



# Middle East Mediterranean

*An ELIAMEP Report*

January-March

2015

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**Fish-farming  
and frozen fish**  
MEM

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**Agro-technical  
products**  
MEM

**Focus on  
Greek-Arab  
Economic  
Relations**

*An interview with*

*Avgoustis  
Polemis,  
CEO of the Drakos-  
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*Monitoring  
the Middle East*

## **Greek entrepreneurship in the Arab world**

Basic Chemicals and Raw  
Chemical Material

**Evangelos Venetis**

Pharmaceutical companies

**Eleftherios Mastrotheodoros**

# Middle East Mediterranean

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**Middle East Mediterranean (MEM)** is an unbiased bimonthly report of the *ELIAMEP Middle East Research Project*, focusing largely on geopolitical and economic developments, debates as well as policies, affecting the future of the Middle East. Having a global outlook MEM hosts analyses, commentaries, interviews and news, conducting research in the fields of politics, economics and culture in the Middle East and adjacent areas, such as the Eastern Mediterranean.

NOTICE: The views expressed in the articles of the *Middle East Mediterranean* do not reflect the point of view of the Hellenic Institute for European and Foreign Policy and the Editorial Team.

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## Editor's Note

Given the current regional economic and geopolitical challenges, the relationship between Greece and the Arab world must be based on the spirit of building greater economic and business confidence.

There are many investment opportunities presented in Greece in a wide range of sectors, such as tourism, the agricultural-food sector, health services, the shipbuilding sector, renewable energy, new technologies, etc. In this context, the Greek state must strengthen the institutional framework of bilateral economic relations and ensure investors through bilateral Double Taxation and Mutual Protection of Investments.

The Greek investments and activities in the Arab world are significant and growing, particularly in the construction and major infrastructure projects which have been assigned to them in various countries, precisely because they have won the recognition of the quality of their expertise and their business consistency. For their part, investors and entrepreneurs from Arab countries have the opportunity to invest in Greece, where the Greek state stand helper in business and investment plans.

The volume of economic cooperation between Greece and the Arab markets involves imports and exports of a wide variety of products. The majority of importing products to Greece is mostly related to energy whilst Greek exports consist mostly of industrial products related to construction, medicine, food and chemical products. Greece has a developed model for exports. Industrial products form the core of Greek production. Also products of the primary sector have their own major share in the same process.

The current issue of the *Middle East Mediterranean* focuses on four sectors of economy (Basic Chemicals and Raw Chemical Material, Pharmaceutical companies, Fish-farming and frozen fish, Agro-technical products) that Greek entrepreneurship knows well and can perform successfully in the Middle East and North Africa with fruitful results on a mutual basis.

*MEM*

## *Analyses*

### Basic chemicals and raw chemical material: Envisaging Greek exports

Dr. Evangelos Venetis  
*Head of the Middle East Research Project –  
Hellenic Foundation for European and Foreign Policy - ELIAMEP*

*The combination of experience and knowledge of Greek businesses in the markets of the Eastern Mediterranean and the Middle East boosts positive prospects for strengthening export activity.*

Competition in the global chemical market is quite fierce. The European chemicals industry still holds a considerable share internationally. The total EU chemical sales have almost doubled in the last 20 years the share but the total of global sales has declined.

The Greek market of basic chemicals and raw chemical material could be promising concerning the prospect of exports to certain Arab markets. Due to the nature of the products, market trends influenced by the course of the domestic economy. In some areas where the products are directly dependent on oil prices, such fluctuations are

observed in the total annual sales of companies.

The total turnover (sales value in Greece and abroad) is representative of several companies in the sector varies over the years. In particular, total sales of these companies decreased by 4% in 2012, after two years (2010-2011) of continuous growth at an annual rate of 7%. The reduction in total sales continued in 2013 with a rate of 6%.

Regarding the market structure in its main sectors of application of chemical noted that significant percentage of the sales to chemical products for the plastics industry, chemicals used in paint and

varnish industry and chemically versatile.

The Greek market has certain potentials, opportunities, weaknesses and disadvantages, each one of which must be taken into consideration in the process of developing the field and making competitive abroad. Regarding the advantages, it must be noted that there is a highly skilled technical and scientific Greek personnel available to Greek companies. Additionally the combination of experience and knowledge of Greek businesses in the markets of the Eastern Mediterranean and the Balkans portends positive prospects for strengthening export activity.

Concerning the opportunities, there is an expansion of exports in the Balkans and the countries of the Eastern Mediterranean due to geographical proximity. Another factor is the development of environmentally friendly products and humans, and products that contribute to energy savings. Moreover strengthening the brand name of domestic enterprises, technical after-sales service and

consistency across traditions, can contribute to building trust towards domestically produced products industry against competition from lower-cost products from third countries.

Regarding the weaknesses, there is intense volatility in the prices of chemical raw materials are determined by the international market. Furthermore, it is striking the fact of the incomplete use of chemical recycling technologies and lack of information industry for recyclable or environmentally friendly products. Additionally, there is a lack of adequate and organized infrastructure (e.g. storage areas for receipt and storage of bulk liquid products near harbors). The picture of weaknesses is completed by the incomplete implementation by certain enterprises, the existing legislation leading sometimes to degradation of quality of products.

