, as this new partnership means that the company becomes exposed to potential litigation. Numerous lawsuits have been filed against Kenvue, alleging that the company withheld information suggesting that the drug could cause autism or attention deficit hyperactivity disorder (ADHD) in children.

However, Robert F. Kennedy Jr., Secretary, US Health and Human Services, did clarify that there has been no conclusive evidence linking Tylenol to either disorder, but maintained that the data gathered was quite suggestive of these possibilities. While Kimberly’s investors issued caution, Kenvue’s investors cheered the announcement of this acquisition. The company has struggled with weak core businesses, particularly with its skin health and beauty segment. On Monday, the company’s Q3 reports revealed that the skin health segment’s sales dropped 3.2% to \$1.04 billion. In June, it was reported that Kimberly sold a majority stake in its international tissue business to Brazilian pulp maker Suzano. This was part of the company’s restructuring strategy, and the proceeds from this deal are said to go towards the buyout. This deal has clearly elicited opposite reactions from both companies’ investors, and it remains to be seen how market conditions help this new merger and what will be the consequences of this merger.

MANDARIN ORIENTAL TO SELL TOP FLOORS OF ITS ONE CAUSEWAY BAY WITH ALIBABA AS SPECULATED BUYER



Hong Kong’s hotelier Mandarin Oriental International said it is considering selling a portion of its prime mixed-use building, One Causeway Bay, situated in one of the city’s retail and business hubs. With 43 assets across the world, the company has maintained ambiguity about the likelihood of this potential sale and what the terms of this impending sale could be.

Local news outlets, however, have speculated that Alibaba Group Holding could be a potential buyer and could make an offer for HK\$7 billion (\$899 million). The hotel group is looking to sell the top 13 floors, which stretch to 270,000 sq ft of the One Causeway Bay.

Mandarin Oriental’s budget for this project is \$650 million, with Hongkong Land serving as its project manager. While Alibaba has remained tight-lipped about this, sources have confirmed that

the Group had discussed buying office space in the building. If the deal is finalised, it will be Hong Kong’s most expensive commercial property acquisition in 2025, in terms of lump sum payments. Making an offer of HK\$7 billion means that Alibaba would be paying nearly HK\$26,000 per square foot.

Some of the other big real estate purchases in the city, which took place earlier this year, include the Law Society of Hong Kong’s purchase of the entire 26th floor of The Center, which cost HK\$345 million for 24,980 sq ft in July. In April, Hong Kong Exchanges and Clearing (HKEX) spent HK\$6.3 billion for office floors and retail space in One Exchange Square. It also purchased other assets from Hongkong Land in Central.

The stock exchange operator announced its decision to purchase the top nine floors of the property, along with some retail space on the podium in the

building, in what is one of Hong Kong’s core business districts. HKEX plans to use the 147,025 sq ft property as its headquarters since it has conducted operations at that very location for over forty years. It also planned to sign a few new long-term leases for several floors, which it was already occupying in the adjacent Two Exchange Square. The Exchange said that it preferred the hybrid buy-and-rent model as it offered more flexibility and remained resilient against the volatile property market.

Hong Kong’s commercial property market is suffering from low demand, with nearly 15 million sq ft of total empty office space. One Causeway Bay is one of many office and retail spaces across the city which will be completed by 2026. Before the building was redeveloped, the Excelsior stood in its place, which was a waterfront hotel. That four-star hotel was closed in March 2019 to be rebuilt as the One Causeway Bay. In the past couple of years, Hong Kong’s property market has been drying up, and therefore, these deals are being hailed as some of the biggest, offering much-needed hope to investors, property builders and real estate developers.

Stock exchange operators and businesses are now slowly but surely dipping their feet into the real estate pool again, renting out and eventually buying office spaces, as the economy is picking up after the pandemic.

Like the HKEX, the city’s Securities and Futures Commission also bought several floors at the One Island East in Quarry Bay in 2023. The commission acquired this property from Swire Properties and has since made it its permanent address.

Additionally, the HKEX transaction accelerated Hongkong Land’s asset-restructuring plan, which was established after a strategic study in October 2024, to highlight the region’s ‘ultra-premium’ real estate market and generate \$10 billion over ten years from its current portfolio. Since then, it has raised \$1.2 billion.

THE NEW CORE OF SAUDI INDUSTRY: MINING AS THE ENGINE OF VISION 2030

Khalid Al-Mudaifer, Vice Minister of Industry and Mineral Resources for Mining Affairs, announced at the International Mining and Resources Conference and Expo in Sydney this October that Saudi Arabia is undergoing a transformative process for its mining sector under Vision 2030.

They are transitioning from a domestic industry into a global powerhouse of sustainable growth and investment. Saudi Arabia’s mining sector is growing rapidly, driven by \$2.5 trillion in mineral wealth. In January 2025, Al-Mudaifer announced an ambitious \$100 billion investment program for mining by 2035, out of which \$75 billion has already been allocated to projects. Since 2020, the Kingdom has

increased its mining exploration spending by a whopping 500%. The number of active exploration companies has skyrocketed from 6 in 2020 to 226 in 2024, a 38X increase driven by a surge in investor engagement.

S&P Global Ratings estimates that this sector’s GDP contribution will grow from \$17 billion in 2024 to \$75 billion by 2030. The trajectory represents not just growth but fundamentally aligning the Kingdom’s economic diversification.

Strategic Industrial Integration

Saudi Arabia is leveraging its industrial capabilities through global partnerships. The kingdom houses one of the world’s largest aluminium facilities at

Ras Al-Khair and massive phosphate operations managed by Ma’aden.

