



MILAHA – QATAR

Covid-19 Response Report

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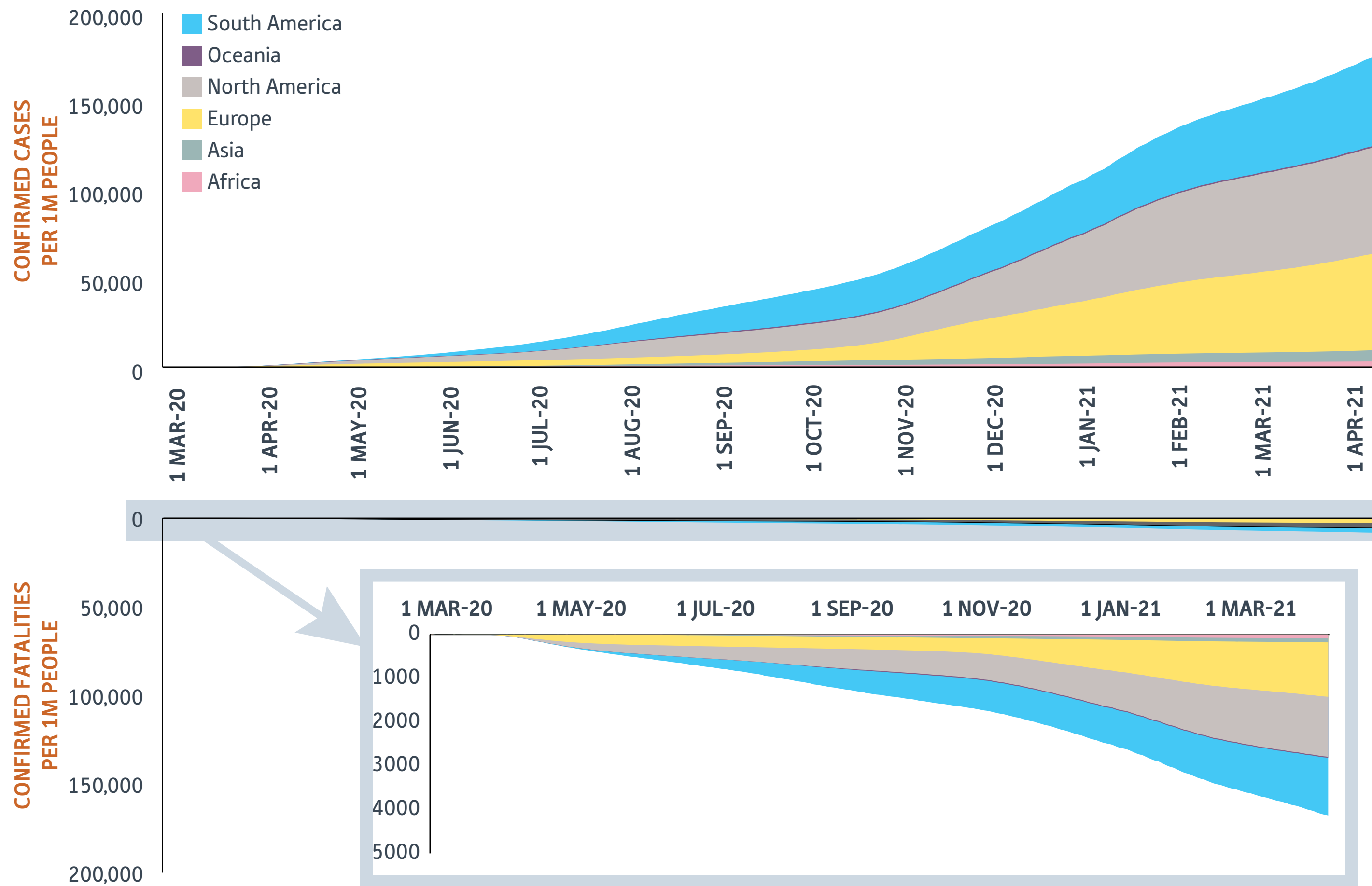
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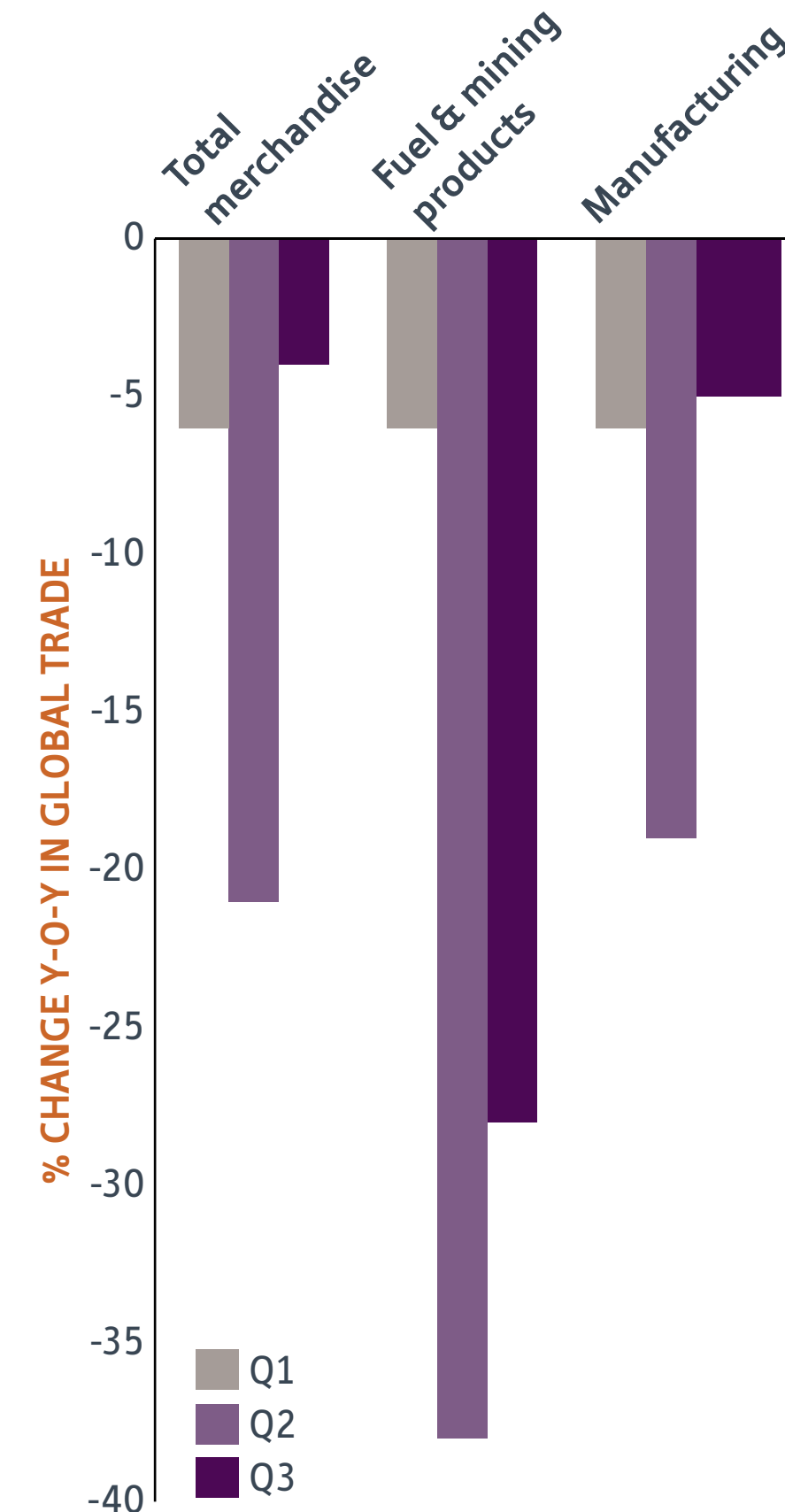
Reinvention

Covid-19 led to severe disruption of the global economy and trade

The virus quickly spread to all continents



Global trade impact in 2020

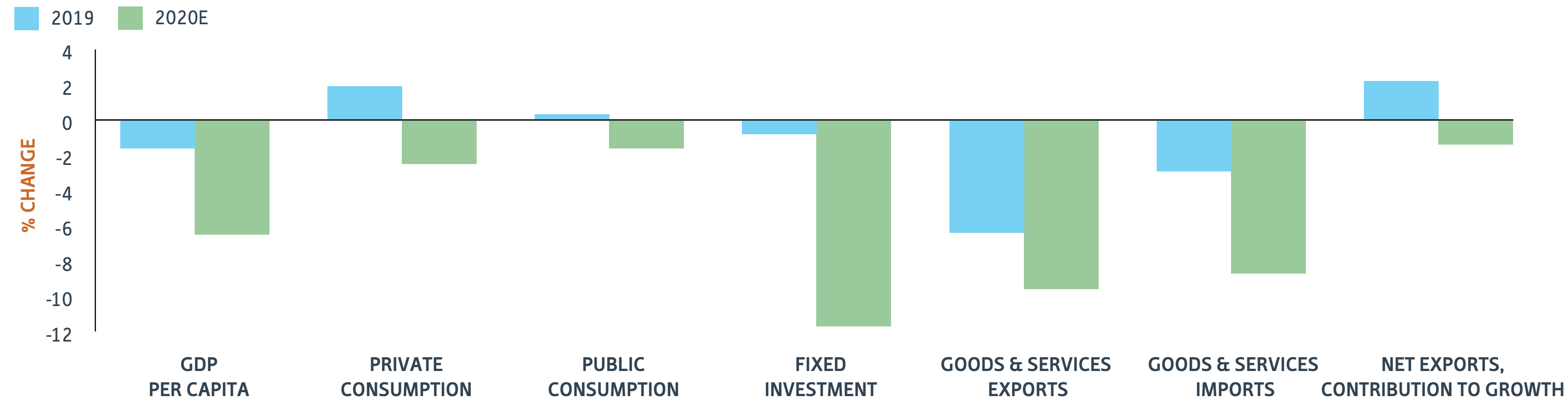


Cross-border implications

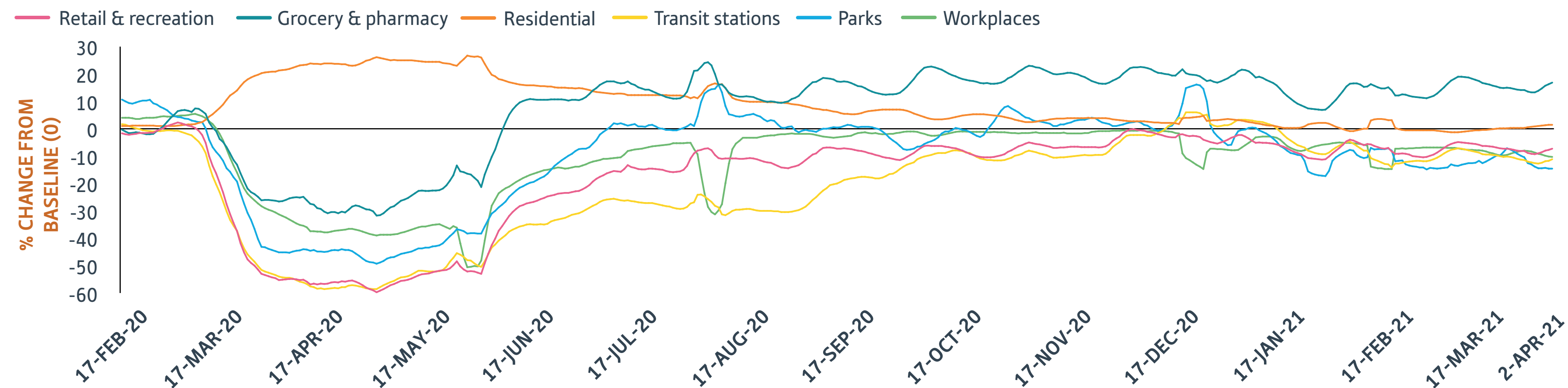
Covid-19's high rate of contagion caused unpredictable challenges, prompting governments to implement severe restrictions to contain the spread of the virus. This led to sharp slowdown in global economic growth and trade. As production and consumption declined globally, world merchandise exports were estimated by the World Trade Organisation to have contracted by 11% year-on-year (y-o-y) in January-September. While the trade in manufactured goods, fuel and mining products contracted markedly, exports of agricultural items were more resilient, down 2% y-o-y in the third quarter. The disruption to global trade forced shipping and logistics firms to evaluate costs and adapt their operations to survive.

Disruption translated into weaker economic output across MENA

Economic activity declined significantly across MENA in 2020



Daily mobility patterns in Qatar were highly impacted by Covid-19



Swift adaptation

Like the rest of the world, the MENA region found itself having to adapt quickly to the unforeseen challenges created by the Covid-19 pandemic's sudden disruption to daily life and restrictions on mobility and human interaction. As a result, economies across the region recorded declines in virtually all major economic indicators in 2020, including those related to imports and exports, in line with falling demand. Nevertheless, the disruption also created opportunities for agile and innovative businesses that were capable of reacting to the sudden shifts in demand and the migration towards online and technological solutions that could boost their long-term competitiveness.

Resilience

Could Qatar's economy withstand the shock of Covid-19?

Was Qatar's health care system equipped to cope with a pandemic?

How advanced was Qatar's trade-related infrastructure at the start of the outbreak?

Response

Could Qatar formulate and implement effective health and containment strategies?

Was Qatar able to mitigate the economic challenges?

What impact did the pandemic have on Qatar's external trade and shipping ecosystem?

Recovery

Will Qatar's economy bounce back in 2021?

Which emerging industries could attract increased foreign direct investment inflows?

What is the outlook for export growth?

Reinvention

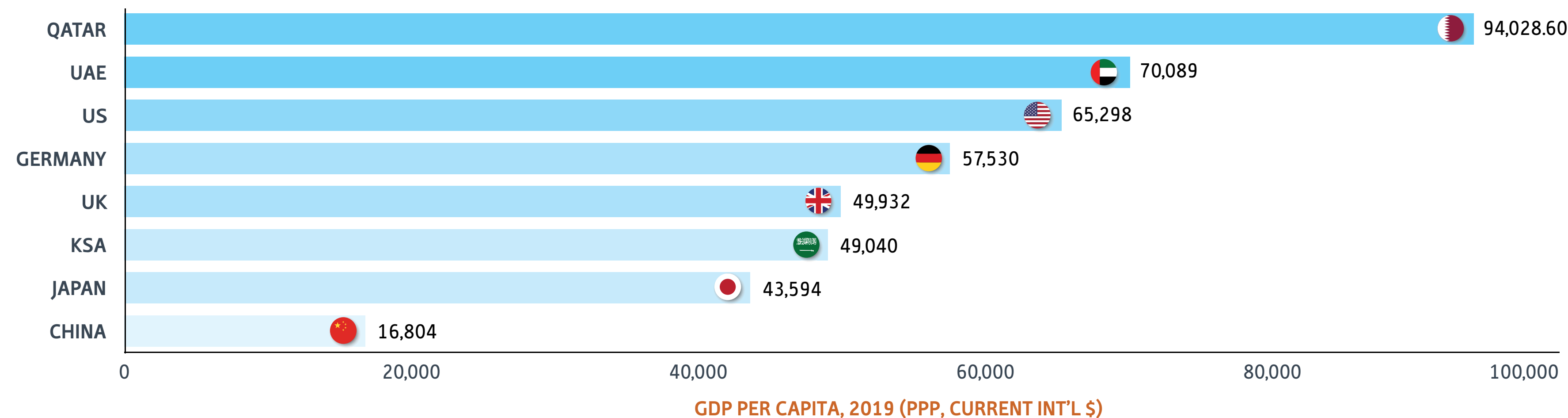
In what ways are global supply chains evolving in the wake of Covid-19?

How will Qatar's export basket develop over the long term?

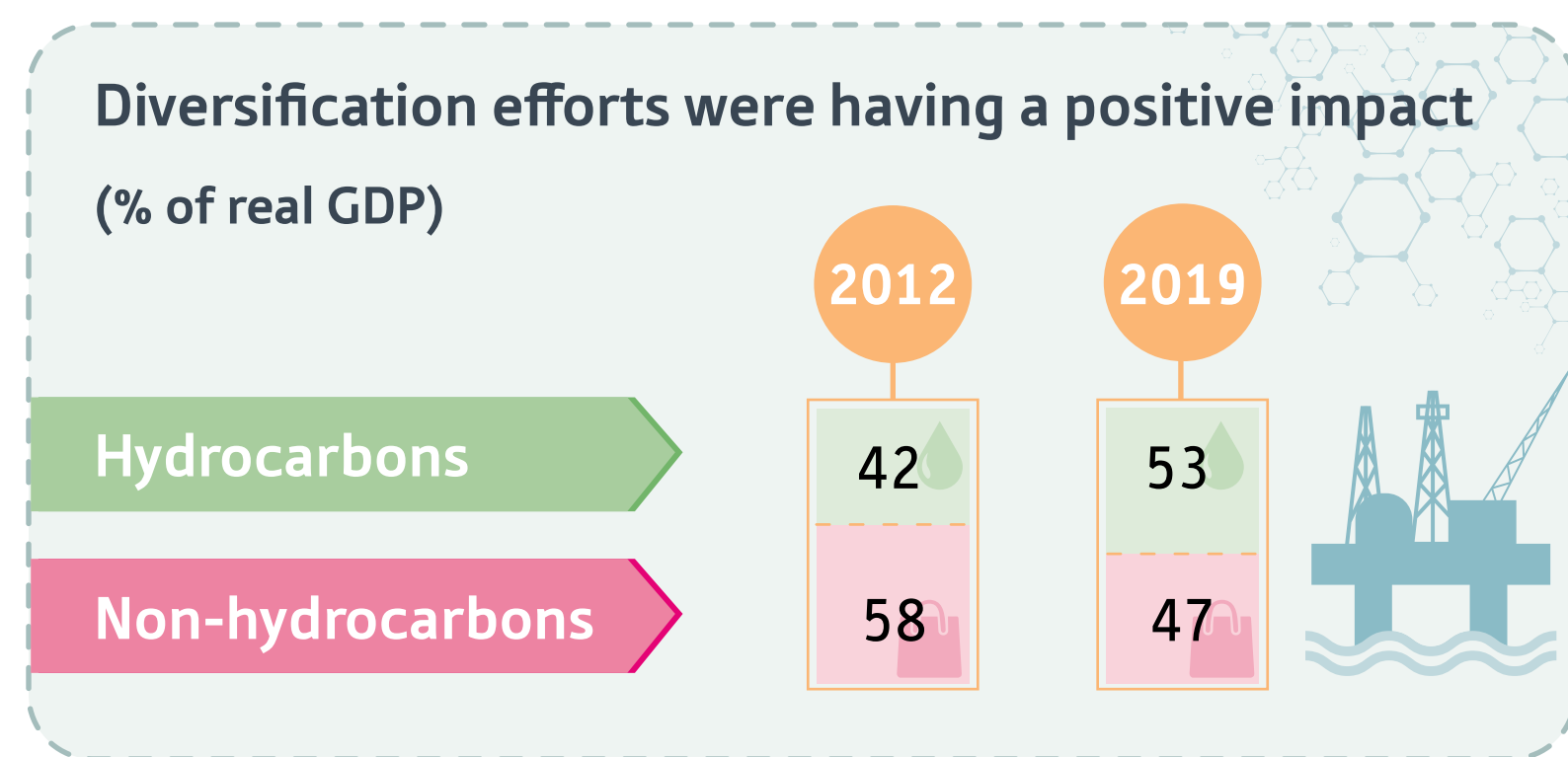
Where are the long-term growth opportunities in Qatar's marine logistics sector?

Macroeconomic strengths and fiscal buffers helped Qatar absorb the sudden shock of the pandemic

Qatar is one of the world's richest countries per capita



Qatar's foreign currency reserves were steadily rising pre-pandemic

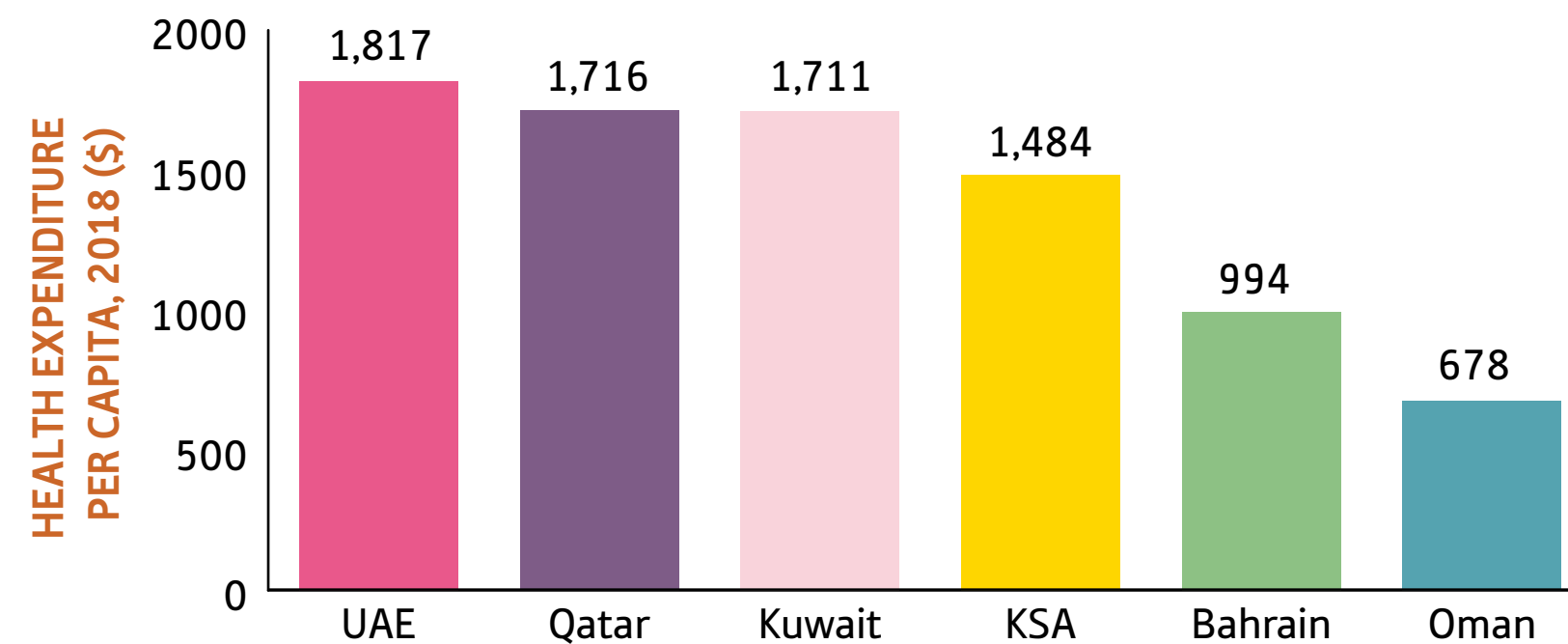


Strong foundations

Qatar's economy was in a resilient position at the start of the pandemic, with abundant and accessible gas reserves accompanied by extensive production and storage capacity. As one of the world's largest liquefied natural gas (LNG) exporters, Qatar has invested much of its resource wealth in long-term diversification and human capital development efforts, which enabled it to absorb the economic shock of the Covid-19 pandemic. At the same time, healthy foreign currency reserves and a stable "A"-bracket sovereign credit rating helped maintain confidence in macroeconomic stability and allowed the country to successfully tap global debt markets to cover temporary revenue shortfalls resulting from the disruption.