In every field there is a threat of combined parameters that could jeopardize enterprise. These include the economic situation of the country and its consequences (decline in construction activity, etc.); the

liquidity problems in the sector client companies and their financing bank difficulty; the direct import of chemical raw materials from large industrial clients in the industry; and the import of cheap chemicals from third countries, without meeting the EU standards.

As a whole, Greek companies in the field have the potential to orient their strategy toward the markets of the Middle East and North Africa. Such a strategy presupposes the inner planning of the company and the state supportive economic environment in the respective country.

## Greek Pharmaceutical companies in Arab markets

Eleftherios Mastrotheodoros, MA

*The Social Media Project*

*ELIAMEP, Yeniköy Virgin Mary Greek Orthodox Church and School*

*The development and expansion of Greek export activity is promising given that in the Greek drug market already operates a large number of companies with experience and dynamic. Although the examined industry consists of mainly introductory enterprises, the contribution of Greek pharmaceutical industry is constantly expanding in recent years.*

Total drug sales worldwide was estimated at 994 billion. USD. about 2013, from 962 billion. USD. 2012. Most of this is covered in the US market (34%), after Europe (15% in Germany, UK, France, Spain and Italy.), China (12%) and Japan (8%). The market for generic drugs has significantly enhanced in recent years as a result of the expiry of patents on many of the available original drugs. This market reached 268 billion. USD. In 2013 there was a 27% participation of the total pharmaceutical market and in 2016 it is expected to reach 340 billion. USD (36% estimated contribution of the total pharmaceutical market).

In Greek drug market large number of companies with experience and dynamism already operates. Although the examined

industry consists of mainly introductory enterprises, the contribution of Greek pharmaceutical industry is constantly expanding in recent years. During 2002-2010 produced domestic drugs grew by 10.5% but the fall in 2011-2 was 13%. The Greek pharmaceutical industry quickly adapted to the new conditions of the domestic market (growing demand for generics exports etc.) resulting in 2013 such value produced drugs to increase significantly, by 12.5%.

Regarding the advantages, there is a need to stress out that there are certain boosting factors, including the very nature of the products, where the product is irreplaceable good with increasing demand. Also the international pharmaceutical industry includes

powerful business groups and groups that systematically invest in research and development of new products. Additionally, along with the increasing aging of the country indicators, there is a developed and well-established distribution channels (wholesalers) with broad geographic coverage.

As far as the opportunities is concerned, there is a biotechnology development and promotion of new pharmaceutical preparations, the development and expansion of export activity, a spark expanding penetration of generic drugs domestically market in the coming years, along with the extend the list of OTC and release of their sales channels.

As for the weaknesses, the controlled profit, as the existence of statutory fixed price restricts the development of the pharmaceutical business is an obstacle. Major delays and accumulated debts in terms of public sector (hospitals, pension funds etc.) deteriorate the situation. Frequent changes in legislation and

delay in taking decisions or the approval of new drugs add to the existing deficiencies of the market, along with the high administrative costs/fees.

With regard to the threats of this business, there is a prolonged economic recession resulting in a drastic cut in health spending. There is also revision of drug prices with impact on availability and revenue of the undertakings concerned. One should point out to the lack of liquidity in the market and increase in bad debts. The accumulated debts of hospitals and insurance funds pose a challenge along with the imposing high discounts / scalable contributions (rebate /clawback) in enterprises.

Taking into account the pros and cons of this business, there are prospects for cooperation between the Greek enterprises and the Arab markets in the form of Greek exports and Arab investments in Greece, especially at a time of severe lack of liquidity.

## Comments

### Promoting fish-farming products to the Middle East

#### MEM

*Greece is a major producer and exporter in the sector of fish-farming at a global scale. The prospects of boosting cooperation with the Arab markets can become more than promising once the Greek companies decide to become active in the region.*

The branch of fish-farming is strongly export oriented in export quantities, covering 70% of total global production volume in recent years. The total volume of sea bream and sea bass exports remained at the same level in 2013 compared to 2012, but a decrease in the total value of exports by 7%. The majority of the exports concerns bream (60% in 2013). Italy remains the main country of destination, receiving 47.8% of total export volumes and 46.3% in 2013.

The total production of farmed fish in Europe continuously increased during the period 2008-2012m average annual rate of 6.2%. In 2013 a slight decrease of 2% of production compared to 2012. The

Atlantic salmon over time covers 60% of world production with Norway being the major producing country. The total production of sea bream in Europe amounted to 151.8 tons. Tons in 2013 increased by 9.7% compared to 2012. Greece accounted for 49.4% of production in 2013, followed by Turkey with 27.5 and Spain with 11.1%. The total sea bass production in Europe stood at 128.1 tons in 2013 with a decrease of 5% over 2012. Turkey and Greece accounted for 40.3 and 37.5% of total production in 2013.

The advantages of this promising enterprise include various parameters. The climatic conditions of Greece and its morphology (long coastline, numerous islands etc.)

favor the development of aquaculture. The geographical position of the country is charismatic because it is closer to the countries of Western Europe than Turkey, involving less delivery time of products etc. The Greek fish farming business has a leading profile in the European market-bream and sea bass. Striking is the gradual decline of fish stocks free fishing and the rise in the share of fish products throughout the global fish market. In general the strongly export-oriented industry re-affirmed the promising prospects of success in the Middle East and North Africa.