Yet the Kingdom’s ambitions extend beyond local mines. Manara Minerals, a joint venture between Ma’aden and the Public Investment Fund (PIF), recently acquired a 10% stake in Vale Base Metals at an implied enterprise value of \$26 billion, with total consideration of \$3.4 billion for a 13% equity interest. This partnership puts Saudi Arabia on the global supply chain for energy transition metals.

This has also increased its copper production from about 350,000 tons per annum to 900,000 tons per annum. Equally significant, Ma’aden has signed a memorandum of understanding (MoU) with US-based rare-earths leader MP Materi-

als to set up a complete value chain in the Kingdom. The agreement targets to establish a vertically integrated rare earth supply chain, including mining, separation, refining, and magnet production.

Regulatory Revolution

Transformation of this magnitude needs a substantial institutional structure. Saudi Arabia’s mining sector has received a significant jump in investment attractiveness. As per the 2024 Fraser Institute report, it has advanced from 104th to 23rd place globally over the past decade. The Kingdom ranked first globally in the pace of improvement of its overall investment environment from 2018 to 2023.

The kingdom has even allowed 100% foreign ownership rights and financing

support through the Saudi Development Fund. They have launched programs like Exploration Enablement, offering up to 7.5 million Saudi riyals per project to reduce early-stage exploration risk.

The Fund will also cover three-fourths of the costs of actual development. The Kingdom is focused on strengthening Ras Al-Khair as a hub for future megaprojects. In the 2025 Global Free Zones of the Year rankings, Ras Al-Khair was highly applauded in the rising stars category, especially for integrating a mining-to-manufacturing value chain.

Geological Discoveries

Recent significant gold and copper discoveries in areas like Wadi al Jaww and Jabl Shayban, along with high-grade

gold and silver results from Resource Minerals International’s projects in 2025, demonstrate the results of an increase in exploration projects.

In 2024, geological models and airborne surveys covering 600,000 sq. kilometres 2024 revealed significant rare-earth deposits. Between 2016 and 2024, Saudi Arabia’s estimated resource deposits surged by 90% to \$2.5 trillion. For this result, over 70% of the total exploration spending was utilised on grassroots level projects in new and underexplored areas.

Domestic Demand Drivers

Saudi Arabia is the fourth-largest net importer of minerals and metals globally, spending over \$50 billion annually. The Kingdom has large mega and gigagateway and urban development projects under construction, like NEOM, The Line, Qiddiya, and Murabba that are large consumers of minerals and metals. In December, Saudi Arabia won the bid to host World Expo 2030 in Riyadh and will also host the 2034 FIFA World Cup, both requiring large-scale additional infrastructure, demanding metals and minerals outputs.

Non-Oil Economic Momentum

The diversification efforts have started showing results; the non-oil sector is now driving growth when crude revenues take a hit. Saudi Arabia’s non-oil private sector Purchasing Managers’ Index rose to 60.2 in October 2025, up from 57.8 in September, highlighting the sustained momentum of the non-oil economy as Vision 2030 reforms continue driving diversification away from crude revenues.

Industrial Revolution 2.0

Saudi Arabia is transforming its rich natural resource base into a critical pillar of its industrial policy, supporting the Kingdom’s diversification goals and reinforcing its position as a key player on the global stage. For a Kingdom, dependent on oil wealth for decades, approaches mining transformation as an economic necessity and strategic opportunity.

As global energy transitions grow demand for critical minerals, Saudi Arabia’s mix of geological endowment, financial capacity, strategic location, and policy commitment positions it to capture substantial market share across various mineral value chains. The industrial revolution underway in the vast deserts may prove as pivotal as the petroleum revolution of the previous century.

MSHEIREB PROPERTIES TAKES QATAR 2030 VISION GOALS GLOBAL WITH ITS SUSTAINABLE URBAN PORTFOLIO



**ENG. ALI AL KUWARI, CEO,
MSHEIREB PROPERTIES**

Msheireb Properties has received international acclaim for its work. How has this helped elevate Msheireb's growing role in shaping the future of sustainable urban design?

The international recognitions received by Msheireb Properties have been crucial in validating its influence as a leader in sustainable urban design. The recognitions, both global and local, do more than enhance its reputation; they provide a tested, scalable blueprint for future cities. By showing that a fully sustainable, human-centric urban district is both viable and commercially and culturally successful, Msheireb offers a concrete alternative to conventional urban development. The company's developments illustrate how high-density living can coexist with cultural preservation, environmental stewardship, and smart technology, turning sustainability from a theoretical ideal into a practical, operational

reality. Its achievements attract global attention from city planners, developers, and policymakers, establishing Msheireb as a reference point and a living laboratory for the future of urban living. In practical terms, Msheireb Properties' embrace of design principles that meld Qatari heritage, modern technology, and carbon-efficient systems, for instance, solar panels, shading strategies, and high-performance building envelopes, means it is already moving from concept to execution. In doing so, Msheireb Properties provides a living case study for cities of the future: urban environments which prioritise people, place, and planet in equal measure. As the global push for sustainable urbanisation intensifies, the company is well-positioned to contribute not just locally but internationally.

Msheireb Properties has evolved into more than just a landmark project- it is a blueprint for future cities. As the world grapples with climate change and rapid urbanisation, how do

you see Msheireb's model influencing new urban developments across the region and beyond?

