

Qatar's Rise: a Global Interest

Introduction

Qatar is a small state with an economy that is growing rapidly. This year Qatar has been making its bid to rise to emerging market status from frontier market status. Part of understanding this rise is identifying who the actors that have a vested interest in Qatar becoming an emerging market power are. These actors are key leaders in organizations that have been identified as having an active interest or investment in Qatar's bid for emerging market status. The overwhelming majority of these actors does not originate from Qatar, and correspond to major financial hubs in the Gulf Region, and around the world. The most significant influencing locations associated with these actors are New York City, London, and Doha (Qatar).

Background

In the Gulf Region there is a small peninsula that juts out from the Arabian Peninsula. This peninsula is the location of the State of Qatar. This emirate is overseen by HH Emir Sheikh Hamad bin Khalifa Al-Thani, and its capital is in the principal city of Doha (Central Intelligence Agency, 23 August 2011). Qatar is a state with strategic importance to the United States hosting bases for U.S. Central Command (CENTCOM)(Globalsecurity.org, 5 July 2011).

There are 848 thousand Qataris who live in an area of 11,586 square kilometers. This people have the highest GDP per capita in the world with \$179 thousand per capita. Last year Qatar's economy grew 16.3% (Central Intelligence Agency, 23 August 2011), and it has been projected to grow by 19.6% this year (Executive, 2 April 2011). With this growth and high income, it was only a matter of time before Qatar would be upgraded from frontier market status to emerging market status by the major credit rating agencies- Morgan Stanley Capital International (MSCI), Moody's, and Standard & Poor's. In June, these agencies delayed their decision about Qatar's upgrade until December. The key issues for these agencies were Qatar's limits on foreign ownership in Qatari companies, and Qatar's delivery versus payment systems (Halime, 1 June 2011).

An important question was who has a stake in the Qatari economy, and where are they located? Are they local or are they international? If they are international, then where are they located? Due to the fact that such a small state is garnering such attention from these international credit rating agencies it is safe to assume a large volume of trade was occurring. To be exact there were \$23.38 billion in imports and \$54.93 billion in exports in 2010 to and from Qatar. Especially with the net exports (\$22.55 billion) equaling 96.4% of Qatar's imports (Central Intelligence Agency, 23 August 2011) there had to be a significant amount international involvement in Qatar's bid to rise to emerging market status. It was hypothesized that the most significant influence would come from the Gulf Region, and from major financial hubs such as New York City, London, Zurich, Hong Kong,

and Tokyo, as these financial hubs are home to companies interested in emerging markets (NYSE Euronext, 19 June 2009; Lowe, November 2010).

Methodology

The first step in this research was to identify the key actors holding a stake in Qatar's bid to reach Emerging Market Status. In order to identify these organizations, forty news articles relating to Qatar's bid were selected from a Google search. Every company mentioned in these articles as having a stake relating to Qatar's rise, and their senior management (board members and executives) was recorded down as data points. The logic of examining the key leaders is that behind every organization are people, and it is these people who drive organizations to have stakes in economies such as Qatar rising to emerging market status. Each actor's connections to companies, governments, and other institutions were all recorded. Additionally each actor's city and country residence was also recorded. For those who work in suburbs, the metropolitan area the suburb fell under was recorded. The location data was also georeferenced in both Decimal Degrees and Military Grid Reference System for easier use in conjunction with GIS software.

These data points (n=1,135) were collected into a .csv file, and processed through the ORA network visualization software by Agent x Organization and Agent x Location (for both city and country). The results were generated into a network. From there attributes about the network were noted to determine the most influential individuals and locations. The level of influence of locations in Qatar's rise in terms of total numbers of people were mapped on ArcGIS, as well as the level

of influence of each country in terms of betweenness centrality. This data placed on a map shows the geospatial distribution globally of actors with a stake in Qatar's bid to become an emerging market economy. From this map the primary and secondary poles of influence were identified.

Results

The network itself is highly decentralized, with actors correlating forming hubs around their respective states and cities of residence. The top ten figures in terms of betweenness centrality were predominantly Qatari and Gulf businessmen, with some individuals from London and New York as well. However, even the top actors do not hold much influence in the overall network. The largest hubs were Qatar, the United States, the United Arab Emirates, and the United Kingdom, which also corresponded with a number of American cities, Dubai, Abu Dhabi, Doha, and London (Carley ORA, 2011).

