



Notes arising from Wafa's inaugural dinner

August 23 2016 hosted by PWC



Group Photo of the Participants at the inaugural Wafa dinner

The inaugural dinner of Wafa was hosted by PWC at their Embankment offices in London. PWC guests includes Pamela Jackson, partner responsible for liaising with the PWC's Middle East offices and Warwick Hunt, PWC's Chief Operating Officer, who formerly ran PWC's operations in the MENA region. Others taking part included representatives of major investment firms, the British Bankers Association, the Arab Bankers Association, the Corporation of the City of London and the Jordanian Embassy.

The meeting focused on two studies. The first study produced by Wafa looked at the changing investment strategies being adopted by Arab funds in today's uncertain markets. The second study by Dr Carole Nakhle looked at the challenges facing Saudi Arabia as it seeks to diversify its economy and reduce its energy dependency.

Dr Nakhle was unable to join the meeting as she had been invited to present a paper to the Lebanese Parliament on how the government structures its upstream energy developments. Among those sending their apologies and best wishes were Dame Fiona Woolf, a former Lord Mayor of the City of London and Princess Sabeeka Khalifa who chairs the Bahrain Women's Supreme Council.

Women are playing an increasing role in Arab finance with some women now qualifying also to offer advice on Shariah issues for Islamic finance.

Wafa is therefore planning more meetings in MENA countries to allow women in finance to network with their male colleagues and international counterparts.

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What are the changing patterns of Arab investment?

New Investment patterns: The meeting discussed a study reviewing changes in Arab investment patterns. [Read More](#) Despite Brexit uncertainty the UK real estate market - particularly commercial - had done well. The fall in the pound had proved attractive to investors although the pound was expected to recover. Overall Brexit was not though

The Saudi Challenge: The meeting also discussed the big challenge in diversifying the Saudi Arabian economy away from its energy dependency. [Read More](#) Recently, Riyadh had announced a **National Transformation Plan** which is supposed to fuel the Saudi Arabian economic diversification. In July of this year, the Kingdom underwent its first economic recession since 1998, which has lent a sense of urgency to re-structuring and privatization plans within the Kingdom. [Read More](#)

Later in August, the US-Saudi Arabia Business Council (**USSABC**) **will be holding an event to encourage increasing investments** from Saudi Arabia, and for increased jobs and economic development for the Kingdom itself as it seeks to move away from its dependence on crude oil. [Read More](#)

Despite the recent coup d'état in Turkey, it seems that foreign direct investment from Gulf countries in particular has not been particularly stifled, which is beneficial to the Turkish economy. Currently, **Saudi investment in particular is 75 % of Turkey's overall FDI**, and this will be a good buffer against decreased confidence from other parts of the world. Moreover, it seems that foreign national actually continued to be interested as growth recovered post the coup, particularly within the sector of real estate. [Read More](#)

With the Central Bank of Egypt being sold off, Gulf investments are set to play a large role in acquiring it and expanding its network within the region. Before the end of the year, **a strategic investor will buy the Central Bank.** [Read More](#)

Qatari, Saudi Arabian and Gulf investment have expressed an interest in **increasing their stake in the mining sector in Sudan**, which may be an area ripe for Arab investment, particularly due to the relatively weak regulation in the country and the lack of export taxes. The government of Sudan is particularly keen for these investments to become a reality, as the country remains plagued by civil unrest and a global lack of confidence. [Read More](#)

Increasingly, **GCC countries are invested in venture capital start-ups**, particularly within the United States, with Qatar and Abu Dhabi diversifying their investment portfolios by investing in VC funds and start-ups. Many regional funds within the US are specifically

looking for HNWIs and family offices to invest in them, with the hopes that that the network of VC start-ups and Arab investors will prove to be an interesting and mutually beneficial one. [Read More](#)

Emirati businessman Mohammed al-Abbar is at the head of an initiative to launch **the largest technology fund in MENA**, an area that is now attracting increasing investment inside and outside the MENA region. This fund will collect investments that are worth broadly \$1 billion to create a better environment for Arab tech-entrepreneurship. Al-Abbar has also acquired 16 % of Aramex in a bid to launch the largest platform for e-commerce in the Arab world. [Read More](#)

Over the last year, **Kuwaiti investment in Russian industry** has increased significantly, signing an agreeing to that effect with the Russian Direct Investment Fund, which was set up in 2011. Funds from all the Gulf Cooperation Council Countries are actually going to be invested in Russia as part of this, which will work through several investments funds in various GCC countries to bring the investment plans to fruition. [Read More](#)

UAE based investment funds, adversely, have also **threatened to pull their investment from USA based funds if Trump is elected** as president, particularly after his inflammatory remarks on banning Muslims from entering the USA. This would undoubtedly have a devastating effect on many markets within the US, especially given the long history between many Arab investors and funds within the USA. Billions of Gulf dollars are slated for investment in the United States over the coming years, and many various sectors could be severely affected. [Read More](#)

On the UAE investment scene, **fintech is becoming increasingly popular**. There are a variety of ways that investors are manifesting this, and one of them would be peer-to-peer lending to businesses, or individuals. Another business model that is becoming increasingly popular within the UAE is crowd funding for equities and for property. Within the UAE, global uncertainty about the future of carbon industry has meant that investors are keen to try out new methods of investment that will continue to give them a high return on investment with the relatively low risk. [Read More](#)

The United Arab Emirates enjoys a **strong relationship with China**, and will be continuing to invest further in this relationship as the UAE continues to invest in the Chinese Silk Road Economic Belt initiative. The CEO of Abu Dhabi Securities Exchange, along with other representatives, participated in China Investment Conference 2016, where he emphasized the need for further cooperation between the two actors and highlighted the attractive relationship that could be further developed as a result of mutual investment. China is set to be an increasing world player in investments as diversification takes place in the MENA region, and as there may be moves to reduce overreliance on the USA and the UK. [Read More](#)