Unlike other cities, the Abu Dhabi hotel market has experienced important changes

Briefs

Fortis to open regional HQ in Dubai

DUBAI — Swiss premium watchmakers Fortis, renowned for its professional association with the aviation and space industry, announced the opening of its regional headquarters in Dubai by the end of this year to strengthen the brand's presence across GCC.

In a statement, Fortis, the only watchmaker at the Dubai Airshow, said opening its new office at the Dubai Gold and Diamond Park in December will be a reflection of its commitment to the brand's loyal following in the region as well as the solid growth potential of the market in the premium watch segment.

Commemorating the Dubai Airshow this year, Fortis also unveiled 50 pieces of a limited edition watch, as part of the brand's strategic plan to associate itself more closely with premium regional events that will take Fortis more closer to the Middle East market. — *abdulbasit@khaleejtimes.com*

Oman Air buys Rolls-Royce Trent engines

MUSCAT — National carrier Oman Air on Saturday said that it has ordered Rolls-Royce Trent 1000 engines to power the these six Boeing 787 Dreamliner aircraft it ordered during the Dubai Airshow.

The airline is the first in the Middle East to select the Rolls-Royce Trent 1000 engine, which last month powered the first 787 Dreamliner into service.

"We look forward to further strengthening our relationship with Rolls-Royce through the selection of Trent technology, for next generation aircraft, that offers both efficiency and environmental advantages," CEO Peter Hill said.

"In line with our expansion plan, which saw us receiving the first two Embraer E175 aircraft this year, we have now confirmed our order for the next phase of our fleet strategy," he added.

Oman Air currently operates seven Trent 700-powered Airbus A330 aircraft supported by a TotalCare long term service agreement. Its Boeing 787 Dreamliners are scheduled to go into service in 2015. — *ravindranath@khaleejtimes.com*

Egypt may seek $3 billion IMF loan

DUBAI — The Egyptian government may ask the International Monetary Fund, or IMF, for the $3 billion loan it rejected this year after domestic borrowing costs soared, Deputy Prime Minister Hazem El Beblawi said.

"The government has discussed the issue and there is an agreement in principle," Cairo-based El Beblawi, who is also the finance minister, said in a telephone interview on Friday. "We are considering the right time." Egypt's ruling military council, which turned down the previous loan agreement, will not object to the government's decision, he said.

Dwindling international reserves and foreign investment after the revolt that toppled President Hosni Mubarak have forced the government to pay the highest borrowing costs in three years. The yield on Egypt's one-year Treasury bills jumped 65 basis points, or 0.65 percentage point, on Thursday to 14.725 per cent, seven basis points less than a peak in September 2008 at the height of the global financial crisis. — *Bloomberg*

INTERVIEW

UAE insurance sector value set to hit Dh22b

Takaful to contribute 10% to industry in 2011

A Correspondent

DUBAI — The total size of the UAE insurance sector is forecast to grow to Dh22 billion in 2011 from Dh20 billion in 2010, with Takaful contributing Dh2 billion or 10 per cent to the industry, according to one of the most influential figures in the UAE insurance sector.

"The insurance sector has had a sustained growth of 10 to 15 percent and Takaful market is also growing because the demand is there," Husein Mohammad Al Meeza, managing director of Dubai Islamic Insurance and Reinsurance Company, or Aman, told *Khaleej Times* in an interview.

"Aman was the second company to offer Islamic insurance in 2002. Today, there are eight providers. This is not a small number and it is still growing," Al Meeza said.

"Actually, the insurance culture is growing in both Takaful and conventional areas," he added.

Al Meeza explained that Islamic insurance, or Takaful, is a cooperative system of support whereby a number of individuals share the risk of potential loss to any one of them. In the event of such loss occurring, the participants defray the cost incurred to that individual from the payments made by each of them and from the profits of investing those payments so that the net excess of these amounts is distributed amongst them.

He said that Islamic insurance aims to support social solidarity, help protect the community from the negative impact of adverse circumstances, improve quality of life through the peace of mind that comes from security, and save and invest money through a shared system that distributes profit on premiums invested by policy holders on an annual basis.