The results for the geospatial distribution showed a heavy influence outside of Qatar. There were three primary poles identified in eastern North America, Western Europe, the Middle East, and East Asia. Within North America, influence from the United States predominates, with a strong presence running along the eastern seaboard from Washington, DC, to Boston, with New York City having the highest concentration of key actors. Also counted in this pole is Toronto, Canada, which has a strong presence. Other major cities included are: Boston, Newark, and Baltimore. At the state level, the United States and Canada both had high concentrations.

Within Western Europe, there is a range of stretching from London on a southwesterly axis to Zurich. Other major cities included in this pole are- Paris and Brussels, with a number of cities in between having smaller numbers of stakeholders. In terms of states, the highest concentrations were in the United Kingdom, Belgium, France, and Switzerland. In the Middle East the pole focused around Doha in Qatar, with other significant influencers being Abu Dhabi, Dubai, Kuwait City, Riyadh, and Cairo. In terms of states the heaviest influencers were Qatar, the United Arab Emirates, Kuwait, Saudi Arabia, and Egypt. In East Asia the heaviest influences come from Hong Kong, Shanghai, Seoul, and Tokyo, with China (including the Hong Kong SAR) and Japan forming the most influencing states.

Secondary zones include the Western Hemisphere, Southern Europe and Western Africa, South Africa, North and East Europe, South Asia, and Australasia. For the Western Hemisphere the secondary zone straddles in between the United States and Brazil. Within the secondary zone major areas of influence included- Houston, Los Angeles, and São Paulo. The states in this zone are- Argentina, Brazil, Chile, Columbus, Guatemala, Mexico, Paraguay, and Venezuela. In Southern Europe and Western Africa there was only sporadic influence from- Athens, Banjul, Madrid, N'djamena, Lisbon, Rabat, Rome, and Algiers, with Algeria, Chad, Greece, Italy, Morocco, Spain, and Portugal making up the zone at the state-level. South Africa is a standalone secondary zone, with points of influence being most significantly Johannesburg, followed by Cape Town and Maseru in Lesotho.

In the Middle East secondary cities include Amman, Beirut, Istanbul, Muscat, and Tehran, with the states being Iran, Jordan, Lebanon, and Yemen. North and East

Europe cities of influence include Berlin, Copenhagen, Kiev, Moscow, Oslo, and Warsaw. States include Denmark, Germany, Poland, the Russian Federation, and the Ukraine. For South Asia and Australasia cities of influence included- Bangkok, Bengaluru, (Bangalore), Canberra, Colombo, Jakarta, Mumbai (Bombay), New Delhi, Port Moresby, Singapore, and Srinagar. States of influence include Australia, India, Indonesia, Papua New Guinea, Singapore, and Thailand (Figure 1).

Conclusions

The network itself is highly decentralized, with hubs tending to correlate to geographic locations. This means that there are no real key actors in Qatar's bid for emerging market status, but rather a very large number of businesses and their leaders who hold a stake in Qatar's rise to emerging market status. This network showed itself to be highly interconnected, and global with far-reaching interests in investing into Qatar's economy (Carley ORA, 2011).

The results for geospatial distribution showed stakeholders in lots of places that should be expected to see stakeholders, as well as places that did not seem as obvious. The location of stakeholders in Qatar's bid for emerging market status is truly global. There are links between major financial hubs and Qatar's bid to rise to emerging market status. What were not anticipated though were some other locations for stakeholders. Houston, Texas, should have been an obvious choice. This city serves as a hub for the oil industry, which is heavily invested in Qatar and other states in the Gulf Region (ExxonMobil). Brazil and South Africa were both surprises as well. The Santander Group in Brazil maintains significant links to both