As a result the opportunities are multiple. They include the further expansion into new countries (Russia, Canada, USA, Middle East) and the increase in demand for fresh fish on traditional destination markets (Italy, France etc.). The creation and development of research for the cultivation of new species (red porgy, snow, Sharp Snout bream) along with the increasing the added value of products through processing, e.g. fish fillets, organic fish etc. offer

more investment opportunities for the Greek business and their regional investors. Less but not least there is a long-term trend of increasing consumption of fresh fish in Europe and MENA markets.

Along with the advantages and the opportunities, there are also weak points related to the promotion of this business. These include the long life cycle of saw, which requires high working capital needs combined with their limited lifespan (sold as fresh meat.); the low diversification of aquaculture products consistently increased elasticity to the selling price and the strong competition from substitute products, e.g. and frozen wild caught fish; spatial problems of production units due to vagueness/lack of adequate planning; the sharp fluctuations in selling prices of products.

As for the threats of this type of investment, they are related with the economic situation of Greece which contributes to the deterioration of business liquidity. Additionally the lack of working capital pushes companies to have lighter products and thus lower sale

price with a negative impact on the profit margin. The competitive position of Turkey makes things more demanding for Greek enterprises. An increase of the cost of raw materials for fish adds to these difficulties along with the threats associated with the environment (wastewater, stricter of Environmental legislation etc).

Given the aforementioned information, it is apparent that Greece is a major producer and exporter in the sector of fish-farming at a global scale. The prospects of boosting cooperation with the MENA markets can become more than promising once the Greek companies decide to become active in the region. Certain issues regarding

taxation, competition and promotion can be overcome with good planning and adequate activity in the field of promotion.

## Promoting Greek agricultural equipment to North Africa

### *MEM*

*The opportunities in this sector involve the development of innovation and creation of new products, the export growth and penetration into new countries and the development of new agricultural crops.*

The sector of Greek agricultural supplies (fertilizers, pesticides, seeds) contains a significant number of companies, many not dealing with a wide variety of products. Fertilizer sales in value show fluctuations in recent years. The total turnover of the company increased by 12% in 2013 while in 2012 was down by 4%. The domestic production of fertilizers has covered more than 60% of total sales in recent years.

In the field of agricultural propagating material (seeds) few firms engaged purely, with this activity. Usually companies that import, or produce seeds market and pesticides, or fertilizers which are supplied from the domestic market and abroad. Total sales decreased in 2012 compared to 2011 while in 2013 there is a positive change.

According to the International Fertilizer Industry Association, the market began to recover after the decline in global consumption due to the crisis of 2008-9 with 2013-4 estimate of world consumption is estimated to be 184.0 m. tones of nutrient, increase 3% compared to the previous period. Nitrogen fertilizers account for 61% in recent years followed by phosphorus 23% and potassium by 16%.

Based on data of the International Seed Federation, the total value of the seed market of 20 largest markets worldwide is estimated at 40.6 billion. 2012. The first country by size is the USA (12 billions in 2012), followed by China (9.9 billions) and France (2.8 billions).

The benefits of this type of investment deal with the involvement of large and organized enterprises with acclaimed products and extensive sales network. Also the population growth internationally and expanded nutritional needs favor the demand of the tested products while there is no serious risk of substitute products.

Similarly the opportunities involve the development of innovation and creation of new products, the export growth and penetration into new countries and the development of new agricultural crops.

On the other hand, the weak points of such an investment are the increasing competition from abroad whereby imported but low price agrochemicals without meeting the required specifications; the negative

impacts of the use of agrochemicals on the environment and the volatile prices of chemical raw materials for fertilizers.

Moreover the threats of this enterprise include the difficulty of access to bank financing and lack of liquidity characterizing the market with a consequent increase in bad debts; the chronic structural problems of the agricultural sector in Greece; the reduced purchasing power of farmers; and the expansion of organic farming.

The above details suggest that the field is promising for Greek enterprises in North Africa and the Middle East where there are opportunities for successful competition regardless the currently stronger position of other countries in these markets.



## Focus on Greek business in the Middle East

A few years ago, when Greece entered the debt crisis tunnel, the need for economic extroversion of Greek companies was particularly highlighted. At the time few people hoped that Greek productivity which had hit low record levels could improve rapidly and alter its orientation to seek clients abroad. Pessimism at the time was justified by the bleak image of the Greek economy and mainly the mentality of the majority of Greek businessmen who, until then, had been used to look inwards, in the Greek market, and to neglect exports. Yet the optimism of those who supported vividly the idea of extroversion seems to have bore fruits. Nowadays more and more Greek companies become active in promoting their image abroad, boosting their production and export activity in Asian and North African markets, Latin America, the Caucasus and Central Asia, South Asia and China.

In this context, Mr. Avgoustis Polemis, Owner and CEO of the Drakos Polemis Pumps SA highlights in his interview major points related to his successful business experience with some of the MENA markets.

