PITCHING A TENT

A Primer for Singapore Businesses with an Eye on the Gulf

Middle East Institute
Singapore

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1. OVERVIEW OF THE REGION

Situated along the southern and eastern shores of the Mediterranean Sea and stretching from Morocco to the Arabian Peninsula, the Middle East sits at the crossroads of global cultures, continents and commerce.

Bordered by Europe to the north, Africa to the west and Asia to the east, the pincer-shaped plot of land is among the richest stretches in the world. Holding abundant historical, religious and economic value, the Middle East is the birthplace of ancient civilisations and the three main monotheistic faiths — Judaism, Christianity and Islam.

Today, the Middle East is a lynchpin for the world economy. It holds two-thirds of the world's oil and gas reserves — hydrocarbons that continue to power the world's cities, industries and economies. While abundant, these resources are finite. This realisation has forced the countries in the region to undertake economic reforms, which, in turn, opens up new opportunities for foreign investment.

For centuries, the Middle East was dominated by nomadic tribes who were bound by shifting allegiances rather than fixed geographical boundaries. But the modern Middle East is clearly demarcated by national boundaries, lines that were first drawn arbitrarily by the British and French following

World War I. The concept of the Middle East today includes Libya, Morocco, Tunisia, Egypt, Turkey, Jordan, Lebanon, Syria, Palestine (currently the Israeli-occupied Gaza Strip and West Bank), Israel, Bahrain, Saudi Arabia, the United Arab Emirates, Oman, Kuwait, Qatar, Iraq, Afghanistan and Iran.

This primer will deal with the Arab Middle East, focusing on the Gulf and excluding the North African Middle East as it is of peripheral economic interest to Singapore.

For businesses keen on investing or expanding into the region, it is vital that they understand its culture, given the influence it has on all aspects of society, including business. This primer aims to equip businesses with the necessary knowledge and understanding of the Middle East, its history, economy and religion. We spoke to more than a dozen businesses, academics and Middle Eastern experts to gather useful and useable insights.

A Short History

The Middle East is the birthplace of some of the most powerful empires in human history. These include Mesopotamia, Babylonia, and the Persian and Byzantine empires.

Civilisation's early roots can be traced to southern Mesopotamia (present-day Iraq), home to the Sumerian civilisation which formed the world's first city in 3,500 BC. Mesopotamia's growth as a powerful civilisation was aided by the presence of two mighty rivers, the Tigris and the Euphrates, which provided water, food and nourished the agricultural land with rich, fertile soil.

It was during this period that the region served

as the backdrop for the earliest forms of trade, currency, and banking, along with the introduction of fundamental tools like the wheel and plough, and one of the earliest systems of writing.

Civilisations in the region have also been credited with the development of the written word and law codes, as well as a significant contribution to mathematics and sciences due to the advancement of Arabic numerals. The Persian, Roman, Greek, and Ottoman empires, which ruled northern and southern Mesopotamia, contributed greatly to the philosophical and scientific achievements in the region.

The Middle East was also where one of the ancient world's most famous trade routes was created. Stretching from the Mediterranean to the East, the Silk Route connected North Africa, Europe and Asia. Laden with spices, textiles, and other goods, merchants moved from one continent to another, expanding borders, exchanging ideas and trading pieces of their civilisations with one another.

The Gulf States

The Persian Gulf region is home to the biggest reserves of oil in the world, deep underground reservoirs of black gold that have made the countries in the area one of the wealthiest blocs of nations in the world.

At the heart of the vital oil economy are the Gulf states: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates. They are members of a regional grouping, the Gulf Cooperation Council (GCC), which was formed in 1981 to foster co-operation among members who have similar political and cultural identities.

However, even though member states are central to the region's economy, the GCC has struggled to remain relevant as an institution. In particular, the council's ability to promote co-operation among Gulf countries has been severely undermined, if not entirely destroyed, by the ongoing blockade of Qatar by a Saudi Arabia-led coalition. Already less than effective as a regional grouping, the GCC is hardly a going concern now. Most governments and businesses prefer to engage with GCC member countries individually, rather than with the council, so as to tap into each country's unique strengths and characteristics.

Islam in the Middle East

Islam was founded by Prophet Muhammad in AD seventh century in the area that is now known as Saudi Arabia. Today, the religion is the fastest growing in the world, with more than a billion believers spread across the globe.

As the dominant religion in the Middle East, most countries in the region have Islamic principles deeply embedded in their legal structures. The religion's influence has also extended into the public and business spheres of society.

Islamic law, or Sharia law, is one of the world's major legal systems. The word Sharia, which connotes "way" or "path" in the Arabic language, refers to Islam's legal system. Islam's holy text, the Quran, serves as the backbone for the key principles of Sharia law.

As a legal system cast from the words of Prophet Muhammad, Sharia law cannot be modified. But the interpretation of its teachings has gradually evolved over the years. The turn of the 19th century saw a majority of Muslim countries coming under the control of western colonial powers. This had a direct and lasting impact on Islamic law, which started to incorporate western-style laws, courts, and punishments.

Globalisation also pushed countries in the region to adopt different ways of interpreting the law, moves that brought the Sharia courts closer to the rest of the world. The influence of western-styled courts meant that most Muslim countries are now willing to allow the government to take charge of legal proceedings, a duty that was previously overseen by religious organisations.

The majority of Middle Eastern countries maintain two separate bodies of law. Civil and family courts rely on statutes based on Sharia law. But in the areas of commerce and trade, states rely on a modern body of commercial law. These are mainly drawn from western sources of law and govern foreign investment, labour, commercial transactions, corporate taxation, business organisation, and intellectual property.[1]

Islamic Finance

Where Islam is most directly felt in business circles is in the development of Islamic finance. Islamic finance traces its origins to the beginning of Islam. Prophet Muhammad's first wife, Khadija, was a

[1] John H Donboli and Farnaz Kashefi, "Doing Business In the Middle East: A Primer For US Companies", *Cornell International Law Journal,* Volume 38, Article 3 (Issue 2, 2005), https://scholarship.law.cornell.edu/cgi/viewcontent.cgi?article=1643&context=cilj.

merchant, and the Prophet acted as an agent for her business, employing many of the same Islamic banking principles that continue to exist today.

Under Islamic finance rules, the religion's renunciation of usury means that Sharia-compliant banks are not permitted to pay or collect interest. In addition, business stakeholders must abide by strict Muslim prohibitions and abstain from investments in alcohol, pork, gambling and pornography, among others.

Modern Islamic finance, which combines both current banking ideas and Islamic banking precepts, is a relatively new concept. An economist set up the first modern Islamic bank on record in 1963 in Egypt. Since then, and especially over the past 15 years, the Muslim world has embraced Islamic finance, which has resulted in its explosive growth.

Despite only representing about 1 per cent of global financial assets, Islamic finance is expanding more quickly than conventional finance, with an annual growth rate of between 10 per cent and 12 per cent. This makes Islamic finance one of the fastest growing in the sector.

One of the key drivers for the growth in Islamic banking has been the GCC countries themselves. According to the Islamic Financial Services Industry Stability Report, GCC states held a total of US$861.6 billion in Islamic financial assets, including bank deposits, *sukuk* and *takāful* contributions. These cater mainly to Muslim institutions, organisations and investors who prefer to park their money in Islamic financial products such as the *sukuk*, the Islamic version of bonds.

For the foreign investor or businessperson, deals are conducted on international commercial terms, although there are still hints of Islamic influence. For instance, interest rates are not allowed to be charged on deals.

Islam in Politics

By design, Islam is a creed and a way of life, rather than simply being an organised religion. Whole societies were organised and governed around the precepts of Islam. They were ruled by Caliphs, successors to Prophet Muhammad, who were both the civil and religious leaders for Muslims in the region.

Caliphates, the regions ruled by Caliphs, ceased to exist in the 20th century, as nation-states became the dominant political entity for social organisation. But the role of Islam in politics has remained. In fact, over the past 30 years, it has seen a revival through the idea of political Islam, largely as a counter-movement against perceived western imperialism and globalisation.

At the national level, many governments in the Gulf, such as Saudi Arabia, Kuwait and Bahrain, rely on Islam to derive legitimacy for their rule, in the absence of active political participation. Indeed, in many parts of the region, there is hardly any separation between state and mosque, a stark contrast to the secular state of Singapore.

However, the same religious institutions that enable these regimes are often also double-edged swords. Clerics and others who view their leaders as secular frequently attack them, and tensions between religion and politics are always simmering and threatening to boil over.

Beyond politics, Islam also has a deep impact on business, given that it influences business culture. For foreign businesses, this means having to navigate how religion influences operations, deal making, network-building, financing and even manpower.

This is discussed in some depth later in this primer.

The Gulf Economy

In Dubai stands the world's tallest building: the 828m-tall Burj Khalifa. On its coast lies the "eighth wonder of the world": Three of the largest man-made islands, in the shape of palm trees. Doha also houses one of the world's best airlines, Qatar Airways.

These symbols are the region's landmarks of wealth, the source of which comes from the earth and, by extension, God. The Middle East is the largest oil producer and holds enormous reserves, with some dubbing it the "oil miracle" of the world. It accounts for 34 per cent of the world's oil production, 45 per cent of crude oil exports and 48 per cent of oil reserves.[2]

As much as 90 per cent of Middle East oil reserves are concentrated in a narrow, horseshoe-shaped stretch of land bordering the Persian Gulf, covering some 900,000 sq km.