Steady investment bolstered the health care system's capacity to cope with sudden challenges

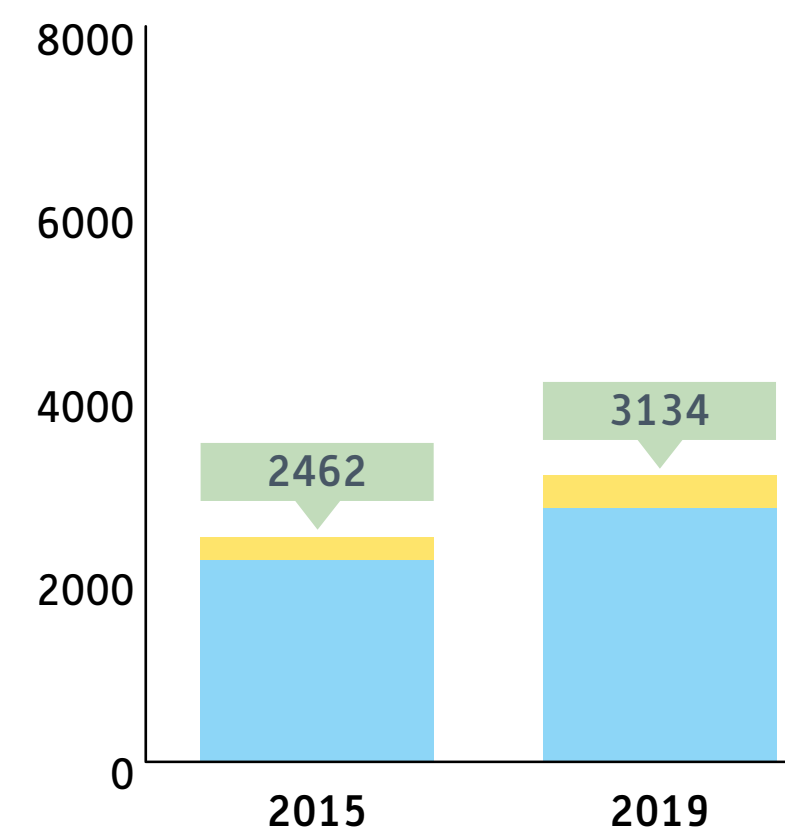
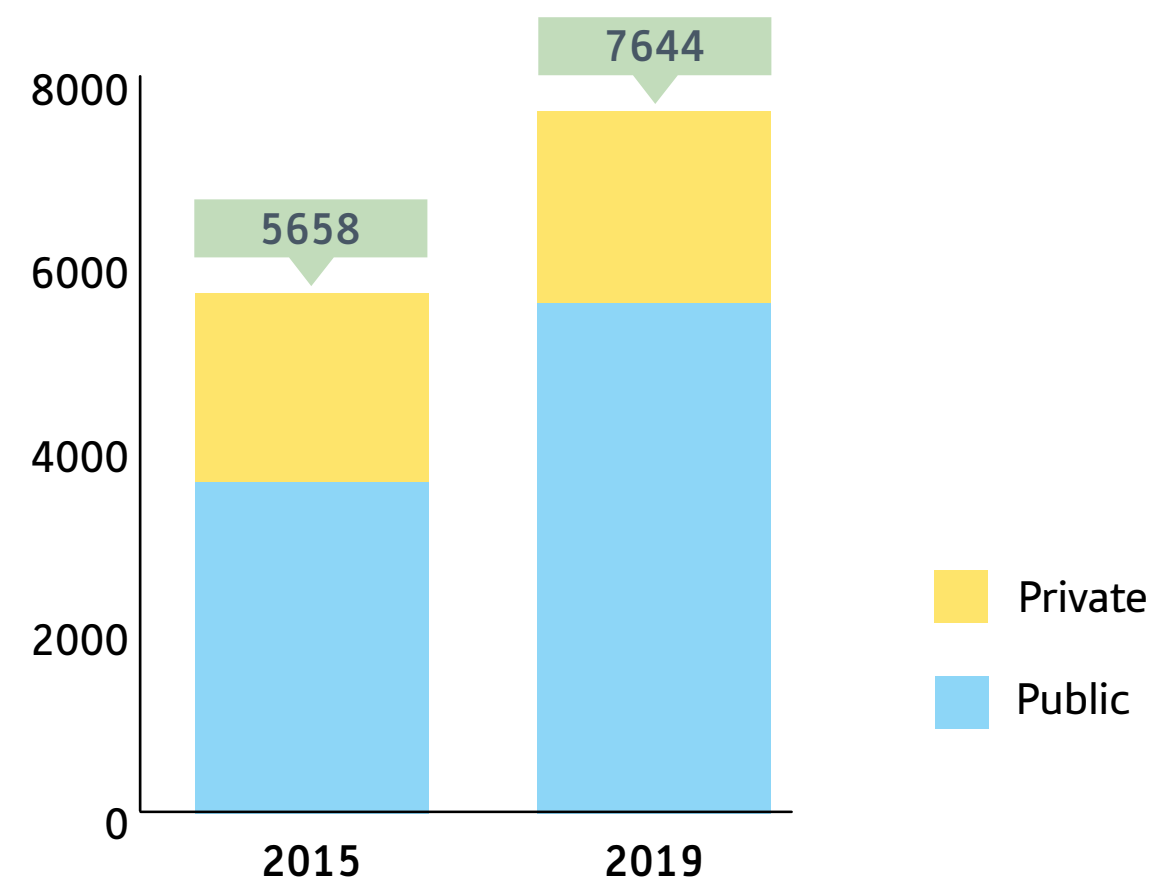
Proportional health care spending in Qatar was among the highest in the GCC



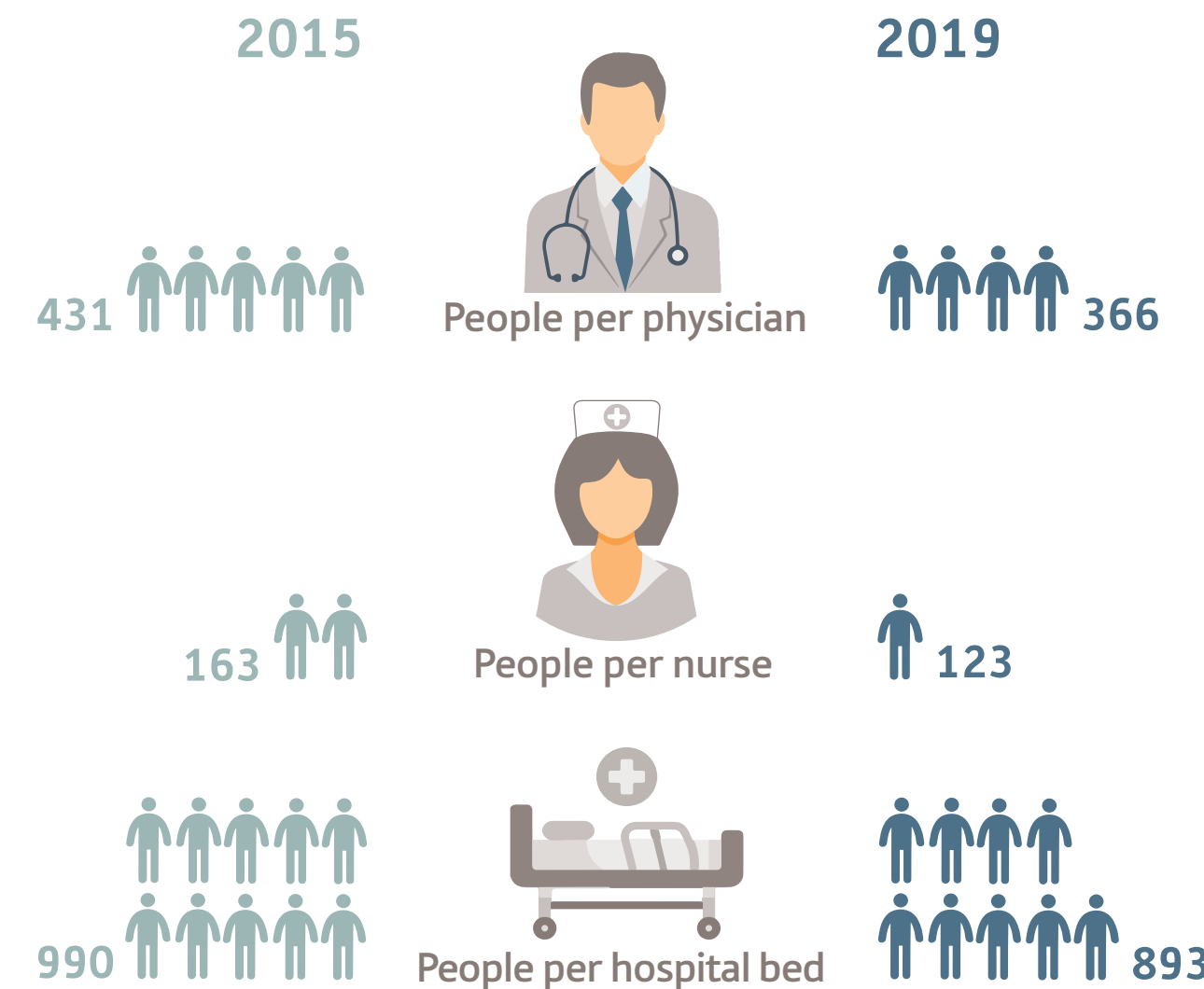
Health care resources and capacity were steadily expanding pre-pandemic

35% growth in the number of physicians

27% rise in the number of hospital beds



Ratio of health resources to the population



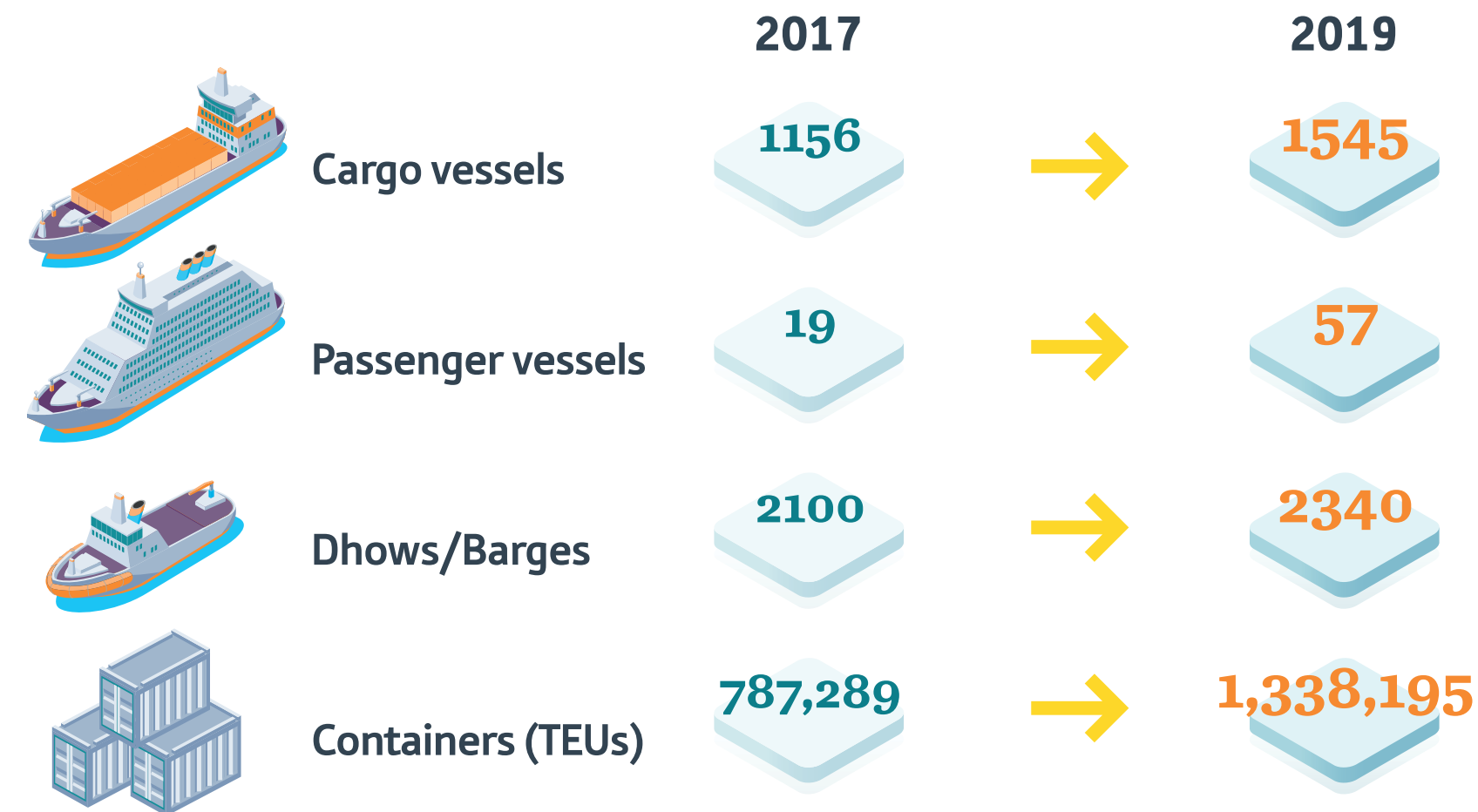
Health care infrastructure in figures (2019)	
Government hospitals	14
Private hospitals	6
Health care centres	27

Prevention and promotion

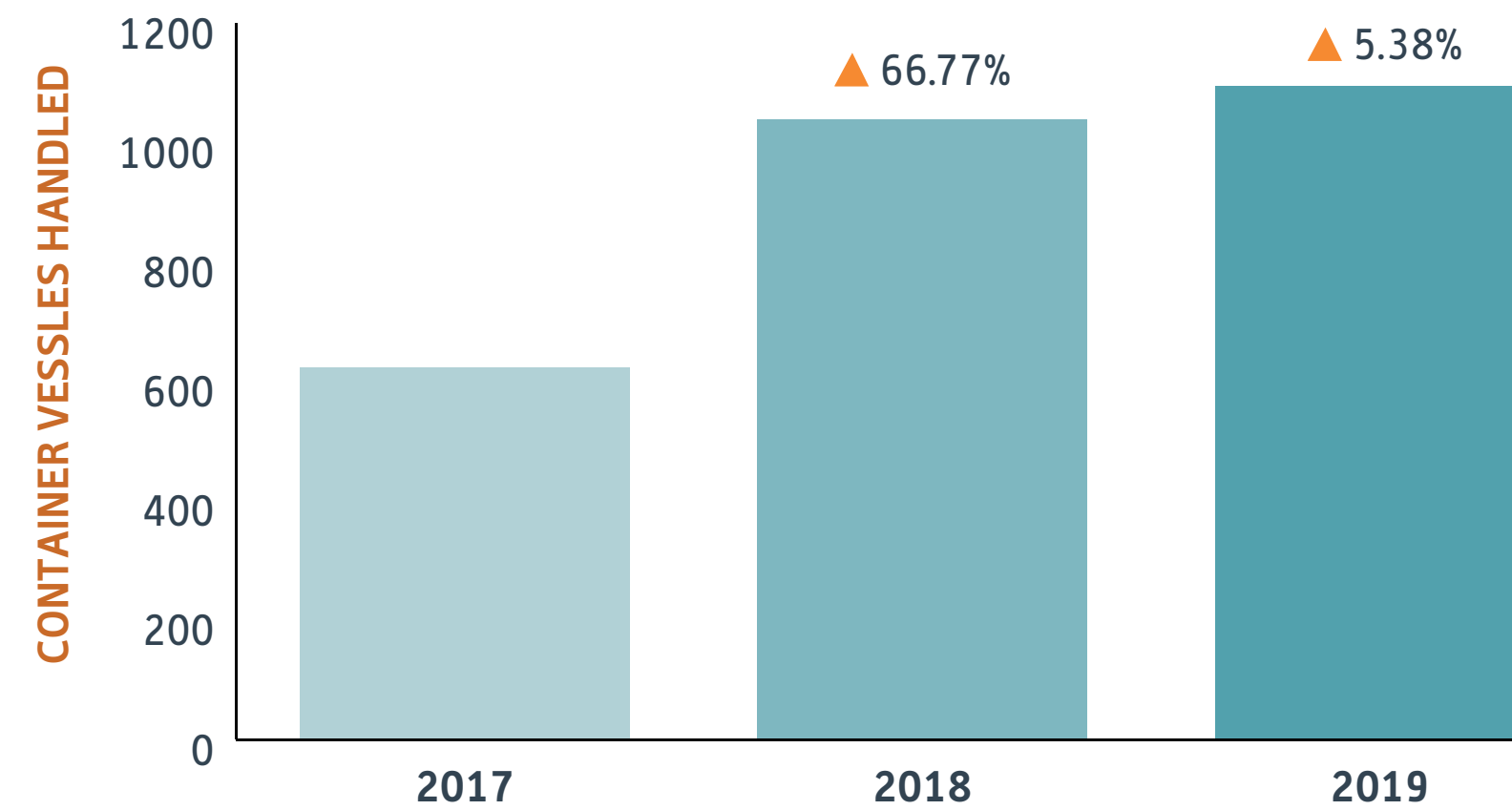
Qatar maintained steady investment in health care in the years leading up to the pandemic, which resulted in the expansion of medical resources and professionals at a rate that exceeded population growth. With the human development pillar of Qatar National Vision 2030 focused on creating a healthy population, the National Health Strategy 2018-22 remains the guiding focus for the sector in the medium term, with a particular emphasis on disease prevention and the promotion of lifestyles conducive to physical well-being. This prevention and promotion approach would prove useful in articulating public health messages related to Covid-19.

