

LOOKING AHEAD

KHARTOUM, SUDAN

ISLAMIC DEVELOPMENT BANK SET TO OPEN QATAR-BASED LENDER

The Islamic Development Bank, a multilateral development financing institution based in Jidda, Saudi Arabia, has signed an agreement with the Saudi lender Dallah Albaraka Group and the government of Qatar to establish an Islamic bank, officials said Tuesday.

The new bank would be based in Doha, Qatar, and have a paid-up capital of \$1 billion, the officials told the I.D.B.'s annual conference in Khartoum.

The I.D.B. finances projects to fight poverty in Muslim countries.

BAGHDAD

ASIACELL EXPECTS TO BE LISTED ON IRAQI STOCK EXCHANGE IN JUNE

Asiacell, the second-largest mobile phone operator in Iraq, behind Zain Iraq, is expected to complete its initial public offering on the Iraq Stock Exchange in the first half of this year, the exchange's chief executive, Taha Abdulsalam, said Tuesday.

Asiacell, a unit of Qatar Telecommunications, and its main rivals, Zain and Korek, were required to complete its public stock offerings as a condition for being awarded their \$1.25 billion operating licenses. All three missed an initial deadline in August last year but said they were working toward listings.

Mr. Abdulsalam said Asiacell had made the most progress and is expected to list shares around June this year.

SEOUL

KOREA ELECTRIC TO NEGOTIATE SALE OF 4 MORE NUCLEAR PLANTS TO U.A.E.

Korea Electric Power has said it will begin talks next year with the United Arab Emirates on a deal for four nuclear power plants in addition to four that have been purchased.

The company's chief executive, Kim Joong-kyum, said the company planned to complete the first four plants from 2017 to 2020, and the four new plants by 2021. He said the company had also held talks with India, Kazakhstan, South Africa, Turkey and Vietnam over possible reactor exports.

ANKARA

TURKISH ECONOMY LIKELY TO GROW OVER 5% THIS YEAR, MINISTER SAYS

The Turkish economy could grow more than 5 percent this year, Industry Minister Nihat Ergun said during an interview Wednesday.

His optimism contrasts with analysts' predictions of less than 3 percent. The economy expanded 8.5 percent in 2011.

Mr. Ergun also said foreign direct investment in Turkey, including real estate purchases, was expected to exceed \$15 billion this year, up from the figure of \$15.9 billion recorded last year.

LOOKING BACK

DUBAI

CREDITORS OF SHIPBUILDER AGREE TO JOIN IN DEBT RESTRUCTURING

Dubai World's shipbuilding unit, Drydocks World, has persuaded all but one of its creditors to sign on to a \$2.2 billion debt restructuring plan, its chairman, Khamis Juma Buamim, said during an interview Wednesday.

Drydocks World said this week that it would use a special tribunal, set up in response to Dubai's 2009 debt crisis, to force recalcitrant creditors to take up its debt plan after some, including hedge funds, resisted the deal.

On Tuesday, the firm's external advisor said a U.S. hedge fund, Monarch Alternative Capital, which won a \$45.5 million legal claim against Drydocks in March for defaulting on a loan, was unlikely to accept the plan.

DUBAI

SOVEREIGN WEALTH FUND INCREASES STAKE IN CONSTRUCTION COMPANY

The Abu Dhabi sovereign wealth fund Aabar Investments has nearly doubled its stake in Arabtec Construction to 10.45 percent, a stock exchange filing showed Tuesday, making it the largest shareholder in the Dubai company.

Aabar previously raised its holding in Arabtec to 5.3 percent in early March.

ANKARA

INFLATION RATE WEAKENED IN MARCH BUT REMAINS HIGH OVER ALL

Turkish consumer prices rose 0.41 percent in March, a slowdown from a monthly rise of 0.56 percent in February, but year-on-year inflation remained near three-year highs at 10.43 percent, unchanged from a month earlier, the Turkish Statistics Institute said Tuesday.

The central bank's annual inflation rate target for this year is 5 percent.

RIVADH

CHIEF OF SAUDI TELECOM IS LEAVING

Saudi Telecom said Monday that its chief executive, Saud al-Daweseh, would step down in October.

It gave no reason for his departure and did not name a successor.

Mr. Daweseh was appointed chief executive in 2009.

Business services giant looks beyond the Gulf

DUBAI

Founder of TAG-Org aims to take on Western firms in new markets

BY ANDREW TORCHIA
REUTERS

Talal Abu-Ghazaleh, a Palestinian refugee, founded an accounting firm in Kuwait in 1972 and built it into a regional business empire serving the booming economies of the oil-rich Gulf. Now he is counting on the Internet to fuel expansion around the globe.

Mr. Abu-Ghazaleh, 75, who still chairs the company, Talal Abu-Ghazaleh Organization, or TAG-Org, says it has outgrown his original concept of creating an Arab multinational organization.