These areas make up the Gulf states, comprising the United Arab Emirates, Bahrain, Saudi Arabia, Oman, Qatar and Kuwait. Among them, Saudi Arabia is the largest oil producer and exporter in the world, with reserves estimated at 260 billion barrels.[3]

2 "Regional Insight — Middle East", BP Statistical Review of World Energy, https://www.bp.com/en/global/corporate/energy-economics/statistical-review-of-world-energy/country-and-regional-insights/middle-east.html.

History of Oil and War in the Gulf

The discovery of enormous oil deposits in the Middle East occurred fairly recently, and coincided with the West's increasing dependence on the resource in the early 20th century.

Oil was first discovered in Iran in 1901. Then in Bahrain in 1931. Saudi Arabia found its first reserves only in 1938. Three years later, oil production took off. This was further fuelled by discoveries in Abu Dhabi — which is now estimated to have around 6 per cent of the world's oil — in 1958.

The importance of the Middle East started to grow soon after the end of World War II, which coincided with the rise of the modern industrial economy. Since then, oil has become the world's most indispensable raw material, sustaining the industrial era. It powers nearly every mode of transportation, from ships to aeroplanes, cars and lorries, as well as a multitude of industries.

Oil has brought prosperity to the region, adding billions of dollars to state budgets every year. In 2019, oil revenue for members of the Organization of Petroleum Exporting Countries (Opec) is expected to be about US$719 billion.[4] Saudi Arabia alone accounts for about a third of Opec's revenues.

While oil has made Gulf citizens among the richest in the world, it has also exacted a huge toll on

3 "Aramco official outlines plans to boost production", *Oil & Gas Journal*, 11 July 2005, https://www.ogj.com/articles/print/volume-103/issue-26/general-interest/aramco-official-outlines-plans-to-boost-production.html.

4 https://www.energyglobal.com/downstream/refining/19092018/eia-opec-oil-export-revenues-set-to-increase/

the region. In 1991, Iraq invaded Kuwait with the aim of seizing the smaller country's oil reserves. In response, the United States and its allies mounted a swift and powerful counter-offensive called Operation Desert Storm to reclaim Kuwait. The Gulf War was over in just four days, with the US declaring victory for forces of freedom. But many analysts believed the intervention was motivated by the need to secure Kuwait's supply of oil to the US.

Following the 9/11 terror attacks in 2001, the US and its allies embarked on another war with Iraq. The basis of the second war was ostensibly to remove the threat posed by Iraq's supposed possession of weapons of mass destruction. However, despite an extensive search lasting years, none was found. Critics of the invasion pointed to Iraq's large oil deposits as proof of their theory that oil wealth was the real reason for the military intervention.

The invasion destroyed the Iraqi state, dismantling organisations critical to it, such as the Ba'ath Party and its social and political network, and the Iraqi armed forces. The resulting implosion of the Iraqi state was the biggest cataclysm to hit the region since the Iranian Revolution, because it upended the prevailing regional dynamic. This destabilised an already precarious regional dynamic and gave rise to many geopolitical shifts, such as renewed Iranian adventurism, sectarian conflicts, and the rise of violent jihadist groups. The effects of the second Iraq War are still playing out in the region today.

Moving Beyond Oil

Oil has clearly served the region well, but oil-exporting Arab states have, in recent years, stepped

up the push to wean themselves off hydrocarbons. Diversification has been at the heart of economic reform in the region, and for good reason.

First, oil is a finite resource. While countries such as Saudi Arabia, Kuwait and the UAE continue to hold reserves, others, such as Qatar and Oman, are running out of black gold. Second, the overwhelming dependence on oil exports has exposed these economies to high levels of macroeconomic instability. Oil prices stood at a record high of more than US$140 per barrel in July 2008.[5] But they collapsed to less than US$40 by November that same year, driven by the global recession, which dampened demand for energy.

Since then, a combination of increased supply and slowing demand has depressed prices, which hit a multi-year low in 2016. This has, in turn, cut deep into the budgets and spending of the governments, which continue to be the biggest employer and spender in each of the individual GCC economies.

The long-term prospects for oil are looking grim. While it will continue to power the bulk of industries and cities around the world over the next two decades or so, increased production, particularly from the United States and Canada, will continue to dampen prices. As climate change becomes a more urgent issue, more governments and large corporations are also gradually shifting towards alternative sources of energy that are cleaner and renewable. This will also sap demand for oil.

Gulf economies also have to grapple with another rising challenge: Demographics. The region

[5] Rebekah Kebede, "Oil hits record above $147", *Reuters,* 11 July 2008, https://www.reuters.com/article/us-markets-oil/oil-hits-record-above-147-idUST14048520080711.

has witnessed a surge in the population growth rate, with the average population growth rate standing at 3 per cent a year.[6] In Saudi Arabia, it is over 3.5 per cent, and in the UAE, well over 4 per cent. This means the population will double every 20 to 30 years or so. It is the second-highest growth rate of any region in the world, exceeded only by sub-Saharan Africa.

A high population growth rate stresses the economy, as there is an enormous need to create new jobs to absorb the growing labour supply. It also generates tremendous strain on the states' resources, as people need access to clean water, food, medicine and education. This requires building other aspects of the country to improve lives, rather than just focusing solely on generating wealth from oil.

The collapse in oil prices, coupled with population spikes in many GCC countries in the last decade, has resulted in governments embarking on ambitious plans to move into a post-oil economy. This has led to a concerted effort to develop alternative economic activities in the region, such as clean energy, banking, finance and tourism.

Here are some of the emerging industries that the region is developing.

Energy and Power

The Middle East is not only oil rich, but also sun rich. And now, it is pushing for renewable solar energy, ramping up investments in renewable energy sources.

6 "Population growth (annual %)", The World Bank Data, https://data.worldbank.org/indicator/SP.POP.GROW

An hour away from the gleaming towers of Dubai, countless rows of solar panels face the searing desert sun. At Mohammed bin Rashid Solar Park, a sprawling field of blue-grey photovoltaic panels stretches into the horizon like the expanse of an ocean. This sea of panels will be able to generate 5GW of power — enough to power millions of homes — by 2030.

There are other ambitious projects in the UAE. Abu Dhabi's Shams Solar Park, for example, is the first utility-scale solar plant in the Middle East. The Dubai Electricity and Water Authority (Dewa) also plans to develop the world's largest solar energy facility. By 2050, the country aims to provide 44 per cent of its energy through renewable sources — a big feat for a nation once reliant on oil exports.[7]

It is not just energy ministries that have been converted to the cause. Companies better known for their oil and gas drilling are also increasingly involved. Among them is Petroleum Development Oman, which is building a number of solar and wind projects.

The Middle East is well placed to tap the potential of solar energy, given the clear blue skies and scorching sun which dominate the weather for most of the year. There is also a strong case for wind power in other corners of the region. Saudi Arabia, for instance, is embarking on a project to build the first utility-scale wind power project in the Kingdom.

7 LeAnne Graves and Thamer Al Subaihi, "UAE Energy Plan aims to cut C02 emissions 70% by 2050", *The National*, 10 January 2017, https://www.thenational.ae/uae/uae-energy-plan-aims-to-cut-co2-emissions-70-by-2050-1.51582.

Transport and Logistics

Bordered by Asia to the east, Europe to the northwest and Africa to the southwest, the Middle East sits at the crossroads of three continents. This has allowed main players in the region to position their economies as key logistics and transportation hubs.

Taking advantage of trade routes between Asia, Europe and Africa, the UAE's investment in its infrastructure, from its ports to its airports and roads, has cemented its position as one of the leading logistics hubs of the world.

One trailblazing Gulf company is port operator DP World. Founded in 1999, it has grown into the world's fourth-largest port operator, largely through acquisitions. DP World has also announced its investment in hyperloop technology — a new form of transportation that claims travel at speeds of up to 1,200 km/h — offering revolutionary timesavings on cargo shipments. If successful, DP World would be among the world's first companies to operationalise the hyperloop, the brainchild of American tech entrepreneur Mr Elon Musk.

Other prominent logistics players in the market include Khalifa Port Container Terminal, operated by Abu Dhabi Terminals, and Kuwaiti logistics company Agility.

Several Arab countries have also taken to the air. Emirates, the much-lauded carrier ranked among the world's best and biggest, is a well-known success story. Likewise, Etihad and Qatar Airways are also setting new standards in airline travel, customer service and pricing.

Tourism

With its vast growth opportunities, the Middle East is a hive of economic and travel activity. It brings in significant corporate travel due to growing economic activities, and those travelling for leisure are visiting one of the most culturally and historically rich regions of the world [8]

The influx of foreign tourists shows no signs of abating in the coming years. By 2030, there will be more than 150 million tourists visiting this region yearly, according to the United Nations World Tourism Organization (UNWTO). This will be a jump from the 87 million or so tourists who visited in 2018, leading to a boom in hospitality and food sectors.

Travel to the United Arab Emirates, for instance, has grown exponentially. Its leisure travel industry taps on its strategic location to attract high volumes of air traffic. Dubai has one of the most advanced airports in the world and is a hub of intercontinental travel across four continents. It sits at the nexus of Europe, Asia, the Middle East and Africa. According to the UWTO, the airports of Dubai will be moving over 120 million people annually by 2020.[9]

The Middle East's religious heritage is also a tourist magnet. The region is dotted with both historical and religious sites. Besides Muslims, Christians and Jews have also been making pilgrimages to the Middle East and to the Holy Land.

Other efforts to grow the sector, such as by

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[8] "World Tourism Day 2018", UNWTO, http://wtd.unwto.org/content/world-tourism-day-2018.