Msheireb Downtown Doha presents a comprehensive and replicable model that balances cultural identity with futuristic needs. Its influence stems from a holistic approach that integrates several core principles, including sustainability. Firstly, its environmental credentials are foundational; it is the world's first fully built sustainable city district, with all buildings holding either Gold or Platinum LEED certification. This is supported by a pioneering portfolio-wide decarbonisation strategy developed with Cundall, the first of its kind in Qatar, which sets a tested benchmark for reducing emissions across an entire urban portfolio. Secondly, its smart city infrastructure, featuring over 650,000 IoT devices and a massive fibre-optic network, showcases how technology can be seamlessly woven into the urban fabric to enhance efficiency and quality of life. Finally, and perhaps most



critically, its human-centric design, with walkable streets, shaded public squares like Barahat Msheireb, and community-focused museums, shows that sustainable urbanism must prioritise human wellbeing and social connection.

With the implementation of Aqarat and Qatar's Third National Development Strategy, the real estate sector is set for transformative growth. What strategic role do you envision Msheireb Properties playing in advancing Qatar's vision for sustainable, diversified urban expansion?

Msheireb Properties is strategically positioned to be a central engine for realising Qatar's National Vision 2030 and its Third National Development Strategy (NDS3). Its alignment with national goals is both explicit and operational.

The recent strategic partnership with the Qatar Investment Authority (QIA), which acquired a 49% stake in the company, is a profound vote of confidence and a clear signal that Msheireb's model is integral to Qatar's future urban expansion. This partnership is specifically designed to accelerate the expansion of smart, sustainable urban projects within Qatar, directly supporting the nation's drive for economic diversification and environmental sustainability. Msheireb's role extends beyond its physical footprint in Doha; it acts as a national test-bed and showcase for sustainable technologies and regulatory frameworks that can be scaled across the country. By attracting major international corporations like Google Cloud, Microsoft, and Siemens, among many others, the district is helping to diversify the economy into knowledge-based and high-tech sectors. Furthermore, its leadership in portfolio decarbonisation provides a replicable playbook for the entire Qatari real estate sector, supporting national climate objectives. Msheireb Properties is thus not

only a developer, but a key implementation partner for the Qatari government in building a competitive, diversified, and sustainable economy.

Zulal Wellness Resort has redefined wellness tourism in the region through its fusion of Traditional Arabic and Islamic medicine with modern health practices. How do you see this philosophy of balance between tradition and innovation extending into Msheireb's broader development strategy?

The philosophy of balance exemplified by Zulal Wellness Resort by Chiva-Som, is a central tenet that permeates Msheireb Properties' entire development strategy. At Zulal, the fusion of Traditional Arabic and Islamic Medicine (TAIM) with contemporary wellness practices creates a unique, culturally grounded offering. This same principle of honouring heritage while embracing progress is the cornerstone of Msheireb Downtown Doha. The district's architecture is not a mere imitation of the past, but a modern reinterpretation of traditional Qatari design elements, such as courtyard-style housing and wind towers, which natural-

ly enhance privacy and passive cooling. This creates a distinguished architectural language that echoes Qatar's cultural history while meeting the needs of modern urban life. Similarly, the Msheireb Museums, housed in meticulously restored four heritage houses, are not static relics but vital platforms for dialogue and education, connecting the nation's history to contemporary social discourse. This consistent approach, applying a lens of cultural sensitivity to both wellness tourism and urban design, shows that for Msheireb Properties, developments do not simply replicate modern high rise forms but re-interpret heritage urban fabrics: human scale streets, majlis style public realms, cultural institutions integrated into mixed use, and buildings that respect climate, light, and materiality. At the same time, it deploys smart city systems, renewable energy generation, and operational quality to elevate user experience and reduce resource footprint. Thus, the **"balance"** is operationalised: tradition sets place making and identity, innovation equips performance and future readiness.

Msheireb has successfully bridged academia, entrepreneurship, and culture, from partnerships with Qatar University and HBKU to creative incubation through Scale7. How does this model of integrating knowledge, commerce, and community redefine what a 'smart city' truly means for Qatar and the wider Gulf region?

While Msheireb Properties' digital infrastructure and smart building systems are widely referenced, the company's emphasis on the convergence of knowledge, commerce, and culture offers a richer definition of **"smart city."** The goal was not only operational efficiency but **"people centred urbanism,"** integrating universities, start up hubs, and cultural venues within the district creates a mixed ecosystem of learning, enterprise, and community. For the Gulf region, which is



historically dominated by real estate driven growth, Msheireb's approach suggests a shift from *"smart city = sensors + data"* to *"smart city = ecosystem + people + place."* By embedding research, creative enterprises, public realm activation, and heritage conservation within a digitally and environmentally optimised urban fabric, the model promotes economic diversification, local talent cultivation, and cultural resonance.

Msheireb Properties is reshaping smart city thinking in the region: it goes beyond technology to connect institutions (academia), innovation (entrepreneurship), and lived experience (community). This integrated model is well-suited to the Gulf's ambition to evolve from resource-driven growth to knowledge-led urban economies. Moreover, this model creates a virtuous cycle: the smart infrastructure attracts talent and businesses, the cultural and academic partnerships enrich the community and spark innovation, and this ecosystem, in turn, makes the city smarter and more sustainable. It shows that a true smart city is one that invests as much in its human and social capital as it does in its digital and physical infrastructure.

What key systems or cultural practices have enabled Msheireb to sustain a safety-first mindset in an environment driven by rapid innovation and urban growth?

In a context of rapid urban regeneration and adoption of advanced systems, sustaining a safety first mindset requires both robust systems and organisational culture. Msheireb Properties deploys integrated command and control systems across Msheireb Downtown Doha: for example, more than 650,000 IoT devices

monitor smart city operations, around 10,000 surveillance cameras oversee safety, and 8,000 smart meters manage utilities. Such digital infrastructure enables real time monitoring, rapid response, and proactive risk management. For four years, the company has earned the RoSPA Gold Award for Health and Safety, following previous honours in 2024, 2018, and 2017. Presented by the internationally renowned Royal Society for the Prevention of Accidents (RoSPA), the award underscores the company's consistent focus on maintaining safe, well-managed environments across all its developments. The recognition holds particular importance in an era of rapid innovation and urban growth, as it highlights the need to maintain a safety-first culture amid continuous development and technological progress.