**Q1:** *Your company is one of the oldest companies in post-war Greece and pioneer in the production of pumps in Greece with a long record of cooperation with the Middle East and the rest of world. Could you give us a brief outline of the past of your company?*

**A1:** DPPUMPS, since its early stage 60 years ago, specialized in the design and manufacture of pumps and pump systems, used in large infrastructure projects of irrigation, drainage and flood controls, water supply, sewage, industry and energy,

marine and shipyards. In the post war these mainly government projects, were used as locomotives to boost and propel the subsequent growth of the Greek economy. Our activity resulted to the substitution of imports, completely dominating that time the field of machinery equipment in Greece. In the ensuing period and especially after the decade of '70 we have launched our export activities.

**Q2:** *How did you manage to cope with the economic crisis in Greece in the past six years?*

**A2.** By trading off between our presence in the collapsing domestic market and the boost of our export business, we also downsized our organization by focusing on our core business. We concentrated and allocated our resources on the sectors that we were stronger and have comparative advantages. We aborted non-core activities and shut down plants, where we produced products not falling within our immediate priorities. This allowed us to pivot on our core business with the whole of our human, organizational and financial resources, which helped us to overcome the crisis in relatively short time and look at the future with more optimism.

**Q3:** *What is your experience in doing business with the Middle East and other regions?*

**A3:** Every part of the world requires us to employ a different approach and skills. Especially in Middle East

and Asia Pacific, interpersonal relations count a lot, which is not so much the case in Europe. Long lasting relationships and trust is cornerstone in being successful in these countries.

**Q4:** *What are your plans for further expansion in neighboring or other countries?*

**A4:** The turmoil and unrest during the last years in most part of the Middle East and also the economic recession that Europe has been going through, impacted our priorities for future expansion. It has resulted to shift our interest to the Asia Pacific countries, where political and economic environment is rather stable and growth rates are significantly higher than in Europe for instance.

**Q5:** *As an experienced businessman, what is your vision for further growth in the ties of your company with the Middle East?*

**A5:** In the past we used to have good presence in countries like Egypt and Iraq, where we have sold and installed several thousands of pumps. In our days however this is

not the case anymore, mainly because of the political turbulences in these countries impacting also their economic stability. At the moment we are targeting at countries like Saudi Arabia, Kuwait, Oman, UAE, aiming at establishing ties with local authorities, contactors, investors and consultants. We are expecting also to see how things are developing in Syria, where we have done groundwork and have executed several orders in the past. The same time we start looking at Egypt again. Our main focus now is on pump systems used for Power plants, in cooperation with international EPC (Engineering Procurement Contractors) companies.

**Q6:** *What is your business model and the culture you have developed in the past sic decades since your establishment?*

**A6:** We believe in achieving organizational excellence with our human capital being strategic partner in organizational development, by nurturing their capabilities to the fullest potential and to accomplish organizational

goals. We are committed to Organizational excellence by continual benchmarking and adopting best practices, such as attracting, nurturing and retaining talents for organizational effectiveness; creating an ambience for enhancing creativity, learning and team work; creating value based organization; adopting ethical work practices; creating a culture of fairness, trust equal opportunities and individual dignity.

**Q7:** *As a second generation in your business, what is the tradition of your family business?*

**A7:** In the world of famous international brands DPPUMPS has cultivated the image of purity by remaining true to its roots, eschewing the mass production and outsourcing, that many rivals have employed to improve profitability. We have adopted a strategy of ultimate quality, the value strategy as opposed to the volume strategy. We have never been tempted by mass-market techniques because it is not part of our culture. Flexibility is our company's comparative advantage

that turned out to be a tradition. By studying the problems, comparing various hydraulic parameters, and discussing with the customer, DP uses modern engineering technology and with its highly expected craftsmanship offers high quality solutions and products which throughout the years have received value recognition. As the member of the family keeping at the moment the steering wheel of the company my job is to do my best to prolong and develop the company's strong heritage, counting already 60 years of history and having the third-generation playing an active role within its organization.

**Q8:** *Having in mind the unstable geopolitical environment in the Middle East, are Greek companies active in investing in the region? If so, what are their main areas of interest?*

**A8:** From the business falling in the area of my own interest, the Greek contractors are active in the various Middle East countries. They mostly deal and invest in infrastructure

projects of building Energy, Environment and others.

**Q9:** *What would you advise the prospective Greek companies wishing to invest in the Middle East?*

**A9:** Personal relations in the Middle East as well as in Asia count a lot. It is therefore important to try and find the right partner in each country. People that there is good chemistry between you two and the ones you can trust. You should not forget that since you cannot be present yourself in the market, he is the one that represents you and the one that you are reliant on for your success. I believe that more important than the size of the market itself is the quality of your potential partner. You can do more business in a small market with the right person than in a bigger with one who is not. Mismatch between the two partners in terms of their organizational size is not usually a recipe for success. On the opposite, it is good that you both grow up successful together by sharing same goals and values. 🍷

## Monitoring the Middle East

### *General News*

#### **Afghanistan**

##### **US alters its plan over Afghanistan withdrawal (24 March, 2015)**

Reversal of original plan to cut size of force in half comes after Afghan president Ashraf Ghani asked for slower withdrawal to help with spring fighting. The US's longest war will wind down even more slowly than promised after Barack Obama confirmed another delay in the withdrawal timetable for troops in Afghanistan. "We are moving the drawdown pace over to the right," he said in a press conference with the Afghan president, Ashraf Ghani, who had flown to Washington to request additional support in dealing with continued insurgent attacks in the country.