[9] Ibid.

introducing new attractions, bulking up the cruise industry, and tapping into new markets, will continue to fuel growth.

Tourism is therefore big business in the region, attracting many foreign investors.

Technology

Tech is big globally and many Gulf countries are eager for start-ups and tech companies to set up shop in the region.

The pace has been slow, but has been picking up. Magnitt, which tracks technology investments in the region, reported 366 investments made in Middle Eastern start-ups, a record. Funds committed also rose to US$893 million in 2018, up 31 per cent from 2017.[10]

Dubai has been active in positioning itself as an ideal spot for tech start-ups and companies. Between 2015 and 2018, Dubai attracted more than US$21 billion in foreign direct investment for artificial intelligence (AI) and robotics, one of the highest in the world.[11]

On the investment side, Middle East funds are also actively looking for tech start-ups to fund. Saudi Arabia's Public Investment Fund and UAE's Mubadala Investment Company are the anchor investors in the US$100 billion SoftBank Vision Fund.

10 Jonathan Shieber, "Two years after a first close, 500 Startups wraps it Middle East fund with $33 million", *TechCrunch*, 26 March 2019, https://techcrunch.com/2019/03/26/two-years-after-a-first-close-500-startups-wraps-its-middle-east-fund-with-33-million/.

11 Joseph Dana, "The Middle East's other tech powerhouse", *Asia Times,* 23 April 2019, https://www.asiatimes.com/2019/04/opinion/the-middle-easts-other-tech-powerhouse/.

These emerging sectors bode well for Singaporean companies' prospects in the Gulf. In many of them, Singaporean companies have a competitive advantage, given their expertise in technology, tourism and logistics. One example is Singapore's CapitaLand. Ascott, its serviced residence business unit, started with 84 apartment units at a property in Dubai in 2006. Today, it has more than 2,300 units across 16 properties in the Middle East.

2. CULTURE AT WORK

It took 40 years in the desert, but Scandinavian dairy products manufacturer Arla Foods thought it had finally made it in the Middle East.

After spending millions of dollars in investments and decades cultivating contacts, Arla's brands such as Lurpak and Puck started to dominate the butter, milk and cream products market. The future looked bright as money flowed in. In 2005, Arla logged a cool US$550 million in sales from the region, a record for the company.[12]

However, in a matter of months, its success was undone by nothing more than a pen.

On 30 September 2005, Danish newspaper *Jyllands-Posten* published an article titled "The Face of Muhammad", accompanied by satirical cartoons of Prophet Muhammad.

Around the world, Muslims, who follow a strong tradition of aniconism that considers visual depiction of the Prophet blasphemous, rose in uproar. Violence broke out, claiming hundreds of lives and injuring many others.

For Arla, the cartoons resulted in a two-month boycott of its products across the region, costing the company US$1.5 million a day. "This has spread through the region like wildfire. And the boycott has been practically 100 per cent," Arla spokesperson Louis Honoré told *The New York Times*.

The dust settled only months later, after numerous attempts by Arla to apologise for the cartoons

[12] Vijay Mahajan, "Understanding the Arab Consumer", *Harvard Business Review* (May 2013), https://hbr.org/2013/05/understanding-the-arab-consumer.

which, in fact, had nothing to do with the company. Its goods were eventually placed back on the shelves, and Arla regained the bulk of its market share. But the episode scarred the company, which never quite regained the full trust of Arab consumers.

Arla's experience showed how foreign businesses often struggle to establish themselves in the Middle East. A key factor is the failure to recognise, and then navigate, the region's complex and deep-rooted cultural forces.

Many companies view the Middle East as fertile ground for expansion. With a population of 400 million, of which more than half are under the age of 24,[13] the region represents one of the most exciting markets in the world. But businesses need to figure out the cultural inflections.

For Singaporean companies looking to expand into the region, it is critical that they are equipped with basic knowledge of the region's business culture. This so-called "cultural intelligence" can make or break a business.

Cultural Pitfalls

Culture is difficult to define. For some, it refers to traditions that a specific group of people adhere to. Others see it as a set of behavioural traits that groups of people take on. Often, it is both. For the purposes of this primer, culture is defined loosely as a set of traits, values and customs that distinguishes one group of people from another.

[13] Graham E Fuller, "The Youth Factor: The New Demographics of the Middle East and the Implications for U.S. Policy", The Brookings Institute, 1 June 2003, https://www.brookings.edu/research/the-youth-factor-the-new-demographics-of-the-middle-east-and-the-implications-for-u-s-policy/.

This, however, runs into another problem: Over-generalisation. In attempting to explain cultural norms, there is a risk of generalising the behaviour of some and applying it to all. It is not uncommon to hold stereotypes of certain types of people. For instance, popular stereotypes paint the Scots as thrifty while the Germans are seen as disciplined. Clearly, this is not always true.

The concept is even harder to apply in the case of an entire region. While many people in the Gulf share common beliefs, such as Islam, have tribal and other connections, and even dress alike, their approaches to business and politics can vary widely, depending on whom one deals with, and where.

"We need to be careful when we talk about the Middle East. It is not one place, one culture and one set of dynamics — the same way it is a mistake to talk about Asia as a whole," said Mr Sabha Saint-Claire, CEO of Singapore-based fintech company Touché. He also helps tech start-ups move into the Middle East.

Mr Nael Islam, regional group director for Middle East and North Africa at Enterprise Singapore (ESG), agreed. It is the same idea in South-east Asia — Laos, Myanmar and Vietnam are neighbours, but they are quite different peoples, shaped by distinct histories, cultures and experiences.

Singaporeans will need to bear this in mind when they head over to the Middle East, and avoid the mistake of lumping everyone they meet as simply "Arabs". "When you think of the Middle East, many tend to lump Aleppo and Oman, Iran and Morocco, and Yemen and Lebanon together as one big area," said Mr Islam. "Obviously, it's not. The reality is that there are about half a billion people very widely spread geographically, as well as from a social and political standpoint."

The differences matter. For outsiders, Arabs may look alike. But there are nuances for those who care to pay close attention. Take Oman. Its geographic location at the edge of the Persian Gulf and Indian Ocean has given it a broader outlook compared to other Middle Eastern countries. Oman's dominant religion, the Ibadi branch of Islam, straddles the Sunni and Shi'ite.

In particular, it has a long history with India, stretching back thousands of years. That influence in Oman continues until today. The clearest sign of how Oman is a unique country in the Gulf is in how its men dress. Men's clothes take in elements such as the *kumma* (cap) from East Africa and the headcloth or turban from South Asia and India. These are combined with more traditional Arab clothing such as the *dishdasha* (long tunic) and the *bisht*, or open robe.[14]

Hence, it would be a mistake for foreigners to assume all Arabs and their practices are the same. The role of Arab women, for instance, is different depending on the country they live in. Saudi Arabia has a strict and religious interpretation of a woman's role in society (though this is changing), while places such as Bahrain and the UAE have more liberal attitudes.

The same word of caution extends to religion. While Islam is the dominant religion in the Middle East, outsiders often make the mistaken assump-

14 Aisa Martinez, "Omani Men's National Dress: Displaying Personal Taste, Asserting National Identity", *Ars Orientalis,* Volume 47 (2018), https://quod.lib.umich.edu/a/ars/13441566.0047.013/--omani-mens-national-dress-displaying-personal-taste?rgn=main;view=fulltext.

tion that it is the only one in the region. Dozens of religions thrive in the region, beginning with Christianity, whose followers form a significant minority. Others such as Hinduism, Druze and the Bahá'í faiths continue to draw followers, making the region a hodgepodge of influences.

Indeed, even within Islam, there is more than one denomination. The biggest division today is between the Sunni and Shi'ite groups. More than 85 per cent of the Muslim world is Sunni, with the bulk of the rest comprising Shi'ites.

As such, when it comes to defining a "Middle Eastern culture", the reality is that there are no clear traits. But when it comes to certain things, there are common themes and business practices that run across the various regions, according to interviews with many business leaders, consultants and government leaders who visit the region regularly for business.

Most of the shared practices are derived from the two big influences on the region — tribe and God.

The Twin Forces of Tradition

In 1916, following the end of World War I, the victorious British and French arranged for a secret meeting in Paris. The goal: To carve up the collapsing Ottoman Empire which had, up to that point, ruled over the region for nearly 600 years. The Asia Minor Agreement, also called the Sykes-Picot Agreement, was inked, dividing the region into colonial British and French spheres of influence. Those boundaries eventually formed what is now known as the Middle East.

The man-made boundaries cut across a region

that had been split for hundreds of years along ethnic, cultural and religious lines — invisible demarcations that continue to exist today. These ethnic and cultural groups — described as tribes by academics — were the primary means by which people of this region organised themselves.

Tribes provided long-term security and survival for their members. Bound by common ancestry, shared beliefs and value systems rather than physical boundaries, the legacy of such tribal links continues to this day. Many analysts have pointed to tribalism as a major factor behind deadly ethnic conflicts that have claimed thousands of lives in the region.

Take the Kurds, who hail from the Mesopotamian plains and highlands. There are an estimated 35 million of them living in parts of Turkey, Syria, Iraq and Iran. With a distinct culture, history and heritage, the Kurds form close ties of kinship within the group rather than with others in the various states they belong to. The strong desire to have their own state has resulted in armed conflicts with governments, including those of Turkey, Iraq and Syria.