Upgrades to trade-related infrastructure helped boost volumes and performance at Qatar's ports

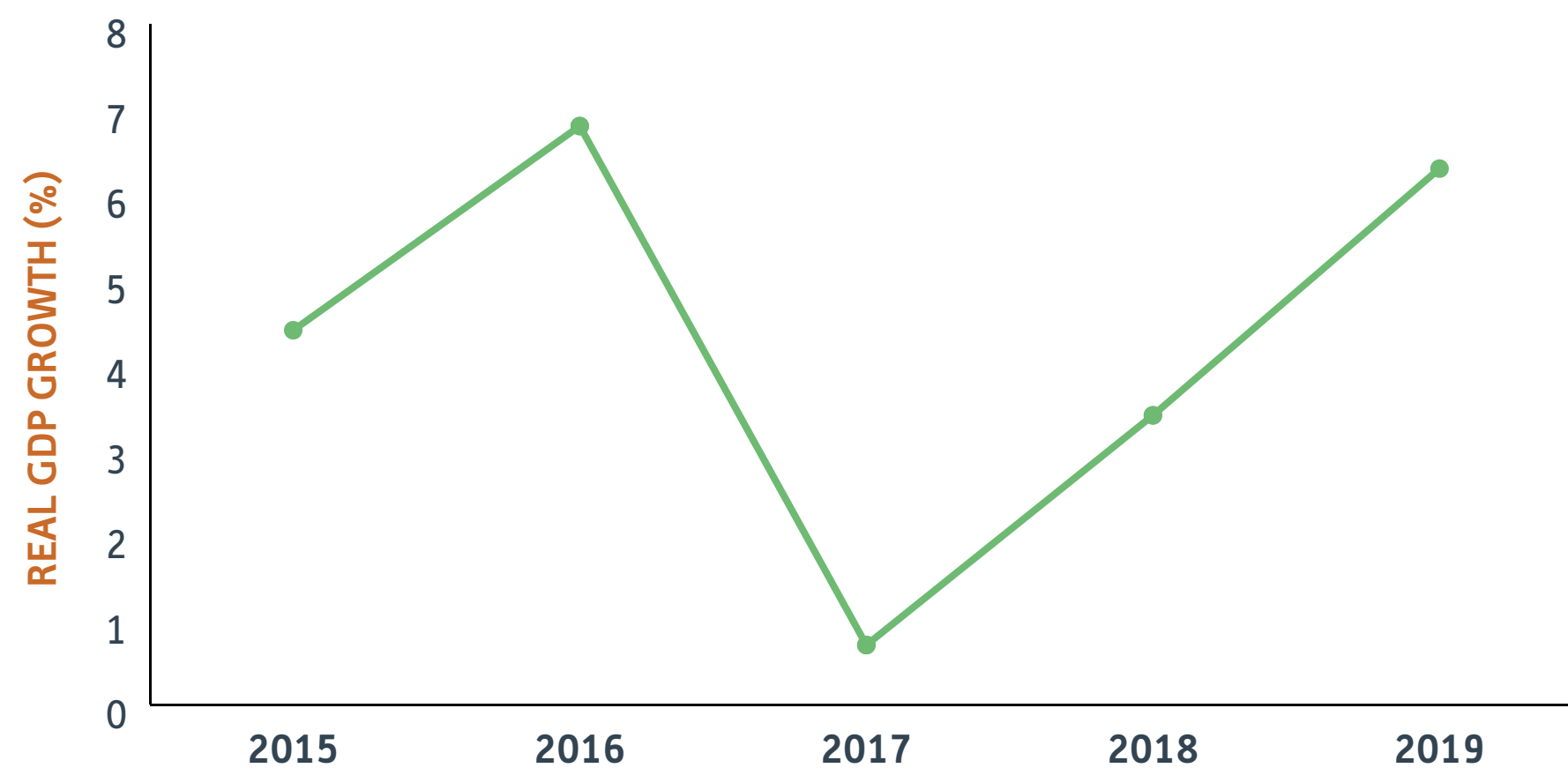
Qatar's ports registered increased volumes across the board



Hamad Port saw a significant rise in container vessels



Transport and storage sector growth outpaced the wider economy



Qatar ranked above most regional peers in the 2018 Logistics Performance Index

Country	Rank
UAE	11
Qatar	30
Oman	43
KSA	55
Bahrain	59
Kuwait	63

Qatar rose from 55th place in the World Bank index in 2010 to 30th by 2018

Increasingly integrated

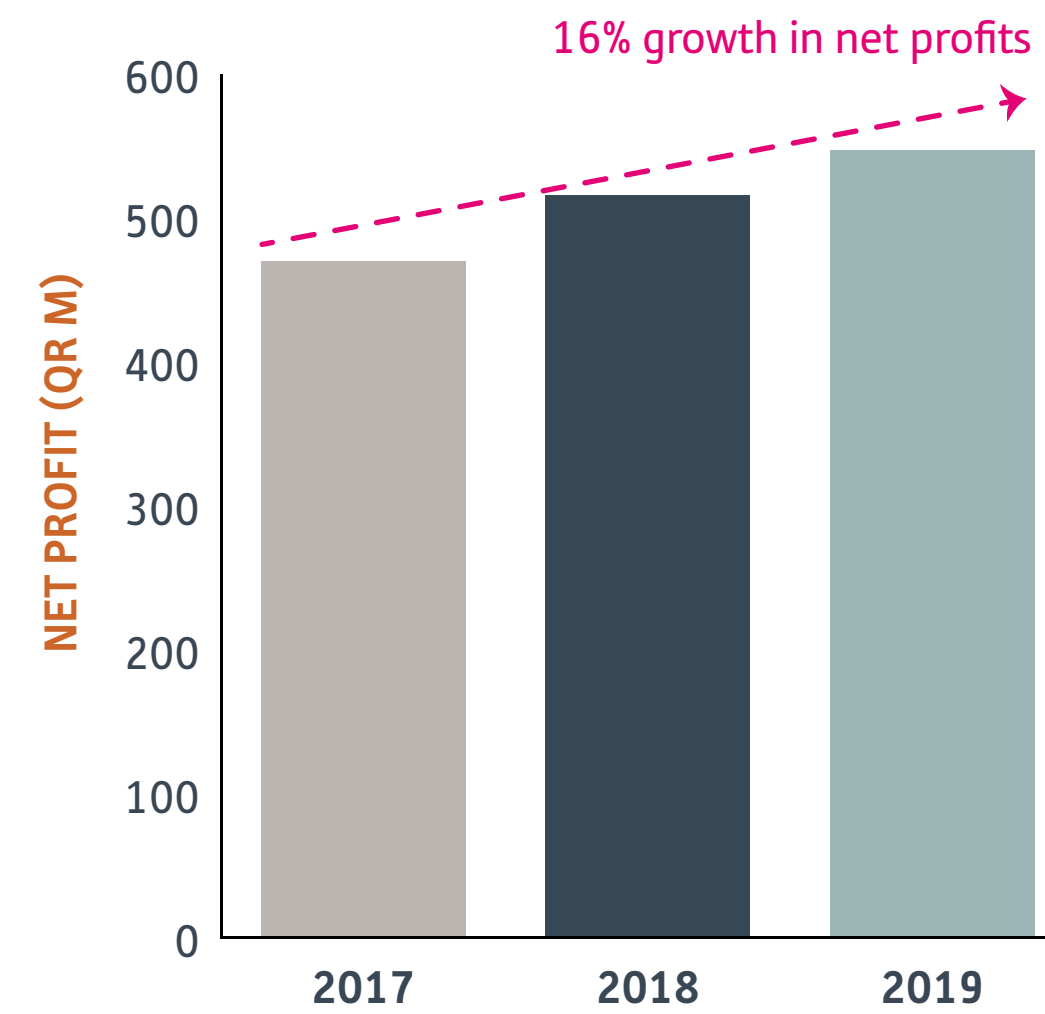
Qatar invested heavily in upgrading its trade-related infrastructure prior to the Covid-19 pandemic, including the construction of the \$7.4bn Hamad Port, one of the largest container ports in the region, which has significantly boosted the country's maritime trade capacity since its inauguration in 2017. Hamad Port is currently undergoing a phase-two expansion project that will further increase annual cargo processing capacity from 2m twenty-foot equivalent units to approximately 7.5m once fully operational in 2022. It replaced the ageing Doha Port, which was repurposed for cruise vessels, while the smaller Ruwais Port serves the dhow and tug trade.

CASE STUDY: Milaha reorganised and diversified its services leading up to the pandemic

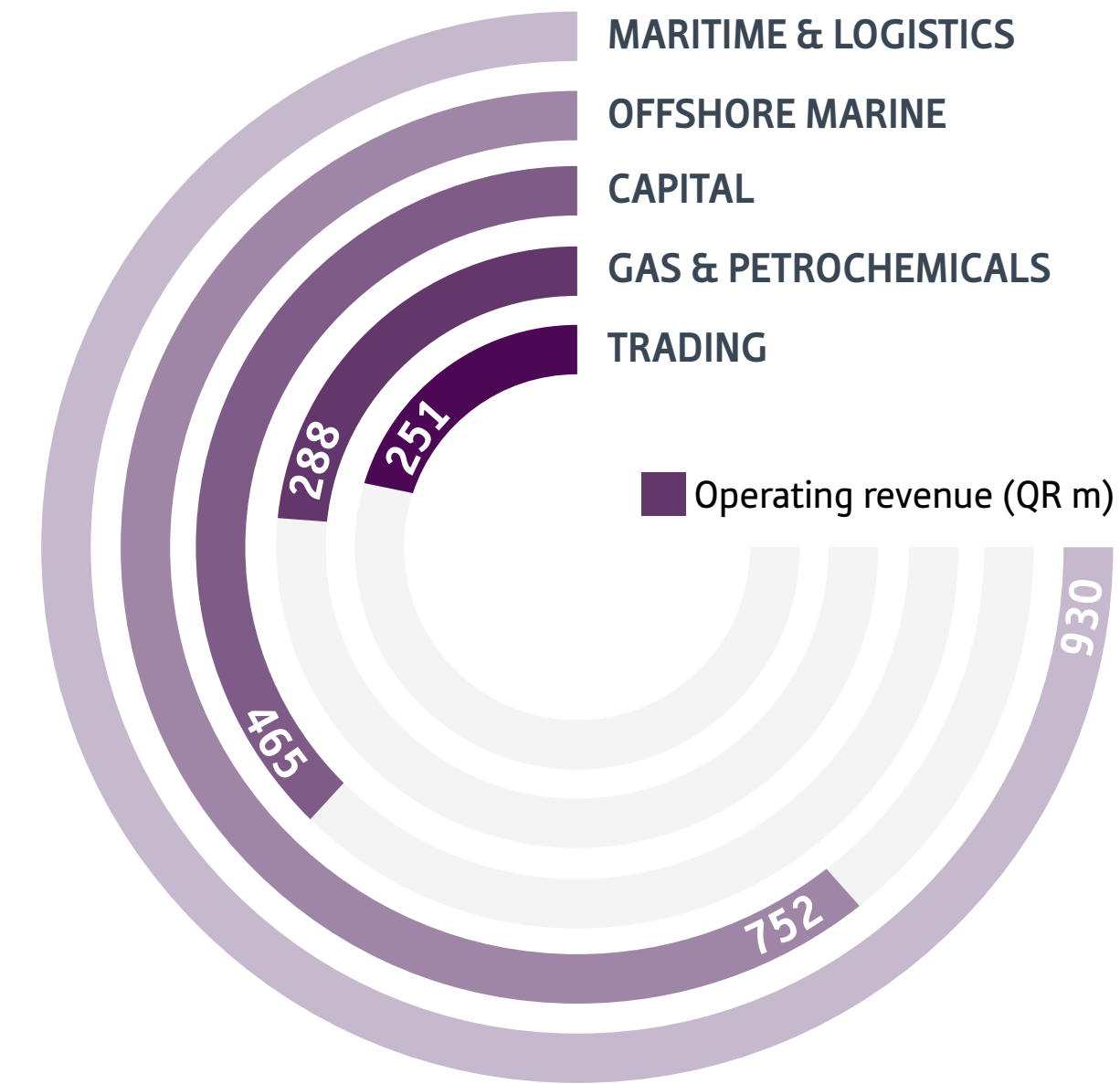
Milaha aligns its business activities with key aspects of Qatar National Vision 2030



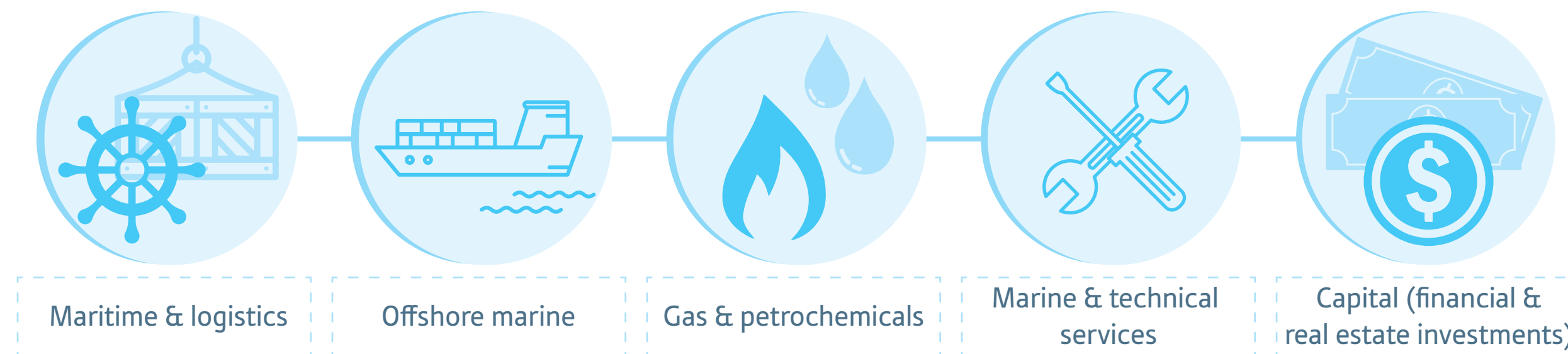
Profit was on a positive trajectory before the pandemic



Maritime trade and logistics accounted for majority of Milaha revenue in 2019



Milaha's five core business pillars

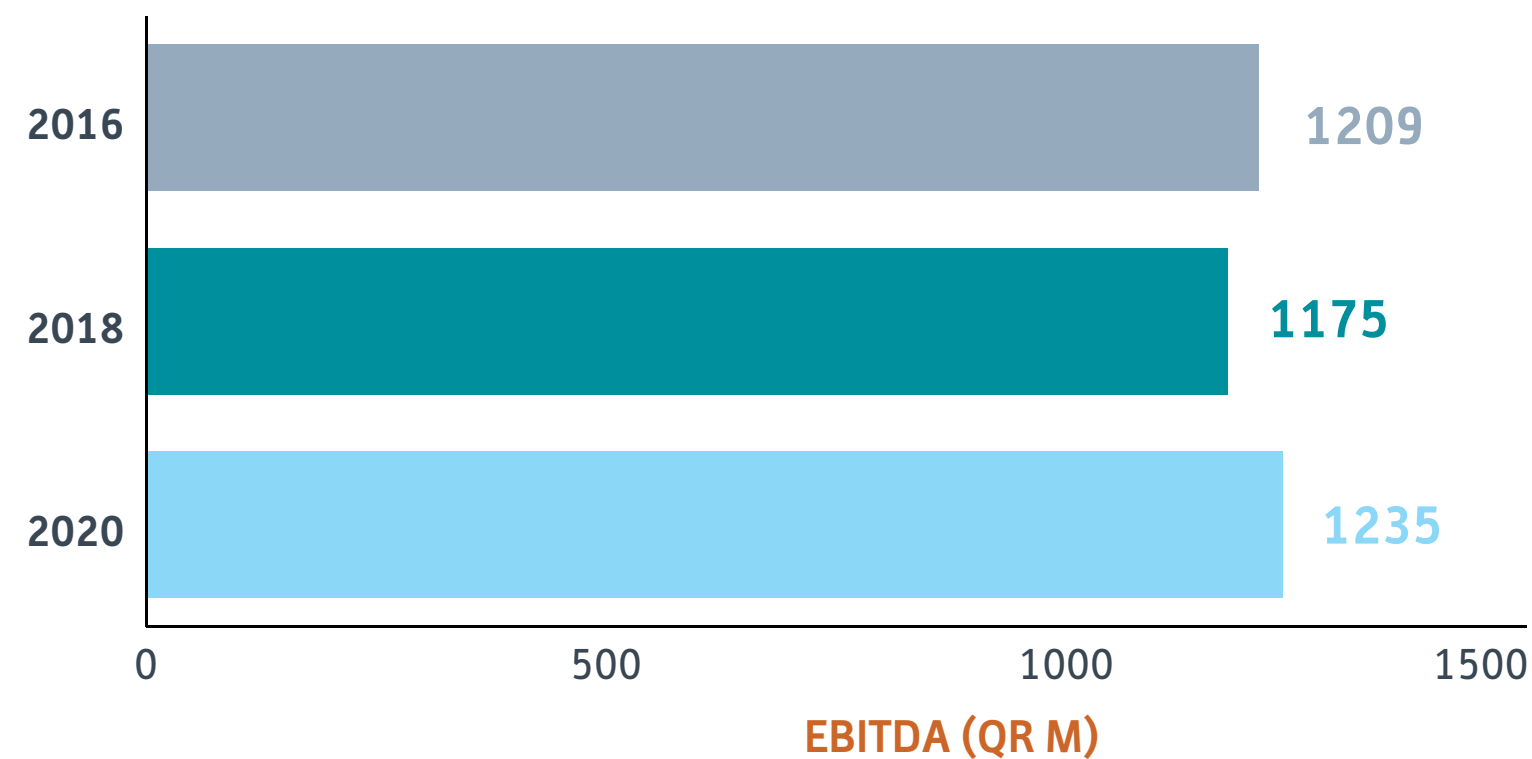


Diversified strengths

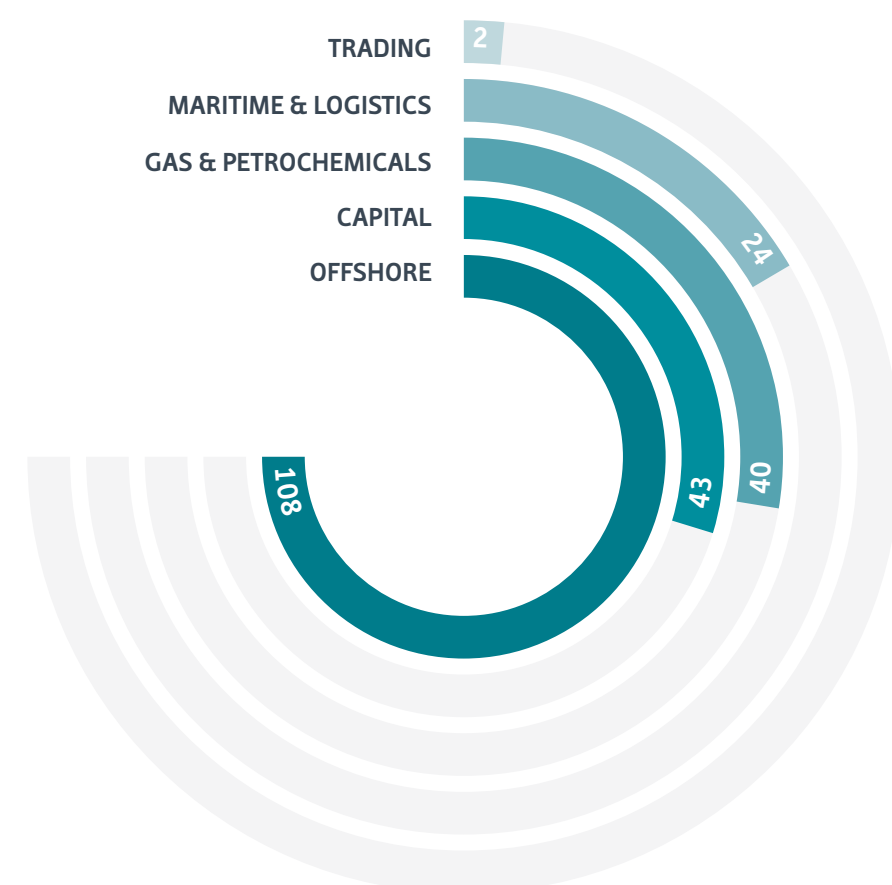
Qatar National Vision 2030 aims to develop a diversified economy that is highly integrated into the global economy – a goal that requires an advanced logistics ecosystem. Established in 1957, Milaha is a large and diversified maritime transport and logistics company delivering supply chain solutions from its Doha base. It entered the pandemic in a resilient position thanks to consistent profit growth. The company had also diversified its service offering, which meant that business areas impacted by the pandemic were compensated by positive performance elsewhere. Digital capabilities had also been improved through robotic process automation and the development of a smart logistics platform with Microsoft.

CASE STUDY: Milaha's strategic decisions resulted in resilient corporate performance despite pandemic challenges

Earnings remained strong amid the pandemic



Milaha recorded growth across all business segments in 2021
Y-O-Y INCREASE IN NET PROFITS, H1 2021 (QR M)



46% y-o-y rise in net profits in H1 2021

2020 highlights

- Acquisition of a new floating dock able to accommodate vessels up to 230 metres in length, with up to 30,000-tonne lifting capacity
- Direct trade links with multiple countries and investment in new technologies to secure a sustainable supply chain
- End-to-end supply chains for Qatar: shipping, ports management, land-side logistics and distribution
- Development of marine services ecosystem including end-to-end vessel lifecycle services – from construction to operations to disposal
- Further plans to expand into anchorage services and other technical marine support services
- Diving and subsea services for the the oil and gas sector are being further enhanced through new technical knowledge-based services, including engineering, maintenance, modification and operations, as well as subsea survey and inspection

Withstand and expand

Faced with severe operational challenges, Milaha's overall performance dipped in 2020, but the company still posted a net profit for the year. Following the formation of an emergency response team, decision-making at Milaha was focused on maintaining safe operations, managing liquidity, and investing in future growth opportunities tied to national priorities such as diversification into marine technical services and the development of its first floating storage and offloading vessel, which will serve the Al Rayyan field with a capacity of 600,000 barrels per day. Its effective response placed it in a strong position for recovery, with 46% net profit growth in the first half of 2021.

Resilience

Qatar was able to absorb the economic impact of the pandemic thanks to strong fundamentals

The country had invested in developing a high-performing health care system with an emphasis on prevention and promotion

The construction and ongoing development of Hamad Port underpinned Qatar's advanced trade-related infrastructure

Response

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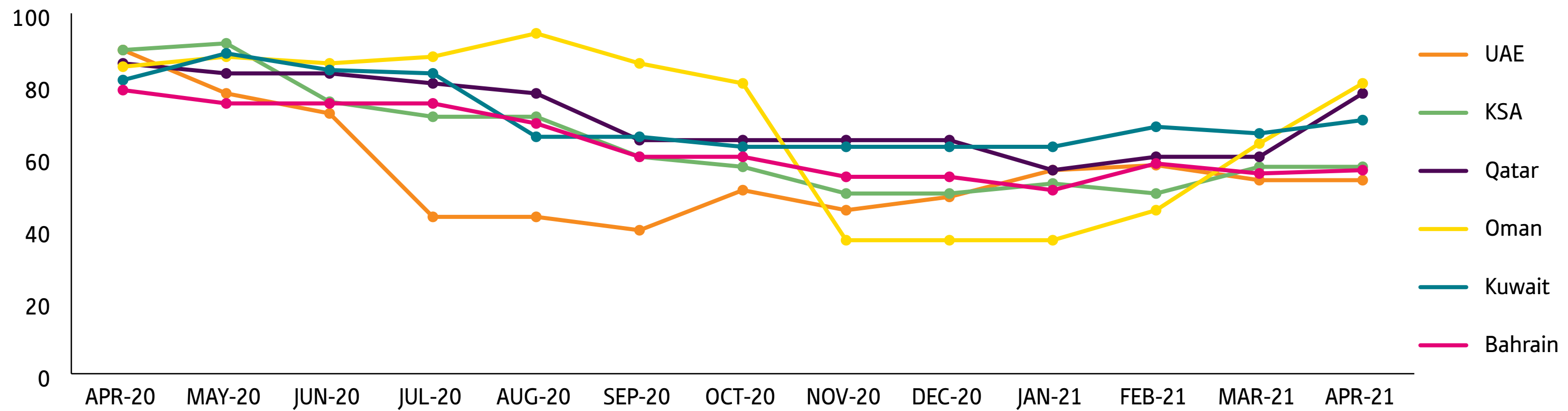
In what ways are global supply chains evolving in the wake of Covid-19?

