

ARCHITECTURE • ENGINEERING • CONSTRUCTION

THE BIG PROJECT

SEPTEMBER 2009

C P I
INDUSTRY

FEAR FACTOR

US Government advisor on
his concerns for US-Middle
East business ties



PLUS: CITYSCAPE PREVIEW



A two-way Street

Morris Reid, Managing Director of BGR Group reveals his thoughts and fears on future ties between the United States and the Middle East and what Dubai needs to do to fix its construction and property industries.
Kim Latham reports.

or someone not based in the Middle East, Morris Reid certainly has plenty of ideas on how governments and companies need to move forward here. But as an ex senior aide in Clinton's administration and once director to Vice-President Al Gore's office, it is clear that this man is in the business of giving advice.

"I think Dubai really needs to get a better understanding of ultimately what it will be long term. I think it needs to embrace its tourism sector and it has to be like Las Vegas in a lot of ways. Vegas thought it was the Sin City capital for a long time but the fact is there were more people visiting Las Vegas that were family-oriented for vacations and there were more tourists going there that were non-gaming tourists that Las Vegas had

to re-establish and reinvent itself. I think it's similar in that ultimately this is what Dubai is struggling with – what it's going to market itself as," says Morris Reid, Managing Director, BGR Group, a current affairs, public affairs, government affairs and banking company.

Over inflated expectations in the real estate and construction industries is one of the main reasons Reid, who worked in the Commerce Department on trade, business and pioneering and opening markets for American firms as well as on political campaigns, believes Dubai needs to re-establish itself and focus more on tourism and other sectors. And he might just have a point.

According to figures released by the Dubai Department of Tourism and Commerce Marketing last month, the number of visitors to Dubai rose by 4% in Q2 from the previous year. The

number of visitors from April to June rose to 1,857,724 with most tourists coming from the UK and Ireland probably due to an en-masse slash of hotel prices.

In the meantime, asking prices for properties have dropped 49% since Q3 last year with rents dropping by 35% in the same period, according to a report by Jones Lang LaSalle. Couple this with figures that indicate that fewer than half of the units due to be completed by mid-2009 have been delivered and it's easy to see why Reid is going down the alternative route.

Such comments appear to be welcomed as Reid claims to have been invited to give his advice to government heads of various countries throughout the Middle East. He says he is 'encouraged by the dialogue.'

"The construction industry is totally in a mess because inflated expectations were not matched with what the actual market demanded," he says.

Nevertheless, Reid still eyes the Middle East as the 'most important region' and seems determined to take on and improve business ties and relationships between the two. This,

"THE CONSTRUCTION INDUSTRY IS TOTALLY IN A MESS BECAUSE INFLATED EXPECTATIONS WERE NOT MATCHED WITH WHAT THE ACTUAL MARKET DEMANDED."



BGR GROUP:

BGR provides guidance and representation to a diverse, blue-chip clientele that includes Fortune 500 companies, international governments, trade associations, non-profits, academic institutions, hospitals, coalitions and state and local governments.

he says, is part of President Obama's 'outreach' plan to the Middle East and one in which he wants to play a part. He also notes that this is in huge contrast to former President Bush' foreign policy of 'you're either with us or against us.'

"I see myself as facilitating opportunities for both sides but it's got to be a two-way street. There can't be a situation where people run to the Middle East, use it as a cash register, get all their money and leave. Arabs need to be a lot more shrewd and smart about who they do business with and why and there needs to be a long-term focus and not just a focus on buying brands," he stresses.

Asked if the Middle East and in particular the UAE even wants such opportunities, Reid says:

"I think it has to. One, security is important to the UAE. Two, they can't divorce themselves from being a strategic global partner given the size of the oil reserves. Three, it is important that there is more than one strong country in the region."

The opportunities Reid and BGR Group are eyeing lie in the real estate, financial services and green energy sectors which he says are the 'hottest sectors' for him at this time.

"One, I want to take a long-term view on things. Two, it has to be a win-win for all parties. I don't want to represent, facilitate or enter into negotiations on any transaction that both parties don't walk away from where they are not taking an equal amount of risk. A lot of the time it is the person in the Middle East taking all the risk and putting up all the money...this can no longer continue.

It is important to me that we have an opportunity to grow the business in the region. I think finally people understand that these countries have enormous home-grown talent that can play a major role," he says.

But do people really understand?

"My biggest fear is ignorance on the >



"MY BIGGEST FEAR IS IGNORANCE ON THE AMERICAN SIDE. YOU HAVE A LOT OF PEOPLE IN VERY SENIOR POSITIONS IN THE AMERICAN POLITICAL APPARATUS THAT STILL DON'T UNDERSTAND THAT WE ARE NOT THE ONLY ACTOR IN THE WORLD ANY MORE. WE MAY BE THE LAST REMAINING SUPERPOWER BUT WE ARE NOT AN ISLAND. WE HAVE TO PLAY A CLEARER, THOUGHTFUL ROLE IN THE WORLD AND IT CAN'T BE OUR WAY OR THE HIGHWAY."

American side. You have a lot of people in very senior positions in the American political apparatus that still don't understand that we are not the only actor in the world any more. We may be the last remaining superpower but we are not an island. We have to play a clearer, thoughtful role in the world and it can't be our way or the highway.

Frankly, we have to have an engagement strategy with dialogue with people whether we agree with them on everything or not. The fact is, no one agrees with America on every single policy decision we make, however, they continue to have dialogue with us. That's what we have to understand, we have to go to the table and play a thoughtful role," he stresses.

Reid also acknowledges that construction and property sectors the

world over are undergoing serious problems and that this is not a Dubai phenomenon. In response to why major newspapers around the globe appear intent on slamming Dubai he says, 'jealousy, pure jealousy.'

"Nothing lasts forever so you have to have a short-term and long-term plan. The phenomenon happening in Dubai is not a Dubai phenomenon. This type of stuff happens all over the place where you think things are never going to run out so you don't necessarily have a safety net.

People thought it would never end but things happen and market conditions change. Noone is immune from the macro world economy but there is still great value in doing business in Dubai, it's just going to take time to sort itself out and that's not just Dubai that's New York City, Hong Kong, Japan. There are

problems all over the world."

Reid predicts a turn in the American market around Q4 2010 or Q2 2011 although he believes more 'pain and suffering' could take place before the economy makes a recovery.

So what does he think local companies and senior executives here can do to strengthen ties?

"Invest in small to medium sized businesses, invest in education and invest in women. The Middle East is going to continue to be the number one capital source around the world so that gives business leaders here the opportunity to build ties and to really try and make people understand. The more we understand about each other's cultures, the better the dialogue and then we won't be afraid to engage with each other," he states. **TBP**

...and now
a
SUPER BRAND
status for
R.A.K Ceramics



R.A.K Ceramics has been adjudged as a super brand for 2009 by the Council of Superbrands. The Council arrived at the decision after scrutinising approximately 1,300 top brands. The Superbrands organisation is acclaimed worldwide as being an independent authority and arbiter of branding excellence and is committed to paying tribute to exceptional brands and promoting the discipline of branding. The "Superbrands" credential represents an acknowledgement from the branding community and obtaining the status puts RAK Ceramics in the circle of an elite group of organisations that are seen to represent best practice in brand management.



www.rakceramics.com

Ceramic Tiles | Gres Porcellanato | Sanitaryware