A big cultural feature of tribal society is the respect for honour. The concept of honour expresses itself in various areas, from hospitality to personal generosity to community. Academics, in fact, describe the Middle East as having an honour-based culture — one that takes the issue of shame and honour seriously. Particularly important is the concept of family honour, said Middle East Institute (MEI) Adjunct Senior Research Fellow Mattia Tomba.

"The central importance of honour, dignity and pride to the Arab mentality cannot be overestimated," said Mr Tomba, who spent about a decade in the Middle East as an investment banker. "The core drivers for behaviour in Arab culture are to safeguard and enhance a person's honour and avoid shame. Since the person does not only represent himself but also his entire family and tribe, the belief is that any dishonourable behaviour would reflect on his entire family."

The idea of family is not simply confined to blood relations. In many ways, the entire Muslim community, or *ummah*, is seen as an extension of the family. An insult to one member of the family is seen as an insult to all.

The second major cultural force in the region is the powerful influence of Islam. For Muslims, Islam is not just a religion, but also a way of life that informs their entire worldview. Most Singaporeans would be familiar with the basic workings of Islam, such as the avoidance of pork products, alcohol and dogs. Gambling is also prohibited, while the levying of interest is not permitted under Islamic finance rules.

What is different is that Arabs practise a much stricter form of Islam. For instance, praying five times a day is expected of Arab Muslims. Most countries in the region also adopt a work week that stretches from Sunday to Thursday, with Friday being a day of prayer. Similarly, during the fasting period of Ramadan, little to no work gets done.

The religion has also moulded the region's cultural practices, permeating the rest of society. So while the region is not a homogenous religious society, Islamic practices are prevalent. For instance, compassion is a key virtue in Islam and the idea extends to the business world. When it comes to staff welfare, companies will need to exercise

caution in retrenching workers, even during poor economic conditions. Arab businessmen may not want to partner companies with a reputation for consistently putting the profit motive ahead of everything else, including service.

Counting down to the last cent can also be construed as being purely transactional. Watching bottom lines is vital in business, but not to the extent that they overshadow relationships, which matter greatly in the Arab context.

Sometimes, even what is taken for granted in western and Singaporean business culture is frowned upon in Islam. Commercialism and materialism, for instance, are not viewed favourably in the Islamic context. As one researcher noted: "Islam strictly forbids exaggerating product features. Islam considers this exaggeration as bluffing and cheating."[15]

One clear example of this is in advertising. Advertisers have to be careful about images they use and the messages they are sending about their products. Promoting materialism is likely to be met with strong disapproval from Arab consumers. The use of female sexuality, while common in western media, is also not allowed. While images of beautiful women are permissible, they have to be covered up. Even the use of suggestive slogans with sexual innuendo is not allowed.

These cultural influences have a big impact on the way business is conducted in the region. While the western business world, one that is familiar to

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[15] Ranan Zamin Abas and Adel Bari, "Advertisement & Islam: A Muslim World Perspective", *Australian Journal of Business and Management Research* (September 2011), https://www.researchgate.net/publication/256018472_Advertisement_Islam_A_Muslim_World_Perspective.

Singaporean businesses, has separated business, religious and cultural practices, the same cannot be said of the Middle East. Islam's thread, reinforced by tribal culture, runs through all of society.

For Singaporean businesses, understanding that God and tribe cannot be separated from the business world is necessary for businesses to succeed. Singaporean companies will have to have to deal with the complexity that arises from the confluence of these two powerful cultural forces.

Understanding *"Inshallah"*

The first piece of advice ESG's Mr Islam gives to companies keen on expanding in Middle East is this: Switch off the Singaporean. "I tell people this constantly. The moment you get off the plane, you need to switch off the Singaporean thought process," he said.

Singaporean businesses tend to focus on watching the bottom lines, keeping strictly to deadlines and focusing on efficiency, as time is money. These are traits that have burnished the reputation of Singaporean firms, making them valuable partners. But these are the same attributes that will land companies in difficult situations if they apply similar standards to their Middle Eastern partners.

Take how the regular Singaporean treats deadlines, for instance. Milestones are built into contracts, with strict project timelines. Deadlines are meant to be kept and adhered to; any delays must be approved by the receiving party.

But it isn't quite the same in the Middle East. Time is flexible, and actions to be taken are controlled by God. In Arab culture, a man's fate is de-

cided by God, rather than by his own hands. There is a time and place for things to happen. Many Singaporean companies are unprepared for this approach to business, and a lack of awareness could wreck business relationships, said one former civil servant who spent four years in the region.

He recalled an instance in which a Singaporean company had started work on a project and, in the first meeting, asked for specific deadlines to be laid out. In particular, this company was worried that without a proper timeline, the project's progress would be delayed, and, in turn, affect its cash flow.

"For Singaporeans, it's all about meeting deadlines then moving on to the next milestone. Any delay is money and opportunity lost," he said. But instead of clarifying the dates, the Arab customer's response was simply: "By the end of the year, *Inshallah*."

He explained that the intention of the Arab customer was to avoid making a quick decision that he would later regret. In other words, it was a polite way to defer, and an attempt to avoid losing face.

"The Singaporean businessman was puzzled and thought it was unprofessional of the client. But what he did not realise was that this was a phrase that is very much part of the daily vocabulary there," he said, explaining that *Inshallah* is translated as "God willing".

"It's part of every Muslim's daily vocabulary, as they are taught by Islam not to make definitive statements about the future, since only God knows what will happen. This means that if someone asked me to provide him with something, instead of 'I will give it to you today', I should say: 'I will give it to you today, *Inshallah*.'"

The New York Times international editor Mr Michael Slackman put it more bluntly: The phrase has become “a kind of convenience, a useful dodge, a bit of theological bobbing-and-weaving to avoid commitment”.[16] “No need to say no. If it doesn’t happen, well, God didn’t mean it to happen,” he wrote in a report from Cairo which noted that the phrase has become a public display of piety and fashion, a symbol of faith and the times.

And because God controls the fate of man, and time, by extension, expect regular delays in project deadlines and meetings. When Arabs are late for meeting, there is no sense of guilt, simply because that was what God had willed.

A business consultant, who wanted to be known only as Mr Teo, recalled the first meeting he attended when he began dealing with Arab clients in the 1980s.

“I went into the person’s office and told the receptionist who I was. She smiled politely and asked me to sit. Three hours later, I was still sitting there, flustered and wondering if I got the date wrong,” he recounted. “Just as I was tempted to leave in a huff, someone called me in from inside. When I walked in, my client greeted me with a smile, without a single apology.”

He swallowed his pride, attended the talks, and learnt later that this was par for the course when it came to meetings. “Time is treated more fluidly — don’t expect things to happen on time. But this only applies to them — don’t be late for your meetings,” he said.

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16 Michael Slackman, “With a Word, Egyptians Leave It All to Fate”, *The New York Times*, 20 June 2008, https://www.nytimes.com/2008/06/20/world/middleeast/20inshallah.html.

He eventually had to adapt to the new way of doing things. For instance, when he plans for a trip to the region, he would schedule a few meetings but keep large pockets of time free. This would allow him to quickly meet a client if one chooses to do so.

In fact, he used this understanding of how Arabs work to his advantage. Whenever he had Arab clients in Singapore, he would buy a small gift, drive to their hotel and call them to see if they were free for a quick chat.

“I’d tell them that I happened to be nearby and decided to drop by their hotel room. They would be happy to see me, and even happier that I thought of them with a gift. This definitely helped my relationship with them,” he said.

There is another reason Middle Easterners make foreign parties wait: They want to suss out how serious foreign parties are.

A European who wanted to be known only as Mr G, who works as a head of department at a Middle Eastern financial institution, said that many background checks take place before any business is even discussed.

For instance, there could be other local parties who are interested in the project that the foreign business is keen on. To ensure that no one powerful is offended, checks by the local partner must be made before a deal is struck.

“When I say checks in the back, I really mean it. Sometimes, if you are doing something locally, there may be interest from other sides,” he said.

ESG’s Mr Islam added that it is important for Singaporean companies to adapt to this style quickly, so that they can plan their meetings without feeling like they wasted their time.

"Many times, it won't be until two to three days before or even on the day itself that they would accept the meeting. This goes back to the same thing of concept of time. From a Singaporean perspective, we have to be very flexible," he said.

The flexibility with time extends to project deadlines, said businessmen who have worked in the region. One recalled how a local partner was supposed to have received a permit to start construction of a building.

"When I asked why the cranes had not arrived, he told me that the permit would come soon, *Inshallah*. I was livid. Every day that we were not working cost us thousands of dollars. But there was little I could do," he shared.

CASE FILE: THE FLUIDITY OF TIME

Shaken, Not Signed

Having already built a strong presence in countries like Australia, New Zealand, Malaysia, India, United Arab Emirates, Tanzania and the United States, Singapore-based healthcare information technology firm Napier Healthcare Solutions decided to expand into the Middle East in 2014.

It did not take long for the company to realise that the Arabs approached things differently. In particular, Arabs had a fluid interpretation of time.

"If I make a commitment or a promise, it has to be kept because this is the Singaporean way of doing business. But in the Middle East, the concept of time is fluid, so deadlines are almost never set in stone," said Mr Tirupathi Karthik, Napier's chief executive officer.

He recounts a particular incident in 2014, when his team had to navigate a deal with a government ministry.

After successfully securing the government contract together with a local partner company, Mr Karthik and his team were dealt a serious blow when the CEO of the partner company decided to resign.

As a result, the ministry said that they would have to halt all business proceedings, bringing negotiations to a standstill, despite having inked the deal.

Despite constant follow-ups to check on the status of the contract, there was no clear indication of when or how the project would resume.