#### **Bahrain**

##### **US concern over imprisonment of Bahraini opposition leader (2 January, 2015)**

The State Department expressed deep concern about the detention of opposition leader of Bahrain, Sheikh Ali Salman, warning that his arrest may exacerbate tensions in this kingdom Gulf. Sheikh Ali Salman, the Secretary General of the Shiite party al Ouefak, He was arrested Sunday after he led a protest against the elections held in November in Bahrain, which the party had boycott. Tuesday ordered his detention for another week. "The opposition parties who peacefully criticize governments They play a vital role in pluralistic states and societies ", said in yesterday's statement the State Department.

## Cyprus

### **Turkish Cypriot Football Association reinstates the unions in the Cyprus Football Association (31 March, 2015)**

Turmoil caused the occupation regime the intention of the Turkish Cypriot Football Association to request reinstatement of the unions in the Cyprus Football Association (CFA), from which it withdrew after the rebellion of 1963.

The possessory leader Dervis Eroglu, warned the president of the Turkish Cypriot federation, Hassan Sertoglou, that joining the CFA will not be for the benefit of the Turkish Cypriot football, saying he did not believe in the sincerity of the Greek Cypriots. Dervis Eroglu called on the Turkish federation to be "very careful."

## Egypt

### **Arab League to establish a joint military force (29 March, 2015)**

The heads of the member states of the Arab League agreed during the annual summit held in Egypt in principle in establishment of a joint military force, which is mainly aimed at fight "terrorist organizations" announced today the president Egypt Abdel Fatah al-Sisi.

They gave one month in order to define the composition of this force, the ways and means of action and to clarify the objectives. The Arab leaders agreed in principle to the establishment of an Arab military force, "said Sisi, the country which has taken it in rotating presidency of the Association, the second and last day of Annual Meeting in Sharm El Sheikh. He gave no details on what exactly will be this force, its objectives, its composition.

## Iran

### **Iran nuclear program negotiations to continue (31 March, 2015)**

The US Secretary of State, John Kerry, said tonight that "difficulties" to continue negotiations in Lausanne for Iran's nuclear program, suggesting that discussions will continue throughout the night in order to reach an agreement tomorrow, March 31. "There are still some difficult areas. We are working very hard to resolve them, we will

work until late tomorrow, in order to achieve something," said the head of US diplomacy speaking on CNN television network. "Everyone knows how important tomorrow," he added, referring to the fact that the Tuesday, March 31, is the deadline for reaching an agreement.

From Boston where, US President Barack Obama referred to the speech of John F.. Kennedy at his inauguration on January 20, 1961 in order to defend the diplomatic approach of his government on the nuclear issue of Iran.

## Iraq

### **Iraqi army enters Tikrit city (31 March, 2015)**

Iraqi troops with the help of Shiite militias and Sunni militants have arrived in downtown Tikrit, once secured the south and west parts of the city by the Sunni jihadists of the Islamic State, reported today by the Prime Minister of Iraq Haidar al Abadan. The Iraqi security forces and Shiite paramilitaries have under their control headquarters of the governor and the central hospital two parts of the city that had the jihadists understand the Islamic State.

## Lebanon

### **The Lebanese Parliament does not elect new president (11 March, 2015)**

The Lebanese parliament failed again today, for the 20th time, to elect a new president of the country and the position remains vacant for nine months due to disagreements between the two main political formations. "Due to lack of quorum, the meeting was postponed to April 2" announced the president of parliament. Only 55 of the 128 MPs were present in the hall, and to make the election of the president requires the presence of two thirds of the members of the body.

The term of office of President Michel Suleiman ended May 25, 2014, but since then all efforts made for the election of his successor have failed miserably. A similar situation was experienced by Lebanon in 1988 and 2007, but the current is the longest period of power vacuum after the end of civil war in the country (1975-1990). Traditionally the president of Lebanon always comes from the Maronite Christian

community, which does not happen in any other Arab country. Not yet substantial powers as the position is purely ceremonial.

## Libya

### **Suicide bomb attack hits Misrata** (31 March, 2015)

At least four people were killed and more than 20 injured in a suicide bomb attack on checkpoint safety in the city Misrata, Libya, reported today the Libyan agency news. Among the victims of the attack that occurred at the checkpoint in Es Dada, east of Misrata is a wife and two children, reported the LANA which is connected with the government of Tripoli. The Misrata is the stronghold of the forces of Dawn Libya, which captured the capital Tripoli in the summer and established the the self-proclaimed government and parliament questioning the recognized government of Prime Minister Abdullah al Thini. The forces of Misrata and fighting a second front against jihadist Islamic State in Sirte city where extended extremists and local armed Islamists.

