

# Comments on Brexit in Khaleej Times, 3 July 2016

*The original article titled "[London's loss may be Dubai's gain](#)" was published on 3rd July 2016 in Khaleej Times; comments highlighted below.*

## **London's loss may be Dubai's gain**

London may lose the world's top financial centre crown after Brexit and Dubai will gain a lot, say industry specialists.

According to the latest Global Financial Centre Index, London, New York, Singapore and Hong Kong remained the four leading global financial centres. Dubai improved three positions this year and reached the 13th spot. Dubai remains the leading financial centre in the Middle East and Africa.

"London and Dubai are competing at the global level along with Singapore, New York, Tokyo, Hong Kong. Both centres cater to different segments of the market. However, Dubai has a slight edge over London due to its better infrastructure, support from government, higher economic confidence, and last but not the least, strong policy consistency," Shan Saeed, chief economist at IQI Holdings, told Khaleej Times.

According to market intelligence reports, from June 14 to June 30, clients in London lost \$47 billion due to Brexit and pound sterling depreciated by 11 per cent against the US dollar. This makes the situation very shaky and vulnerable to investors.

"Dubai is on the investors' radar from London to Brussels to Paris to Lisbon. Dubai can easily attract investment amounting to \$50 to \$100 billion in the foreseeable future through brand positioning strategy and effective marketing campaign," Saeed explained.

The Dubai International Financial Center (DIFC) had already announced that it was aiming to attract 1,000 of the world's top financial firms to Dubai, with a members' combined balance sheet of \$400 billion and a total workforce of 50,000. The

other thing Dubai has going for it, is its airport, which surpassed London's Heathrow as the world's busiest.

According to HSBC, 87 per cent of expats (who have an opinion on the viability of starting a business in the country) say Singapore is a good place to start a business, followed by Dubai (86 per cent), Hong Kong and London (both 85 per cent). This compares with the global average of 56 per cent.

Sanjay Uppal, chief executive officer, StraitsBridge Advisors Pte Ltd, commented: "Exiting from the EU will, no doubt, have an impact on London's status as the European business & commercial hub. However, the estimates of the extent of this impact are still varied and speculative at this stage."

"Financial centres from Paris & Frankfurt in Europe to Dubai, Singapore & Hong Kong in Asia are expecting to see some gains from this fallout and that may indeed become a reality," said Uppal, who is also former chief financial officer of Emirates NBD.

He added: "Dubai's geopolitical advantage has propelled it as an effective bridge between the East & the West. I expect that as corporates and institutions in London deliberate their options, Dubai will feature as a destination of choice."

*The DIFC's former chief economist, Nasser Saidi, said: "It is still too early to arrive at firm conclusions as to the consequences of Brexit: we are still in the throes of a political earthquake for the UK and the EU."*

*"The consequences for the UAE and the GCC more generally will depend on whether they actively pursue a strategy of rapidly developing and opening their financial markets (equity, government and corporate debt & Sukuk, money markets) to finance growth, development and reconstruction in the Middle East and in Africa. There is a moment of opportunity with Brexit and Saudi's National Transformation Plan with its focus on the private sector and privatization."*

*"As Brexit unfolds the EU will disengage from London as a hub. London will lose its privileged access to Europe. More Euro and European banking and finance transactions and activities including currency, government & corporate finance will be*

*shifted to Paris and Frankfurt. The EBRD and European majority owned institutions will move out of London. It will become less attractive as a global hub and other centres and countries will benefit in and outside Europe," he explained.*

UAE Exchange president Sudhir Kumar Shetty said London used to be the settlement hub for entire Europe with more than 60 per cent of transactions of Europe happening through London. That cannot be replaced here [Dubai]. All I can say that Dubai is in a favourable position."

The UK holds the largest financial centre in the European Union. The City of London is famous in the EU and has attracted a wide range of global banks and other financial services. Brexit, inadvertently would impact the financial services industry, the extent of which will depend on the arrangements agreed upon during the transition period and the specifics of the trade agreement.