

FRANCE  
AND QATAR :

**MUTUAL  
ECONOMIC  
BENEFITS**

REPORT SUMMARY

ON BEHALF OF



**QADRAN**  
Le Cercle économique franco-qatari



By Pascal BONIFACE, Director of IRIS  
and Sylvie MATELLY, Director of Research, IRIS

# EXECUTIVE SUMMARY

In the current economic environment, characterized by sluggish economic growth far and wide, **the economic relationship between Qatar and France stands out as surprisingly dynamic.**

French export to Qatar is unquestionably booming (+31% in 2014 and +25% in 2015).

**FRANCE HAS BECOME QATAR'S SECOND LARGEST COMMERCIAL PARTNER, BEHIND THE UNITED STATES, WHEREAS IT WAS IN NINTH POSITION IN 2014.**

**The vitality of economic relations between the two countries is the result of multiple factors:**

**1- Qatar's solid economic growth,** which persists despite price drops in oil and gas, the country's main export products. That growth is rooted in the country having successfully diversified its economy. It is also a real opportunity, as much for major French companies (Total, Bouygues, Thalès, etc.) as for smaller organizations. This applies to all areas of the economy, as the determination to develop the economy around the **Qatar National Vision 2030 is rooted as much in the creation of activities that are as diversified as possible,** a standard of living that is one of the highest on the planet and the emergence of qualified labor, educated at the world's best universities.

**2- Substantial financing requirements for French companies,** when Qataris enjoy extensive resources derived from their energy-based income which they wish to invest in the medium and long term, to anchor their growth and economic development over the long term. Qatar's investments in France are consequently manifold and significant, coming as much from the Qatar Investment Authority (QIA) sovereign fund, as from the Qatar National Bank (QNB) and major Qatari corporations (Katara Hospitality, Qatar Airways, etc.). They enable new businesses or jobs to emerge or remain in place, and contribute to the development of small and medium-sized enterprises in areas ranging anywhere from luxury hotels to transport, aeronautics, construction and beyond.

**3- Diplomatic, political and economic relations that are both strong** and long-standing between the two countries, and truly complementary economic structures. Qatar is an emerging economy, whereas that of France already extends well into the past. Qatar is, in other words, thriving economically, where France's growth has been at a stand-still for years. Qatar remains dependent on hydrocarbon export and end product imports, whereas France's foreign trade is ultimately very diverse. These differences are also complementary factors for two

countries that have made innovation, education, culture and sports central to their strategies for development and economic and social progress.

Qatar is a country with which **France enjoys a trade surplus of over €2 billion, making it France's 5th largest trade surplus in 2014.**

**IT ALSO COMES IN SECOND IN TERMS OF INVESTMENTS RECEIVED FROM THE SOVEREIGN FUND QATAR INVESTMENT AUTHORITY (QIA),**

the investments of which have enabled French companies to launch new businesses. This is the case, for instance, with the investments made by Katara Hospitality, which owns four luxury hotels in France, and the funds of which have made it possible to create nearly 1,500 direct jobs, and thousands of indirect jobs in that sector alone, in France.

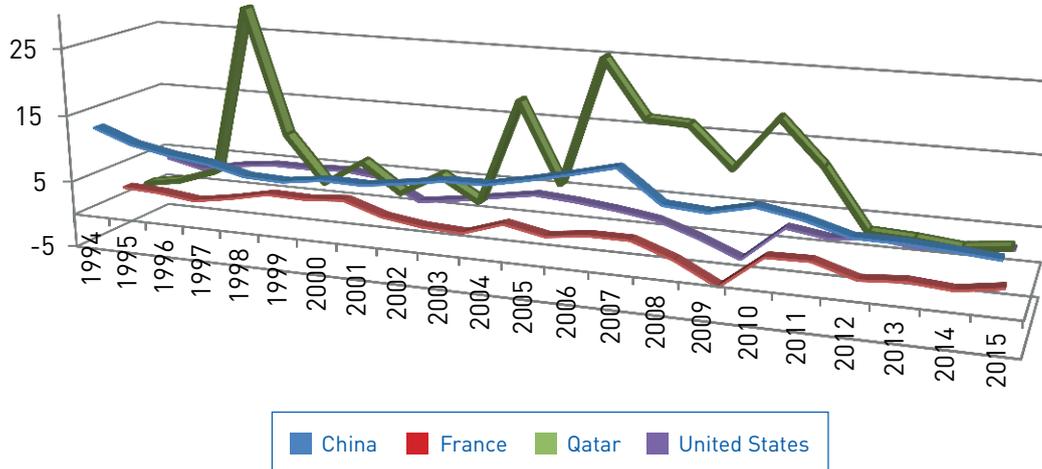
**OVERALL, IT IS ESTIMATED THAT OVER 9,000 DIRECT JOBS, OFTEN REQUIRING HIGH QUALIFICATIONS, HAVE BEEN CREATED BY QATARI COMPANIES IN FRANCE.**