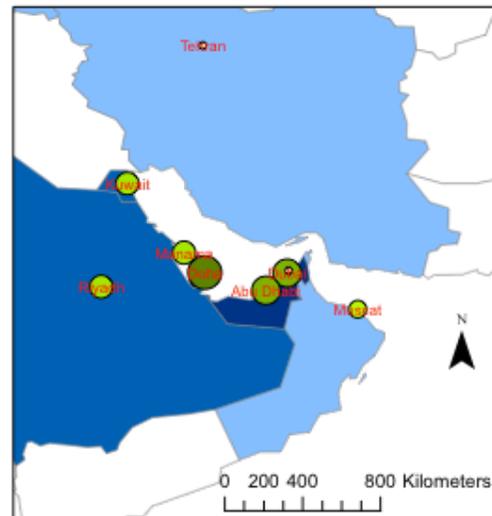
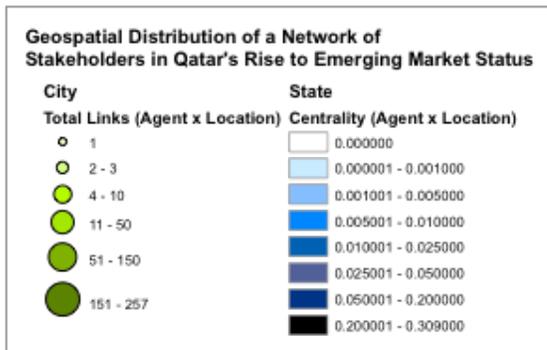
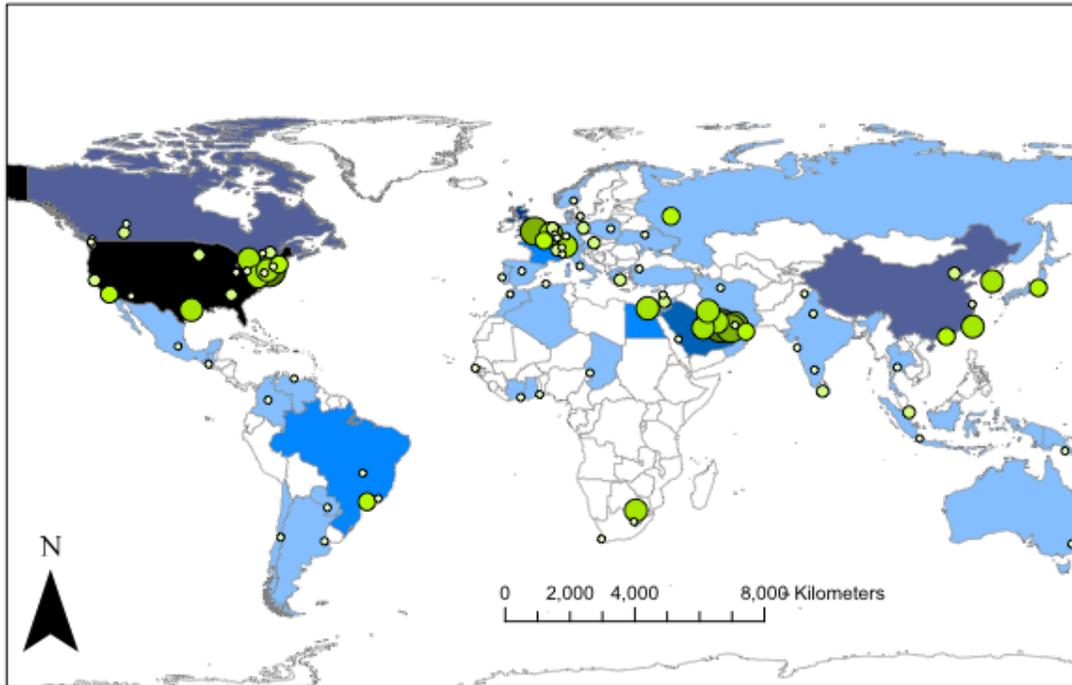
North America and Western Europe, so it is not surprising that they too are following a trend in having a heavy interest in Qatar's bid for emerging market status (Santander Group). Similarly, it is not surprising that Investec Asset Management Company, which maintains links to financial markets around the world (Investec Asset Management Company).

Other minor spots that popped up were merely signs of the role of FIFA and the IMF with Qatar. In FIFA's case this is due to Qatar's hosting of the 2022 FIFA World Cup (FIFA), while the IMF essentially has investments in Qatar (IMF). Representatives from these organizations have residences that are scattered around the world. In the case of IMF representatives, their governments' capitals were considered their home location, as that was the location that influences their decisions in New York. One other interesting phenomenon is the nature of how India is tied into this network. There are four individuals tied to four different other organizations, in four completely different locations, and they are not linked to each other. This shows that despite a relatively larger number of links that India is on the periphery of influencing Qatar's rise (Figure 1).

Qatar's bid to become an emerging market power is a sign of an economy that is rising up. This is a rise that could not be achieved without involvement outside of Qatar or even outside of the Gulf Region. Identifying the key actors involved with the Qatar's bid for emerging market status shows that they are a highly decentralized network of business people functioning from a lot of the major financial hubs around the world, and some secondary locations. Qatar's rise is one that is influenced from around the world to build up a tiny peninsular state.

Appendix

Fig. 1- Geospatial Distribution of a Network of Shareholders in Qatar's Rise to Emerging Market Status (ArcGIS, 2011).



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