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INTERVIEW WITH

ROBERT PEASLEE,

U.S. COMMERCIAL SERVICE,

DOHA, QATAR

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DOUG BARRY: Hello and welcome to another version of Commercial Service Market Brief. Today, we're speaking to our regional senior Commercial Service officer in Doha, Qatar, Robert Peaslee, about the market there. Robert, hello, and welcome.

ROBERT PEASLEE: Hello.

MR. BARRY: Now, not many Americans are aware of the market there, and we do tend in this country to lump many of the Middle East countries together. What should Americans know about Qatar and consider in anticipating doing some business there?

MR. PEASLEE: Well, I think you're right. I think there is a tendency to lump Middle East countries together. And even if you break it down into a sub-region like the GCC or the Gulf countries, people tend to put them all together – Saudi, Kuwait, Bahrain, Qatar, Oman, et cetera. And Qatar really is quite a bit different in a number of respects. I think first of all, Qatar enjoys a very healthy and strong relationship with the United States.

Probably the first and most noticeable area is in the energy sector. All of the major U.S. energy companies are represented here and are working closely with Qatar to develop its hydrocarbon resources. Of course, traditionally that's been oil. But nowadays and moving into the future, Qatar's big wealth and what they're really moving to capitalize on is their natural gas. They do share with Iran the largest field of non-associated natural gas in the world. And in fact, Qatar is right now the biggest exporter of liquefied natural gas. That is just going to grow over the next few years as their liquification terminals come online. And I think by 2011, all of the trains right now – the LNG trains – will actually be up and running. And that's just bringing a huge amount of wealth today and into the foreseeable future for Qatar.

The second area that Qatar really enjoys healthy cooperation with the United States is in the area of military cooperation. Qatar is host to two major U.S. military installations. They're actually Qatari bases, but the Qataris let the U.S. military use these. And these are where we're basically managing both the wars in Iraq and Afghanistan.

MR. BARRY: And of course you mentioned, especially during the last five or six months, many new billions of dollars added to the billions already there, have poured into the country. It's not a big place. What are they planning to do with all that money?

MR. PEASLEE: Well, it's interesting. I think Qatar, as opposed to some of its neighbors in the region, came into hydrocarbon resources a little bit later. And they've been able to, I think, observe some of the – maybe mistakes that other countries have made and are really investing in a couple of sectors, primarily education is one major sector. They have actually developed full-fledged campuses of a number of U.S. universities here, specifically Georgetown. Cornell has a medical school here. Texas A&M has a school here. Virginia Commonwealth has a school here. Northwestern has a school of communications. And Carnegie Mellon has a school. So that's a little bit different than some of the other countries have done.

And they're also really positioning themselves as a leader, both a regional leader and medical services. And they're building phenomenal medical facilities here. And they're also doing a lot in the area of sports and culture. They hosted the Asian Games last December and have a strong bid in for the 2016 Olympic Games, which of course brings – if they are to win the Olympic Games – brings tremendous opportunities for U.S. exporters.

MR. BARRY: And do you think that Qatar with its different approach, maybe teamed with the United Arab Emirates, are capable of sort of transforming the economic and political geography in the area?

MR. PEASLEE: I'm not sure about the political geography. But I think certainly they do compete in some ways with UAE, particularly with Dubai in terms of bigger and grander and a lot of similar types of projects. They have a tremendous offshore residential and commercial project called The Pearl, which is something similar to the Palm that you see in Dubai. They're building an entire new city of what will be approximately 200,000 people north of Doha from scratch, just completely from scratch using the latest technologies and moving forward with that. That's going to be called Lusail. And all of these developments really bring a lot of opportunities for U.S. exporters.

MR. BARRY: What does it look like, the city of Doha, as you look out your window there? Can you describe what it would be like for Americans arriving there at the airport for the first time?

MR. PEASLEE: Well, I think – and I don't mean this pejoratively – but it does in many ways look like a giant construction site. There are certainly cranes everywhere, projects everywhere. And so I think over the next five years, there is just a lot of construction going on. And while that may be a little bit difficult, one thing that Qatar is doing that maybe other countries haven't had the opportunity to do, since they've started from a very small base, they're actually developing the road networks and all of the infrastructure, all of the public works, right now for all of these expansions. So while it is somewhat inconvenient at times because there is so much construction, they are, to their credit, doing it right and have a very forward-looking view of what is going to happen to this country over the next 15 to 50 years. And they're going to be ready for the developments that happen here.

MR. BARRY: And Robert, what is the security situation like in Qatar? Many Americans are concerned for their personal safety when traveling in that part of the world. Must you have armored cars to travel around in or what would you anticipate?