"I was thinking that as an Arab, I wanted to create something of which Arabs could be proud — the kind of international business which hadn't existed before," Mr. Abu-Ghazaleh said. "As of today we're an international organization, not an Arab organization."

TAG-Org, which began as an accounting firm, has become a complex web of companies providing business services across the region and farther afield.

It operates in every Arab country and has more than 70 offices worldwide, in countries including Afghanistan, China and the United States. Its businesses include management advisory services, intellectual property protection, legal assistance, educational consulting, information technology solutions and real estate management.

It is a rare example of a company based in the Middle East that prospered by taking on Western multinational companies in areas that they had traditionally dominated, like knowledge and management-intensive businesses.

"When Talal Abu-Ghazaleh embarked on his private venture in Kuwait, there were only a few Arab accounting firms and it was mostly the big foreign names that dominated the Gulf," said Mifteh Agel, a consultant and former banker in Jordan. "He managed to succeed against the odds and took competition from the foreign accountancy firms that had the lion's share of the business in the Gulf."

Mr. Abu-Ghazaleh says he plans to expand TAG-Org's business into sub-Saharan Africa, South America and Eastern Europe, offering online ser-



Talal Abu-Ghazaleh at his business school in Amman. He plans to offer services in sub-Saharan Africa, South America and Eastern Europe.

"As an Arab, I wanted to create something of which Arabs could be proud."

ices to customers in areas where the company does not have a strong physical presence.

Mr. Abu-Ghazaleh was born into a land-owning Palestinian family in Jaffa, now part of Tel Aviv. His family fled to Israel in 1948 and moved to a village in southern Lebanon. He obtained a degree in business administration from the American University of Beirut on a United Nations scholarship.

He says he studied under street lights in Beirut because his living quarters did not have electricity, and worked as an English-Arabic translator and an accountant in a vegetable market before getting a private-sector job in 1960 in Kuwait.

He remained there until Saddam Hussein's invasion of the country in 1990, which prompted him to move TAG-Org's headquarters to the Jordanian capital, Amman. He has dual Jordanian and Canadian nationalities.

Mr. Abu-Ghazaleh attributes part of his success to TAG-Org's unusual structure. Unlike many big accounting and law firms in the West, his firm is not a traditional partnership, he says. It is owned by a form of trust, and partners share in the profit but not the equity. This makes it easier to replace top managers when necessary and to plan flexibly.

It also has helped TAG-Org expand in Arab countries and other places where there are ownership limits for foreign investors. Since TAG-Org does not have a traditional shareholding structure, it has been able to cope with such rules relatively easily, Mr. Abu-Ghazaleh said.

In the dominance of its founder and the participation of his family members, the company resembles a traditional Arab family business. Mr. Abu-Ghazaleh's two sons and two daughters are also involved with TAG-Org.

In other ways, it has a rigorous business culture that is rare in much of the region. Employees, more than 3,000 in total, must wear dark suits and ties — blazers and trousers are not allowed — and shirts must be white, light grey or light blue. Mr. Abu-Ghazaleh enforces a corporate style for writing memos.

Like many of its competitors, TAG-Org does not disclose revenue or profit, so judging its financial strengths and weaknesses is difficult. TAG-Org says it is the largest Arab professional services company, but it is dwarfed by global firms like KPMG, which has about 140,000 employees.

Mr. Abu-Ghazaleh says that revenue has grown at least 10 percent annually in recent years and that he aims for 20 percent to 25 percent growth this year.

"The global crisis has helped us in some areas," he said. "It has increased companies' demand for some of our services."

Mr. Abu-Ghazaleh, who says he has no plans to reduce his role in management with age, predicts that the Arab

Spring uprisings that rocked the Middle East last year will help economies by removing entrenched official interests that blocked competition.

Before the Arab Spring, for example, TAG-Org could not offer an information technology training course in Egypt because "vested interests in the government" gave an effective monopoly to a competing program from which they profited, he said.

It could not offer the service in Libya because people close to Saif al-Islam Qaddafi, the son and onetime heir apparent of Col. Muammar al-Qaddafi, wanted to get involved, he says. Now Mr. Abu-Ghazaleh sees opportunities to run the program in both countries.

He also wants to use the Internet to expand TAG-Org's employment of on-line workers, in areas like translation and Web design. This could create jobs in Arab countries where social or security constraints have made employment difficult.

Most on-line work for TAG-Org in Saudi Arabia is done by women, Mr. Abu-Ghazaleh said. They can work easily from home, but it is hard for them to work in male-dominated offices. Women in the Palestinian territories can also work online.

TAG-Org hopes this year to start a global "virtual university" for employees of companies, using the Internet to teach vocational and business skills, languages and academic subjects.

"In 20 years there will be no buildings for universities" as online education replaces them, Mr. Abu-Ghazaleh predicted.

