



Government Affairs Alert

A new chapter for UK-Gulf trade and investment

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On 7 December 2016, British Prime Minister Theresa May addressed the 37th Gulf Cooperation Council Summit in Manama, Bahrain. She was the first British Prime Minister, the third Western leader and the first woman to be invited to attend and address such a summit. In Manama, the six members of the GCC and the UK agreed to establish a GCC-UK Strategic Partnership to foster closer cooperation in the fields of politics, defence, security, development and trade.

Prime Minister May said that, as the United Kingdom leaves the European Union, her government was determined that the UK and the Gulf would "build a bold new chapter in our co-operation". The trade and investment relationship between the UK and the Gulf is already significant, with bilateral trade in 2015 worth more than £30 billion.

In terms of key developments in the area of trade and investment, Prime Minister May announced the following in Manama:

- That a new UK-GCC Joint Working Group will be established to examine how to unblock remaining barriers to trade and steps which could be taken to further liberalise the economies of both the Gulf and UK for the benefit of mutual prosperity
- A new agreement with Saudi Arabia has been reached to allow British business travellers to obtain 5-year multiple entry visas for the first time
- The UK will host an event on Gulf national transformation, economic diversification and public private-partnerships at Mansion House in March 2017. This event will bring together UK ministers, the Lord Mayor of London, senior business representatives from the City of London and delegates from the Gulf
- The UK Government would appoint a new Cyber Industry Representative based in the region who will be responsible for building links between the cyber sectors in the UK and the Gulf
- The UK will be one of the 180 nations taking part in Dubai's Expo 2020, which expects to welcome some 25 million visitors.

Since the referendum was held in the UK on membership of the European Union on 23 June 2016, a number of Cabinet members and other senior ministers have travelled to the Gulf. Boris Johnson, delivering the keynote speech to the International Institute for Strategic Studies' Manama Dialogue on 9 December 2016, emphasised that exiting the European Union will allow the UK to negotiate new free trade agreements with its partners in the Gulf. Whilst there is currently significant uncertainty as to whether the UK will in fact be able to enter free trade agreements with third countries after Brexit, the number of ministerial visits to the region since the referendum on 23 June 2016 suggests that the countries of the Gulf would be close to the top of any priority list.

Whatever the consequences of Brexit are for the structure of the UK's future trade and investment relationship with the Gulf, it is clear that there is a shared desire and the scope for significant growth in bilateral trade in goods and services. Gulf states all recognise the need to develop their non-oil economies, by building capacity in sectors including advanced manufacturing, tourism and hospitality and financial services. The accelerated diversification of economies across the Gulf represents a significant opportunity for those companies seeking to enter those markets for the first time or who wish to grow their presence. British exporters will also benefit from the increased efforts by Gulf governments to improve the ease of doing business in and with the region, for example by simplifying customs procedures at ports and by introducing greater regulatory harmonisation across the six GCC states.

The UK Foreign Office has identified £30 billion worth of opportunities for British business in the region over the next five years across 15 key target sectors. With offices in all 6 GCC countries and locally and internationally qualified multi-lingual lawyers and government affairs specialists, DLA Piper is well placed to provide strategic government affairs support, relationship building and local legal expertise to any British company considering how to capitalise upon these growing opportunities in the Gulf. Services that DLA Piper offers its clients in the region include producing bespoke horizon-scanning and commercial impact assessments of legislative, regulatory and political developments on their operations, providing strategic advice with respect to engaging key decision-makers and public and private-sector stakeholders, and building long-term regulatory compliance strategies including relationship-building with relevant government authorities.

For further details, please contact the authors.