How will Qatar's export basket develop over the long term?

Where are the long-term growth opportunities in Qatar's marine logistics sector?

Qatar implemented and adapted restrictions throughout the year to contain the spread of the virus

Qatars stringency levels have been among the highest in the GCC

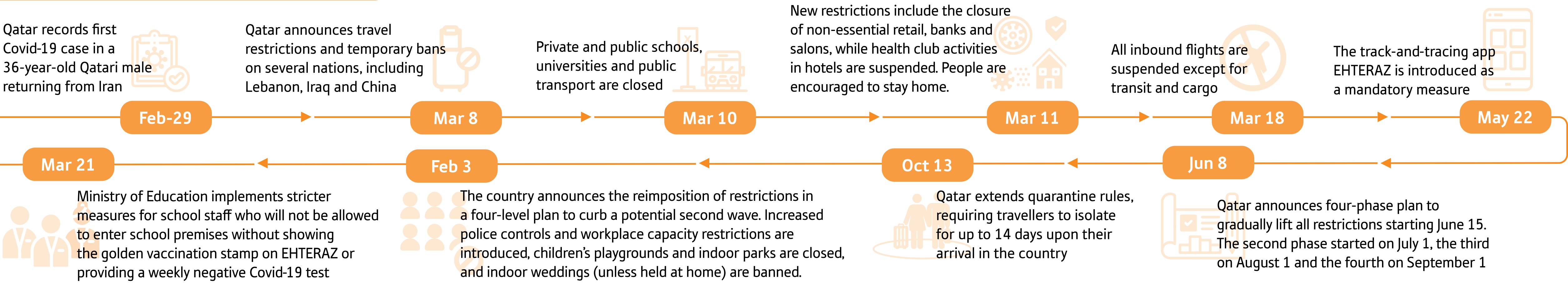


Average Stringency Index score April 2020-21

Kuwait	71.3
Qatar	71.1
Oman	70
KSA	64.2
Bahrain	63.3
UAE	56.4

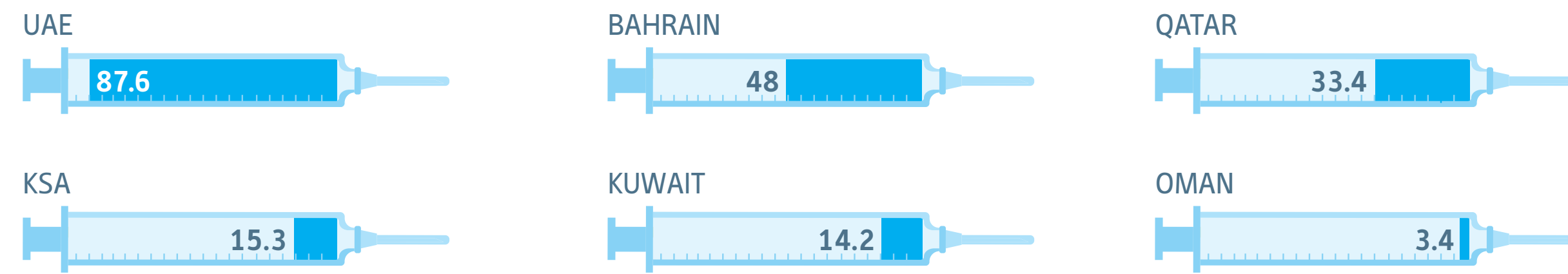
OXCGRT* INDEX SCORE **The Oxford Covid-19 Government Response Tracker (OxCGRT) Stringency Index is created by collating data on common policy responses governments have taken in response to the pandemic on 18 indicators such as school closures and travel restrictions. Displayed data is from the fifth of each month.*

Timeline of containment measures in Qatar



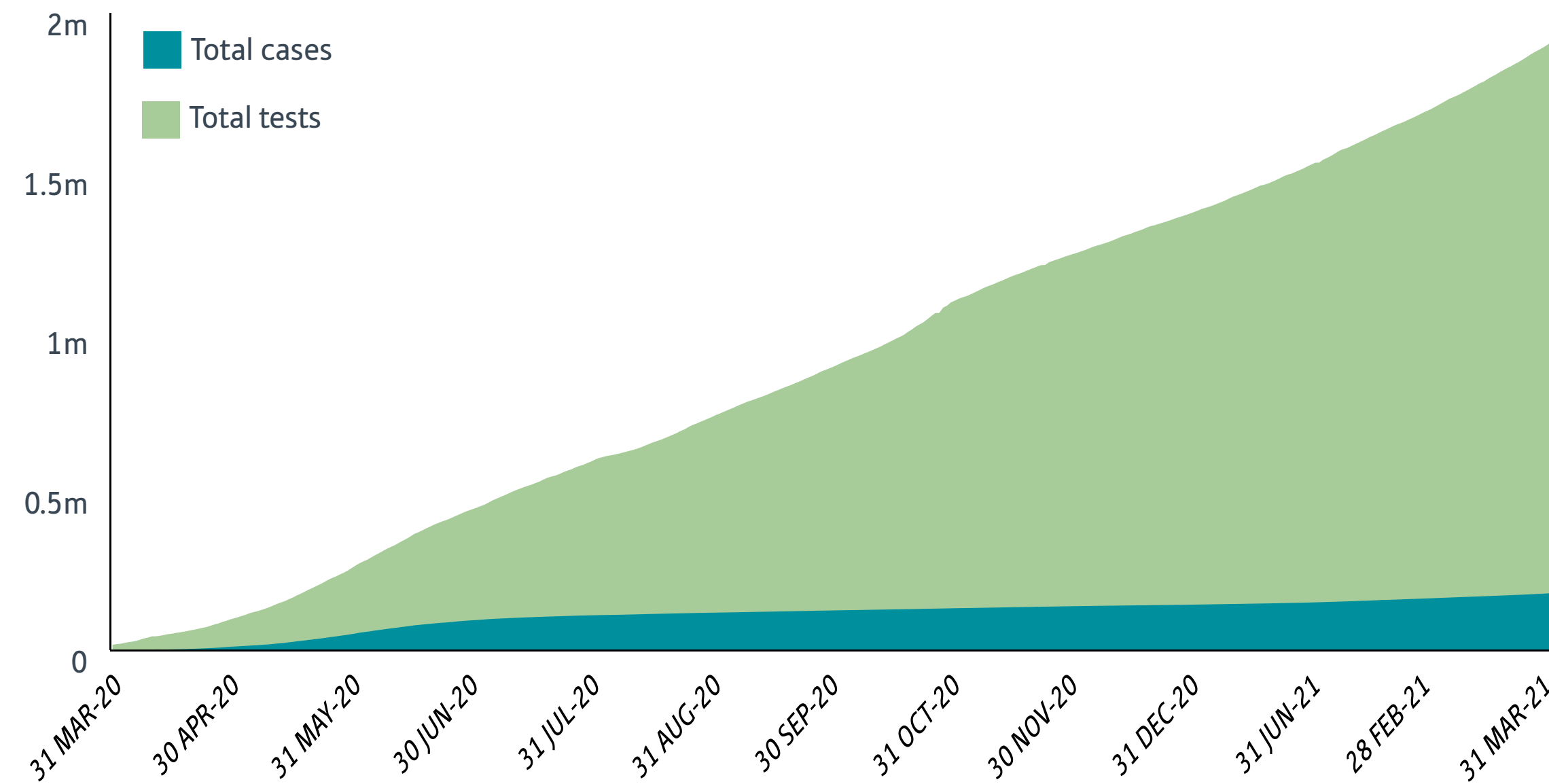
Widespread testing and a swift vaccine rollout have helped to maintain a low fatality rate

Qatar performs well in comparison of vaccine rollouts

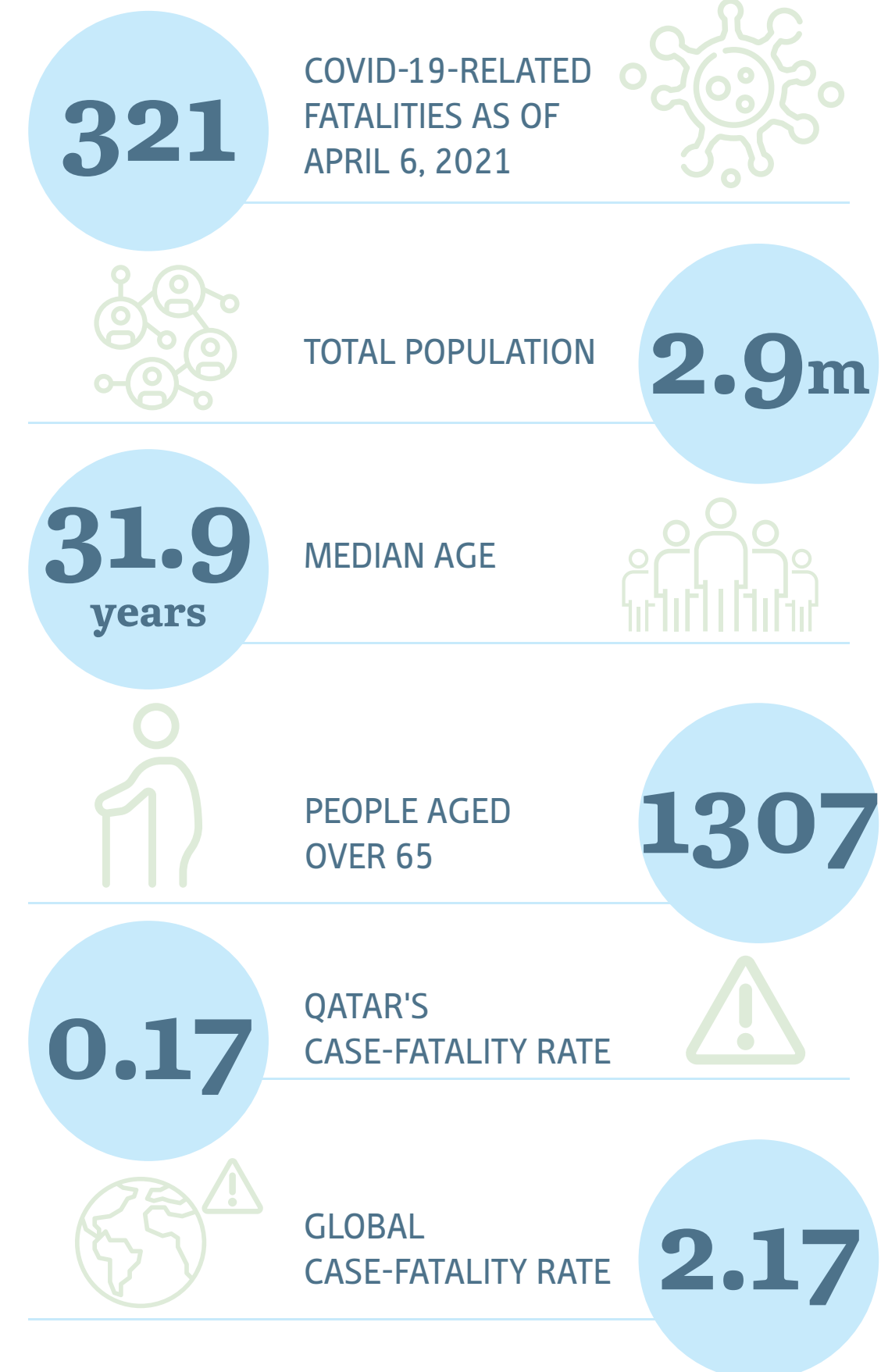


VACCINES ADMINISTERED PER 100 PEOPLE AS OF APRIL 5, 2021

Qatar accelerated testing as cases began to proliferate



Qatar has one of the lowest Covid-19 mortality rates in the world

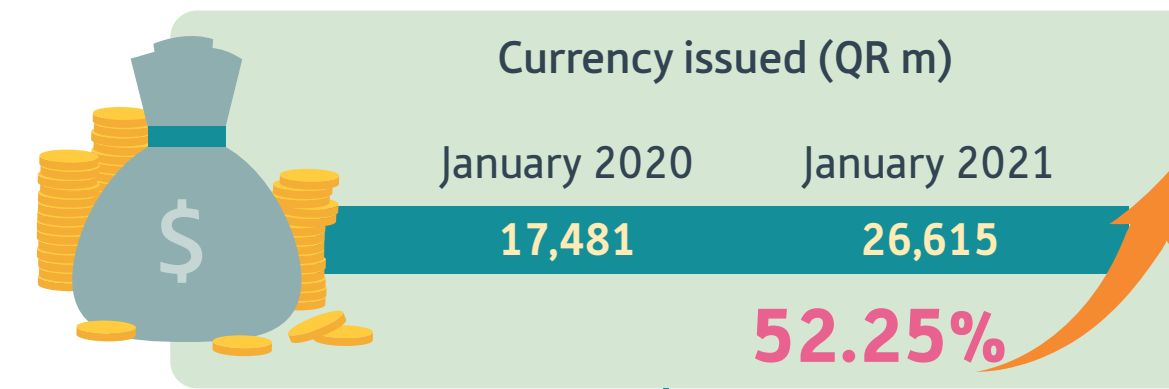
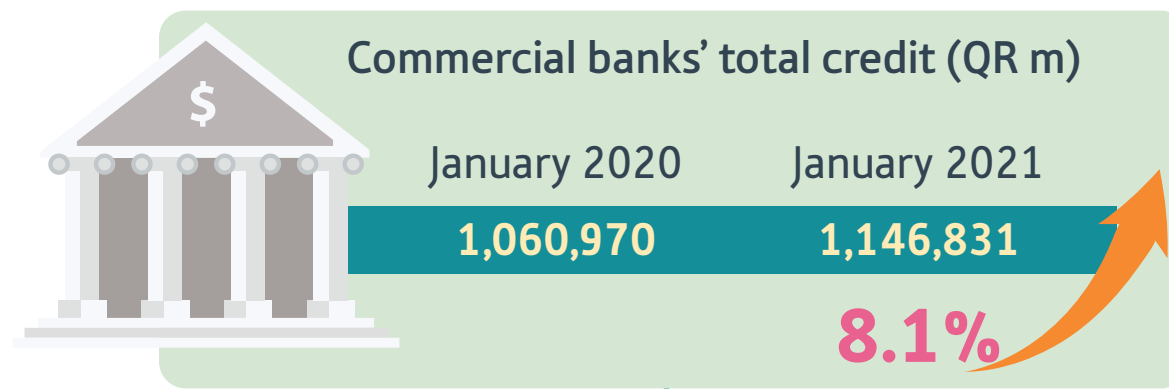


Coordinated response

Supported by an advanced medical and digital ecosystem, Qatar was able to formulate an effective health care response to the Covid-19 pandemic. In May 2020 all citizens and residents in Qatar were asked to download the EHTERAZ app on their phones. The app uses GPS and bluetooth technology to track Covid-19 cases, informing users if they come into contact with those who have tested positive. Meanwhile, high testing capacity has been complemented since December 2020 with a free public vaccination campaign that was initially targeted elderly and vulnerable citizens. By mid-March 2021 the country was inoculating around 100,000 people per week.

Qatar was able to manage the economic fallout of the pandemic through fiscal and monetary measures

Improvements in selected financial indicators



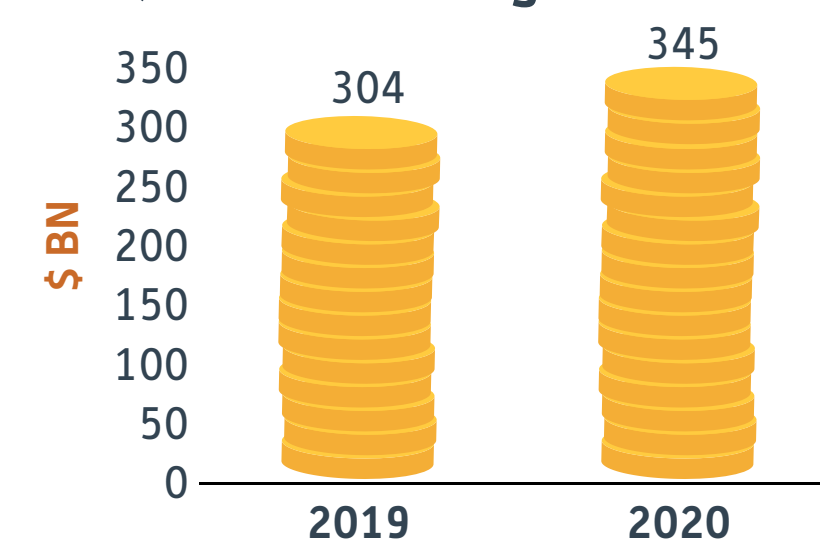
Qatar Central Bank (QCB) policy rates response, March 2020

	PRE-PANDEMIC	RESPONSE
Lending rate	3.5%	2.5%
Deposit rate	1.5%	1%
Repo rate	1.5%	1%
Interest rate	3.5%	2.5%

The QCB also provided liquidity to banks through a special repo window at a zero interest rate (QR50bn, or 9.3% of GDP)



Assets under management growth at Qatar's sovereign wealth fund



Policy response highlights

Fiscal support package worth QR2.1bn (0.4% of GDP) introduced in 2020

\$10bn raised from sovereign bond issuance in April 2020 to cover temporary revenue shortfalls

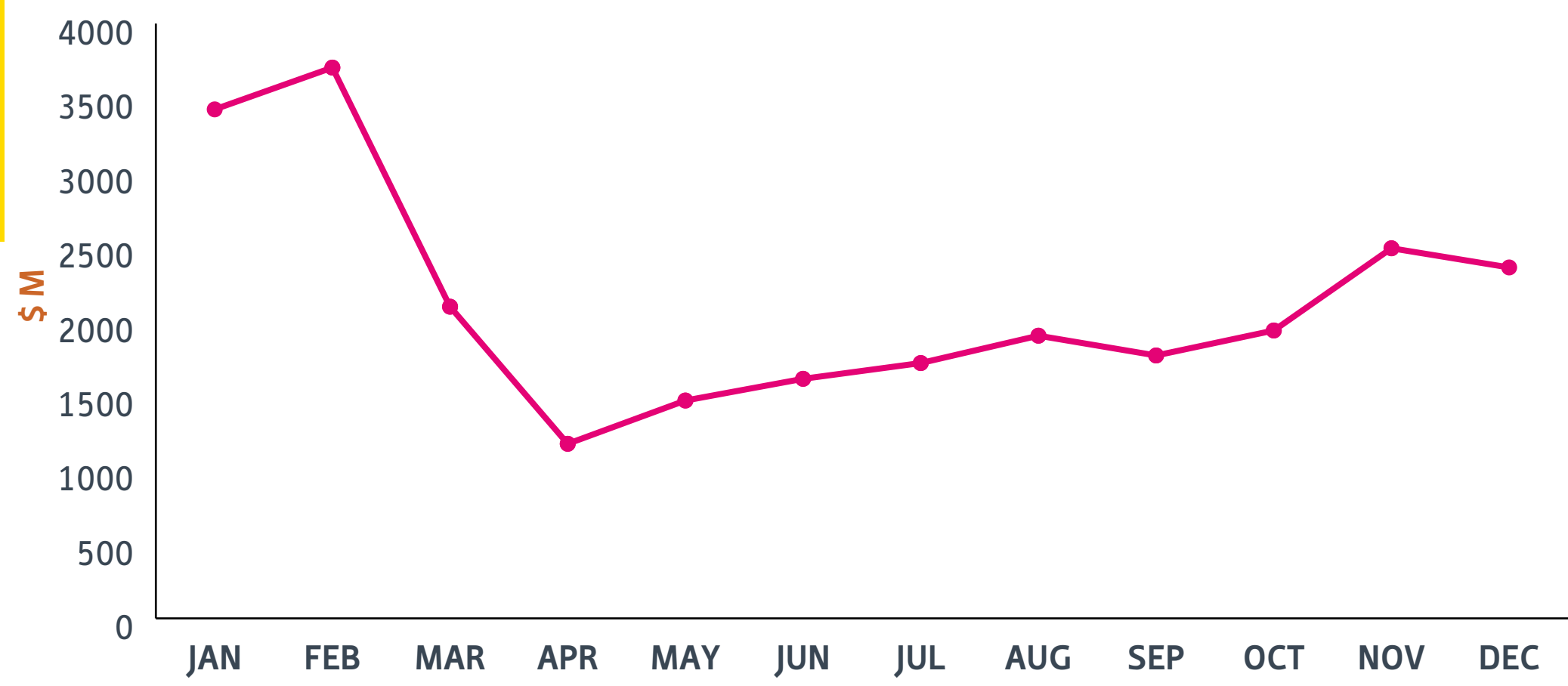
National Guarantee Programme provides relief from the most critical short-term payments that private sector companies face until June 15, 2021 (after extension), by allocating QR5bn (0.9% of GDP) in government guarantees