Meanwhile, in cultural terms, Msheireb Properties emphasises human-centric design and operational finesse: buildings and public spaces are designed to avoid single-use car reliance, promote walkability, activate ground-level public realms, and integrate mixed uses, all contributing to safer, more resilient urban environments. In addition, the company's partnerships with sustainability and decarbonisation bodies, such as Cundall, require adherence to international protocols and organisational governance standards. Together, this alignment of digital systems, design logic, and governance cultivates a culture of risk awareness, safety integration, and innovation discipline. For Msheireb Properties, safety is not an afterthought; it is integral in the urban model from inception.

As Qatar advances its Vision 2030 goals to become a global hub for business, tourism, and culture, where do

you see Msheireb Properties in the next phase of that journey, in terms of expanding its portfolio, deepening global partnerships, and shaping the next generation of sustainable urban living?

As Qatar advances its Vision 2030 goals, Msheireb Properties is poised to expand from district developer to global urban vision delivery partner. The strategic stake acquired by Qatar Investment Authority and the company's leadership in sustainable urban regeneration suggest that future growth will include new international projects or the export of its smart city model via consultancy and joint ventures. In portfolio terms, Msheireb Properties will diversify into specialised zones, such as wellness (building on Zula), creative/knowledge clusters, logistics integrated developments, and carbon neutral precincts, all aligning with national goals for tourism, culture, and innovation. Simultaneously, the company's pledge to decarbonisation and smart infrastructure ensures the next generation living spaces will meet global best practice. Furthermore, the company will continue to leverage and forge global partnerships with technology leaders like Microsoft and Cundall to pioneer next-generation smart city solutions and solidify its decarbonisation leadership. The recent arrival of global entities like the WHOOP performance lab and the influx of major corporations underline its standing as a magnet for international investment and innovation. In the next decade, Msheireb Properties is set to evolve from being a single, landmark district to a global exporter of a proven, holistic model for urban development, actively shaping the next generation of sustainable, liveable, and culturally resonant cities in line with Qatar's ambition to be a global hub.

EU COMMISSION GRANTS FIRST-EVER CHIP MANUFACTURING STATUS UNDER CHIPS ACT

The European Commission has officially granted Integrated Production Facility and Open EU Foundry status to four chip manufacturing projects through the Union. This announcement, made in October 2025, marks the beginning of European semiconductor sovereignty. This historic decision marks the first implementation of a critical provision of the European Chips Act, which could alter the continent's status in the global semiconductor industry.

The four semiconductor projects that have been awarded IPF or OEF status are operated by ESMC in Germany, Ams-OSRAM in Austria, Infineon Technologies in Dresden, Germany, and STMicroelectronics in Italy. The facilities managed by these companies had previously received State aid approval and now enjoy access to better administrative support, a seamless permitting process, and priority access to begin production lines under the Chips for Europe Initiative.

The Four Pioneering Projects

The European Semiconductor Manufacturing Company facility in Germany is the only Open EU Foundry among the four. ESMC is a JV between Taiwan Semiconductor Manufacturing Company, Bosch, Infineon, and NXP, which will manufacture high-performance, energy-efficient chips with FinFET technology on 300mm wafers, with production estimated to cross 480,000 wafers annually by 2029.

Austria's Ams-OSRAM project, designated OS4EU, received IPF status for its Premstätten plant. The new production line is expected to reach full capacity by 2030. This would be the first fully integrated CMOS technology facility in Europe. It will produce high-grade automotive semiconductor products made to run under high temperature ranges from -40°C to +150°C. The estimated investment would exceed €1.4 billion, with €227 million provided by Austria's Federal Ministry for Labour and Economy.

Infineon Technologies Dresden was awarded the IPF status for its MEGAFAB-DD project. This facility will make a brand portfolio of technologies and products within two heterogeneous tech families: discrete power and analogue/mixed-signal integrated circuits.

Infineon's Dresden facility will receive a billion euros in funding, with the total investment for the expansion crossing €5 billion. STMicroelectronics' Catania Campus in Italy represents the most ambitious project. STMicroelectronics will put an integrated facility to offer vertical integration of the complete 8-inch Silicon Carbide value chain production. This facility will begin production in 2026 and reach its full capacity by 2033, with 15,000 wafers per week at maximum capacity. The total investment estimated is around €5 billion, with €2 billion funded by the State of Italy.

Strategic Implications

The grant approval process was accelerated to avoid being left further behind in the increasingly competitive semiconductor manufacturing space. The European Chips Act, which came into effect in September 2023, focuses on doubling Europe's share of global semiconductor production from 10% to 20% by 2030. The Commission had previously approved seven sui generis State aid decisions totalling more than €31.5 billion of public and private investment. The EU also has an Important Project of Common European Interest program, which will provide additional funding for helping research and innovation across the microelectronics value chain.

Addressing Supply Chain Vulnerabilities

The latest global semiconductor crisis uncovered the vulnerability of Europe's dependency on a limited pool of suppliers, mainly based in Asia. The COVID-19 pandemic, followed by supply chain disruption, has created a widespread production slowdown across automotive, healthcare, telecommunications, and consumer electronics sectors. Silicon carbide technology, featured mainly in the STMicroelectronics and Infineon projects, highlights Europe's focus on strategic semiconductor segments. These wide-bandgap semiconductors offer higher performance in power applications, mainly for EVs, renewable energy infrastructure, and charging stations.