Napier soon found itself in limbo. "Even till today, they haven't given us an update. They are still unresponsive to our phone calls and emails," he said.

His experience is not unique. In fact, many business deals are sealed with a firm handshake, rather than a contract. While contracts are important in setting out the details of the deal, many Arabs do not see the piece of paper as being the final confirmation.

As Saudi Arabia's Prince Al-Waleed bin Talal bin Abdulaziz al Saud, chairman of the Kingdom Holding Company conglomerate, put it: "Here [in the Arab world] I don't have to do everything with a contract. If I say something, I honour it." [17]

[17] Korn Ferry Institute, *Business Leadership* in the Arab World, 9 May 2019, 7.

Decisions Based on Ties

Most businesspersons would agree that success in business is the result of several factors: Skill, luck and contacts.

In the Middle East, skill and luck are important, but contacts are vital. In particular, relationships matter, and no business will get done if the local partners do not get to know you first.

And while getting to know one another is not uncommon between potential business partners — few would jump into a multimillion-dollar project with total strangers — the degree of familiarity required is much deeper.

"Trust is key. This is true anywhere in the world. But in the Middle East, they want to get to know you first before they do business with you," said ESG's Mr Islam. "You have a great company, great track record, you've done wonderful work, your pricing is okay, your technical specs are okay. But if they don't know you, they aren't likely to do business with you."

In other words, be prepared to spend a lot of time meeting clients and partners. Face-to-face meetings are best, while electronic means of communication should be kept to a minimum.

Questions about family and personal history are also likely to come up, said Mr Tomba. "They will want to maybe ask about your family, or what your father does. Make small talk, they want to know who they are dealing with, and whether you are someone they can work with," he added.

In fact, many Singaporeans are likely to be perplexed by the fact that business meetings may not even result in a conversation about the deal, but will be entirely about peripheral or unrelated issues, said Mr G.

"In the Middle East, sometimes, you don't know why you are there. You find yourself in situations where you start asking yourself 'Are we talking business?' or 'Are we talking about something else?'," he said.

His advice to Singaporean companies is simple: Take each meeting as a trust-building exercise. And if possible, reach out to the highest member of the company or organisation.

"That's because you go straight to the person in charge, you build a relationship with this person. And if this person gives the green light, all the pieces will fall into place," he said.

"There will inevitably be a phase which will feel like nothing is moving. But it is not that nothing is moving, it is a wait-and-see type of mentality. Part of the reason is that there is too much wealth in the Gulf and many can afford to wait, without rushing into deals."

"It takes a lot of time to set up something. It is not just an operational aspect, there is a tendency for people to think about something, then leave it. Then they keep waiting to see if there is any real interest."

CASE FILE: GETTING COMFY

Fifth Time Lucky

A senior executive of an oil and gas company, who wanted to be known only as Mr Tan, recalled the first time he went to Abu Dhabi to meet a prospective client. He had prepared a 100-slide presentation deck as well as pages of talking points and data, hoping to impress the client.

"He asked me about my schools, what my father did, and whether I had children. I learnt that he played rugby at the London School of Economics and has good friends in Kenya. We did not talk about the project, and whenever I tried to broach the topic, he would steer the conversation away to talk about personal affairs," said Mr Tan.

"I left feeling a bit lost — did I really just meet a client who could be worth millions to my company?"

Over the next two weeks, Mr Tan received more calls for meetings. And during those meetings, much of the discussion centred around football clubs such as Manchester City, which is owned by the billionaire deputy prime minister of the UAE, Sheikh

Mansour bin Zayed Al Nahyan, and Spanish football giant Barcelona. They also regularly discussed politics, especially in the US and Singapore.

"It seemed like idle chit-chat. These talks would last for hours on end," he said.

It was only during the fifth meeting that Mr Tan was asked to talk about his proposal. He brought out his laptop, and spoke for 20 minutes on the finer details of financing, project management and logistics. Mr Tan thought he had nailed the deal, shook hands and walked out of the room.

He went back to Singapore and told his boss that it was a done deal. They celebrated and waited for details of the confirmation. But for weeks, there was not a single email or text from anyone on the other side.

"I spent so much time and thought I had won him over. Then, nothing happened. It felt like time and money spent for nothing," he said.

Two months later, after Mr Tan had given up on the deal, a call came from the Arab businessman's office, requesting a meeting that same day.

"I took the first flight out from

Singapore and met him the next day. Without missing a beat, he shook my hands and asked me when I could start," he said.

For Mr Tan, the lesson was simple: it takes time. He later learnt from other business partners that he was lucky — it took him just six months to complete the negotiations. Others told him it sometimes takes years for any agreement to come through.

Since then, he has had to dial down his own expectations and adapt to spending more time getting to know potential clients rather than always pushing for business deals.

"They just want to get to know you. Once they are comfortable with you, they will work with you and then it will be smooth, especially if the boss on their side gives you the promise," he said.

Apart from meetings, social gatherings are also important occasions for the businessperson. During Ramadan, wealthy Arabs may hold special evening and night sessions called *majlis*.

These are essentially private parties that stretch late into the night, where people from different walks of life discuss anything from business to politics and even sports. In fact, many important matters are discussed at these *majlis*, while the company board meetings are used mostly to approve the decisions that have already been agreed on, said Mr G.

"You talk to people, you discuss things. You discuss business. And so you take business decisions there, you help each other. You always go to the same *majlis*, so when you go and help someone, next time when you need help they will help you," he added.

Getting an invitation to one of these events is a sure way to get to know people. And if the host of the *majlis* is an influential person, then an invite is seen as a stamp of approval. This opens up even more doors to potential new businesses.

Mr Islam said that these parties hold special significance, and should businesses get an invite, they should attend without hesitation. An invitation to a *majlis* is akin to saying "If you want to do business, come at 3am and spend time with me," he added.

Once that bridge of trust is built, the relationship becomes strong and valuable. But investing to build that bridge will take time, money and effort, and bucketloads of patience.

CASE FILE: BUILDING TIES

A Relationship Lasting Decades

When Mr Teo, a management consultant, picked up a call from a financial institution in Bahrain back in the mid-1980s, he thought it would lead to an interesting break into West Asia. Some promising leads did not pan out, as is usual for him, having dealt with foreign investors and clients for the bulk of his career.

But the caller had an unusual request.

"We want to see your leader," said the chairman of the bank, referring to the then-Prime Minister of Singapore Lee Kuan Yew.

"I was taken aback. I knew people in the civil service, but not the prime minister. Anyway, why would the prime minister want to meet someone from a bank?" he said. The Arab banker wanted PM Lee to help him set up a bank branch in Singapore — minus the hassle. He did not want to take the usual steps, which included setting up a representative office first.

Mr Teo tried to explain that it was

quite difficult because the Singapore government abided strictly to rules and regulations. But the banker from Bahrain insisted.

"So I talked to the regulators, and they met. They were told that they had to go through the necessary steps, although the process was expedited and a branch was set up without a hitch," Mr Teo said.

The Bahraini banker was happy with the outcome, and that became the start of a 20-year association that saw Mr Teo help the bank with huge deals in the region.

For instance, when Indonesia asked the Bahraini bank if it was open to joining a select consortium as the lead Arab institution to loan the country money, Mr Teo was tasked to negotiate on behalf of the bank.

The deal turned out to be a first and successfully oversubscribed Euro-Asia Dollar US$1 billion medium-term loan.

The chairman of the bank trusted Mr Teo so much that he gave the Singaporean banking adviser the instrument of authority to sign the deal on his behalf at the official ceremony.

Part of the reason for Mr Teo's success was that he made a big effort

to cultivate trust with the banker, including meetings at IMF-World Bank annual international gatherings in Bangkok, Manila or Seoul (and the good fortune of acquaintanceship with central and senior banking officials); and dinners in the region (with family members, at times) regardless of whether there were business deals to discuss.

"Whenever he (the Bahrani bank client) comes to Singapore, I make it a point to meet him, whether at his hotel, restaurant, or mosque, or with Majlis Ugama Islam Singapura (Muis) and sometimes inter-religious officials. He can count on me to make myself available, whenever," said Mr Teo.

"Building trust takes time. For me, it is an investment of time and understanding the mores and the unwritten rules. But it makes a big difference when doing business, especially in a complex environment like the Gulf."

Such relationships work both ways. Mr Teo said he could always rely on the strong friendships he has forged to bail him out should things go awry in the region, such as the time a vehicle driven by one of his staff was rear-ended by another vehicle in Saudi Arabia. In most such cases, the blame is pinned on the car behind. But in this instance, the Saudi police arrested Mr Teo's staff member for causing an accident.

After a few days of waiting, there was still no sign of his employee, and no updates were forthcoming from the police. "It was worrying. So I called one of my clients, explained the situation to him and gave him the name of the police station. At the end of the call, he said, 'No problem, it is resolved'," recalled Mr Teo.

"The next day, my guy returned to the office looking a bit weary and worn but safe and sound. I immediately called my client to thank him — I'm not sure what would have happened if I didn't get his help."

Mr Teo also recalled the first meeting he attended when he began dealing with Arab clients in the 1980s in Jeddah.

"I walked quickly to his nearby office and up the stairs when summoned by phone by the client's PA. He guided me to a seat outside the person's office. A couple of hours later, I was still waiting, although several others who arrived after me got into meetings. Seated there, I was flustered and wondered if I had

missed anything in the translation," he recounted.