## Palestine - Israel

### **Palestine becomes a member of the International Criminal Court** (31 March, 2015)

Palestine officially became member of the International Criminal Court, the symbolic perspective of the prosecution members of the Israeli leadership for war crimes and crimes related to the Israeli occupation of Palestinian territories. The ceremony was held behind closed doors in the international court in The Hague for the Palestinian admission, which is another step in the diplomatic and judicial assault that began in 2014, the Palestinian leadership. During the ceremony served to Palestinian Foreign Minister Riyadh Al-Maliki symbolic copy of the Rome Statute, the founding instrument of the International Criminal Court. However, the practical consequences of this move remains uncertain, since it is considered very likely that Benjamin Netanyahu or other members of the Israeli leadership to bring some day in court.

## Qatar

### **Qatari ambassador departs from Cairo** (19 Feb., 2015)

Qatar withdrew its ambassador today in Egypt "for consultations" after a disagreement that was during a meeting of the Arab League, which had focused on the Egyptian air strikes against positions of the leg in Libya of jihadist organization Islamic State, reported the official news agency Qatari QNA. According to Foreign Ministry official Qatar, Doha decided to withdraw its ambassador in Cairo said a statement of the Egyptian representative to the Arab League.

## Saudi Arabia

### **Saudi Arabia halting air traffic in the south** (26 March, 2015)

Saudi Arabia halted air traffic at airports in the south of the country, near the border with Yemen, after the start of the military operation against the Hutu rebel movement, said the Civil Aviation Authority. The measure applied to seven airports, including airports and Zazan province, which borders Yemen, will remain in effect "until further notice," the announcement of the service.

## Somalia

### **Somali military retaking control of a hotel from al-Shabab** (28 March, 2015)

Men of the special forces of Somalia retook most Hotel which had invaded earlier today Islamist militants organization Al Shabab, killed most of the perpetrators and They rescued the trapped officers and hostages. Islamist insurgents stormed shooting at popular hotel Maca Al Moukaram Mogadishu, killing at least ten people and trapping where many government officials. Shortly afterwards, men special forces, the so-called Module "Gkaasan" ("Shield"), which trained by Americans, they managed to regain control of most of the building.

## Syria

### **Turkey allegedly assisted Islamist insurgents in Syria** (29 March, 2015)

A Syrian military source today accused Turkey of helping Islamist insurgents to launch attacks in the town of Idlib, which was taken over the weekend by Al Nosra Front and its allies. The source declined to comment on the situation in Idlib, the capital of the homonymous province, but an NGO confirmed that the Front Al Nosra, linked to Al Qaeda, now controls the town which was bombed today by the Syrian war aviation. It is only the second time during the civil war in Syria, the regime loses control of a provincial capital. The first town before Idlib, was Rakaa which the jihadists of the Islamic State has declared to the "capital" of the "Caliphate" them.

## Turkey

### **Major blackout across Turkey** (31 March, 2015)

Major blackout occurred today throughout the country, which affected 29 counties and electricity was interrupted in many counties including Istanbul, Ankara and Izmir. Problem addressed in Internet communications and on the other stopped the metro and tram routes. Due to strong complaints can not allow communication with the power company. At present it is not known from what so great blackout occurred.

## Yemen

### **Saudi air force bombs Aden** (31 March, 2015)

The air force and navy of the Saudi Arab coalition bombed early this morning rebel positions in Aden after a night raids against several targets even mainly in the capital Sana'a. In Aden, the major city of the south and second largest of Yemen, the bombing focused on building complex of the provincial administration in Dar Saad, who have occupied the Shiites Hutu rebels in the north of the city, and there are "many dead and wounded in the ranks of Hutu, "said an officer loyal to President Abd Rambo Mansour Hadi, who has taken refuge in Saudi Arabia.

## *Economy News*

### Algeria

#### **Swiss firms invited to invest in Algeria in food processing industry (30 March, 2015)**

Minister of Agriculture and Rural Development Abdelouahab Nouri on Saturday invited Swiss food processing companies, especially those working in dairy industry, to further invest in Algeria. Algeria has taken the necessary measures to further develop food processing industry, especially dairy production, which recorded a deficit that need to be made up for in the coming years, the minister said during the inauguration of a new production line at the Swiss food processing group Nestlé. To achieve this goal, Algiers counts on Swiss companies to bring their know-how in the field and welcomes interested firms to help it carry out its development programme." The minister mentioned facilitations and benefits offered by the government to encourage and boost economic partnership between Algeria and foreign companies to make a success of its various dairy projects.

### Bahrain

#### **Standard Chartered Bank is committed to Islamic banking (30 March, 2015)**

Standard Chartered remains committed to Islamic banking and expects growth in its core markets. Afaq Khan left Standard Chartered Saadiq, the lender's global Islamic banking business, after 12 years with the Asia-focused bank to take a career break. His departure follows the naming of the group's new chief executive, Bill Winters, who is expected to oversee a shakeup when he takes over in June in a bid to reverse a two-year slump. The core markets include Bahrain, Malaysia, Bangladesh, Pakistan, Indonesia and the UAE, where Standard Chartered offers personal banking services. The bank arranged \$20 billion in Islamic financing for its customers in 2013, a rise of \$3bn from 2012, according to its 2013 annual report.