Lending support

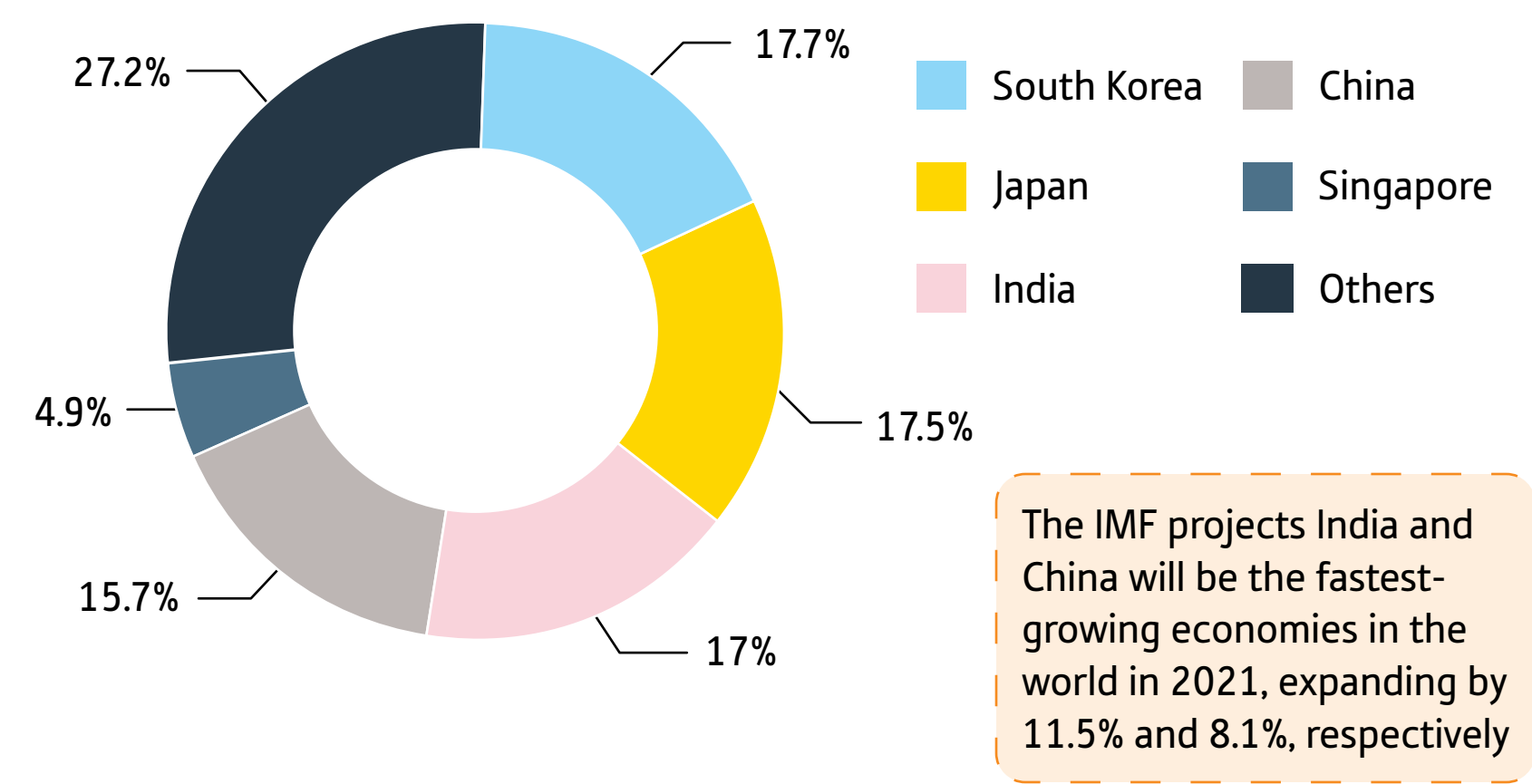
The government's QR75bn fiscal stimulus was the cornerstone of Qatar's economic policy response to the Covid-19 pandemic, with the package partly funded through a \$10bn sovereign bond issuance in April 2020 that was oversubscribed. With robust foreign exchange reserves, a deep sovereign wealth fund, high credit rating and wealthy local population, Qatar had fiscal strengths at the macro and micro level that enabled it to enact measures to alleviate the burden on struggling segments. As a result of strong support from the authorities, financial service providers were able to provide the necessary relief and liquidity to support the real economy.

Trade faced disruptions in 2020 but began to recover as the year progressed

Qatar maintained a positive trade balance throughout 2020

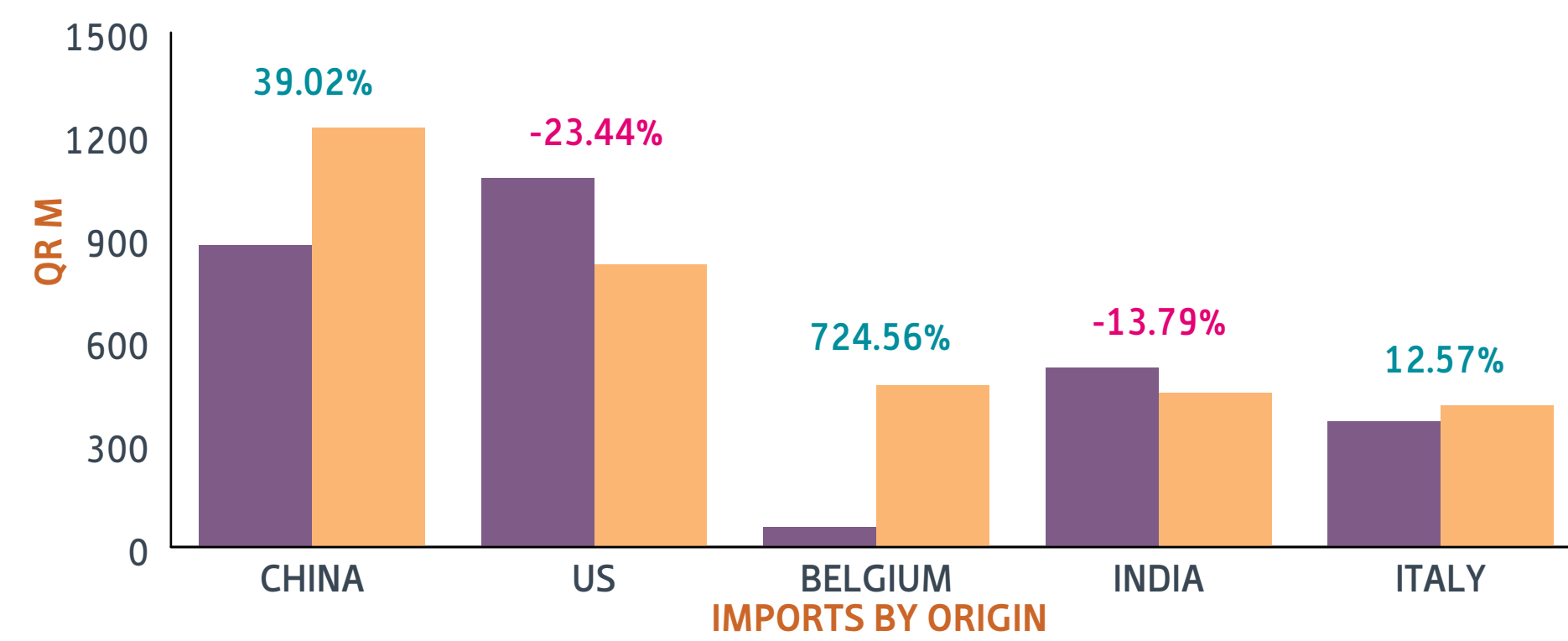
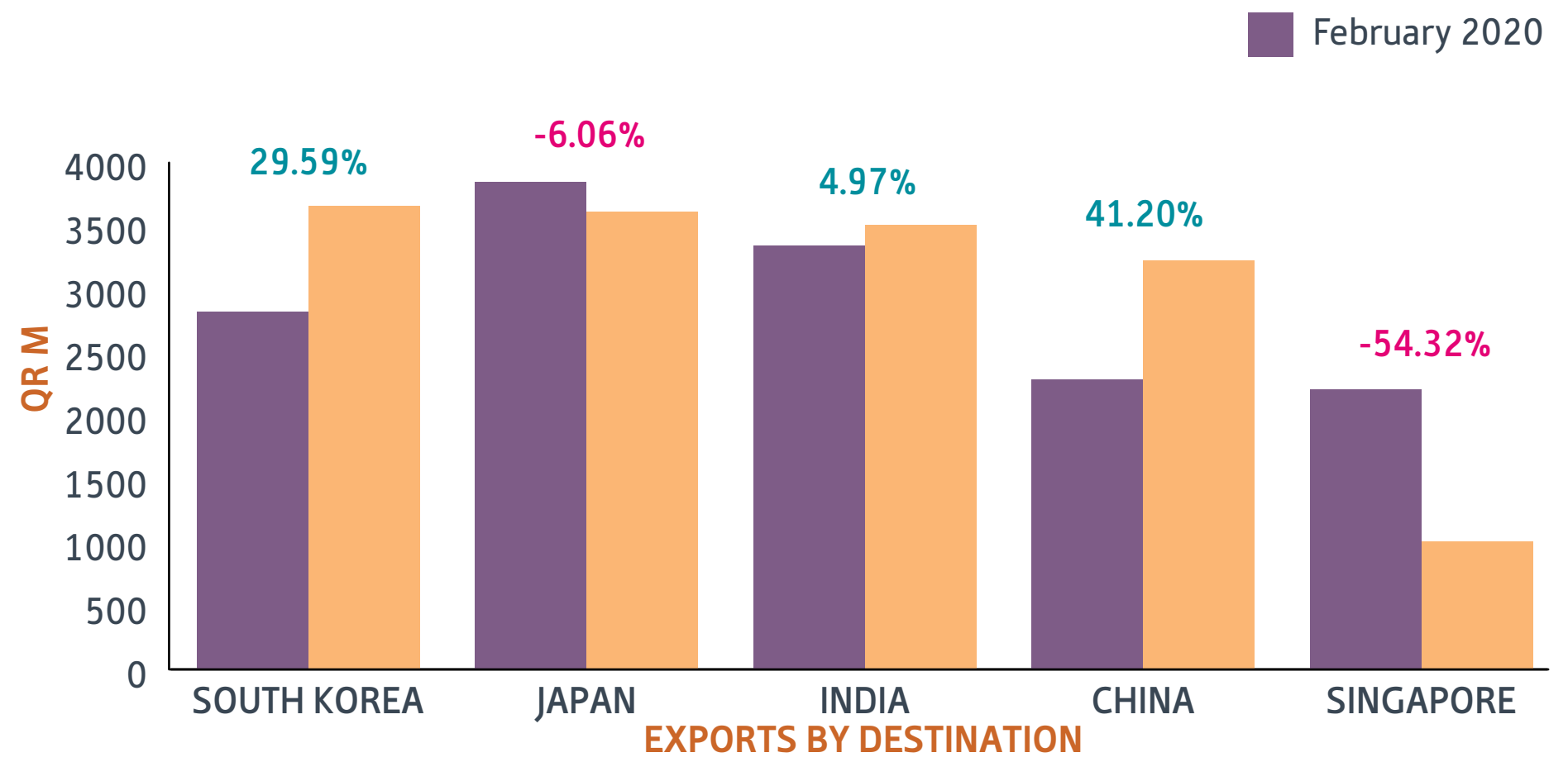


Exports by destination, February 2021 (%)



The IMF projects India and China will be the fastest-growing economies in the world in 2021, expanding by 11.5% and 8.1%, respectively

Qatar's bilateral foreign merchandise trade figures remained broadly positive



Demand outlook

Although sharp declines in monthly trade volumes were registered in March and April 2020 as the severity of the pandemic became apparent, Qatar maintained a positive trade balance throughout the year as volumes steadily increased, supported by the country's robust trade ecosystem and rising demand from many key trade partners in Asia. Qatar's export basket is quite evenly spread across four of Asia's largest economies, and foreign trade is likely to receive a further boost in 2021 from accelerated growth in India and China in particular. Meanwhile, massive fiscal stimulus in the US should serve to further boost global demand.

CASE STUDY: Milaha implemented digital solutions to improve efficiency and security during the crisis

Reinforcement of cybersecurity

Identification and mitigation of specific cyberthreats associated with remote working

Cybersecurity awareness training for employees and offshore crew

Hardening of endpoint security including anti-malware, and endpoint detection and response

Implementation of information security management system

Collaboration with the Ministry of Interior and QCert on cyberthreat intelligence and vulnerability management

Establishment of in-country security operation centre

Digital communications

First virtual annual town hall meeting for employees

Social media and internal communications awareness campaigns:

Campaign name

- Health awareness during quarantine: Milaha keeps on going thanks to IT
- Stay safe this Ramadan
- Covid-19 newsletter

Description

- Tips to maintain mental, physical and social health
- Post showing the different initiatives implemented to keep daily work and operations going safely and efficiently
- Prevention tips on social distancing, reducing family and friend gatherings, and exercising at home
- Non-panic help guide



IT initiatives

Zscaler proxy to protect devices remotely

Microsoft proxy to access the Milaha system remotely without VPN

Calls forwarded to Skype and MS Teams for business

Enabled Intune on MS Office 365 to push updates to remote devices

Training for users on Milaha system via Teams

Enabled MS OneDrive on all desktops/laptops to save copies of files

Files and folders migrated from Prem File server to Azure Cloud File and SharePoint

OneDrive used to sync all Milaha PCs to increase internet bandwidth

Provided reports of usage and systems access to monitor work from home productivity

Enabled Microsoft Quick Assist for remote support

Provided Adobe access to allow key staff members to sign documents online

Implemented emergency communication app

Deployed Microsoft Power apps to develop an application that can support remote work and eliminate manual paper sign-off

CASE STUDY: Wide-ranging actions were taken to ensure employee well-being during the crisis

Safety underpins Milaha's business continuity strategy

Mitigation measures



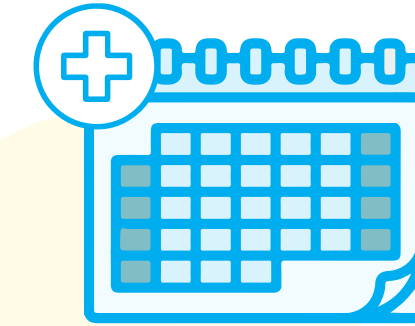
Remote-working arrangements
Transition to digital and remote work. Virtual meetings held and all non-essential personnel encouraged to work from home.



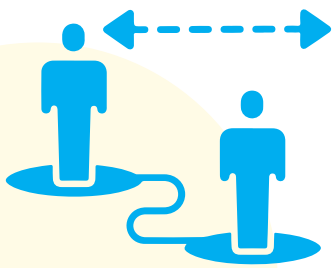
Working in the office environment
Seating capacity and arrangements reviewed to reduce potential for exposure



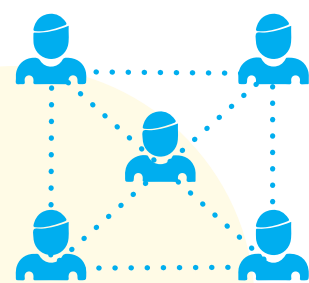
Travel restrictions
Restrictions on company travel, and the implementation of medical and travel self-declaration protocols



Leave of absence with pay for Covid-19-positive employees
Any employee who tested positive for Covid-19 granted leave of absence, with pay, for the duration of their illness and recovery



Access to work locations
Security passes, face masks, physical distancing and temperature checks introduced



Track and trace
Tracking database to identify potential exposure of personnel and manage all cases until resolved



Workforce welfare
Twice-daily Covid-19 compliance inspections. 50% capacity transport protocol applied.



Health and hygiene
Increased frequency of sanitisation, cleaning and guidance for required distancing

Best Practice Covid-19 Management

Milaha received British Safety Council Covid-19 Assurance Assessment Certificate as acknowledgement of exemplary management and mitigation during the pandemic



Resilience

Qatar was able to absorb the economic impact of the pandemic thanks to strong fundamentals

The country had invested in developing a high-performing health care system with an emphasis on prevention and promotion

The construction and ongoing development of Hamad Port underpinned Qatar's advanced trade-related infrastructure

Response

A mix of stringent containment measures, effective testing and tracing systems, and accelerated vaccinations have helped to limit fatalities in the country

Qatar drew on its macroeconomic strengths to cover budgetary shortfalls and support vulnerable business and social segments

It maintained a trade surplus as companies within the shipping ecosystem adapted to the disruption

Recovery

Will Qatar's economy bounce back in 2021?

Which emerging industries could attract increased foreign direct investment inflows?

What is the outlook for export growth?

Reinvention

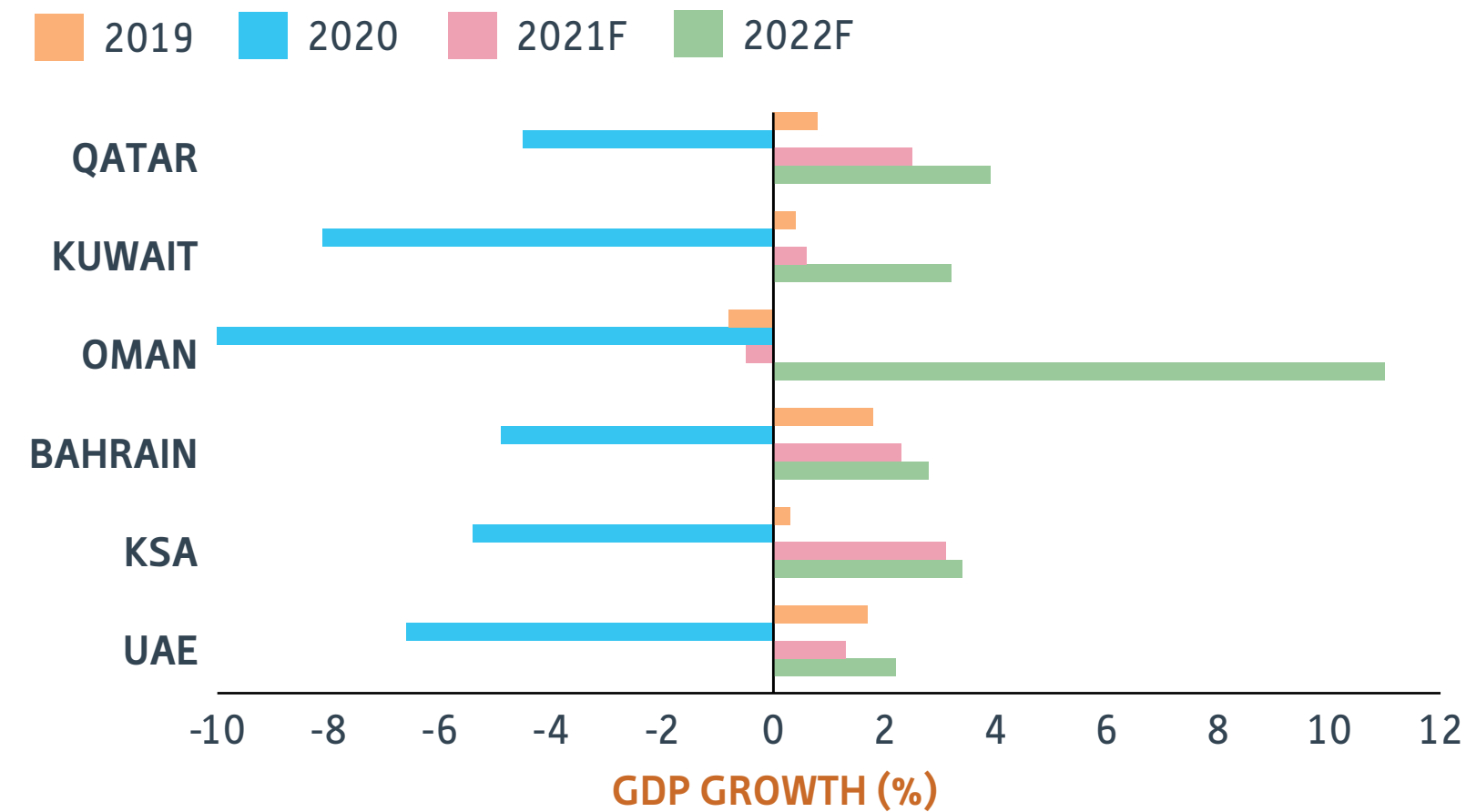
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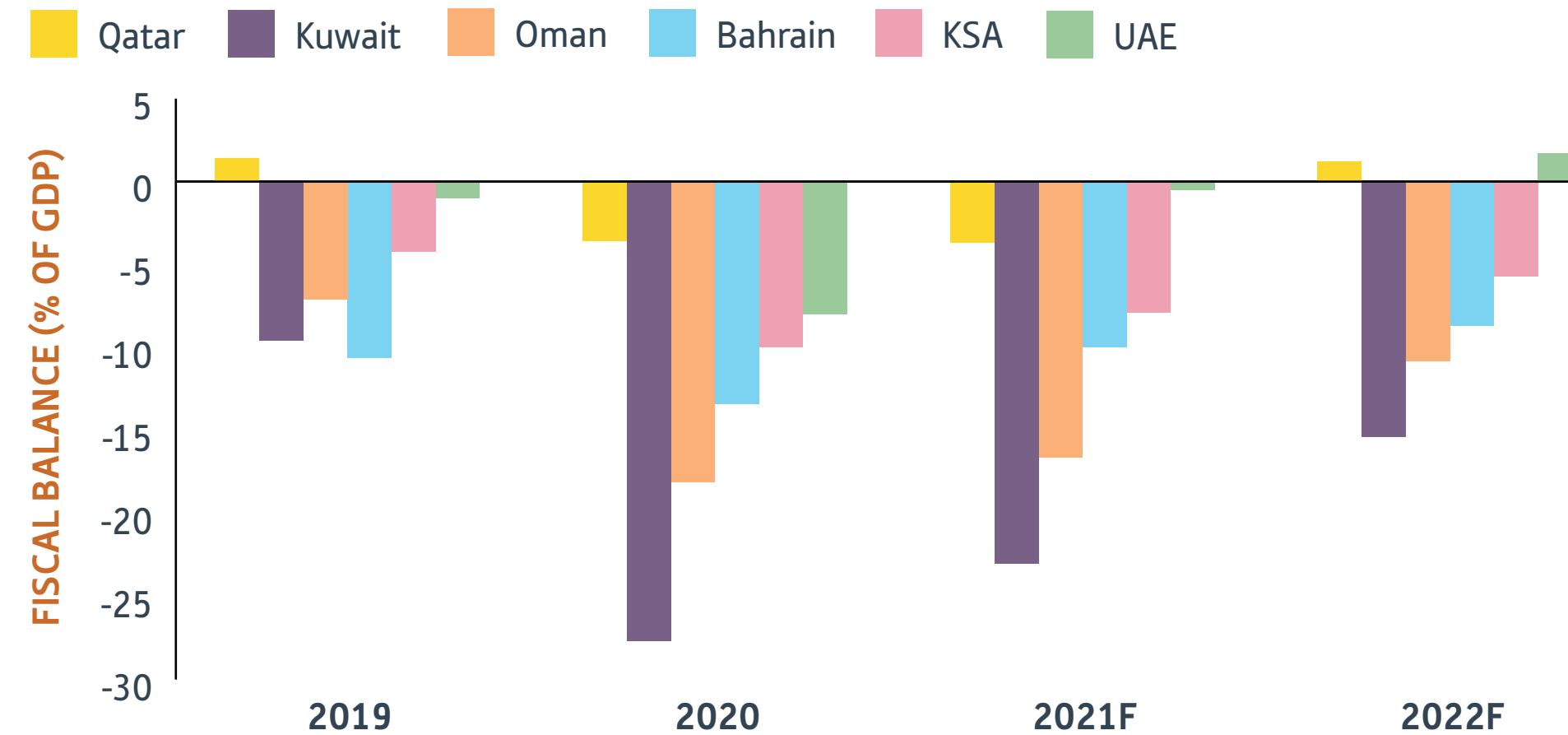
Where are the long-term growth opportunities in Qatar's marine logistics sector?