"Just as I thought it wasn't my day, someone called me in from inside. When I walked in, my client greeted me with a smile, and started talking about his joyous assignment in the UK with the then-National & Provincial Bank [later National Westminster Bank]".

The Right Partner

When investing in foreign markets, few companies are able to do it on their own. Local culture, practices and business regulations can seem alien and complex. Finding the right partner to navigate these thorny issues can often mean the difference between success and failure.

Mr G puts it bluntly: "You cannot do business without a local partner."

A former civil servant, who has worked in the region for several years, noted that many successful Arab businessmen tend to have a circle of consultants and confidants. Some of them are other local Arabs, but many of them are foreigners.

"They can be Caucasians or Indians. They are in trusted positions because these guys have been cultivating contacts in the Middle East for years. If a Singaporean company wants to make things happen on a big scale, it must go through this first layer because these consultants are the people who advise the man at the top," he said.

A Singaporean businessman, who deals with jewellery, echoes this experience. When he first explored the possibility of doing business in the region in the 1990s, he had little luck in breaking into the industry. Few had any interest in his wares, even though he had an established track record back in Singapore.

It was only after he met an Englishman who had been working there for some time that things started to take off. The Briton not only shared his knowledge of the trade but also extensive contacts. Most importantly, he made introductions and opened doors to the right people. Today, the

Singaporean company crafts pieces for some of the most respected families in the region.

It is also imperative that business owners find partners with the right profile, experience and expectations. This is critical in a challenging market like the Middle East, said ESG's Mr Islam. He cited an example of a Singaporean food company which had franchises in the region. The business could not be sustained and was shut down after a few years, largely because it picked a partner that did not have the requisite experience or financial strength.

But the company decided to give it another shot. "After a while, they realised that this was a market they could not ignore and wanted to come back to. We did our due diligence and introduced them to the right partner," he said, adding that the process of finding the right match and then setting up the business from scratch took three years.

Mr Islam believes it is worth taking the time to find the right partner, especially in the Gulf. "It is an important market. Both parties want to do it and both are big enough in their respective fields to ensure that they get it right," he said.

Part of the reason trust-building takes a long time is also a test — a test of whether a foreign investor or business is committed to the region for the long haul. Companies that have displayed staying power or a willingness to commit long term will be viewed more favourably.

In an interview with business consultancy Korn Ferry Institute, Mr Riad Kamal, chairman of Arabtec, one of Dubai's biggest construction firms, said American firms such as Boeing and GE have been successful in the region because they are long-term partners. "They are extremely successful in their fields, and they will continue to be so because of their resilience," he said.[18]

[18] Korn Ferry Institute, *Business Leadership,* 8.

CASE FILE: GETTING THE NUANCES RIGHT

To Grow Big Start Small

When oil and gas engineering & construction company Rotary Engineering decided to venture into the Middle East market in 2006, the Singapore-based firm was well aware that success would not come easy.

Despite having established itself in countries like Malaysia, Thailand, Indonesia, India, China, Vietnam, Australia, Myanmar and Slovenia, the company knew that the Middle East would require a significantly different approach.

The company had to tread carefully around how the region's companies conducted business, the role of Islam and its byzantine regulation structure.

And the best way of dealing with such uncertainty was to take small risks, said Mr Koh Chun Peng, deputy chief executive officer of Rotary Engineering.

To better understand the market, Mr Koh and his team took on small projects at the start, even though they were more than capable of bidding for larger projects.

In 2007, they landed their first small project in the Middle East, a US$7 million oil tank farm engineering, procurement and construction project in Saudi Arabia.

"We've always had our sights on achieving big things in the Middle East, so we wanted to be able to fully understand the region before we took on larger projects," he said.

"As a company starting out in the Middle East, you have to learn and you have to fail. You have to fail again and learn again," he said.

Another step the company took was to set up a team in the Middle East whose job was to understand the region's culture and analyse how it would impact business practices.

This team played an integral role in helping Rotary to acclimatise to the Middle East and allow it to understand the region better.

"Before going into the Middle East, we had to understand the nuances of the local country and the culture. Because we are in the people business, it is important that we truly understand the people," he said.

For instance, Islam had a big role

in business operations. Religious practices had to be closely adhered to, such as time set aside for prayer.

The investment eventually paid off. In 2009, after several years of working on small projects, the company scored their biggest deal in the region — a US$745 million engineering, procurement and construction contract to build a refinery tank farm at the Jubail Export Refinery, now known as the Saudi Aramco Total Refining and Petrochemical Co (Satorp) in Saudi Arabia.

"Without taking a leap of faith with the initial few projects, we would never have landed the US$750 million project. Take a couple of small jobs, send your people there, feel the market. If you think it is big enough, then make a bet," he said.

Another key factor: Strong and trustworthy local partners.

In 2018, a local workshop fabricator that Mr Koh had commissioned for a project suddenly closed down without warning as it was mired in debt.

This was a blow for Rotary as it was midway through a more than US$100 million refinery tank farm project in Dubai.

"Even though it was not our fault, our materials were stuck with the fabricator and we wasted a few months getting them back," he recalled.

He had no choice but to seek alternative fabricators, and suffered losses.

After the bad experience, Rotary makes it a point to conduct thorough background checks with local partners to prevent any delays or losses along the way.

"You need to work with the right people. You've got to choose your clients and sub-contractors properly. Over the years, we have had enough experiences to prevent such issues from happening," he said.

Family Matters

The Middle East is dominated by family-run businesses. According to PwC's Middle East Family Business survey in 2016, family-run businesses contribute 60 per cent to the region's GDP and employ over 80 per cent of the workforce.[19]

Families are not just the central building blocks of the Middle Eastern economy — they form the core of it. As such, while profits matter, they are not the raison d'être for businesses. Instead, businesses are judged by the level of security they provide for the family, as well as how well they protect the family's honour.[20]

This has several implications for foreign investors in the region. For one thing, Arab businesses may view risk and reward differently. Price, for instance, is not a main sticking point, but quality is.

"A Saudi buyer will pay well if a product is considered among the best in the world. They will buy it even if there is high premium on the price compared to competitive products," said Napier's Mr Karthik, whose company has provided IT systems to several hospitals in the Middle East.

It pays to pay attention to who you are dealing with, and how connected they are. This is because in Gulf countries, certain families, especially those with influence, matter more than others. Partnering one could mean having to deal with the partners that they are comfortable with, and not others.

"Let's say you want to do business in one of the

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19 PwC, Middle East Family Business Survey 2019, https://www.pwc.com/m1/en/publications/family-business-survey/the-middle-east-family-business.html.

20 Korn Ferry Institute, *Business Leadership*, 10.

Gulf countries, ultimately there are only a handful of families which are really running the country," said Mr G.

"So if you want to do business in Doha and you need financing, then you need to be careful about who you are going to approach. Your business partner might be from a family that uses money only from a specific bank. There are a lot of dynamics which come into the process. It is not just a cultural thing."

CASE FILE: GOING LOCAL

Training the Talent

Location was a prime consideration when oil and gas company MTQ Corporation stepped into the Middle East in 2009.

"In the Middle East, the geopolitics of where is the best place to be has been very dynamic through the years. This makes it tricky to pick the 'best spot' sometimes," said its chief executive, Mr Kuah Boon Wee.

Despite the region's volatility, MTQ Corporation knew moving into the Middle East was the right way forward. After a thorough market analysis, the oilfield engineering solutions provider decided to establish operations in Bahrain.

When it came to setting up a team in Bahrain, MTQ Corporation realised that the best way forward was to integrate its strong Singaporean brand with the expertise of the Bahraini workforce.

Singaporean and expat managers helmed leadership positions within the team, while local Bahrainis were recruited to drive the on-the-ground workforce. Today, locals make up the largest proportion of workers at MTQ Corporation's Bahrain office. This not only ensures a workforce that is more in tune with the country's norms and culture, but also allows MTQ Corporation to give back to the local economy.

"Ultimately, we found it best to have a mix of leaders, expats and local Bahrainis. A diverse team works best," said Mr Kuah.

But finding local employees with the right skills to fill key positions proved challenging, as there was a dearth of highly skilled talent in the sector.

MTQ Corporation turned to graduate students from technical training institutions and polytechnics. Together with the local authorities, the company developed a programme for Bahraini employees, who would visit its Singapore office for on-the-job training for a month.

Trainers from Singapore also flew to Bahrain to regularly conduct training.

"All the Bahraini employees enjoy the opportunity to come out here. As Singaporeans, we always make sure we show them our hospitality and our culture. In fact, some employees

still talk about their experiences in Singapore," said Mr Kuah.

The ongoing collaboration is one way in which MTQ Corporation empowers its local staff.

"I don't think you can go around saying that you have to have a Singaporean there or else you can't do business," said Mr Kuah. "After a couple of years, you need to rely on the local people. Otherwise, you are telling the people there that they are not up to the mark."

What About Women?

The common misconception of women in the Middle East is that they are oppressed and lowly educated.

It is true that women tend to be less visible on the corporate front, as men are expected to lead businesses. Employment for women in the Gulf is also among the lowest in the world, as they are expected to stay home.

But change is coming. Except for Saudi Arabia, which remains a conservative society, many women in the Gulf and the wider Middle East region boast high levels of literacy, hold jobs and are leaders in many fields. Many women hold leadership positions in companies and organisations.

The Emirati Minister of State for Tolerance Sheikha Lubna Al Qasimi was named by *Forbes* magazine in 2017 as one of the most powerful Arab women in the world. Dr Nashwa Al Ruwaini, a media personality and chief executive of media conglomerate Pyramedia, has also been called the "Oprah Winfrey of the Middle East".