# SUMMARY OF STUDY FINDINGS

## A | IN EACH DIFFERENCE LIES JUST AS PROMINENT A COMPLEMENTARY FACTOR

- Qatar's economy is emerging and **in the midst of economic boom**, despite a real weakness in global economic growth and the drop in oil prices.
- **Qatar National Vision 2030**, which promotes economic **diversification as a necessity** for the country, generates multiple opportunities for French companies in all business sectors.

**Comparative economic growth, 1994-2015**  
(in % increase in GDP)



Source : IMF (2015), Global Economic Outlook Database

- Qatar furthermore shows real interest in investments from the said companies on its soil, **with major contracts granted** (infrastructures, transport) and financial support.
- **France's companies are, meanwhile, attracted by the financing capacity of Qatari investors**, ever more present in France, and in sectors as varied as luxury hotels, sport, transports, etc.



# B | THRIVING BILATERAL COMMERCIAL TRADE

- The truly **complementary** economic landscapes and areas of specialization, and thus resources and needs, between the two countries, naturally fosters **the development of economic relations between France and Qatar**: in 2015, **they amounted to €2.1 billion**.
- **France was Qatar's second largest trade partner in 2015** (whereas it was ninth in 2014), and still enjoys potential for progress and substantial development. The reciprocal development of tourism offers an illustration of this.
- Commercial trade between France and Qatar are highly beneficial to France where commercial balance is concerned. In 2015, Qatar was France's 5th-largest trade surplus.

## Total trade between France and Qatar

(Export + Import, in millions of euros)



Source: French customs and Economic Department of the French Embassy in Doha

- Export to Qatar was based on **three main components over the last ten years**:
  1. Airbus deliveries to Qatar Airways: 91 operational as of 2016, 220 in command.
  2. Equipment supply under major contracts (e.g.: Doha tramway awarded to Alstom/Vinci/Thalès, the Doha metro to SNCF/RATP, the IDRIS project to Bouygues Construction, mega-reservoirs for drinking water granted to Saint-Gobain).
  3. Current trade.

# C | TYPE AND SIGNIFICANCE OF QATARI INVESTMENTS IN FRANCE

- Qatar invests in business sectors that can directly or indirectly serve its 2030 Strategic Vision and economic development.
- The Qatar Investment Authority (QIA) is the fund responsible for most of the said investments across the world. In France, this implies **three types of investments**:
  1. Portfolio investments (Qatar's stake-holding in CAC 40 companies reached €7.6 billion).
  2. The acquisition of all or part of selected companies (Peninsula Hotel, PSG, Le Tanneur, Le Printemps, BelN Sports, etc.).
  3. Investments in small or medium-sized companies, as part of the "Future French Champions" program.

## QATAR HOLDS OVER €30 BILLION IN INVESTMENTS IN FRANCE

- These investments are the key enablers **for business continuation or creation, job creation (9,000 new jobs and tens of thousands of indirect jobs)** and boost France's national budget as **they generate corporate tax payment**.
- **The bilateral tax agreement** between France and Qatar, signed in 1990 and amended in 2008 was aimed first and foremost at preventing double taxation on income tax, wealth tax and inheritances, much like of the tax agreements signed with all of France's major international partners.