Diversification and development efforts are set to aid Qatar's economic recovery

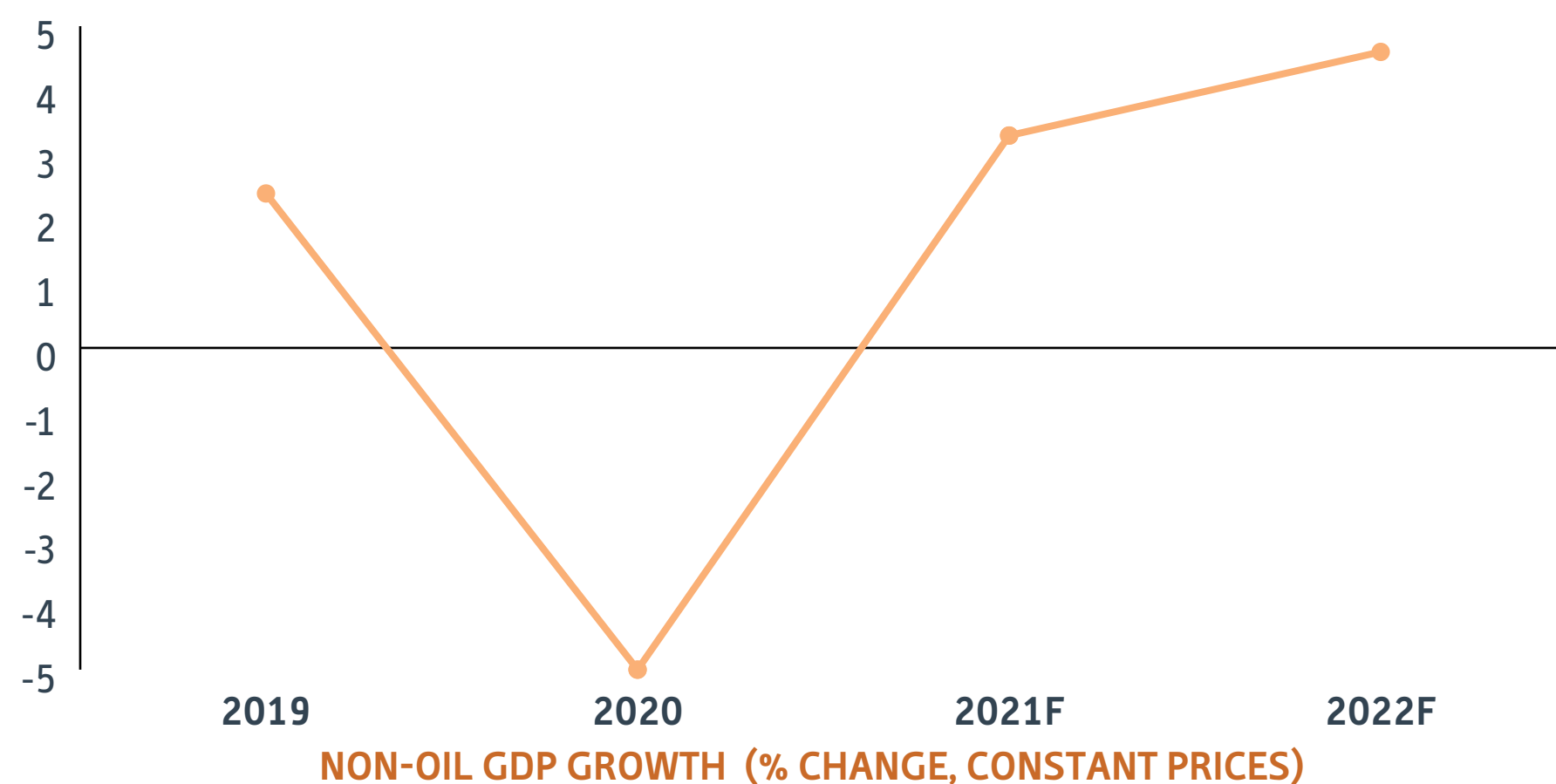
Qatar's economy was the least affected in the GCC and will gradually recover



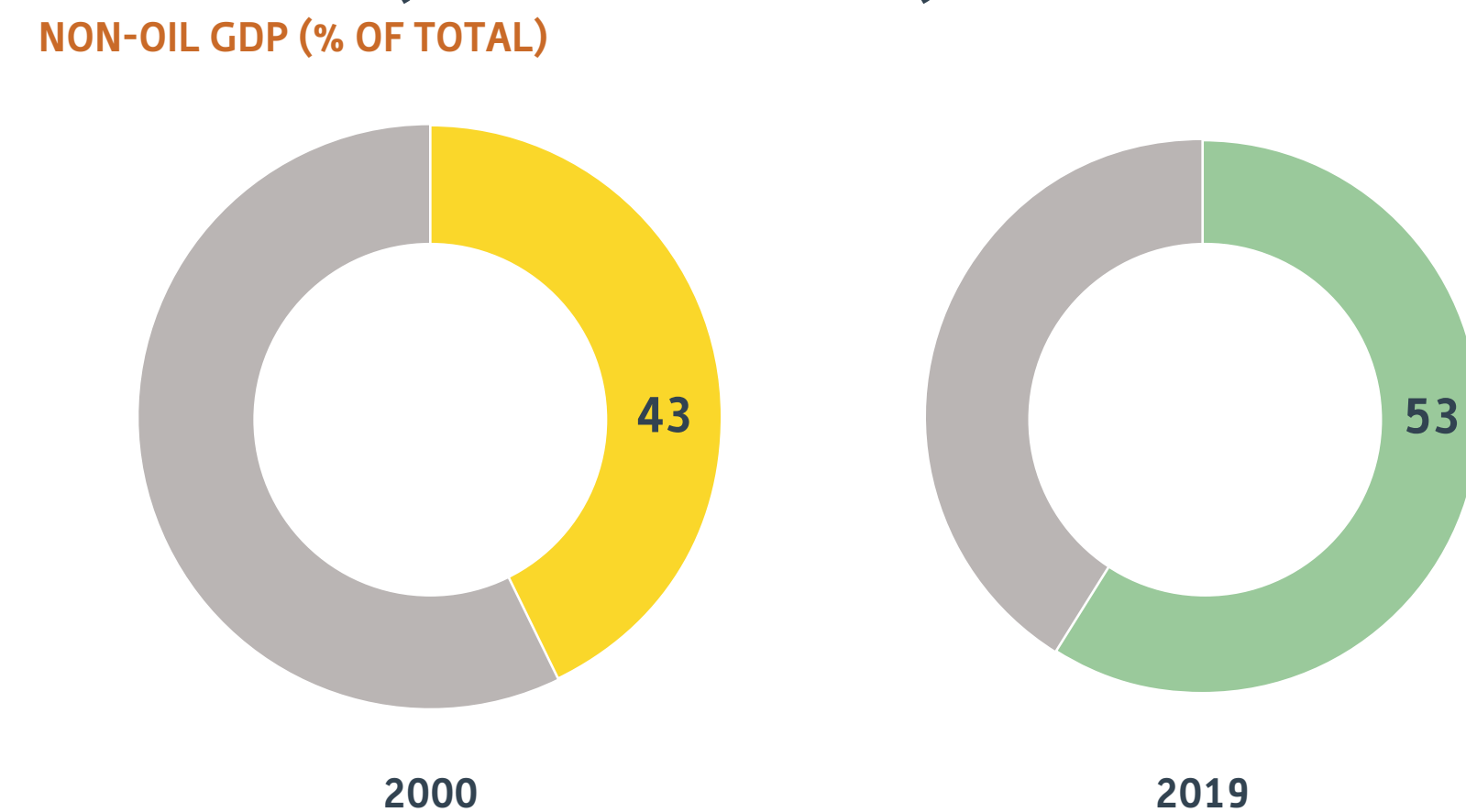
Fiscal strengths put its economic stability ahead of GCC peers



Non-hydrocarbons growth to drive recovery



Qatar's economy continues to diversify



Bright prospects

Qatar, like the rest of the region, was hit hard by the Covid-19 pandemic and the sharp decline in hydrocarbons prices and demand in 2020. However, its economic recovery is expected to pick up in 2021, supported by plentiful natural gas reserves, high purchasing power among the population, construction activity related to the North Field expansion and the growth of non-hydrocarbons industries. Economic performance should receive a further boost from hosting the 2022 FIFA World Cup. Qatar's macroeconomic fundamentals remain strong, and its large sovereign wealth fund can capitalise on distressed but high-potential assets around the world.

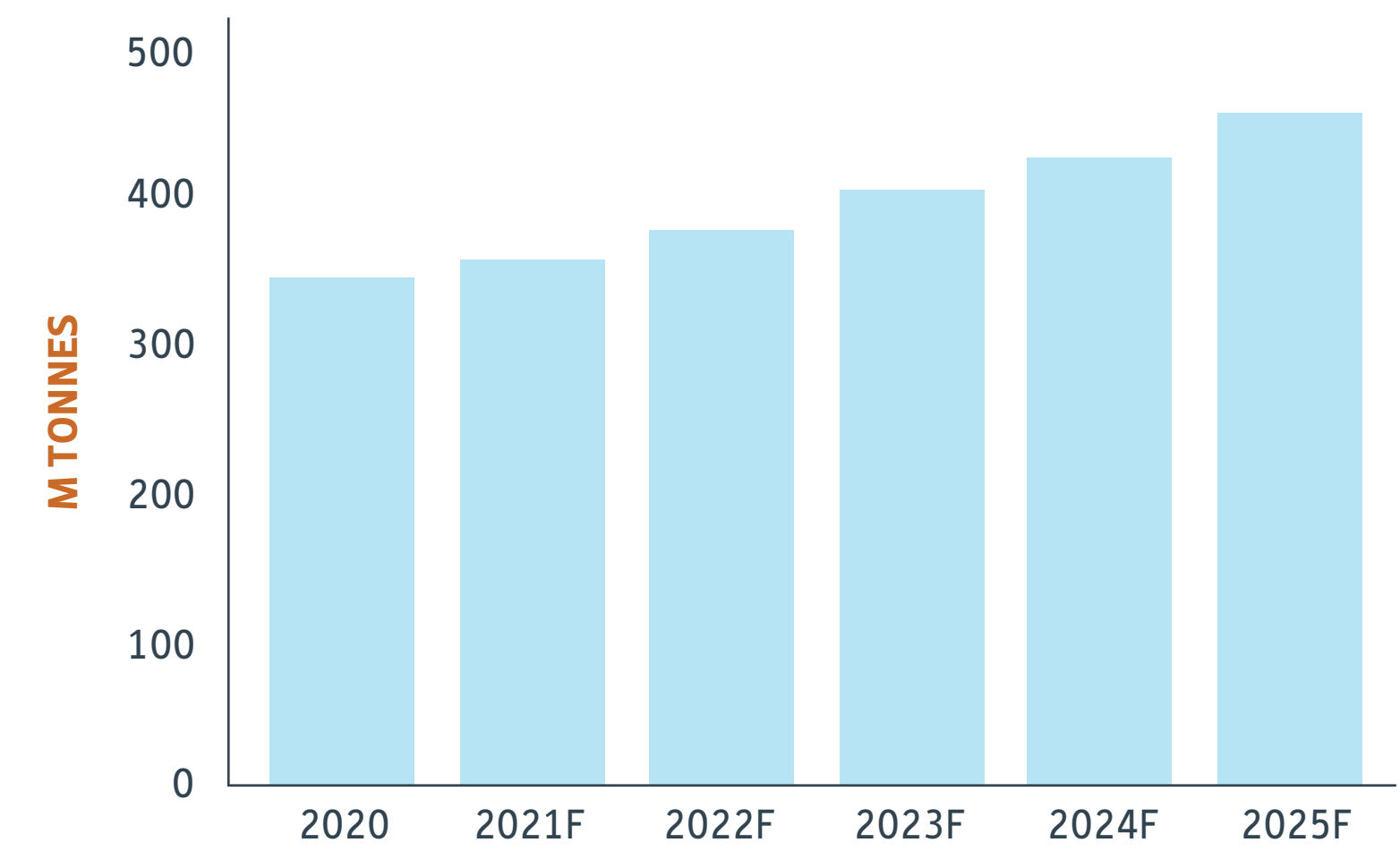
High investment potential has been identified in 10 target segments of strategic importance to Qatar

New investment in emerging industries can accelerate recovery from the pandemic

Target segments									
Industry innovators	Adjacent service providers	Digital deliverers	Experience curators	Solution financiers	Gateway extenders	Resilience builders	Asset class specialists	Landmark anchor projects	Global financial investors
Target sectors and companies									
Advanced manufacturing, petrochemicals, ICT and technology	Professional services, consulting, and oil and gas services	Digital infrastructure, IT, health and media	Tourism and culture, hospitality and entertainment	Banks, fintech, asset management and insurance	Air and water transport, logistics and warehousing	Food production and processing	PPP and government tenders for education, water treatment and supply, and waste and sewerage management	MNC developers and operators	Investment banks, institutional investors, venture capitalists, real estate and high-net-worth individuals
Opportunities									
Construction activities for the North Field expansion, one of the world's largest LNG projects, presents investment opportunities for subcontractors and oil and gas services providers, as well as distributors of chemicals and petrochemicals	There are ongoing big-ticket infrastructure and service improvement projects that require a range of professional services in the energy and non-energy sectors. Ongoing PPP and national projects as well as those in the pipeline require services focusing on construction, engineering and facilities management. The 2022 FIFA World Cup will create demand growth for hospitality, human resources and logistics services.	Qatar is rapidly emerging as a digital centre thanks to its rapid adoption of 5G technology and development of smart cities. Lusail City, one of the largest smart city projects in the world, is expected to foster a vibrant digital economy ecosystem. Although 95% completed, there are opportunities in construction, real estate, retail, ICT, transport, leisure and entertainment, education and health care.	As a growing tourism market supported by a wide portfolio of attractions, cultural sites and entertainment offerings, Qatar presents ample opportunities for hospitality and tourism. Ahead of the 2022 FIFA World Cup, which is expected to attract 1.5m football fans to the country, hotel stock is expanding significantly, signalling opportunities for related hospitality services.	With a strong government balance sheet backed by vast hydrocarbons reserves and the world's highest per capita income, Qatar is a fertile ground for financial services. The country is also a rapidly emerging financial technology centre, providing an efficient digital financial system; and it is home to a more than \$3bn insurance industry.	Qatar is expanding its capacity as a regional gateway and logistics centre, supported by advanced transport infrastructure and extensive international connectivity. The ongoing expansion of Hamad International Airport ahead of the 2022 FIFA World Cup will bring more passengers and cargo through the country, opening up new investment opportunities for warehousing and logistics centres.	Regional tensions and pandemic-related disruptions to supply chains have spurred Qatar to enhance food security by increasing production to meet existing and future demand for fresh food products and establish itself as a regional food producer. With Qatar pursuing 2023 self-sufficiency targets, opportunities exist in food production and processing, supported by a food manufacturing cluster at the Umm Alhoul Free Zone with refrigerated logistics and warehousing.	Qatar enacted a new PPP law in 2020, and there are opportunities available through PPPs and government tenders in the areas of water, waste management and education. Expertise is sought in water and waste management in particular, as they are segments of national importance. The KAHRAMAA water reservoir mega-project is one such project already in progress.	A range of major national strategic projects are currently under way in Qatar, presenting numerous opportunities. For example, the ongoing nationwide Expressway programme for new roads and the Sharq Crossing project are creating opportunities in construction, building materials, engineering, logistics and transport, while new special economic zones – Ras Bufontas (4 sq km), Umm Alhoul (34 sq km) and Al Karaana (38 sq km) – will help to diversify the economy further.	Thanks to its well-regulated capital markets, robust legal framework and broader financial ecosystem, global financiers can find a smooth path to participating in capital projects in Qatar. This is underpinned by the Qatar Financial Centre, which currently has 816 registered companies and seeks to attract \$25bn in FDI over the next two years, creating 10,000 new jobs and 1000 companies in the process.

Qatar is expected to benefit from long-term demand for LNG as part of the global energy transition

Worldwide LNG demand projected to rise through to 2025

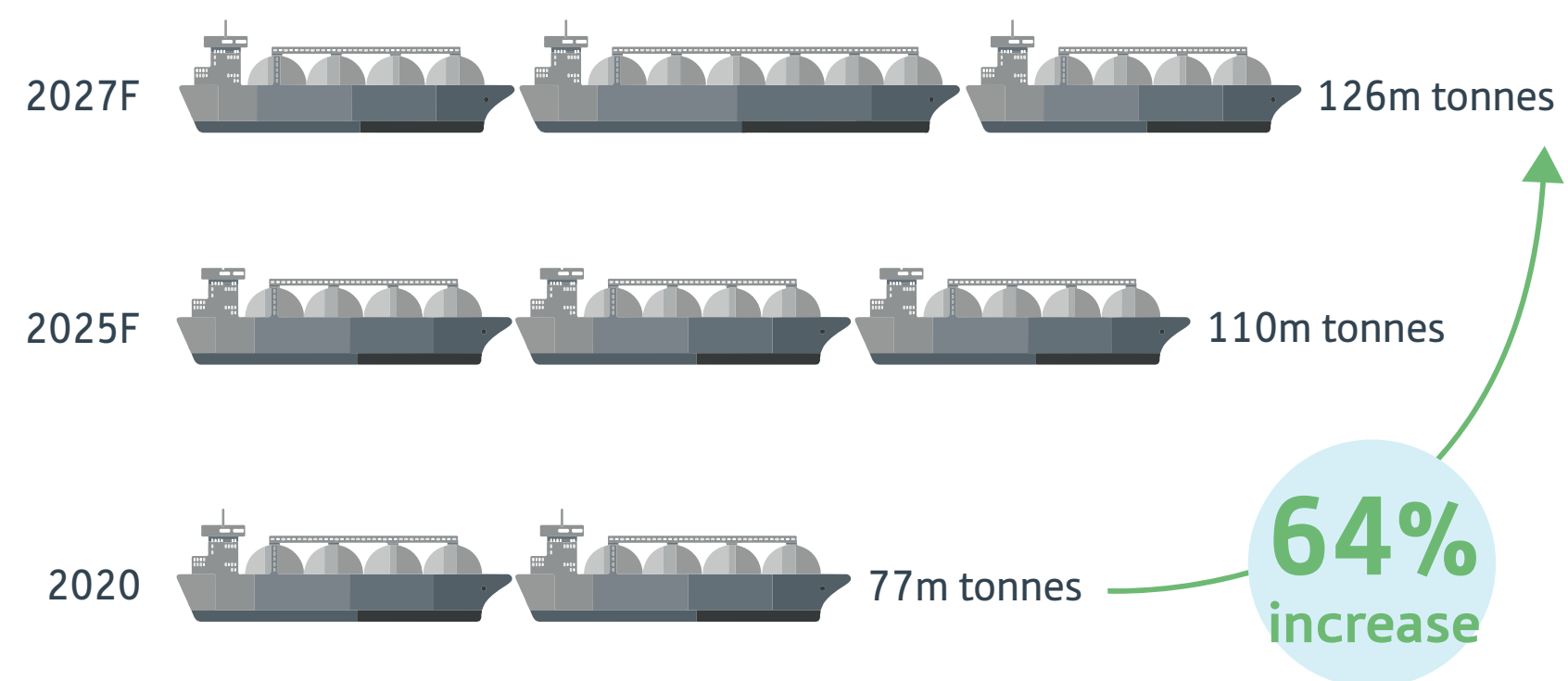


- More than half of future LNG demand to come from countries with net-zero emissions targets
- Gas and renewables combined to constitute 74% of new global power capacity through 2040
- South Korea to convert 24 coal-fired power stations to LNG by 2034