The Road Ahead

The approval of IPF and OEF status is just the beginning of a decadal transformation. Construction timelines extend

through the remainder of the decade, with major facilities reaching operational capacity between 2029 and 2033. The future of such ambitious projects is now in the hands of political will, regular investment, and the ability to attract and retain specialised talent in an increasingly competitive market.

The European Semiconductor Board, made up of representatives from all member states and chaired by the Commission, looks after daily governance and coordination. They monitor the semiconductor value chain, anticipate supply shortages, and can activate emergency measures during a crisis.

Balancing Competition and Cooperation

Europe's initiative mirrors similar strategic investments worldwide. The United States allocated \$52 billion through its CHIPS and Science Act, while South Korea committed \$65 billion to safeguard its market leadership. China continues massive investments aimed at domestic self-sufficiency in semiconductor production.

However, Europe's approach emphasises openness and international cooperation while seeking to reduce critical dependencies. The continent's strategy focuses not merely on replicating existing capabilities but on establishing leadership in next-generation technologies, including quantum chips, advanced packaging, and energy-efficient computing solutions.

Future Outlook

At times of geopolitical tensions hampering global technology supply chains, Europe's decisions seem to be a determined approach towards gaining independence in the semiconductor field. The success of these pioneering facilities will ascertain not only Europe's technological competitiveness but also the capacity to build digital infrastructure for economic prosperity and strategic autonomy.

The upcoming years will present the reality of this ambitious objective, whether an industrial revolution 2.0 or just another page of Europe's struggle to match technological progress with Asia or America. One thing is clear: the stakes are way higher this time with robust commitment.





APPLE'S BET ON COMPUTER VISION MARKS A NEW ERA IN PRIVACY-FIRST AI

US-based tech giant Apple, which has been strategically investing in AI, is about to hit a turning point that may redefine its advantages. The tech giant is close to purchasing Prompt AI. This specialised startup has established itself in the computer vision space, a technology that enables machines to interpret visual data with human-like skill. This acquisition would further emphasise Apple's increased focus on incorporating advanced, privacy-oriented AI tools for its smart home and augmented reality products as hardware and AI software continue to blend together. Apple's move is designed to drive further innovation and signals a new direction for AI consumer experiences.

What the Acquisition Entails

Prompt AI, founded in 2023 by AI researchers Tete Xiao and Trevor Darrell, developed Seemour. This innovative application uses computer vision to enhance home security cameras by recognising people, pets, vehicles, and objects while sending detailed alerts in real-time. Despite the technological prowess and a successful \$5 million seed round led by AIX Ventures and Abstract Ventures in 2023, Prompt AI struggled to establish a sustainable business model. According to reports from CNBC and other sources, Apple is in late-stage negotiations to acquire the startup's core team of 11 employees and computer vision technology, effectively retiring the Seemour app but integrating its features into Apple's HomeKit and Vision Pro platforms.

The purchase is timely as Apple seeks to ramp up capabilities in AI-related hardware categories such as home automation and AR. Apple outbid rival offers from xAI, run by Elon Musk, and Neuralink, showcasing Apple's long-term strategy to

secure the best AI talent, technology, and ideas. While the investors in Prompt AI will receive some payment via the sale, it is unlikely they will receive the entire stake they originally invested.

Global Impact and Industry Implications

Apple's acquisition is representative of a global AI trend towards incorporating computer vision into everyday electronics. Nations such as the US, China, South Korea, Germany, and India are making great investments in AI-enabled technologies to enhance their technology industries and digital infrastructure. The advancements in computer vision and AI-enabled technology within products and services can be attributed to Chinese companies like Baidu and Alibaba, South Korean companies like Samsung, German companies like Siemens AG, and new AI startups in India. This acquisition also reflects how AI in consumer devices is evolving globally. Apple's emphasis on processing computer vision data on-device, enhancing privacy, contrasts with competitors heavily reliant on cloud-based AI, such as Google Cloud Vision AI, Amazon Rekognition, and Microsoft Azure Cognitive Services. Their platforms provide global clients with scalable AI tools but raise ongoing concerns around data governance and security.

The competition to lead in AI vision technology is intense, driving innovation worldwide. Apple's acquisition could spark a cascade effect, prompting companies and governments worldwide to accelerate investments in computer vision and AI talent, fostering innovations in smart homes, retail, security, and augmented reality applications. It may also initiate standards-setting for user privacy and on-device AI processing across continents.

