

Buying Machine

It's a never-ending shopping festival for cash-rich Qatar, as the country's investment bodies are grabbing trophy and strategic stakes across the continents.

By Atique Naqvi, Dubai

Qatar's foreign investment figures are impressive, to say the least. From 2010 to 2011, overseas investments by the gas-rich country jumped by 63 percent from \$19.4 billion to \$31.56bn, and from 2011 to 2012 the increase was 42.5 percent, totalling \$44.98bn. No wonder analysts and financial industry experts are puzzled by Qatar's ever-expanding investment portfolio.

Broadly, Doha has been focusing upon three types of investments – strategic, trophy and humanitarian. But are these investments sustainable in the long term? Even Qataris won't be able to offer you a credible answer.

Critics term Qatar's international acquisition drive as a case of a 'young child with too many toys'. However, when you look at Qatar's small population of two million, including less than 250,000

nationals, and given that the country has the highest per capita income, the investment policies make some sense.

The domestic capital needs, created due to current infrastructure plans and inward investment strategies, are tiny compared to the available cash. "Money lying in the central bank is no good because it doesn't grow, and thus Qatar is investing in assets wherever they can in the world," says an analyst, who is working in Qatar's communication industry. He wished not to be named due to the sensitivity of the subject.

Qatar has ambitions and money, but they don't know where they are going because their investments are more tactical than strategic. "The majority of Qatar's investments are short-term," says the analyst.

Politically, the country has taken several routes reflecting immature policies, where it has partnered with certain factions in Syria, Libya and Mali.

In closed-door conversations, neighbors such as Saudi Arabia, Kuwait and the UAE say Qatar is like a young child who owns a Ferrari, but doesn't know how to drive and wants to go far and wide without realizing the dangers of the road.

The Ferrari simile is evident, if one looks closely at the cash Qatar is ready to throw at the world. At an Arab League summit in March this year, the Qatari Emir, Sheikh Hamad bin Khalifa Al Thani, proposed \$1bn in funding for Palestinians living in East Jerusalem, saying he would contribute \$250m to the fund, but his country continues to have progressive relations with Israel. There have been several media reports and videos showing meetings between top Qatari and Israeli officials.

Doha's hard-to-comprehend foreign policies include supporting certain groups in Mali and Libya, while pumping money into ►





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Doha has also offered to finance social schemes in France, while it is pumping in capital for houses for lower- and middle-income groups in suburbs of Paris.

Egyptian economy and Muslim Brotherhood and also openly supporting rebels in Syria, financially and politically.

The country hosts the biggest United States military base in the Arabian Gulf, which has been used to bomb Taliban hideouts in Afghanistan, but at the same time it also houses a representative office of the Taliban.

Indeed, it's a land of contradictions, as Qatar Investment Authority, Qatar Holding, Qatar Sports Investment and Qatar Luxury Group are buying and continue to hunt for assets in Europe, Middle East and Africa markets as if there is no tomorrow.

With the blessings of Sheikh Hamad Al Thani, Qatari investors, through their

Luxembourg-registered fund, acquired (subject to regulatory approvals) French department store chain Printemps for an estimated \$2bn. Divine Investments fund was set up in February this year with the "generous favors" by Qatar Holding.

Qatar's French love seems to be an unending affair as the country had earlier bought soccer team Paris Saint-Germain along with stakes in prime real estate, luxury hotels and major French companies.

To top this, Qatar is all set to play sugar daddy to former French president Nicolas Sarkozy by setting up a \$500m private equity fund likely to be registered in London.

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The country has also made major investments in Singapore, France, the United Kingdom, Italy, Switzerland, the

\$44.98 BILLION

From 2011 to 2012 there was an increase of 42.5 percent in overseas investments, as compared to 2010-2011 when \$31.56bn was spent.

£400 MILLION

The amount Qatar Holding paid earlier this year to buy the InterContinental London Park Lane hotel, as well as £100m for Crown Estate.

\$1 BILLION

At an Arab League summit this year, the Qatari Emir proposed a \$1bn fund for Palestinians living in East Jerusalem, with Qatar offering \$250m.



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United States, Vietnam, Iraq, Netherlands, Turkey, Bulgaria, Germany, China and Malaysia in 2012.

Earlier this year, Qatar Holding paid £400m to buy the InterContinental London Park Lane hotel. It also bought the Crown Estate, the property company that controls the assets of the Queen for £100m.

Overall, Qatar has invested in a wide range of sectors in hotels, resorts, petrochemicals, power plants, oil companies, banks and financial institutions, fashion, mining, media and communications, roads, transportation and sports.

Last year, Qatar's buying spree began with a significant stakes in the hospitality sector in Paris and Singapore. It also sealed a major deal with Vietnamese petrochemical plant.

Qatar Holding, the foreign investment arm of Qatar Investment Authority (QIA), bought the headquarters of the Swiss banking Group Credit Suisse in London and re-leased long-term contract that runs until 2034. It also increased stake in the Swiss mining giant Xtrata.

Qatar also closed an estimated \$11bn deal with the global oil giant Royal Dutch Shell last year.

The Qatari shopping list is quite long, but one investment stands out – the soccer World Cup. Analysts say the 2022 World Cup is not a plan, but a huge investment opportunity.

“They have won the bid and are in the global spotlight, but the biggest problem is that they don't understand that the Fifa World Cup is not just about soccer.

Alcohol, prostitution and big global brands invade local space – it's a package deal,” said the analyst, who worked in Qatar, adding there are a lot of people who'd be coming to watch soccer, but he questioned what they would do between games as there is not much to do in Qatar.

He fears it can all go wrong very easily for Qatar in terms of hosting the World Cup. “There have been talks that runners up, the U.S., might host the event if Fifa officials rethink their decision.

“Even normal Qataris do not support the decision of hosting the World Cup because they think that their country is moving too fast, and strong culture and religious aspects don't align with the offshoot events of the championship.

“When it comes to Qatar nationals, very few of them understand the foreign investment strategy adopted by their country. Although the Qatar Foundation and other such institutes are doing great work, it will take a decade before it will be a sizeable population, which is trained to make deals and transactions at the international level,” he says.

The investment shenanigans are trying hard to build Qatar's image, but the biggest hurdle is the perception.

The cameras of Al Jazeera were in Egypt, Tunisia and Libya promoting freedom and democracy, while at home Qatari poet Mohammed Al Ajami was sentenced for life. He was accused of reciting a poem that was critical of Qatar's Emir and the country's policies. After criticism from bodies such as Amnesty International and Human Rights Watch, Ajami's sentence was reduced to 15 years.

“This is a double game, you cannot take your camera and promote freedom, while you suppress people in your own land,” analyst says.

Qatar has gradually become a buying machine, which tries to command respect of the world by throwing money at them. As they say, one has to earn respect and buying machines may earn cash not respect. ■



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