## Cyprus

### **Cyprus-Egypt MoU signed for the technical and export of Cyprus gas** (30 March, 2015)

The Company Hydrocarbons Cyprus (SRM) signed a Memorandum of Understanding with the Egyptian Natural Gas Company (Egyptian Natural Gas Holding Company - EGAS) for the technical design and export Cyprus selling gas to Cairo in Sharm El Sheikh in the Egyptian Economic Synod.

According to a memorandum SRM will inter alia facilitate the cooperation between the two countries for the development and mining of the deposit gas "Aphrodite" in Item 12 of the Exclusive Economic Zone (EEZ) of Cyprus, leveraging existing infrastructure gas present in Egypt for the mutual benefit of both countries. In particular, the signing of the Memorandum undertake the EGAS and the SRM to examine the technical solutions for the transportation of natural gas via direct marine pipeline from reservoir "Aphrodite" to Egypt.

The project will be conducted in collaboration with companies involved in offshore hydrocarbon activities (upstream) and activities liquefied natural gas (LNG). "This collaboration aims to strengthen stability and prosperity of Egypt while promote the exploitation of Cypriot gas fields as well and encourage activities for further exploration and development in Cyprus' the statement said

## Egypt

### **Egyptian group plans \$261 tourism projects** (25 March, 2015)

Cleopatra Group for Real Estate Projects has announced plans to invest E£2 billion (\$261 million) into tourism development projects at Marsa Allam area of Egypt over the next two years, said a report. The project, which is currently under study, aims to add 1,200 hotel rooms, reported the Daily News Egypt citing the group chairman Mohammed Abou El Enein. Abou El Enein said his group was also keen to develop renewable energy projects, mainly solar energy.

Following the recent economic summit held in Sharm Al Sheikh, several companies have announced their plans to boost investment in Egypt, while several other businessmen have pledged to restart their stalled projects, said the report.

Cleopatra Group also aims to develop a commercial shopping mall at Sheikh Zayed area, said the report. Another local player Solb Misr Company plans to pump E£1.6 billion (\$209 million) into property investments during the coming period, it added.

## Iraq

**Iraq: Grand Faw port contracts offered on investment basis** (30 March, 2015)

Iraq is pushing ahead with plans to construct one of the region's largest ports south of Basra despite high costs and the project is scheduled to be completed by 2025, a member of parliament was quoted on Sunday as saying. Hassan Khalati confirmed earlier reports that the Basra governorate had decided to tender the Grand Faw project on an investment basis due to lack of budget allocations, following a sharp fall in crude prices which has reduced the OPEC producer's revenues from oil exports.

## Jordan

**A \$10bn nuclear energy deal signed between Jordan and Russia** (25 March, 2015)

Jordan signed an agreement with Russia on Tuesday worth \$10 billion that sets the legal basis for building the kingdom's first nuclear power plant with a total capacity of 2,000 megawatt. Jordan imports nearly 98 per cent of its energy from oil products and crude and is struggling to meet electricity demand which is growing by more than 7 per cent annually due to a rising population and industrial expansion. The deal, signed with Russia's state-owned nuclear firm Rosatom, envisages the construction of a two-unit power plant at Amra in the north of the kingdom by 2022.

## Kuwait

**Foreign operator to run part of the Kuwaiti stock market** (25 March, 2015)

The Kuwait Stock Exchange may offer up to 44 percent of its shares to a company that has experience in operating bourses when it goes public, according to a senior government official. Such a move would open the way for an international exchange operator such as Nasdaq OMX or Euronext to take a stake in one of the Middle East's oldest stock markets. Kuwaiti lawmakers voted on Wednesday to amend the ownership structure for the impending initial public offering (IPO) of the bourse.

## Lebanon

### **Lebanese industrial exports rise by 2.4% in January** (26 March, 2015)

Industrial exports in January 2015 increased by 2.4 percent compared to the same period last year, according to a statement issued by the Industry Ministry Monday.

## Oman

### **Contract for \$630m Salalah-2 power project awarded** (24 March 2015)

Japanese conglomerate Mitsui & Co, Ltd has announced that its consortium has been awarded a licence for the development of the Salalah-2 power generation project involving an investment of around \$630 million. The Tokyo headquartered giant said its consortium had received the letter of award from Oman Power and Water Procurement Company (OPWP) to develop the Salalah-2 project. Mitsui & Co Ltd (with 45 per cent of the stake) had submitted a bid jointly with the Saudi Arabian power company ACWA Power (45 per cent) and Dhofar International Development and Investment Holding Co (DIDIC) – 10 per cent.

Demand for electric power in Oman is increasing rapidly because of the economic growth led by the oil and gas sector. Mitsui will help to meet that demand by building a 400MW natural gas-fired combined cycle power plant in the Salalah Industrial Area in southern Oman and also by acquiring the existing Dhofar Power Plant, which has an output of 273MW. Mitsui will operate both plants and sell electric power under a 15-year power purchase agreement with OPWP.

Project agreements, including the electricity power sales contract, are due to be signed in April, with project related agreements due to come into effect in May. The new plant is scheduled to be operational in January 2018.

## **Palestine - Israel**

### **PA facing liquidity problem due to Israel's policy (31 March, 2015)**

The Palestinian Authority (PA) will pay and April of payroll for most employees, as Israel not provided, for the fourth consecutive month, tax revenues it collects on behalf of the Palestinians, as announced by the Palestinian Ministry of Finance.