## Qatari Investment in France: AN EXEMPLE WITH QIA



جهاز قطر للاستثمار  
QATAR INVESTMENT AUTHORITY

### Founded in 2005, Qatar Investment Authority (QIA) is the sovereign wealth fund of the State of Qatar.

In 2014, the fund invested more than €260 billion globally. France remains QIA's second-largest beneficiary, home to investments of at least 30 billion dollars, or 11% of QIA's assets, just behind the United Kingdom (13%). In addition to QIA's contribution, further investments are generated from private Qatari companies or individuals, in particular within the luxury real estate industry (approximately 10 billion dollars).

Future French Champions (FFC) is a joint venture (50-50) founded in 2014 between CDC Group and the Qatar Investment Authority. Its aim is to ensure investments for an initial total figure of € 300 M, to support the development of French SMEs. The FFC made its very first investment in a company specialized in reinstating properties of historic or architectural importance, Les Ateliers Mériquet.

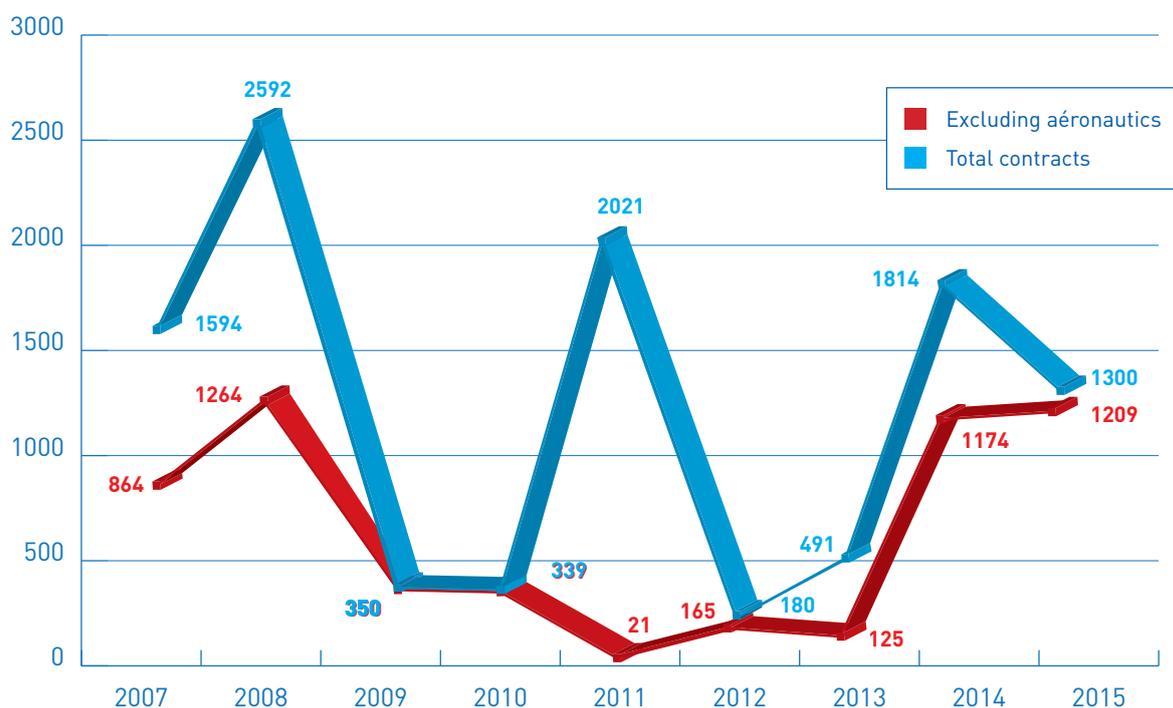


## D | HISTORY AND SIGNIFICANCE OF FRENCH INVESTMENTS IN QATAR

- French companies have long been operating in Qatar (Total, Vinci, Bouygues etc.).
- **The number of major civil contracts** won by French companies has been on the rise since 2012.

