

The basis for growth



The Upper Reach team interviewed Mr. Issa Al Mannai, Chairman of Quantum Middle East, to discuss the business situation in Qatar and its rapid economic and infrastructural development. Mr. Al Mannai spoke of the increasing ease of doing business in the country, its impressive economic performance over the last decade, and the capacity of Quantum to identify problems and offer solutions to its clients.

With the highest growth in the region forecasted for the next five years, Qatar—as one of the world’s fastest growing economies—is forging strong international ties while attracting regional and global attention. Under Qatar National Vision 2030, human, social, economic, and environmental development shall advance the standard of living of its people. Taking into account the four guiding principles, how can the State of Qatar realise and surpass its economic goals and aspirations?

First of all, we are developing our natural resources, and mainly our gas fields. We have also embarked upon a very good system that allows international oil companies to have a share in the oil industry by having production sharing agreements. For that, we started with Sohio, and I was part of the management committee. Then BP bought Sohio, and they left the market; however, The Maersk Group was more successful in their block. Maersk is now producing a substantial amount of oil. In the oil and gas journal, at that time, they said Qatar was small but contributing to world oil development, and admired our concept of allowing international oil companies to have a participation in the oil industry. Our oil production has gone up with that, and we have started with the first phase of gas, which was only for local consumption.

Then came Qatar gas, and afterwards, Rasgas. By 2008, we reached our maximum. Now, Qatar is producing about 30% of world LNG. That has been the infrastructural basis for our growth.

It all started with oil and gas, and now the country is diversifying. This March 2014, Qatar agreed on its largest ever budget, with over \$60 billion planned for the 2014-2015 fiscal year, much of which will be spent on infrastructure. Are civil engineering and construction companies in the country able to keep up with the demand?

Yes. There is a little bit of slowdown in the world's construction business but Qatar is offering opportunities for international companies. Even though we have improved our legal system to allow international companies to operate in Qatar, nevertheless, there could be further improvements. Here is where we need the British expertise. For example, if they have joint ventures, and they have to invest a certain financial obligation, we, as a consultant company, help them avoid certain problems and to avoid court proceedings. We often see that sometimes problems arise from not fully understanding the responsibilities.

You mentioned consulting as a way to minimize risks and costs. Some analysts estimate that up to 25% of total project costs are allocated for on-cost allowances, profit and risks. How do you factor this into your consulting?

Definitely, any company, as long as they go to claim, and the claim is reasonable, we can help them write down claims that can be presented and read by their clients. We make the market accessible and easy to navigate; we identify problems and provide solutions. Essentially, companies come to us and we advise them on their claims. First we must evaluate whether there is substantiation for a given claim. If there is substantiation, then we tell them "yes", and continue the process. Many claims given by companies are ultimately rejected because they are not properly presented and introduced. We make sure that the claims we undertake will reach very good outcomes, by properly evaluating and then introducing them. We have been very successful with this especially with those that have substantial or eligible claims.

What are some of the benefits of operating here in Qatar in terms of the GCC region?

First of all, our economy has grown twelvefold since 2005. This is an amazing growth. There is not a similar case in the world since perhaps the gold rush! Our growth is based on developing infrastructure for natural resources, and this is key.

If you were an SME company or an entrepreneur in the UK wanting to get involved in Qatar, which sectors do you think hold the most opportunities for British investment?

Opportunities are dynamic with the development of our laws. The most important thing I see unfolding at the moment is that there is now a law that allows international companies to have joint ventures, and ownerships of these companies of up to 49%. The health sector is also very lucrative. For example, recently, the government implemented new health insurance policies. That means any Qatari is ensured by the government in any private clinic, and even plastic surgery, dentistry, and so forth. Any individual can obtain health services, because the government will pay; there is an insurance policy. For this reason, now, all of a sudden, it is very much viable to invest in health. Health and health services related to fitness are attractive. There are a few new hospitals now, so specialized technical construction companies are benefitting as well. Financial services are also attractive, and of course education too. The opportunities for

businesses to start in these sectors are certainly increasing.

This is just what I was going to ask you. How is the ease of doing business for a foreign company?

It is easy after they read the law very well. There have been changes in the law. Before, income tax was very complicated, but now it is a flat 10%. A non-Qatari can own up to 49%, and operate and manage according to the understanding with the partner. So, it is becoming easier with clearer legal procedures.

How easy is it for a British company to find the right partner?

It is not easy to select the right partner, but once you do, it will continue without any problem. An excellent example is Charles Taylor. The chairman, Arthur Clarke, has been in charge of about 35 companies. He has said that Qatar has been among his best ventures. We make it easy for them. I feel proud because it is a new service that we bring to the country. The size of Qatar's economy is second only to Saudi Arabia now.

Could you tell us more about the global presence of Quantum International Group?

We started with the joint venture with QIG from the UK. Later it was listed in the stock exchange, but then they decided to take it out because it was small. The most dynamic branch is the one in Qatar. It has been very successful, and now we are also cooperating with a joint venture partner from the UK to see if they can cover the USA and South America, and we cover Asia. Now we even have operations in Jordan, for example, as well.

As an ambassador for your country with experience in everything from the energy sector to financial services, would you welcome other partnerships for businessmen entering the Qatari market?

Of course; I can refer or recommend anyone to the correct people. I strongly advise that investors, firms, or individuals come to Qatar with the proper joint venture with the right vision. The government has developed the legal infrastructure, so there are excellent opportunities in social services, education, health, and maintenance of oil and gas. The needs and demands of a growing economy are constantly changing, and we invite you to explore the new opportunities with us.