Al Meeza said that today, medical insurance is a requirement for a visa in Abu Dhabi, and a proposal is being considered at the federal level to make medical insurance compulsory for all in the country within a year or so. He said that while the insurance sector has grown, insurance companies and health providers have also improved their facilities. "This is because the culture for medical insurance has changed."

"There are approximately 60 insurance companies in the insurance sector in the UAE, and, therefore, the competition is tough which is forcing some companies to offer extremely low rates for motor insurance," Al Meeza said.

The sector is regulated by the Emirates Insurance Authority.

Aman was established in 2002 as a promising national public shareholders company announcing the beginning of a new era in Islamic insurance in the UAE. The company aims to offer a comprehensive system of outstanding Islamic insurance services that support the stability and security of our communities.

As a national Islamic company, Aman investment and insurance activities are conducted in accordance with Shariah guidelines under the supervision of the Fatwa and Shariah Supervisory Board whose members are specialists in Islamic economic and Shariah transactions. "Aman is consistently looking for ways to improve its presence across various sectors, and diversifying its product portfolio. We are constantly revamping our products and offerings to ensure we can predict and cater to customer needs," Al Meeza said.

Al Meeza's approach of combining Islamic values with innovative, attractive products has become the key touchstone for industry success in 2011. He started his banking career in 1975 at Dubai Islamic Bank, the world's first fully-fledged Islamic bank. — *business@khaleejtimes.com*

Husein Mohammad Al Meeza

> We are constantly revamping our products and offerings to ensure we can predict and cater to customer needs

Abu Dhabi hotel occupancy boosted by Formula 1 racing event

Capital could see a further 90% growth in its hotel offerings

Issac John

DUBAI — Hotel occupancy level in Abu Dhabi following the Formula 1 Grand Prix that took place from November 11 to 13 was up compared to 2010, but remained lower than the first race weekend in 2009, according to STR Global.

"Historically, hotel performance in cities hosting a Grand Prix experience a strong pick up in hotel occupancy starting the nights preceding the qualification tours and continuously growing until Saturday night. Unlike other cities, the Abu Dhabi hotel market has experienced important changes, particularly with additional new hotel supply closer to the race track on Yas Island, since the initial race in 2009. As a result, average daily rate is tracking lower than previous race weekends in 2009 and 2010," STR Global, a provider of market data to the world's hotel industry, said.

Abu Dhabi hotel occupancy achieved a low 84.9 per cent on Friday night compared to 92 per cent during the first race in 2009. However, both Saturday and Sunday nights achieved a strong recovery with occupancy levels reaching 94.3 and 92 per cent, respectively, it said.

Spectators at the recent Abu Dhabi Grand Prix at Yas Marina have helped the emirate's hotel sector top its 2010 figures. — *AFP*

STR Global attributed the lower 2011 performance to the addition of new hotel supply closer to the race track on Yas Island since the initial race in 2009.

In September, STR Global said Abu Dhabi could see a further 90 per cent growth in its hotel offerings if all the rooms currently in its construction pipeline are built.

Hotel room growth in the UAE capital would rise by 90.3 per cent if all 13,534 rooms are built, STR Global said.

This also resulted in lower average daily rates, or ADR, than achieved over previous race weekends, said the company. Hotels recorded ADR of Dh1605.22 on the Friday night before reaching Dh1754.14 on Saturday.

"Since the introduction of the Grand Prix in Abu Dhabi in 2009, the census data from STR Global, tracking the city-wide hotel inventory, has indicated that hotel supply grew by 16 per cent to 15,115 daily rooms," said Konstanze Auernheimer, director of marketing and analysis. "With additional hotels expected to enter the market in the near future, it will likely remain a competitive market environment for hoteliers. However, the Grand Prix provides a unique exposure of the Emirate to a global audience and hoteliers should see long-term benefits from the attention given to the Formula One race."

According to data published by STR Global, as many as 119 hotels are predicted to be built in the Middle East/Africa region this year.

Year-to-September, 50 hotels have opened in the region supplying a further 9,663 rooms with another 69 hotels (15,420 rooms) in the pipeline for completion before the end of 2011, STR Global said.

