



“Our initiatives will bring the business world and the worldwide private sector, through all important continents economics blocs, USA, Europe, Africa and Asia to the Gulf for the benefit of the GCC entrepreneurship”

Interview

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In one year, from October 2007 to October 2008, the FGCCC has signed several Memorandum of Understanding (MoU) with its counterparts (US Chamber, Eurochambres, CACCI...). Is developing the FGCCC an international policy? What are you expecting of this policy?

Of-course we are expecting a lot from these MoUs. As we already noticed, these initiatives have contributed to developing FGCCC's international network and will bring the business world and the worldwide private sector, through all important continents economics blocs, USA, Europe, Africa and Asia to the Gulf for the benefit of the GCC entrepreneurship. The organization of GCC Europe Forum is a result of these MoUs.

Therefore, the main objectives of these initiatives are to enhance cooperation between the Chambers of Commerce and to promote the role of the private sectors in GCC and other countries. The FGCCC is also striving to establish such links worldwide by applying the same strategy.

The signed MoUs cover all areas of cooperation such as promoting investment & Investment opportunities, promoting companies, products & industries, studies and research related to local & global economy, trade relations, publishing of specialized economic reports & business guides.

What do you consider will be the impacts of those MoU's for GCC SME's in each continent?

FGCCC and EUROCHAMBRES, based on their MoU, launched a joint project - the EU GCC Chamber Forum - which should contribute to intensifying relations between the regions. The objective of this initiative is to enhance cooperation between the Chambers of Commerce and to promote SME development in the countries of the GCC. The project targets GCC Chamber managers, and aims at providing them with a better understanding of EU policies and services which could enhance economic diversification in the GCC. Focus will be put on four main areas:

1. Creation of SMEs
2. Development of the supply chain
3. Innovation and
4. Internationalisation, with a special focus on the potential of EU-GCC trade negotiations.

The project will comprise discussion groups led by European experts, study visits for GCC Chamber executives to Europe and a comparative study on the different policy initiatives put in place by GCC states to support economic diversification. The project will generate policy recommendations and an action plan, which will be presented during a prestigious final conference organized in the Gulf region, hopefully, in the second half of 2009.

To date are there any examples of successful cooperation between Gulf SME's and foreign SME's?

In most Gulf countries, Foreign companies that want to work in the area must do business with a local company. Many GCC countries are gradually changing these protective policies as a requirement to join the World Trade Organization, which will pave the way for more cooperation. However, thousands of Gulf companies are working closely with their European

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counterparties either as agencies or joint ventures or representatives in all economic fields.

Not all business people in the Gulf are concerned about competition from foreign companies. Some welcome competition, believing it will strengthen local firms. Indeed, they argue that local companies will still be needed because of their knowledge of the local market and that, when necessary, local and foreign companies can still partner.

GCC SMEs could also form joint ventures with foreign firms. Forming joint ventures has a number of advantages to local firms. Involvement with a foreign company not only gives the domestic firm access to its partner's technology, but through learning-by-doing it may be able to adapt that technology to local conditions. Foreign firms can also supply technically skilled and managerial personnel.

What, according to you, will be the major overall and sector by sector changes that will take place in short and medium terms?

The international financial crisis will have clear impact on different sectors in the GCC over the short and medium term. During the booming years, there has been a very rapid expansion in lending especially for real estate and other economic activity. Therefore, there are perhaps areas where the banking sector might experience some difficulties in dollar funding to finance mega real estate and construction projects. Therefore, we expect a correction in the real estate sector, which will sort out priority projects from non-priority projects, with the latter part probably either postponed or cancelled. What I want to say is that we expect a slowdown in credit growth and some pullback from the unprecedented and rapid growth in construction, property, housing and other economic sectors in the region. Property prices are expected to taper off and eventually perhaps to decline somewhat. It will not be drastic decline but there will be probably a decline. Growth then will level off at some point then decline at some point. We do not expect this to happen immediately because there is still moderate demand for housing and commercial estate. This will continue for several months. Therefore, we will not see the correction or the leveling

off before a period of six to nine months.

What are the precise sectors in which chambers of commerce can facilitate exchanges?

Let us talk not only on the sectors, but also on the know-how and technology we need in the GCC. Businessmen and investors in the GCC are expecting from foreign investors to bring not just capital but management know-how and technology. The spillover of knowledge from multinationals to local firms is not a strait forward process. Research in other countries found that the majority of spillovers do not arise automatically from the presence of foreign firms. Instead, for benefit to occur, local firms need to invest in «learning activities.

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Based on this, GCC countries and FGCCC members can specify which sectors that SMEs can be more successful in facilitating exchanges. But in general, we can say that sectors like manufacturing, food industries, health, tourism services, education and trade can be good examples for these sectors. Therefore, I would said that preference is given to those sectors, which can also attract technology and know-how.

What will be the next step for the GCC Private sector and the FGCCC international policy?

We are planning now to organize an exhibition entitled “The Business Gateway to GCC” due to take place in March 2010 on the occasion of the 30th anniversary of the FGCCC with the invitation to all international partners. Thanks to the MoUs we signed with various parties, FGCCC is undoubtedly developing its international network and the FGCCC is bringing the business world and the worldwide private sector, through all important continents economics blocs, USA, Europe, Africa and Asia to the Gulf for the benefit of the GCC entrepreneurship. We are also expecting receive international trade delegation from Europe, Asia and Africa to discuss further the mutual interests. We are planning also to organize many forums with our partners such as GCC Europe Strategic Partnership Forum in Berlin in March 2009 and GCC Asia Partnership Forum in Dubai in April 2009.