MR. PEASLEE: No, actually, we do not travel in armored cars. And in general, the security situation here is very, very good. There has only been one terrorist incident in the last – let's say – 10, 15 years. And it was in 2005, there was a very small incident where one expatriate was killed. But

beyond that, there haven't been any. And generally speaking, compared to some other countries in the region, it's very safe. From a crime perspective, I would have to say it's safer than probably any big U.S. city. There's virtually no violent crime. There are crimes of opportunity, petty thievery and things like that if people leave themselves open to it. But generally speaking, a very safe city and a very safe country.

MR. BARRY: Given the rapid development there, Robert, over the last couple of years and the development to come, is there an issue with the legal system and standards, especially in the different industries that are there now that is lagging behind the pace of the development? And what, if any, caution would you have for U.S. companies coming into the market given that situation?

MR. PEASLEE: Well, I don't think – we have had some issues with standards, and there are some ongoing discussion throughout the Gulf Cooperation Council, the GCC, which frankly Saudi Arabia – since it's the biggest country – is sort of taking the lead on some of the standards discussions. Nothing that really presents a significant barrier for U.S. companies at this point. In terms of their legal system, it's really pretty straightforward. That is not a real problem. Rule of law is good; contracts are certainly for the most part honored. Basically, in many ways done in a Western or a U.S. way that people would be familiar with. And there are U.S. attorneys and U.S. accounting firms that can help.

I think one of the biggest challenges that U.S. companies or any company faces in Qatar, and really in the Gulf in general due to the tremendous growth here is the fact that there is a lot of inflation. And that is a challenge for everyone living here and doing business here. I think another big challenge, due again to the huge growth here is the many times shortage of materials and labor. And again, that all is tied into the fact that there's just so much going on here that that's a consideration. And companies can factor that into their bids and into their planning process as they move forward. It's just something to be aware of coming in.

MR. BARRY: And it seems at this stage of its development, Robert, that the country needs many things, almost everything, it would seem. What kinds of American companies have you seen knocking at your door recently, and how do we stack up with the European competitors in particular who have a longer history in the region than Americans?

MR. PEASLEE: Well, I think certainly from a Commercial Service perspective, we don't do as much with the big energy companies. We tend to work with companies in sectors outside of energy. And certainly as of late, many, many financial services companies have moved in. There is an entity called the Qatar Financial Center, which is being created to enable really service providers but specifically in the financial sector to move in. So many companies in that area are coming here, again drawn by the tremendous wealth today and down the line. We have a lot of companies that are looking at obviously in construction, building product sectors that are coming in. And Qatar is in the process of building what will be one of the largest airports in the region. They're about to embark on the construction of a commercial port as well as a naval port. So that combined with all of the educational development I discussed in Education City – that's where all of those schools are located – has drawn in companies involved in really all sectors: IT, medical, healthcare – of course safety and security always a big factor. So it's really across the board. Franchising is strong, and as I mentioned, financial services.

MR. BARRY: Now, the president is touring the area this week. And today's Washington Post, there was a front-page story with a picture of the president in leisure clothes with the emir or the sheikh of one of those countries, and they were out in the desert somewhere in the sheikh's tent. And that brings us to the final question for you, Robert, today. And that is, what's the most important thing American newcomers need to know about the business culture in Qatar and the rest of the region?

MR. PEASLEE: Well, I think it's not a cliché to say that business relations here are very much relationship-based. And I think the one lesson that American companies have to learn before they come here is that they do need to invest quite a bit of time in developing their relationships, both with their customers or maybe with their distributor agents, joint-venture partner, what-have-you.

It's a country where you really do have to come visit, sit down, drink tea, and get to know people. And even in this fast-paced world of the Internet, cell phones, Blackberries, et cetera, that personal touch is very important.

And I think the second probably biggest mistake we see American companies making in Qatar is trying to cover the market from one of the neighboring markets. And specifically, we have a lot of companies that try to develop a presence here out of their Dubai office. I would say Dubai is probably the most prevalent one that they try to do it out of. And that, you can imagine – for any country, that doesn't really go down well, particularly when the countries are a little bit of rivals in a way – friendly rivals, but certainly economic rivals. And I think for those companies that come here and share the vision of Qatar's growth and development, they will reap the rewards in the long term. So we certainly advise companies to appoint people here in Qatar if they're going to go into a joint venture. Or if they want to come up and set up their own office or their own operation, that's fairly easy to do and certainly is well worth the investment in the long term.

MR. BARRY: Robert, we want to thank you for being with us today on the Commercial Service Market Brief. And we wish you luck as you've just opened that office recently, within the last month or so. And it sounds like an exciting time.

MR. PEASLEE: Thanks so much, Doug.

MR. BARRY: We appreciate it very much. And that was Robert Peaslee. We were speaking to him from Doha, Qatar. And we want to thank you for listening today. And from all of us around the world, this is Doug Barry in Washington thanking you for being here today and hoping to see you again on another U.S. Commercial Service Market Brief.

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