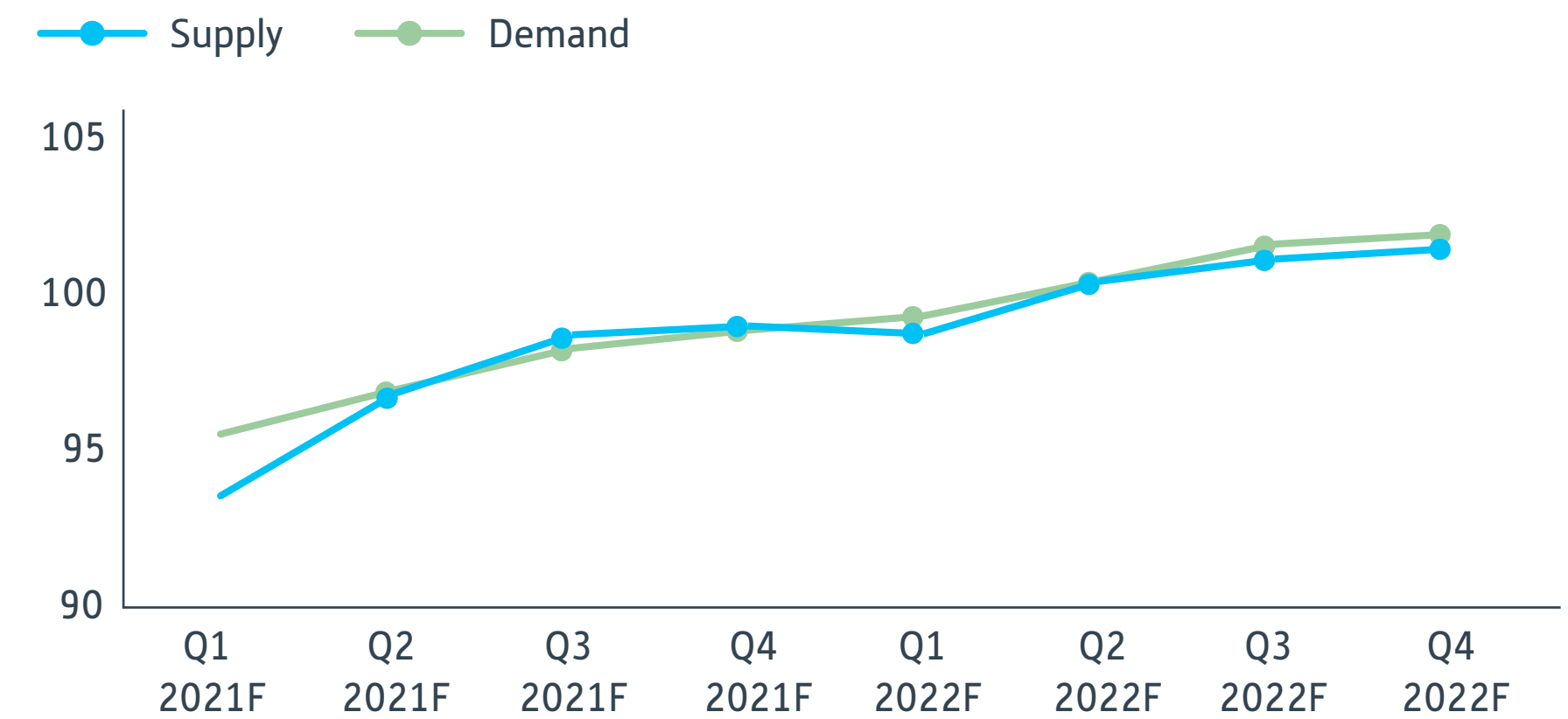
Lighting the way

The LNG market was negatively impacted by the decline in global demand in 2020, with prices falling to record lows in the early stages of the pandemic before hitting record highs at the turn of 2021. This was due to sudden demand spikes related to winter temperatures combined with supply disruptions. Investment in new capacity slowed due to the uncertainty; however, the long-term prospects for LNG demand remain bright as it forms a key component of the energy transition away from carbon-intensive fossil fuels like coal and oil. Qatar is well placed to capitalise on this with significant new capacity coming on-line in 2025 from the North Field expansion.

North Field expansion to boost LNG production capacity

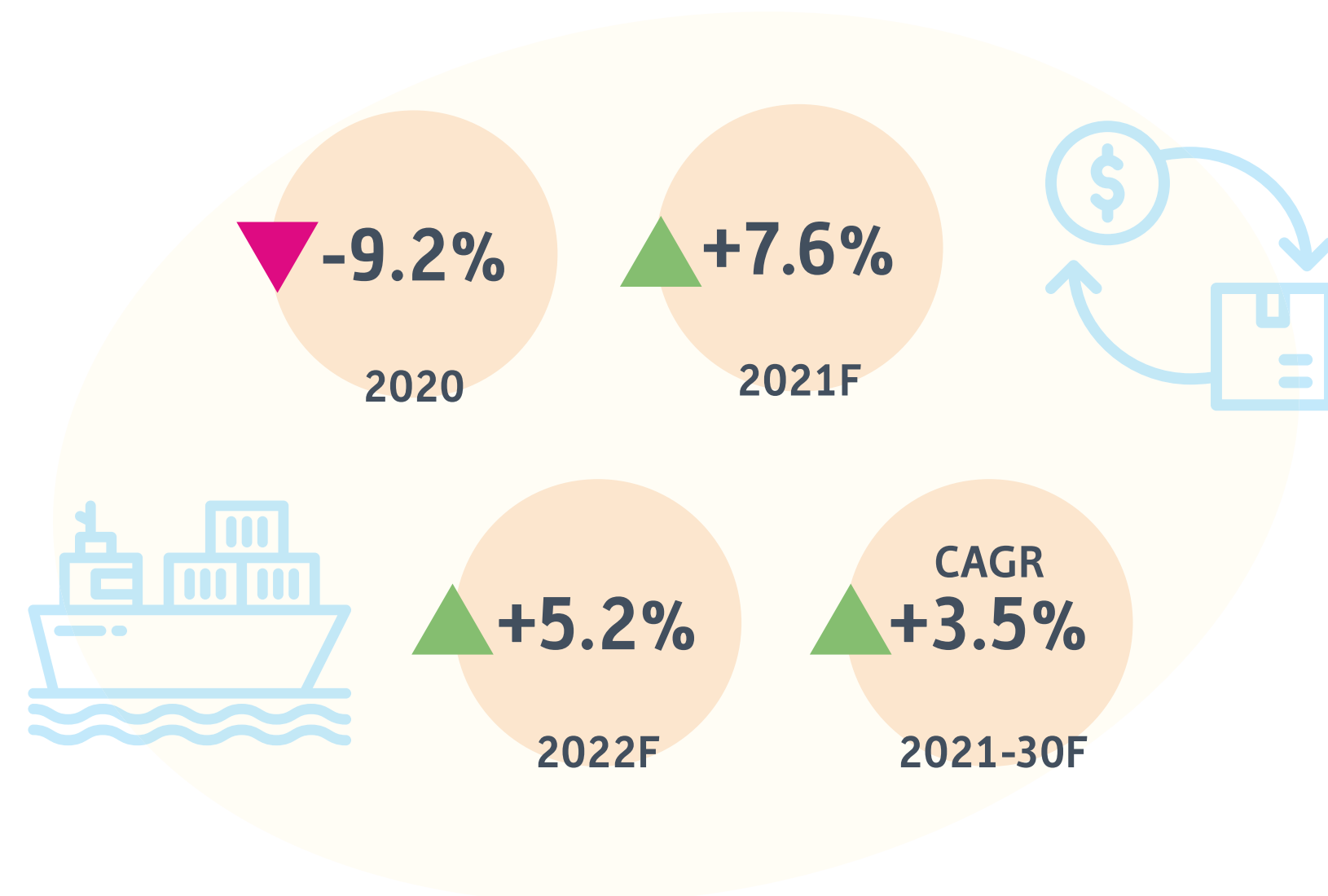


Crude oil supply & demand forecast (m bpd)



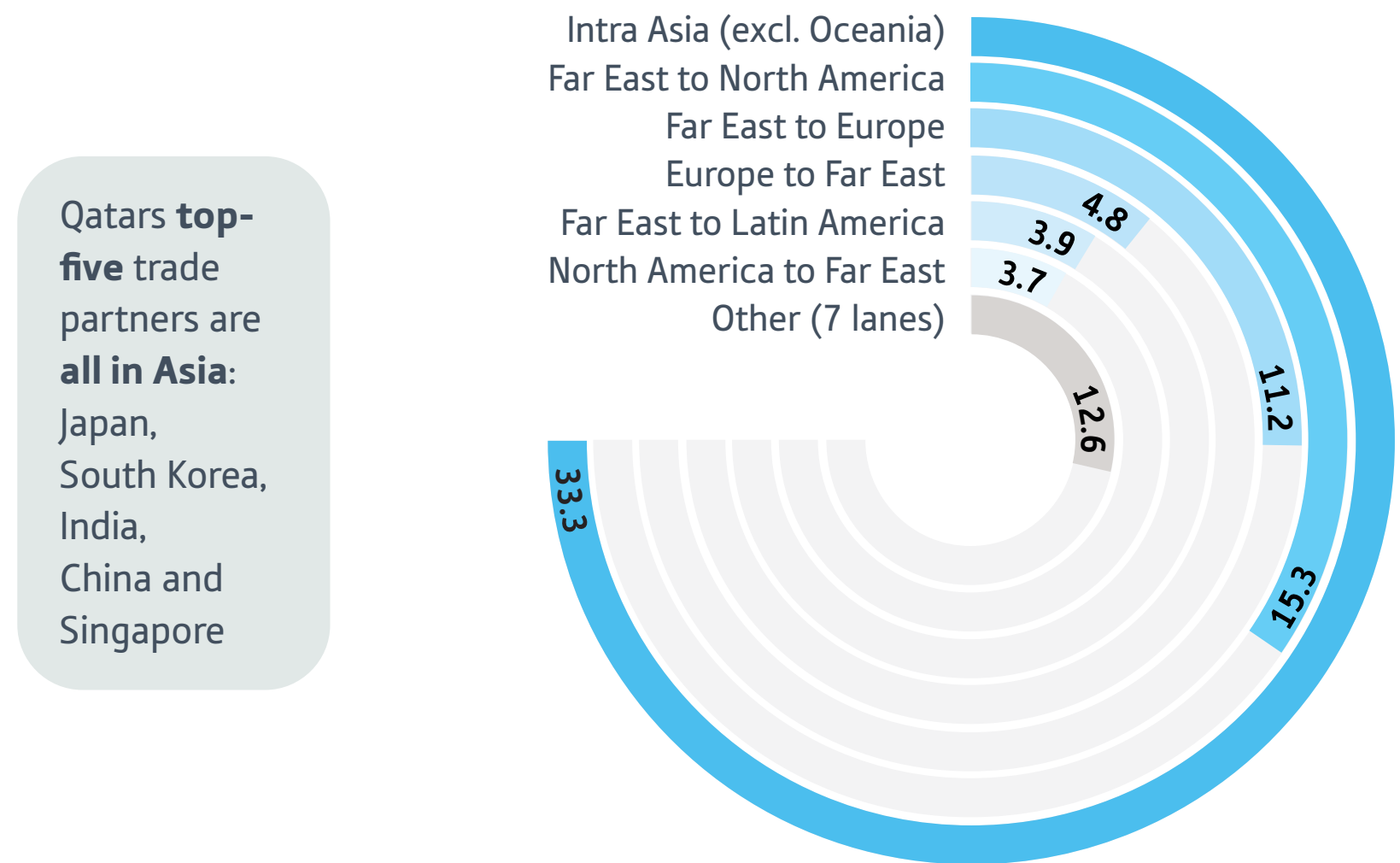
Qatar is well positioned to benefit from a recovery in global shipping led by Asian trade partners

Global merchandise trade

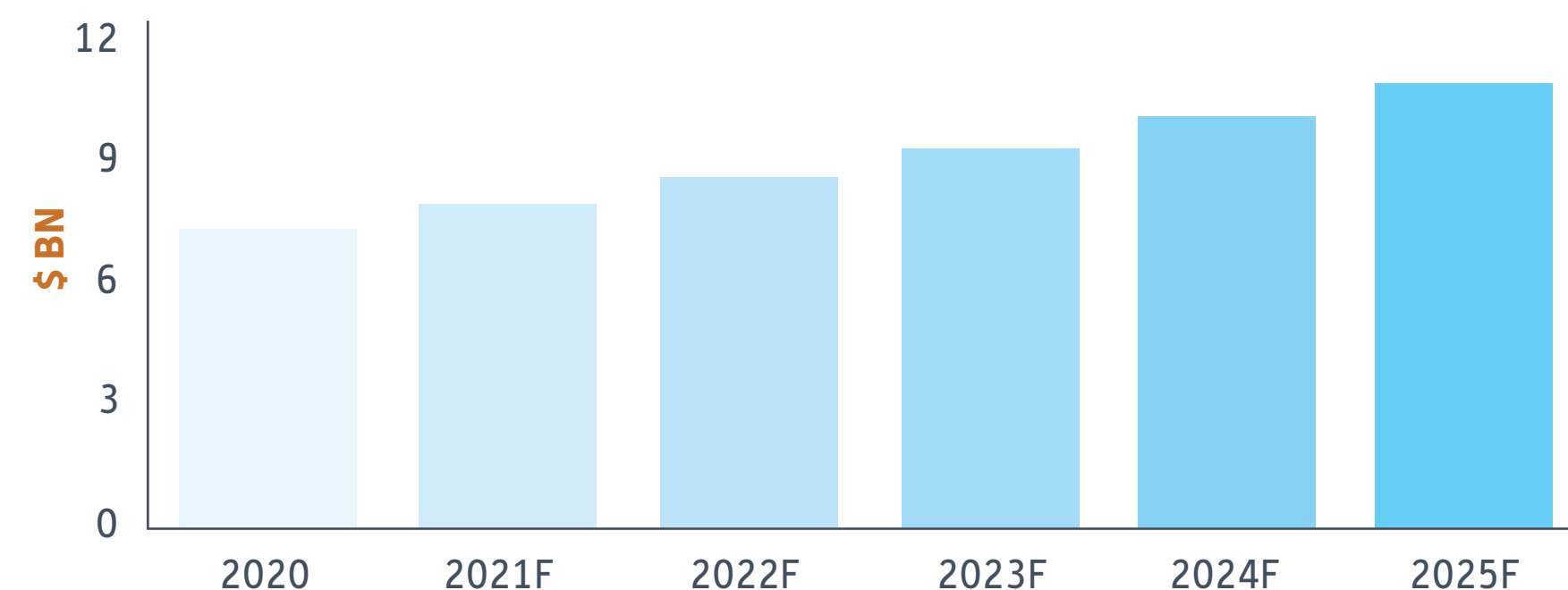


Asia will be the fulcrum of global container trade

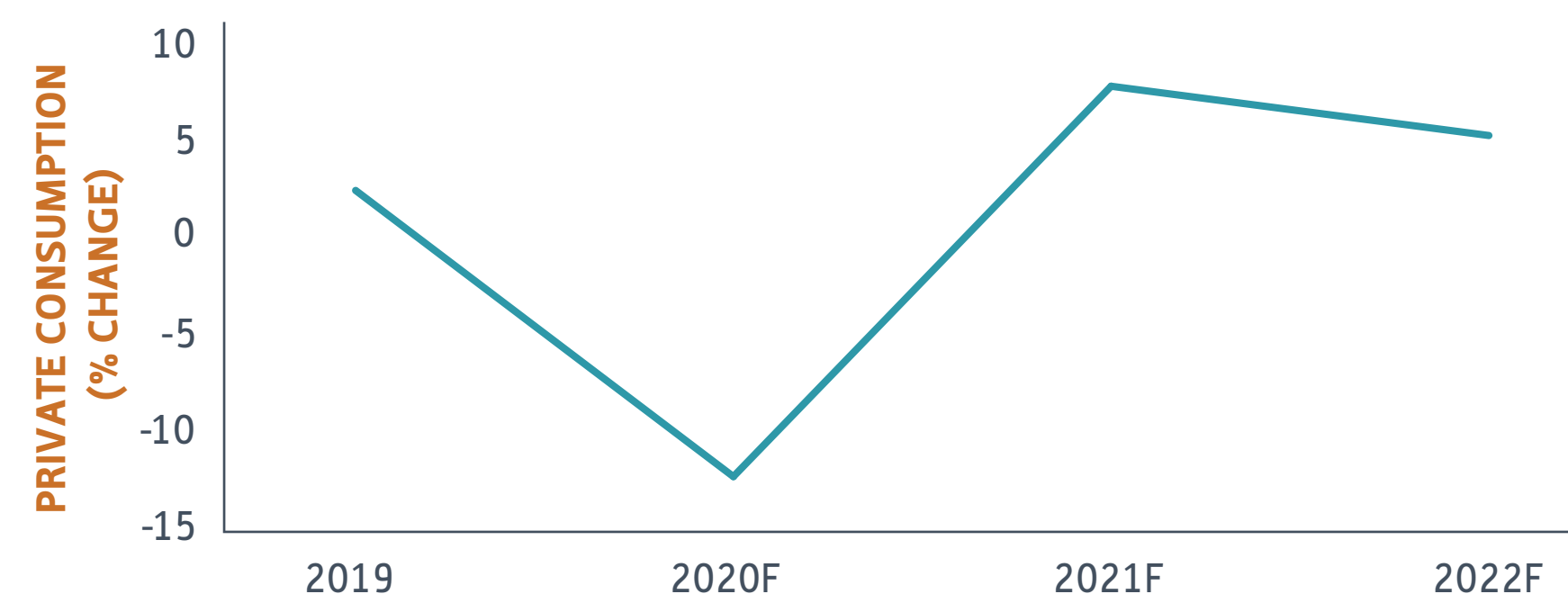
Projected global container trade by lane, 2020-24 (m TEUs)



Global shipping market projected to expand steadily



FIFA World Cup 2022 to boost domestic demand



Future-ready

After a drop in international trade of almost 10% in 2020, a gradual global economic recovery will boost demand for goods worldwide, although it will take approximately two years to recover to pre-pandemic levels. Container trade will be driven by strong growth within Asia – where all of Qatar’s main trade partners are situated. Thanks to successful automation and cost-optimisation efforts, Milaha is well placed to capitalise on the recovery in maritime logistics, while expansion in the Black Sea is helping to diversify revenue sources. The company is also supporting the development of Qatar’s maritime ecosystem through a multi-stakeholder approach.

Resilience

Qatar was able to absorb the economic impact of the pandemic thanks to strong fundamentals

The country had invested in developing a high-performing health care system with an emphasis on prevention and promotion

The construction and ongoing development of Hamad Port underpinned Qatar's advanced trade-related infrastructure

Response

A mix of stringent containment measures, effective testing and tracing systems, and accelerated vaccinations have helped to limit fatalities in the country

Qatar drew on its macroeconomic strengths to cover budgetary shortfalls and support vulnerable business and social segments

It maintained a trade surplus as companies within the shipping ecosystem adapted to the disruption

Recovery

Qatar's economy absorbed the impact of Covid-19 better than its GCC peers and is poised for accelerated expansion

Investment stakeholders have identified 10 high-potential segments to attract foreign direct investment and support economic diversification

Strong relations with high-growth markets in Asia will boost exports in 2021 and beyond

Reinvention

In what ways are global supply chains evolving in the wake of Covid-19?

How will Qatar's export basket develop over the long term?

Where are the long-term growth opportunities in Qatar's marine logistics sector?

Pandemic-related disruption is set to accelerate decentralisation and diversification in global supply chains

Companies to consider new supply chain resilience strategies due to impact of pandemic

NEARSHORING & REGIONALISATION

Some companies will bring their production and suppliers closer to their home location, and put more emphasis on regional diversification and nearshoring of production. Regionalisation will create new opportunities for lower-cost production countries that are closer to the main consumer centres.

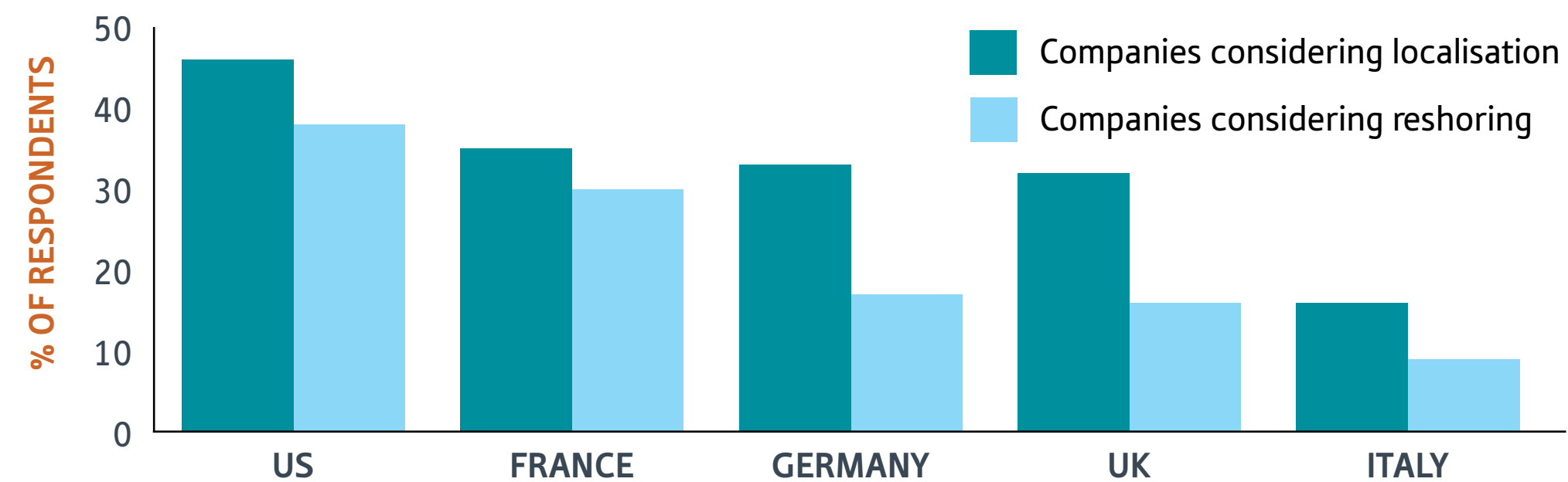
LOCALISATION & RESHORING

Sourcing inputs from local suppliers will become more common in order to decrease the risk of overseas supply disruptions. Some companies are considering relocating their entire production base to their home locations.