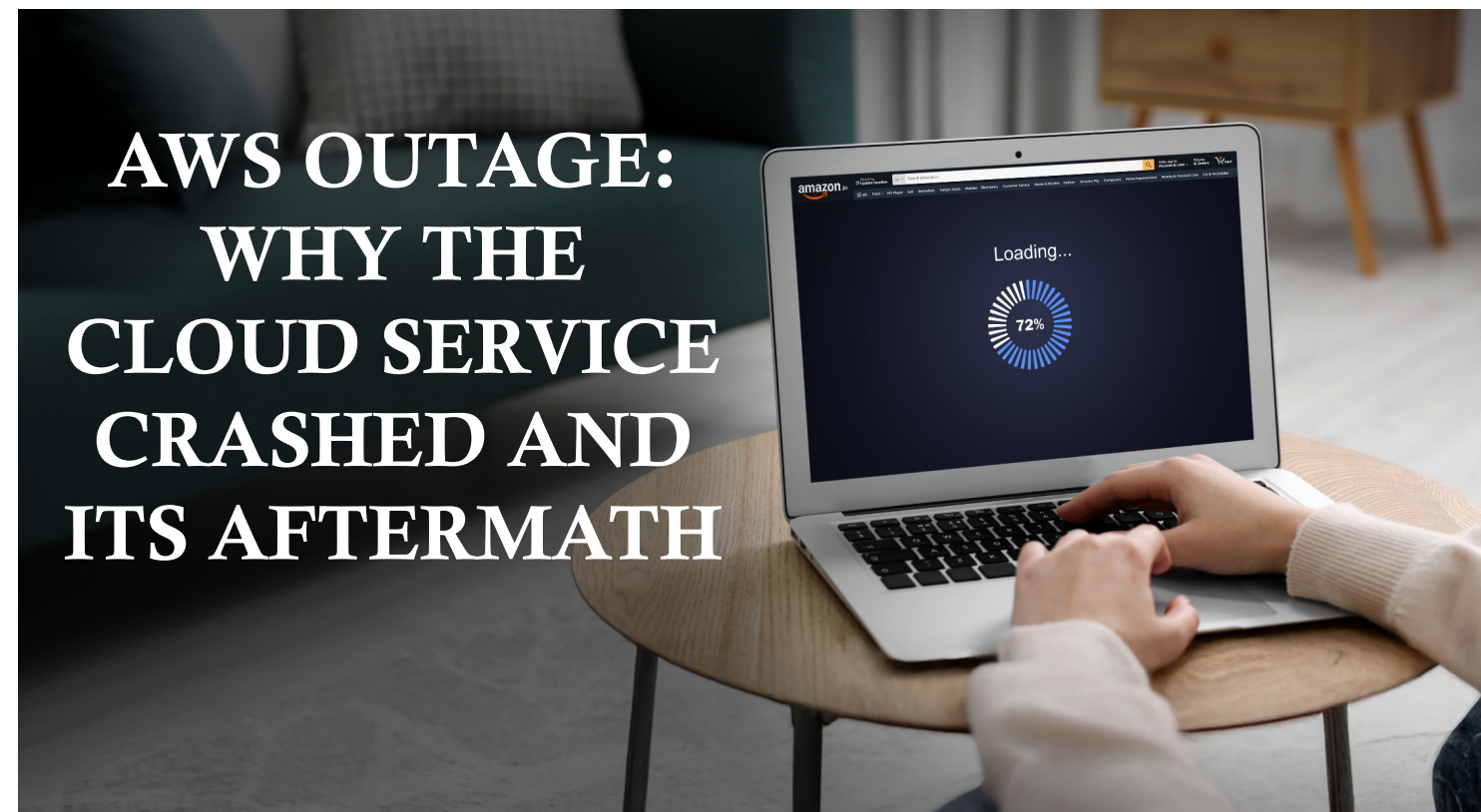
Challenges and Opportunities Ahead

A key challenge for Apple will be the smooth integration of Prompt AI's small, specialised team and nascent technology into its vast corporate structure and product ecosystem. Cultural alignment, retaining talent, and harmonising Apple's existing AI projects with these new assets demand careful navigation. Privacy concerns also loom large, given Prompt AI's technology involves sensitive video data from home security cameras. Apple will need to maintain its rigorous privacy standards and clarify data handling policies to ensure continued consumer trust.

Despite these obstacles, the acquisition presents vast opportunities. Prompt AI's computer vision expertise could accelerate innovations in Apple Intelligence, HomeKit, and Vision Pro interfaces, empowering devices to interpret and respond to visual information more intelligently than before. On-device processing capabilities align tightly with Apple's strategy to reduce reliance on cloud computing, enhancing speed, privacy, and usability. Additionally, the acquisition could broaden Apple's AI talent pool and foster cross-functional research efforts supporting future hardware and software breakthroughs.

Apple's AI strategy for the future suggests a stronger focus on smoothly incorporating AI vision capabilities into user interfaces. Apple is positioned to leverage Prompt AI's intellectual capital to advance smart home and augmented reality technologies, thanks to its history of investing over \$20 billion in AI initiatives and acquiring companies in edge AI domains. Apple's strategy may reshape user expectations regarding privacy, security, and interaction as AI becomes more prevalent in personal and household devices worldwide.

AWS OUTAGE: WHY THE CLOUD SERVICE CRASHED AND ITS AFTERMATH



Amazon Web Services (AWS) resumed smooth operations after an internet outage on Monday resulted in the disruption of the function of many websites like Snapchat, Fortnite and Reddit. These disruptions left scores of people across the globe unable to perform everyday tasks like processing online payments through platforms like Venmo, changing airline tickets, and making Zoom video calls.

AWS offers applications and computer processes globally, and this outage brought its international operations to a standstill for a few hours. Amazon maintained that some AWS services had a backlog of messages and would take slightly longer to be resolved. This is the largest internet disruption since the 2024 CrowdStrike outage, which paralysed the functioning of the healthcare, banking, service and aviation sectors. These internet malfunctions expose the vulnerability of globally interconnected tech systems.

AWS's northern Virginia cluster, known as US-EAST-1, has been identified as the problem cause, and it is the third time in the course of five years that this unit's impairment has caused a major internet breakdown. The problem arose from the Domain Name System (DNS), which prevented applications from locating the right addresses for AWS's DynamoDB API, which is a cloud database which stores user data and other important information.

AWS did not explain why this particular unit keeps crashing. However, the cloud service had said earlier that the reason such outages occur is due to a problem with the underlying subsystem, which monitors the functioning of its network load balancers, which are used to direct traffic across several servers to avoid overcapacity.

The cloud service pinpointed that the main issue emerged from Amazon's Elastic Compute Cloud service, also known as 'EC2 internal network', which equips AWS with the required cloud capacity based on its demand.