Said Mr Saint-Claire, CEO of Singapore-based fintech company Touché: "I met the Bahraini equivalent of Singapore's Economic Development Board. The senior manager was a woman, and 60 per cent of the staff there were female."

MEI's Mr Tomba agreed, saying that times have moved on. "I think it's no issue sending women to the Gulf to work. It's business," he said.

However, they would have to observe certain formalities in everyday life. For instance, women are required to eat in the family section of a restaurant and avoid sitting with local men in public.

3. OPPORTUNITIES FOR SINGAPORE COMPANIES

Singapore's Second Wing in the Middle East

When former Singaporean Prime Minister Goh Chok Tong visited Baghdad in 1979 to participate in a trade exhibition, his intention was to explore markets for Singaporean companies.

But instead of looking for new opportunities, Mr Goh, who was then minister for trade and industry, ended up losing his things in Iraq. It was the second time his belongings went astray at the airport while on a visit to the Middle East — just a few years before, his luggage was also misplaced at the airport in Cairo, Egypt.[21]

"I saw Saddam Hussein, but not my luggage," quipped Mr Goh. "But despite losing my luggage twice in the Middle East, I have never lost my interest in the region."

Indeed, Mr Goh's, and by extension, Singapore's interest in the Middle East has been growing steadily over the past two decades.

Just before he stepped down as prime minister, he embarked on a series of visits to more than a dozen countries and territories in the region. The goal was simple: Establish strong ties between Singapore and the region.

The charm offensive worked. In 2005, Singapore hosted the first Asia and Middle East Dialogue, a

[21] Singapore Government Media Release, "Opening Address by Mr Goh Chok Tong, Senior Minister, at the Opening Session of the inaugural Asia-Middle East Dialogue (Amed)", 21 June 2005, http://www.nas.gov.sg/archivesonline/speeches/view-html?filename=20050621989.htm.

forum that aims to forge closer ties between both regions. And in 2008, the Gulf Cooperation Council signed a free trade agreement with Singapore — the first non-Middle Eastern country to ink a deal with the GCC states.

Singapore has also signed a series of free trade agreements (FTA) with countries in the Middle East, including the Singapore–Jordan FTA. These have helped boost the flow of trade between both Singapore and the region.

The engagement with the Middle East was part of a larger move to grow a "second wing", or external wing, of Singapore's economy, mainly through the internationalisation of home-grown companies. The Middle East, alongside India and China, was identified as an attractive location for potential investment.

A key reason was the wealth factor. Rising oil prices during the mid-2000s saw the coffers of Arab countries fill up quickly. This led to massive infrastructure spending — building of highways, skyscrapers, airports and seaports, which opened up huge opportunities for foreign investors to bring their expertise into the country.

Growth Opportunities for Singaporean Firms

The Middle East is a key trading partner of Singapore. Bilateral trade stood at S$64 billion in 2017, up 20 per cent from 2010.

Singapore companies lead the way in infrastructure projects in the Middle East. PSA International, in partnership with the Saudi Public Investment Fund and the Saudi Ports Authority, developed the King Abdul Aziz Port in Dammam, a city in Saudi

Arabia — a project worth an estimated S$500 million.[22]

Likewise, Changi Airport International's (CAI) growth in the Middle East has also taken off. It was engaged by the General Authority of Civil Aviation in Saudi Arabia in 2008 to provide management services to King Fahd International Airport. CAI was tasked to transform, commercialise and corporatise the airport, reversing its declining market share. The term of engagement spanned almost a decade, from 2008 to 2017.

Singapore's professional services firms have made successful forays into the region too. DP Architects, for instance, has designed some of the most iconic buildings in the Gulf, including the Dubai Mall in the United Arab Emirates, which has 550,000 sq m of retail space. Similarly, several of Singapore's biggest law firms, such as Wong Partnership, have established a strong presence in the region.

These established business areas remain important for Singaporean firms, even as the region pivots away from a reliance on oil and gas for growth. But new pockets of growth are opening up in food, tourism, healthcare and fintech, providing fresh opportunities for Singapore's expertise.

Mr Shamsher Zaman, managing director of Linkers (Far East) Pte Ltd said there were many opportunities for Singapore companies to grow in the region.

In particular, he highlighted the FTAs as useful tools to boost their presence in the region.

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[22] JOC staff, "PSA International Wins Bid to Build Saudi Terminal", JOC.com, 6 July 2011, https://www.joc.com/port-news/psa-international-wins-bid-build-saudi-terminal_20110706.html.

"Countries in the Middle East have FTAs with Gulf and African countries as well as the EU. More importantly, there are deals with the United States. Singapore companies can take advantage of producing in these countries for export to Africa, EU and the US as their goods can enter these territories without quota restrictions," said Mr Zaman.

Food

MEED, a business intelligence consultancy focused on the Middle East, estimates that demand for food imports to the GCC will hit US$53.1 billion by 2020, almost double that of 2010.

This surge has largely benefited Singapore, whose biggest foray in the Middle East in recent years has been the export of food products, concepts and ideas. According to ESG, Singapore food companies such as Food Empire, Tai Hua, Tat Hui Foods (Koka) and Tee Yih Jia have found much success exporting to the UAE, while food and beverage chains such as BreadTalk and Pastamania are also establishing key outposts in the region.

A crucial success factor is shared religious food practices. The Singapore Muis Halal Standards (SMHS) are similar and consistent with that of the Middle East.

Tourism

For Gulf states that are looking beyond oil, tourism has become the next big growth engine. Oman and Bahrain, for instance, have identified tourism as a key pillar of growth for their economies. The Omani government aims to draw on its cultural heritage

and natural assets to encourage foreign investment in the sector. Likewise, Bahrain is promoting itself as a high-class tourism and leisure destination. Its strategies have worked, with more than 12 million tourists visiting the country in 2017 and contributing 6.3 per cent to its economy.

The high potential of the tourism sector has, in turn, attracted Singaporean companies to invest in key hospitality projects. Frasers Hospitality maintains a number of properties in Bahrain, after first entering the region back in 2009. The company also intends to expand into Saudi Arabia by opening new properties in Jeddah, Khobar and Riyadh.[23]

Healthcare

Singapore's reputation as a healthcare hub in Southeast Asia is opening new doors for expansion into the Middle East. Companies such as IHH Healthcare, which is listed on the Singapore stock market, has identified the Middle East as a key market for its expansion plans.[24]

It is not surprising, given that healthcare spending in the Middle East and North Africa is expected to soar to US$144 billion in 2020. Some US$69 billion of this spending will come from the GCC countries.[25]

23 Frasers Hospitality Global Press Room, "Frasers Hospitality expands in Middle East and Africa to tap into business and tourism growth", 30 March 2017, https://www.frasershospitality.com/en/press/viewItem/5971/frasers-hospitality-expands-in-middle-east-and-africa-to-tap-into-business-and-tourism-growth-press.html.

24 Wataru Yoshida and CK Tan, "Emerging markets key to hospital operator's expansion, CEO says", *Nikkei Asian Review*, 4 September 2014, https://asia.nikkei.com/Business/Emerging-markets-key-to-hospital-operator-s-expansion-CEO-says.

25 Tawif Khoja, Salman Rawaf, Waris Qidwai, David Rawaf, Kashmira Nanji and Aisha Hamad, "Health Care in Gulf Cooperation Council Countries: A Review of Challenges and Opportunities", *Cureus* (August 2017), https://www.ncbi.nlm.nih.

Apart from the big healthcare players, smaller companies have also managed to find success in the region. Healthcare IT solutions provider Napier Healthcare Solutions has its software solutions deployed in multiple hospitals in the region, from Dubai to Algeria.

Linkers' Mr Shamsher agreed, adding that there is huge potential for Singaporean healthcare companies to expand there. The region, he said, is keen on building its own healthcare infrastructure to meet the demands of its own population.

In the past, Arabs would head to the US and Europe or even Singapore for treatment. But today, the push has been to develop world-class facilities in their countries, which would require expertise that places like Singapore have.

He cited an example of how a state-of-the-art hospital was recently completed in Kuwait. But the facility needed a team of doctors and senior management to run it well.

"An opportunity was provided to healthcare companies in Singapore for the above facility, but they declined due to other commitments. Eventually, they awarded it to a company from Korea," he said.

Fintech

As the region moves towards a post-oil economy, one area that GCC countries are paying close attention to is technology, particularly fintech.

In August 2018, the Monetary Authority of Singapore (MAS) and the Dubai Financial Services Authority (DFSA) signed an agreement that allows each party to refer fintech companies to each other.

The move will boost co-operation and facilitate the growth of fintech in both countries.

In fact, several fintech companies have already managed to break into the market, supported by ESG. One example is Touché, which inked a partnership with SEED Group as their local partner.

The deal will push Touché's integrated payment services, data analytics technology and loyalty management solution out to the region.

In August 2018, Touché set up its first office in Bahrain thanks to a collaboration with Bahrain FinTech Bay, the Middle East's leading fintech hub.

As part of its expansion plans in Bahrain, Touché will first focus its efforts on introducing its services to the food and beverage and hospitality sectors. In its next phase, it will reach out to retail and other sectors within the country.