CHINA+1

China, up until the pandemic, accounted for 35% of global manufacturing output and many global industries relied on Chinese suppliers to some extent. The pandemic is making global manufacturers consider a China+1 strategy to de-risk their supply chains by adding new production facilities in other developing Asian countries to hedge against possible production disruptions.

What companies in top economies think about the future of supply chains



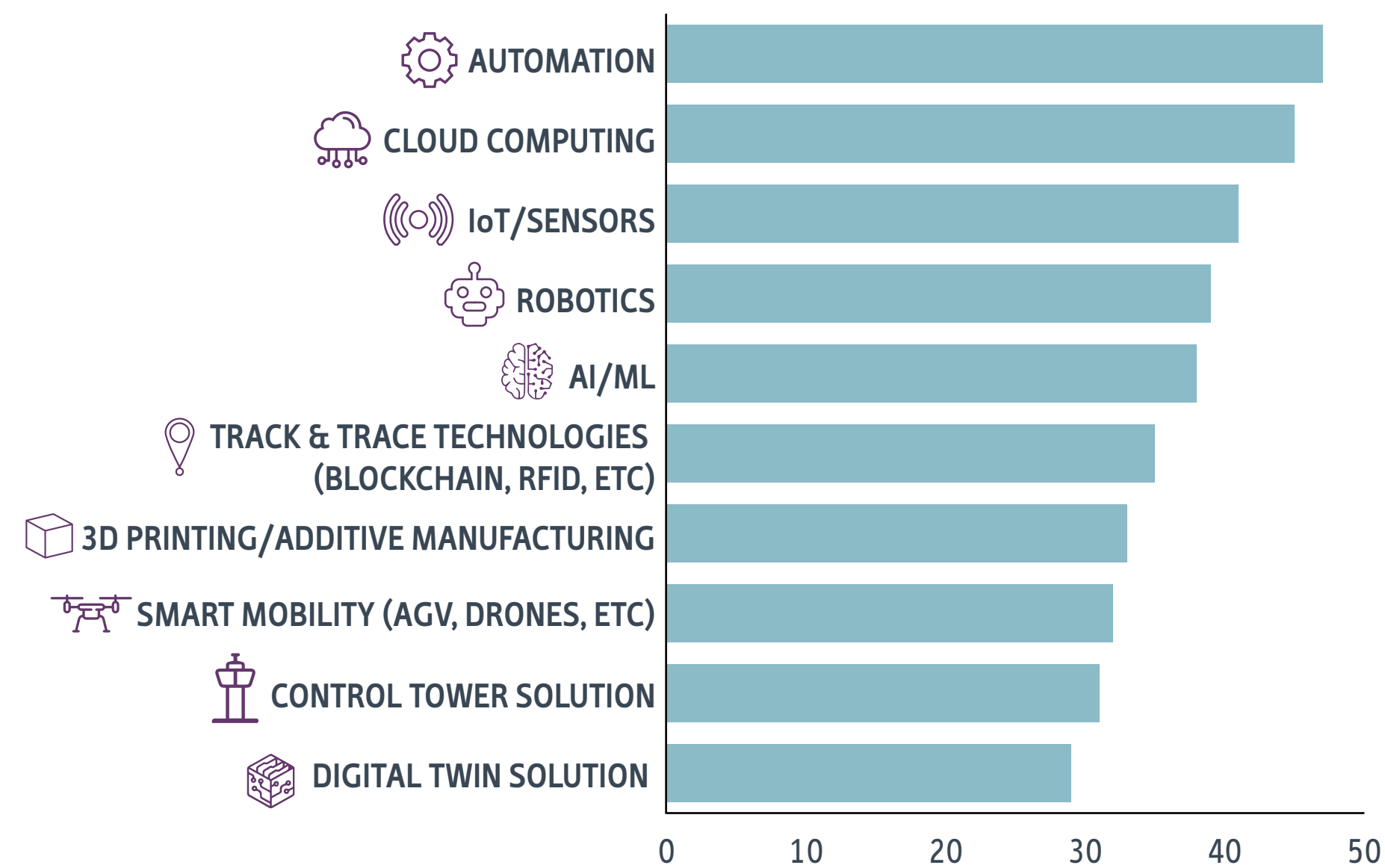
*2020 Euler Hermes Global Supply Chain Survey of high-level executives from 1181 companies across six sectors (IT, tech and telecoms, machinery and equipment, chemicals, energy and utilities, automotive and agri-food)

65% of companies aim to regionalise and nearshore production and suppliers

68% of companies are actively investing to diversify their supplier base

*2020 Capgemini Supply Chain Survey of 1000 Western companies

Proportion of companies planning accelerated investments in technology to optimise supply chains (%)



Different strategy

As a result of pandemic-related disruptions to global industrial production, supply chains are likely to become more decentralised and diversified to ensure that risks associated with geographic concentration are minimised. China's importance as a source of many components and finished goods led to supply shortages in other parts of the world in the pandemic's early stages, highlighting the risks of over-reliance on one market. Going forwards, companies are increasingly seeking alternative production bases in emerging markets, as well as finding suppliers closer to home. Technological adaptation can help shipping companies adapt to shifting supply chains and client demands.

Industrial diversification to enhance Qatar's global competitiveness and self-sufficiency

Growth of production in Qatar's non-oil industries to boost global trade and logistics

North Field expansion will fuel trade in petrochemicals

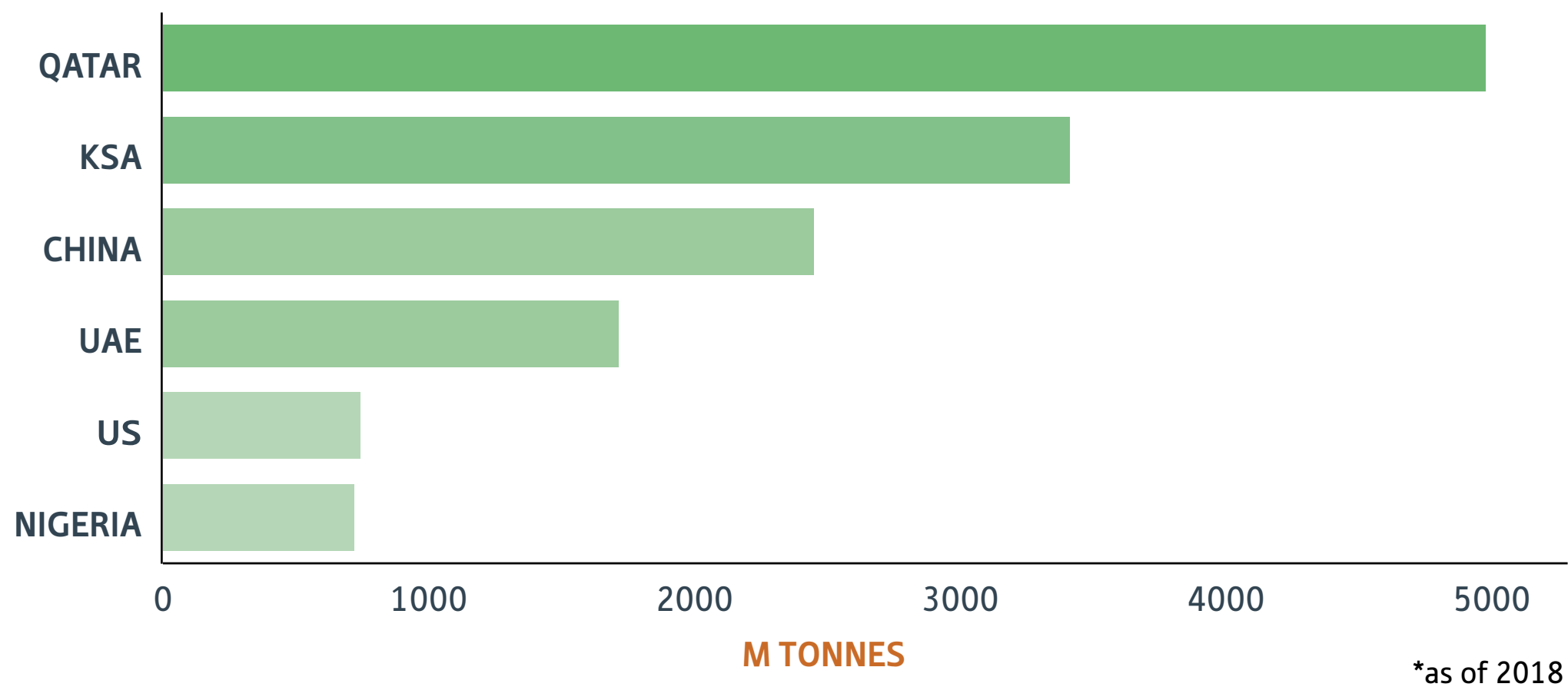
The field's substantial LNG production capacity will provide feedstock for sulphur, ethane, methane and more

New petrochemicals complex to open in Ras Laffan in 2025 with capacity to produce **1.9m** tonnes of ethylene per annum – the highest in GCC

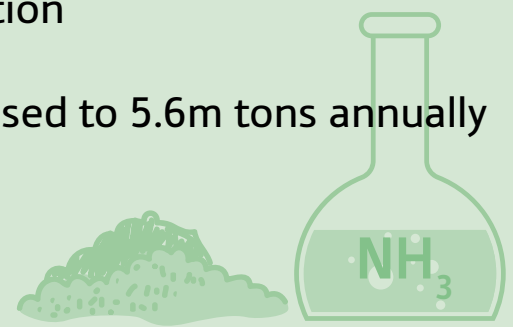
Polyethylene capacity to increase by **82%**



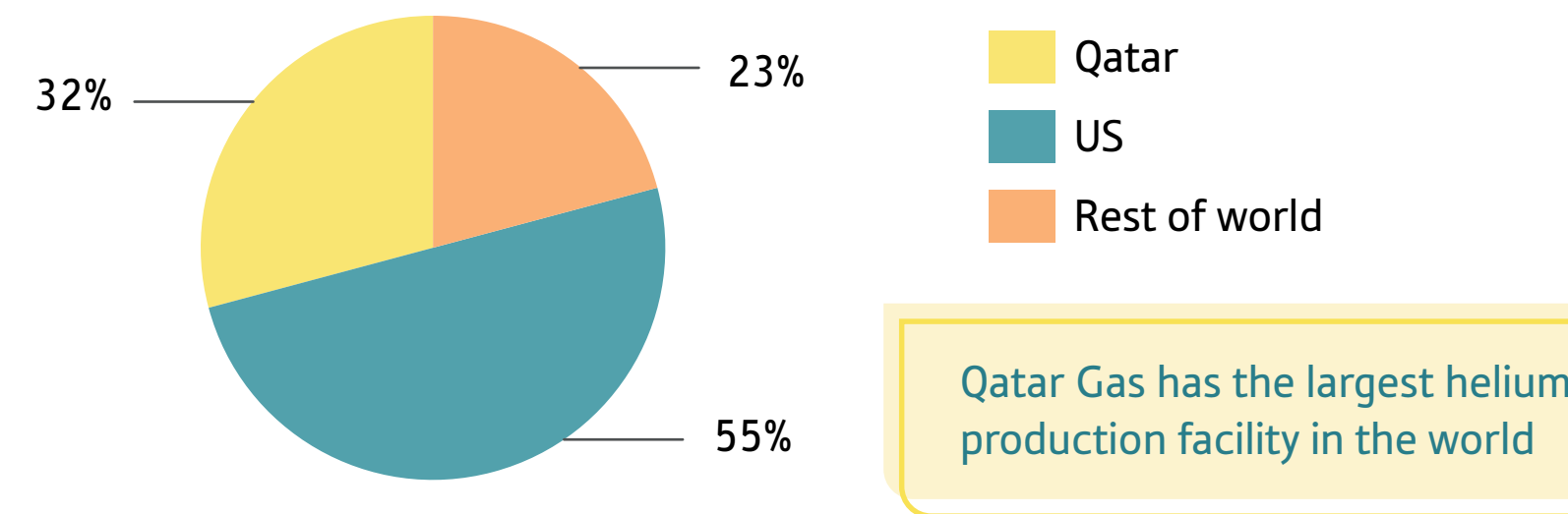
Qatar is a top urea exporter* and will remain dominant in this area



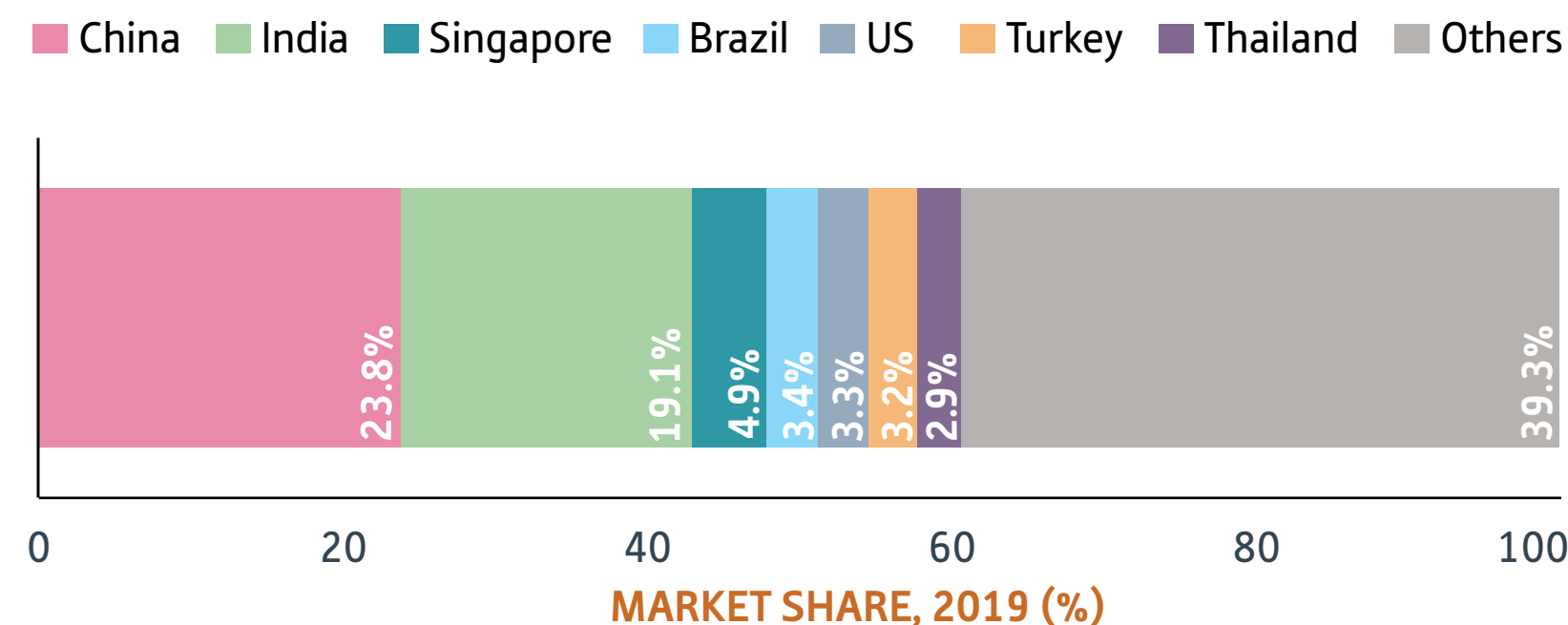
- * QAFCO is the world's largest producer of urea and ammonia from one location
- * Ammonia production increased to 3.8m tonnes and urea production increased to 5.6m tons annually
- * 2nd largest producer of fertiliser in the GCC



Second-largest global supplier of helium



GCC is a global centre for chemicals production and trade



Looking ahead

As well as cementing Qatar's global leadership in the LNG export market, the North Field expansion will support the growth of downstream chemical production and trade, helping to further diversify the country's export basket and creating new growth opportunities for the shipping industry. Thanks to diversification efforts and investments in technology to make the company more digitally enabled and service-oriented, Milaha stands to benefit from the development of the downstream sector. In particular, Milaha has developed globally competitive assets and services related to chemical transport that can support the national development of this high-potential segment.

Abdulrahman Essa Al Mannai, President and CEO, Milaha



How are Milaha's relationships with international partners contributing to the development of Qatar's domestic energy supply chain?

AL MANNAI: Milaha supports Qatar's economic diversification and sustainability strategies with initiatives such as the Tawteen localisation programme. The company has partnered with multinational oilfield services firm Schlumberger to expand into the well services industry in Qatar by developing and equipping well stimulation vessels over the next five years.

Milaha is also working with international service companies to develop new subsea surveys, provide inspection and installation services, and strengthen the company's in-house capabilities.

In what ways has Milaha altered its operational priorities and business strategies in response to the Covid-19 pandemic?

AL MANNAI: In response to the crisis, Milaha focused on the balance between maintaining stable operations, and ensuring high levels of health and safety for its employees, customers and the community in accordance with international standards and best-practice guidelines approved by the Qatari government.

An emergency response team was established to monitor the impact on our business and ensure operational continuity for our customers. Milaha also accelerated ongoing digital transformation efforts, particularly in the areas of cybersecurity and automation. These measures have been recognised as leading practices in the management of Covid-19 by the British Safety Council.

Moreover, Milaha has worked to secure the flow of goods, and enhance import and export operations using its end-to-end marine and logistics services. The

shipping industry has faced significant challenges in the past few years, and the situation turned worse in 2020 due to an approximate 20% decline in the trade of goods and services, as well as the fall in energy demand worldwide.

Despite the increase in operating expenses due to the pandemic, we maintained continuity across our business pillars, effectively managed liquidity and continued to invest in opportunities for future growth.

The group's strategy is to centre its activities around core marine and logistics needs. To this end, Milaha added a fourth core business pillar to its operations: marine and technical services. This pillar focuses on comprehensive and integrated services for vessel owners and operators.

Meanwhile, Milaha has divested underperforming and underutilised assets, including certain vessels and equipment, to drive greater returns through less asset-intensive and higher-value-added services. The company has also exited a number of underperforming, non-core activities and investments in order to redeploy resources to primary business operations.

To what extent can investment in hard and soft infrastructure facilitate Milaha's transformation into an end-to-end provider of maritime services?

AL MANNAI: Milaha has plans to expand service offerings and enhance core sectors, namely offshore marine operations, supply chains and maritime services. We invested in the refurbishment and upgrade of our 40-year-old shipyard in Mesaieed, which included the acquisition of a new floating dock that is able to accommodate vessels measuring up to 230 metres in length and weighing 30,000 tonnes to better serve commercial ships, leisure watercraft and navy vessels.

“

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Resilience

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Reinvention

Pandemic-related disruption will lead to the long-term decentralisation and diversification of global supply chains

Chemicals and petrochemicals will play an increasingly prominent role in Qatar's export basket as economic diversification efforts gather pace

Offshore marine and supply chain services are among the top growth opportunities in Qatar's maritime logistics sector

6 Key Takeaways

1

Robustness

Although faced with severe challenges from the disruption to global trade and energy demand, Qatar entered the pandemic with strong economic fundamentals. A high credit rating, plentiful energy reserves, advanced oil and gas production and storage capacity, and a deep sovereign wealth fund were among the elements that allowed Qatar to easily tap international debt markets to fund an effective economic response to the pandemic.

2

Health

Qatar's relatively small population was well served by a modern and effective health care system guided by clear policy geared towards prevention as well as treatment. It also had a vibrant digital economy supported by strong infrastructure, which enabled it to launch an effective tracing system as it scaled up testing. The swift rollout of the vaccination programme from late 2020 bodes well for recovery.

3

Trade

With severe constraints on global supply and demand throughout 2020, Qatar's external trade figures were negatively impacted, although it retained a positive trade balance throughout the year. At the same time, key players within the country's trade ecosystem, such as Milaha, were able to successfully implement cost savings while maintaining business continuity and ensuring employee safety.

4

Resilience

Qatar was not only able to withstand the economic challenges of the pandemic better than its GCC peers – with the lowest contraction rate in the region – it is also well placed for recovery, buoyed by rising demand for LNG and downstream products in Asia. Indeed, two of the country's largest export markets – China and India – are expected to be the fastest-growing economies in the world in 2021.

5

Supply Chains

The highly disruptive nature of the pandemic is likely to have long-term implications for global supply chains. Manufacturers are increasingly aware of the risks associated with over-reliance on China, and are seeking to diversify, distribute – and, in some cases, localise supply chains as a result. Logistics and shipping companies will therefore need to adjust to shifting trade links and adopt smart solutions to improve reliability and minimise the risk of delays.

6

Diversification

The future of maritime logistics in Qatar looks bright despite the negative impact of the pandemic. The large-scale North Field expansion will create high-value opportunities in areas such as offshore marine and technical maritime services, while the continued development of downstream industries and the emergence of new growth engines across the economy should ensure sustainable expansion in Qatar's external trade.