Israel began in December to retain an amount of approximately \$ 130 million per month from tax and customs revenues, in retaliation for the Palestinians announced that they will join the International Criminal Court. Following international pressure, the Israeli government agreed last week to pay the proportion of the money making authority to the tune of \$ 400 million, after deduct the amounts Palestinians owe Israel for utility services provided by them.

“However,” said the Palestinian Finance Minister Shukri Bschara, “the Palestinian Authority has not yet received the money and therefore most workers in the public sector will be paid while tomorrow, but will only receive 60% of their salary.” This “is because Israel does not even pay us our tax revenues, for the fourth consecutive month,” explained Palestinian finance minister. Those who earn less than 2,000 shekels a month (about \$ 500) will continue to receive their entire salary. The PA employs approximately 150,000 employees in the Gaza Strip and the West Bank.

According to Finance Minister total of 2.1 billion shekels (about 500 million US dollars) is the amount of withheld Palestinian tax and customs revenue last four months. Of this amount should be deducted debts for water supply, electricity and other utility services provided to the Palestinians by Israel.

The International Monetary Fund warned that there will be dire consequences for the Palestinian economy if not quickly reach the money from Israel. The lack of liquidity will not only affect consumption and debt servicing, and the central Palestinian Authority, which is at risk of defaulting in its obligations. The Palestinian Monetary

Authority, the central bank of the Palestinians, warned last week that lending has almost reached its limits and the banking system is increasingly at risk.

## Qatar

### **Qatar lifts GCC banks' retail revenue in 2014** (31 March, 2015)

The retail banking revenues in the GCC witnessed an uptick of 7.9 percent in 2014, largely due to a 12.5 percent surge in Qatar. Qatar ranked top followed by the UAE and Bahrain. Kuwait witnessed a healthy 6.3 percent growth and banks in Saudi Arabia recorded 3.4 percent growth in their retail revenues. GCC retail profits maintained single-digit growth in 2014 with 3.6 percent, which is slightly lower compared to 2013 when retail profits grew by 5.8 percent. Banks in Qatar, UAE, Bahrain, and Kuwait have shown higher double-digit growth rates. In parallel, Saudi Arabia and Oman suffered a sharp decline in retail profits. According to a new study by The Boston Consulting Group (BCG), the banking industry in the Middle East maintained double-digit revenue growth in 2014 with a 10.0 percent increase, stemming largely from major customer segments such as retail and corporate banking as well as international business and treasury.

## Saudi Arabia

### **The industrial city for women coming up in Jeddah** (26 March, 2015)

A new industrial city dedicated to businesses and factories run by women is being built by the Saudi Industrial Property Authority in Asfan area. The authority reported it is the first industrial city for women in Jeddah and the authority's fourth industrial city. The city is located northeast of Jeddah with an area of 5 million sq. meters. It is located 25 km away from King Abdulaziz Airport.

The city will be dedicated to elite women-run businesses and factories. Qualified female staff will operate the city and the annual rent set by authority is SR3 per meter. The contract signed between the authority and contractors is valued at SR50 million. The authority has completed the first phase of the project. The authority has built the infrastructure of the city including the roads and sewage system, installed electricity

cables and erected few buildings. A source from the authority said the project will have more job opportunities for women.

## Sudan

### **Egypt, Ethiopia, Sudan sign historic Nile dam deal** (23 March, 2015)

Leaders from Egypt, Ethiopia and Sudan signed a co-operation deal on Monday over a giant Ethiopian hydroelectric dam on a tributary of the river Nile, in a bid to ease tensions over regional water supplies. The leaders said the "declaration of principles" would pave the way for further diplomatic co-operation on the Grand Renaissance Dam, which has stirred fears of a regional resource conflict. No details of the agreement were immediately released

## UAE

### **UAE central bank expands Islamic banks' access to its funds** (25 March, 2015)

The United Arab Emirates central bank said it was making it easier for Islamic banks to access its special lending facility by expanding the range of collateral they can use. From April 1 Islamic banks, which account for roughly a quarter of banking assets in the UAE, will be allowed to use Shariah-compliant securities other than central bank-issued Islamic certificates of deposit to borrow overnight from the central bank's Collateralized Murabaha Facility. The expansion of the collateral will permit Islamic banks to obtain central bank liquidity in the same way that conventional banks do from the Interim Marginal Lending Facility, which was launched last July, the central bank said in a statement on Tuesday. From April 1, eligible collateral will range from sukuk issued by foreign governments, which must have a minimum long-term credit rating of A, to UAE corporate entities and even some sukuk which are rated below investment grade or do not have ratings, at the central bank's discretion.

**Sharjah develops urban expansion strategy** (27 March, 2015)

Sheikh Khalid bin Sultan bin Mohamed Al Qasimi, Chairman of Sharjah Urban Planning Council (SUPC), yesterday said that the future of Sharjah cannot be left to chance, and that intelligent planning wherein decisions revolve around the needs of the whole community, is the way forward. The plan includes a general outline of community services, infrastructure developments and community services in the emirate. Vital sanitation projects were also discussed, as were several proposals aimed at developing and improving the drainage network in the emirate, to enhance efficiency in accordance with international best practices. 



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