Such ideas are being pursued by deep-pocketed companies around the world, and TAG-Org's expansion plans are likely to bring it into fiercer competition with Western multinational companies defending markets that they dominate. It is unclear if the company's unusual structure will continue to benefit it as a fully global business.

Mr. Abu-Ghazaleh rejects suggestions that he was a lucky beneficiary of the 1970s, when he started his company as the Arab oil boom began and when most of his Western competitors had not yet entered the Gulf. He dismisses the idea that it would be harder to develop such a large firm in the region today.

"People say times were easier then. That's not true — times are always difficult in some ways," he said. "What I did can be done again, if you have a capacity for hard work and the ability to bear suffering."

Tunisia has reason to hope that the worst is behind it

TUNIS

Investment has risen, and minister foresees healthy tourist season

BY LIN NOUEIHED
REUTERS

At its factory on the outskirts of Tunis, Eurocast, U.S. maker of airplane engine parts, is set to invest \$2 million in its plant this year that will allow it to process a new range of superalloys.

"Business is good. We are growing at 30 percent a year," said Thomas Wendt, the company's director general. "We were only shut down one day, and that was Jan. 14, the day of the general strike. We were able to produce and overperform our regional target."

Tunisia has had a bumpy economic ride since an uprising ejected the veteran dictator, Zine el-Abidine Ben Ali, in January 2011. The economy shrank 1.8 percent last year, and strikes led to factory closures that slowed the recovery. Tourist spending, which accounted for 6.5 percent of gross domestic product, crashed, and foreign investment sank 30 percent, according to Tunisia's Foreign Investment Promotion Agency.

Now, more than a year after the revolution and almost six months after largely democratic elections, investors and tourists are tentatively returning. FIPA data show that foreign direct investment rose 35.2 percent in the first two months of 2012, compared with the period a year earlier, and 5.9 percent from two years earlier. Most of that money has gone into energy and industry; the recovery in tourism, which earned \$2 billion a year, and employed 400,000 people before, has lagged.

Still, Tourism Minister Elvess Fakhfakh said last month that he expected the number of visitors to rise 20 percent this year. That would fall a million short of the nearly seven million visitors to Tunisia in 2010. It could be again to cut unemployment, which remains at 18 percent.

The government's hopes that the economy would bounce back with 4.5 percent growth in 2012 have faded; it now forecasts 3.5 percent growth. But local businessmen are gaining confidence that democracy will start paying off.

While Tunisia is no global player, it could be a bellwether for how economies fare in bigger states after the Arab Spring, particularly Egypt.

Houssein Mouelhi, director general of Banque Tuniso-Koweitienne, said: "Everyone sees things improving day by day. Tourism bookings have increased for spring to summer. The so-

cial situation is improving, with a fall in the number of strikes and the number of factories that are closed."

For many foreign investors, Tunisia has a lot going for it. It is close to Europe, offers tax breaks and has plenty of inexpensive labor as well as a large pool of highly educated and multilingual young people to fill skilled roles. Eurocast, which arrived in Tunisia in 2001, employs only 140 people, but many are engineers.

"All of our staff are Tunisians and that is the way it will be," Mr. Wendt said. "We do our own marketing and engineering. We do everything ourselves." He added that Eurocast had "transferred a lot of technology" to Tunisia, noting, "We have technological people employed at every level, and we are looking for engineers because of our growth."

Eurocast did not suffer from the labor unrest that brought some plants to a standstill for much of 2011, but many companies did. The German automotive cables maker Leoni, the largest private-sector employer in Tunisia, faced wildcat strikes that led to violent unrest in February and prompted it to close one of its factories for a few days. The situation was resolved when the strike leader, who Leoni says presented no clear demands for negotiation with management, was dismissed. Despite such challenges, Leoni has hired 2,000 employees since the revolution, raising its work force to 14,000.

"When the revolution started, at first we were surprised, like everyone," said Sven Schmidt, a spokesman for the company. "We said we had to watch carefully but quickly found out that things were going well and we would stay." He added: "In the long run, we think the situation will be fine for foreign companies. People need employment."

Strikes continue in central regions, where unemployment is higher and young people feel they have yet to taste the fruits of the revolution. But they have eased somewhat since the first half of 2011. The government has set aside part of its budget for regional development and increased unemployment assistance and aid to poor families. It promises to invest in poor areas and create 25,000 public-sector jobs. But its policies will take time to produce results, and some workers say they are tired of waiting.

At least 182 foreign investors have pulled out of Tunisia since the revolt. As a result, some Tunisian economists and businessmen are pressing the government to do much more to encourage the creation of smaller, homegrown companies.

One organization pushing for this is Wiki Start Up, founded by a dozen Tunisian businesspeople last July following the revolution. It aims to provide advice and seed capital to local start-up companies focusing on science and technology.

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