Amazon is the world's largest cloud service provider, followed by Microsoft's Azure and Alphabet's Google Cloud. Individuals, companies and governments across the world rely on AWS for computing power, data storage and other digital services. The US-EAST-1 site is the default location for many of AWS's services and has caused such outages in 2020 and 2021.

This outage raised concerns over the lack of better fault tolerance, with software developers and tech experts commenting that developers need backup cloud services and use the tools provided by AWS to protect themselves against such malfunctions at any of its many data centres. Such breakdowns shed light on how integrated global digital systems are and the problem of relying on a small number of global cloud providers.

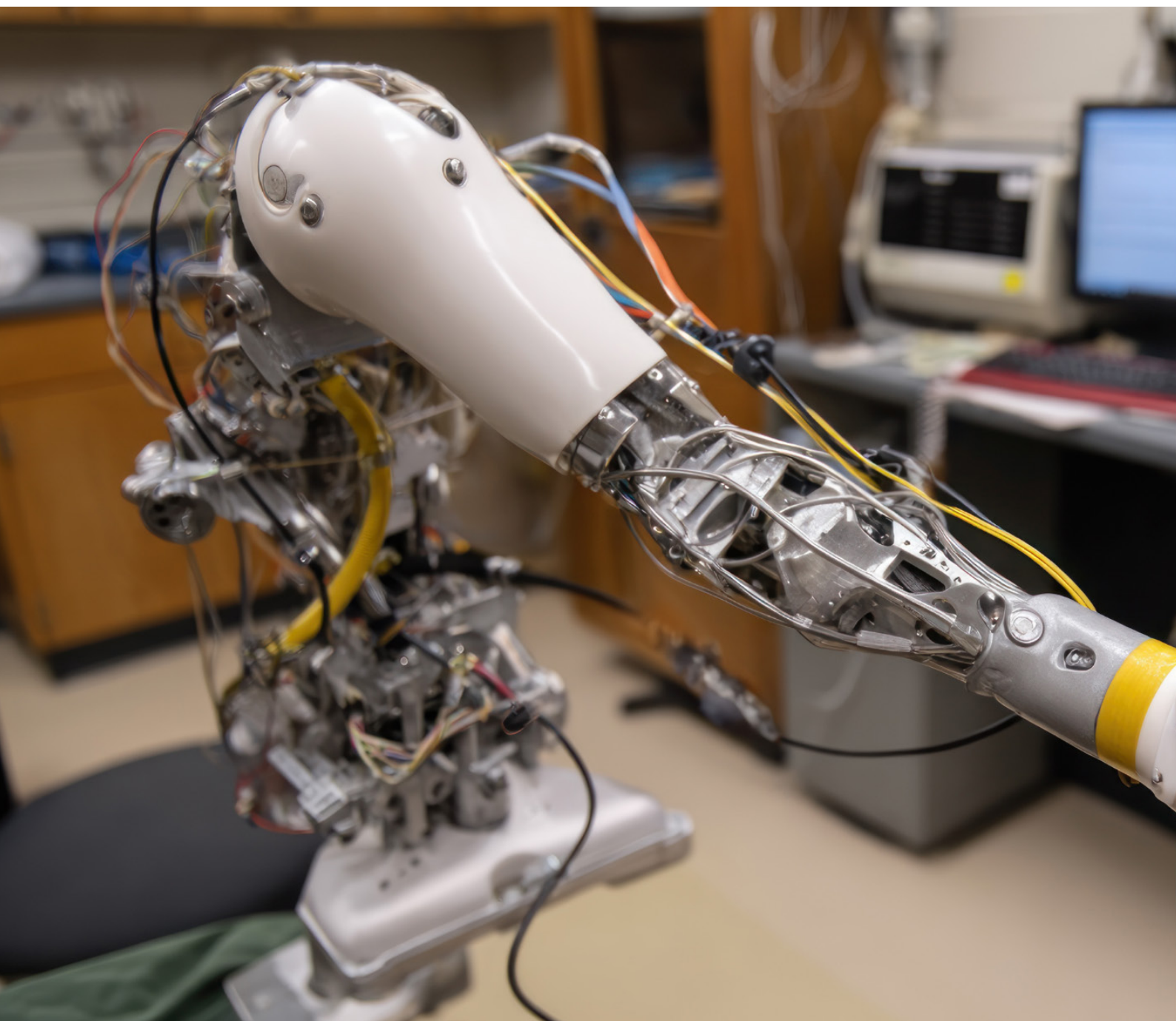
Downdetector-parent company Ookla said that over 4 million users reported issues. British banks like Lloyd Bank, Bank of Scotland and telecom services like Vodafone were also affected by this internet disruption. Social media sites like Reddit, Duolingo and Snapchat were also down due to the outage. Amazon's own shopping website, Prime Video and Alexa were also down due to this crash.

However, what remains surprising is that cryptocurrency exchange Coinbase and trading app Robinhood also suffered from this malfunction, but Wall Street remained largely unaffected by this incident. In fact, Amazon shares were up 1.6% to \$216.48. While these outages typically last a few hours, the aftermath is far worse.

Companies and service providers are left dealing with backlogs like flight delays or cancellations, missed appointments, disruptions in the delivery of orders, etc, which could take days to resolve. While internet breakdowns can last only a few hours, reverting to normalcy usually takes many days.

Therefore, companies must diversify their cloud service reliance. Such outages are not unheard of and are a rather frequent occurrence. The only way companies and other services can prepare for such global internet disruptions is by having cloud backups and by supporting themselves with multiple cloud services.