During 2012, 131 hotels are planned to open with 36,205 rooms, causing both rate and occupancy to slow down.

In its latest Construction Pipeline Report, the industry experts said the region has 481 hotels totalling 130,479 rooms.

"The room growth in the region still continues, as 4,390 rooms have been added to the total active pipeline since August," said Elizabeth Randall, managing director of STR Global.

"With 36,205 rooms in the region's pipeline for 2012 and 29,260 rooms planned for 2013, it is clear the Middle East/Africa region still an attractive region for development," she added. — *issacjohn@khaleejtimes.com*

Etihad unveils partnership with Australia Gulf Council

Staff Report

ABU DHABI — Etihad Airways, the national airline of the UAE, has signed up as principal corporate partner of the not-for-profit Australia Gulf Council, or AGC.

The two organisations announced the new partnership at the AGC Inaugural Annual Dinner held at Parliament House in Canberra.

AGC chief executive Michael Yabsley made the announcement before 65 VIP guests who included special guest of honour, Minister for Trade Dr Craig Emerson; Deputy Leader of the Opposition and Shadow Minister for Foreign Affairs and Trade Julie Bishop; Parliamentary Secretary for Trade Justine Elliot; and former Australian Ambassador and Permanent Representative to the United Nations and former Minister for Defence Robert Hill.

Etihad chief executive officer James Hogan said: "As the national airline of the UAE, we take seriously our responsibility for fostering closer relations between Australia and the UAE."

"The establishment of a formal partnership with the Australia Gulf Council is a significant milestone in achieving this goal.

"We hope it will herald a new and exciting era of collaboration and increase opportunities for deeper diplomatic, business and cultural exchange."

"The AGC Etihad Corporate Partnership is a great outcome and we look forward to seeing it develop in a way that will add real value for both Etihad Airways and the AGC," Yabsley said. — *business@khaleejtimes.com*

Etihad wants to foster closer relations with Australia. — *KT file photo*

Non-oil input to Abu Dhabi GDP growing

Haseeb Haider

ABU DHABI — Abu Dhabi's oil-dependent economy is diversifying fast as the share of its non-oil sector has grown for the second year in a row.

In 2010, oil contribution to gross domestic product, or GDP, was 49.7 per cent as the emirate is on the right track towards achieving sustainable development, said Nasser Ahmed Al Suwaidi, chairman of the Abu Dhabi Department of Economic Development.

He said Abu Dhabi has come a long way in diversifying the economic base in a manner consistent with the goals of "Vision 2030".

In his introduction to the annual Economic Report of the Emirate of Abu Dhabi 2011, which was prepared by the Studies Directorate of the department, Al Suwaidi noted that the commitment of the Abu Dhabi government to continue spending on infrastructure and other development projects has led to the revival of the domestic economy.

Al Suwaidi said that although government spending is still considered as the main engine of economic growth in Abu Dhabi, the emirate looks forward to strengthen its partnership with the private sector, to increase the role and contribution of the sector in achieving the strategic objectives of the emirate, through the adoption of sound action plans and economic strategies, to bring about promising opportunities in all areas.

Based on this perspective, Al Suwaidi confirmed the determination of the Department to promote transparency, through provision of aiding tools, to spur development efforts in various areas, especially in these critical circumstances facing the global economy, where all countries seek to rebuild the confidence weakened by the global crunch.

Mohamed Omar Abdullah, undersecretary of the Department of Economic Development, said that Abu Dhabi GDP at current prices underwent remarkable growth of 15.9 per cent in 2010 to Dh620 billion, against Dh535 billion in 2009, which confirms that the domestic economy has surpassed the percussions of the global crisis that haunted the global economy since 2008.

Abdullah confirmed that all non-oil economic activities achieved positive growth during 2010 — especially manufacturing activity, which grew by 10.8 per cent — after witnessing a decline of 22 per cent in 2009.

Abdullah further said the economic report reflects a clear picture of the emirate's economy. — *haseeb@khaleejtimes.com*

Dh620 BILLION was gross domestic production of Abu Dhabi in 2010 at current prices