Training and Education

Currently, the bulk of new entrants to the workforces in Gulf countries opt to work in the public sector, favouring government over the private sector for better job security, shorter working hours and higher starting salaries. This is particularly prevalent in countries such as Kuwait, Saudi Arabia, the UAE and even Oman, where more than 60 per cent of the working citizen population is in government service.[26]

But with dwindling oil revenues and shrinking budgets, there is an urgent need to redirect young workers to the private sector to reduce debt and

26 Antonio Carvalho, Jeff Youseff, Nicolas Dunais, "Maximising Employment of Nationals in the GCC", Oliver Wyman (2018), https://www.oliverwyman.com/content/dam/oliver-wyman/v2/publications/2018/october/maximizing-employment-of-nationals-in-the-gcc.pdf.

boost revenues. The path to higher employment rates, however, will be difficult, given how entrenched the preference for public sector work is.

Many also do not have the right skills for private sector jobs, a study by human resource consultancy Oliver Wyman showed. Many of the GCC countries ranked poorly on the World Economic Forum Human Capital Index 2017 report. Kuwait ranked 96th out of 130 countries , while Saudi Arabia took 82nd place. The UAE did much better at 45th, while Qatar placed 55th.

The population bulge mentioned earlier means there will be growing opportunities for training providers to equip young workers with the right skills to compete in the new digital and global economy, said Mr Shamsher.

While the region has made significant improvements in training and skills upgrading, it still lags behind Singapore, he added. "There is currently a gap in innovation, training and capacity building, in both the private and public sector. Singaporean companies which would like to go into the private sector and provide training and capacity building programmes will be most welcome. It is an area that Singaporean firms could support, given the Republic's strong emphasis on skills training," he said.

The Singaporean Advantage

The future of Singapore-Middle East relations is bright, underpinned by an economic synergy that will only strengthen due to free trade agreements and the city-state's allure as a launchpad for Middle Eastern companies seeking to enter the Asia-Pacific market.

Similarly, Singaporean companies are also seeing good prospects in the region's growth.

As the pressure to reform intensifies, many Middle Eastern countries are adopting more forward-looking policies that are driving growth. Saudi Arabia, for example, listed its oil company, Saudi Aramco, in December 2019. The initial public offering, the world's largest market debut which has seen its valuation jump to US$2 trillion, could transform the Kingdom's domestic markets, though it has progressed in fits and starts.

Egypt, another sizeable economy, has also introduced a raft of reforms, including floating the Egyptian pound, which is expected to improve the economy while luring foreign investment. But the reforms remain a work in progress, and it remains to be seen if the country can live up to its potential in the longer term.

Beyond specific industries and opportunities, the key message for companies hoping to enlarge their foreign footprint in the Middle East is: the Singapore brand is valuable. Arab businessmen recognise that Singaporean companies are efficient, trustworthy and competent partners to do business with.

But there are also issues that are holding Singaporean companies back. One is companies' ability to adapt to the local culture. Singaporeans are also seen as inflexible, while many companies are seen as risk-averse.

Similarly, Singaporeans' lack of enthusiasm for living in the region could give the wrong impression that they are not committed enough, said Mr G.

In Qatar, for instance, local partners want foreigners to demonstrate that they are 100 per cent committed. One way of doing this is to simply set up a representative office.

"That simple step can be an easy way to access the market. What it says is, 'Look, I'm here, I just opened an office. This is the person that works for me here. Let us know when you want to talk business'," he said.

"This goes a long way. That's probably one of the first steps if you are aiming for a partnership."

Observers also note that unlike in the early days of the second wing push, there are now more players in the region. Chinese and Indian companies, for instance, have been pushing pell-mell into the region over the past few years, and are making greater headway.

Still, there remains much potential in the region, and "Singapore" remains a powerful name to drop. On a recent trip to the region, MEI staff were told numerous times, by diplomats, analysts and scholars, that Singapore remains a standard-bearer and a leading inspiration as Gulf economies seek to transform. The key to success is a measure of boldness and careful navigation of the cultural nuances of doing business in the Middle East. With patience comes success.

WHERE TO GET HELP

Enterprise Singapore (ESG) provides the necessary framework for Singaporean enterprises to grow their businesses by helping them upgrade, scale up and access market opportunities overseas. They support companies through a variety of measures, including:

I. Market Knowledge

ESG shares the latest information on market developments with companies through regular seminars, workshops and business missions, helps companies to better navigate the business landscape, provides advice on set-up and regulations, as well as directs them to potential partners and projects.

II. Connections

A network of 36 overseas centres provides local companies with valuable in-market connections. Having an on-the-ground presence paves the way for stronger engagements with local governments. This also catalyses collaboration opportunities within the domestic private sector, ensuring a win-win situation for both Singaporean and overseas partners.

III. Financial Assistance

The Market Readiness Assistance Grant and the Enterprise Development Grant support market expansion activities in areas like marketing, business development and human capital.

ESG has offices in Dubai, UAE, and Riyadh, Saudi Arabia.

Some Tips from Enterprise Singapore on Expanding Overseas:

1 Adopt a global mindset right from the start. See the world as a market for your products.

2 When overseas, competition will intensify. Hence, it is critical to have a clear, differentiated product or service offering.

3 Be prepared to navigate a business landscape that can be very different from Singapore's. So don't expect things to be done the same way, or move at the same pace.

4 Invest time to develop strong relationships with stakeholders in the market, at both the national and city level. Sometimes, decisions can be decentralised depending on the sectors.

For more information, please visit **https://www.enterprisesg.gov.sg/**

GCC ECONOMIES AT A GLANCE

United Arab Emirates (UAE)

It is the most diversified economy in the GCC and the second-largest economy in the Arab world, after Saudi Arabia. One of its biggest non-oil sources of revenue is tourism — it is home to some of the world's most luxurious hotels.

The monarchy is made up of seven emirates: Abu Dhabi, Ajman, Dubai, Fujairah, Ras al-Khaimah, Sharjah and Umm al-Quwain. There are approximately 200 nationalities in the UAE, with expats making up more than 80 per cent of the population.

In a drive to diversify its economy, there is an ongoing construction boom, an expanding manufacturing base and a thriving services sector. Across the nation, there are currently US$350 billion worth of active construction projects.

Bahrain

Bahrain is a nation comprising more than 30 islands in the Arabian Gulf, and is at the centre of major trade routes. The Bahraini currency is the second highest-valued currency unit in the world.

Since the late 20th century, Bahrain has invested heavily in the banking sector. It is widely recognised as the global leader in Islamic finance — where corporations in the Muslim world, including banks and other lending institutions, raise capital in accordance with Sharia, or Islamic law. Over 30 countries have sought Bahrain's help and guidance in setting up their own Islamic financial structures. The country's capital, Manama, is home to many large financial institutions, including the Central Bank of Bahrain.

Saudi Arabia

The Saudi economy is the largest in the Arab world; it is the largest exporter of petroleum and a leader of Opec. Oil exports account for more than 85 per cent of government revenues.

The absolute monarchy is also the birthplace of Islam and home to its two holiest shrines in Mecca and Medina, and espouses a puritan version of Sunni Islam.

A wide range of sectors and activities are being opened to private sector initiatives, notably, in telecommunications, electricity, airlines, postal and railways services.

Oman

The IMF has predicted that Oman will become the fastest-growing economy in the GCC region. Its GDP is expected to grow by more than 5 per cent in 2019.

Notably, Muscat, the capital city, has focused on creating more Omani jobs to employ the rising number of nationals entering the workforce.

Poultry production is steadily rising, as is the agriculture sector, especially in fishing, as Oman is endowed with a long marine belt. Fish and shellfish exports totalled US$34 million in 2000.

Qatar

Before the emergence of the oil-based economy, Qatar was a poor country whose main industry was pearl diving. Today, its economy is one of the richest economies in the world based on GDP per capita, ranking between fifth and seventh in world rankings for 2015 and 2016 data by the World Bank, United Nations and IMF.

Qatar has also strengthened sectors like manufacturing, construction, and financial services. After winning the bid to host the 2022 World Cup, the government expedited large infrastructure projects, including roads, light rail transportation, a new port, stadiums, and other facilities.

In 2017, the country was dealt a severe blow when Saudi Arabia, the United Arab Emirates, Bahrain and Egypt cut diplomatic and trade ties with Doha. They also imposed a sea, land and air blockade on Qatar, claiming the country supported "terrorism".

Qatar denied the claims and rejected the demands made on it by the four countries, which included downgrading its relations with Iran and shutting down news agency *Al Jazeera*. After two years, there is still no resolution to the blockade in sight.

However, despite an initial rough period marked by food shortages and a shock to the economy that forced the government to dig deep into its reserves to blunt the blockade's impact, Qatar is emerging from the stranglehold.

By some measures, it is in better shape today than pre-blockade as the action forced the country economy and improve its military, among other things — steps it might not have taken if not for its enforced isolation. The International Monetary Fund has said that economic growth has continued to improve despite the blockade.

"Qatar's economy has successfully absorbed the shocks from the 2014-16 drop in hydrocarbon prices and the 2017 diplomatic rift," the IMF said in a statementin late 2018.

Kuwait

Kuwait is a small, petroleum-based economy. The Kuwaiti dinar is the highest-valued unit of currency in the world. Non-petroleum industries include financial services.

Its burgeoning banking sector is supporting developments in its economy; the Kuwait International Bank is a prominent financial institution.

According to the World Bank, Kuwait is the fourth-richest country in the world per capita, and the second-richest GCC country per capita (after Qatar). Though still heavily-reliant on oil — and thus vulnerable to swings in prices — the country has unveiled an economic transformation plan, dubbed New Kuwait Vision 2035, which seeks to transform the country into a leading regional financial, commercial and cultural hub. The plan is still in its infancy, however, having been unveiled barely two years ago.

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