UAE LAUNCHES FIRST JOINT AI & ROBOTICS RESEARCH LAB WITH NVIDIA



The United Arab Emirates leads the race to become a global artificial intelligence powerhouse. This September, it launched the Middle East's first joint AI and robotics research laboratory in partnership with Nvidia. The TII-NVAITC Joint Lab for AI and Robotics was established through collaboration between Abu Dhabi Technology Innovation Institute and Nvidia AI Technology Centre. This records a game-changing moment in the region's technological evolution and signals the UAE's determination to lead the future of intelligence system development.

The announcement came after Dr Najwa Aaraj, CEO of TII, and Marc Domech, Regional Director for Enterprise in Nvidia's META region, signed the agreement, calling for a major step forward towards building AI-enhanced robotic systems capable of reasoning, adapting, and acting in complex environments.

Strategic Positioning and National Ambitions

The joint laboratory is much more than a bilateral research agreement. It demonstrates the UAE's comprehensive

strategy to become a global AI leader by 2031. Since the announcement of its National Artificial Intelligence Strategy in 2017, the UAE has committed billions of dirhams to advancing AI across critical sectors such as healthcare, education, energy, logistics, and government services.

The UAE targets to have AI contribute 20% of its non-oil GDP by 2031. The domestic AI market is estimated to grow from AED 12.74 billion in 2023 to over AED 170 billion by 2030, registering a CAGR of 44%, quite courageous, per se. The National AI Strategy projects that AI

will add AED 335 billion (\$91 billion) to the Emirati economy, fundamentally reshaping the country's economic landscape.

The TII-Nvidia collaboration aligns with the UAE Vision 2031 framework, which prioritises AI and digital leadership as foundations for national development. The initiative also highlights the UAE's growing role as a global AI and robotics leader, recently highlighted by the US-UAE AI Acceleration Partnership announced during President Donald Trump's visit in May this year.

Technical Capabilities and Research Focus

The joint laboratory will combine Nvidia's accelerated computing platforms and expertise with TII's multidisciplinary research in AI, robotics, autonomous systems, and high-performance computing. Such collaborations build a robust research infrastructure, enabling the advancement beyond the limitations of opinion, control, and language.

A crucial element of this collaboration is access to TII's specialised Nvidia edge GPUs, mainly the fresh Thor chip. Aaraj confirmed that these Thor chips will serve as pivotal building blocks for next-gen robotics, including humanoids, quadrupeds, and robotic arms for transport and logistics. It will provide the excessive computational power required for real-time processing and decision-making in complex situations.

Geopolitical Context and Chip Access

The timing of the TII-NVIDIA partnership aligns with global development in the semiconductor domain. The Trump

administration is in discussion of permitting the UAE to import up to 500,000 advanced Nvidia chips annually through 2027, removing export limits set by the Biden administration.

In 2025, the UAE signed a multibillion-dollar agreement to establish one of the world's largest AI data centre hubs in Abu Dhabi using Nvidia's advanced chips. However, the deal halted midway due to security concerns raised by the US over the UAE's relations with China.

Such developments enable the UAE to compete with global players for AI development. China dominates the substantial supply chain of critical minerals and maintains robust domestic AI capabilities. The UAE is now setting up its distinctive role as a well-capitalised, strategically local hub for AI deployment and application.

Infrastructure and Energy Advantages

The UAE's AI ambitions require substantial infrastructure investments that will establish tangible competitive advantages. The country has invested significant capital to develop energy infrastructure, with a \$53 billion investment package announced in 2023 to increase its renewable energy output by 300% over seven years.

As per PwC's Middle East analysis, the UAE's future electricity generation capacity will exceed its domestic demand. The UAE projected that it will have 22.5 gigawatts of total generation capacity while consuming only 18.3 gigawatts. Such excess capacity leaves energy for energy-hungry AI data centres and research facilities.

In February last year, UAE developer Moro Hub opened the world's largest Tier III 100+ megawatt data centre powered by solar energy in Dubai, demonstrating the country's commitment to sustainable AI infrastructure.

Application Domains and Economic Impact

The joint laboratory's research will target application domains of immediate relevance to the UAE and the border region. In logistics and transportation, AI-powered robotic systems could change the movement of goods via ports

and warehouses, enhancing efficiency in one of the UAE's strategic economic sectors.

In the energy sector, AI-enabled robots would take up inspection and maintenance work in demanding environments like offshore oil platforms, solar parks in desert lands. Assessing the UAE's focus on renewables, robotic systems would prove game-changing in extreme conditions.

Healthcare is another sector where robotic arms have proved their mettle. AI-powered robots in surgery and diagnostics are something people have even started accepting globally. This integration of LLMs with robots will enhance patients' interactions and care support.

Regional and Global Implications

The establishment of Nvidia's first AI Technology Centre in the Middle East has an effect on neighbouring countries as well. The collaboration would yield research, patents, and practical experiments, which would change how robotics and AI develop across the Gulf Cooperation Council and the broader MENA region.

Saudi Arabia, the regional competitor, will closely observe the UAE's development through overseas partnerships to assess the viability of the strategy for its Vision 2030. This dynamic could boost investment and partnerships across the region, building the Gulf into a third pillar of global AI development alongside North America and East Asia.

For Nvidia, the collaboration provides strategic access to a region with investment capacity, ambitious goals, and a government committed to winning the AI adoption race. The model, involving Nvidia's technology and expertise with local institutional capabilities and funding, provides a unique model for other emerging markets to replicate.

The joint laboratory demonstrates how countries' traditional technological power can leverage financial resources, strategic visions, and international partnerships to secure advanced positions in future technologies. The success of this model relies on the capacity to build indigenous innovation prowess and intertwined dependencies on external technology providers.



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