### Value of major civil contracts won by French companies

(in millions of euros)



Source: Economic Department of the French Embassy in Doha

- More and more small and medium-sized companies are making the move to establish operations in Qatar: Setec group, Eureteq, DCI, etc.; and even service-related micro entreprises: Chef at Home, Bonjour Paris, Patrice salon etc.
- The distinction can be made between two types of presence in Qatar: **French franchises and sales outlets, with 97 brand names found in Qatar**, including Hermès, Dior, Carrefour, Camaïeu, Accor Group; and **French companies based in the country, specifically, a total of 106**, in areas as diverse as energy, transport, B-to-B services, banking, insurance, etc.
- Qatar is the second-largest recipient of French investments stated in stock terms in the Gulf Cooperation Council region, with €2.377 billion in 2014.

# CONCLUSION

## ISSUES AT STAKE AND CHALLENGES TO COME:

### WHAT LIES AHEAD FOR ECONOMIC RELATIONS BETWEEN THE TWO COUNTRIES?

In a run-down global economic environment and given the complex regional geopolitical landscape, **Qatar's economy is surprisingly dynamic**, proving beyond any remaining doubt that it is possible to chart out a country's economic development over the long run, even for a country well-endowed in raw materials for energy. **The economic situation described is anything but the result of chance or any well-seized opportunity. It is the fruit of real political determination, set out as early as the mid-1990s, to make the country into a prosperous and diversified economy.** That political determination was anchored in a number of different strategies, initially around natural resource mining, then the economy's diversification, from the mid-2000s. It was further consolidated with the development of cooperation agreements and partnerships with the planet's leading economies.

**FRANCE IS ONE OF THOSE PARTNERS, AND A LONG-STANDING ONE.**

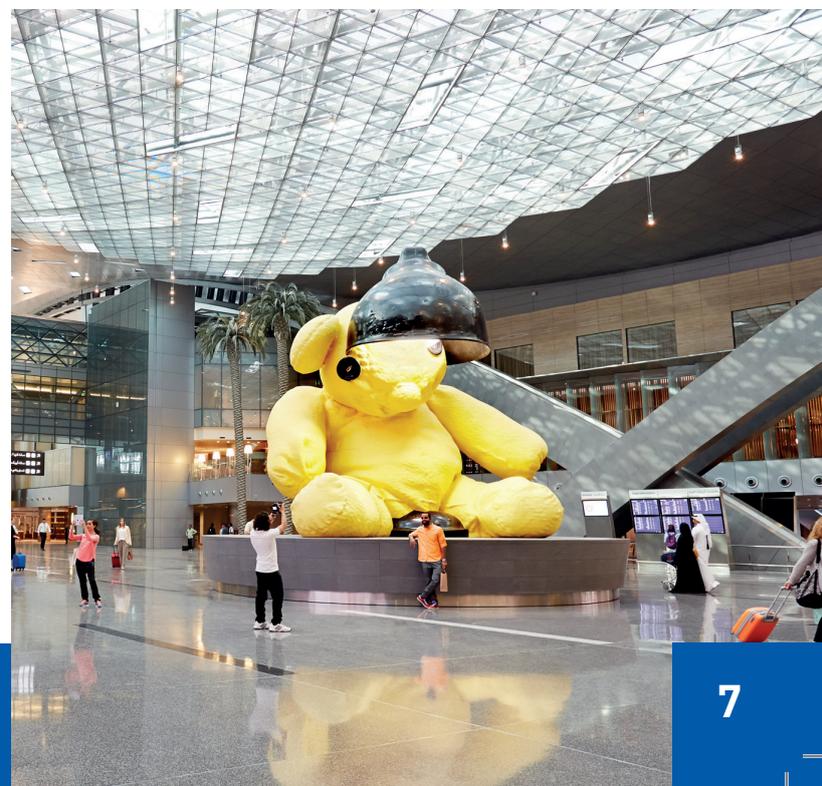
Some of France's major corporations have been operating in Qatar for decades, and the country's leaders have been investing in France for at least the same amount of time. Notwithstanding, **relations between the two countries appear to have entered a new boom these past three years, underscoring the interest of French and Qatari companies and investors in exchanges and investments between the two countries, around financial and economic interests** fully-grasped by the said economic players, though often less understood by the general public, in France in particular. To wit, few are familiar with **the Future French Champions program, hosted by Caisse des Dépôts**

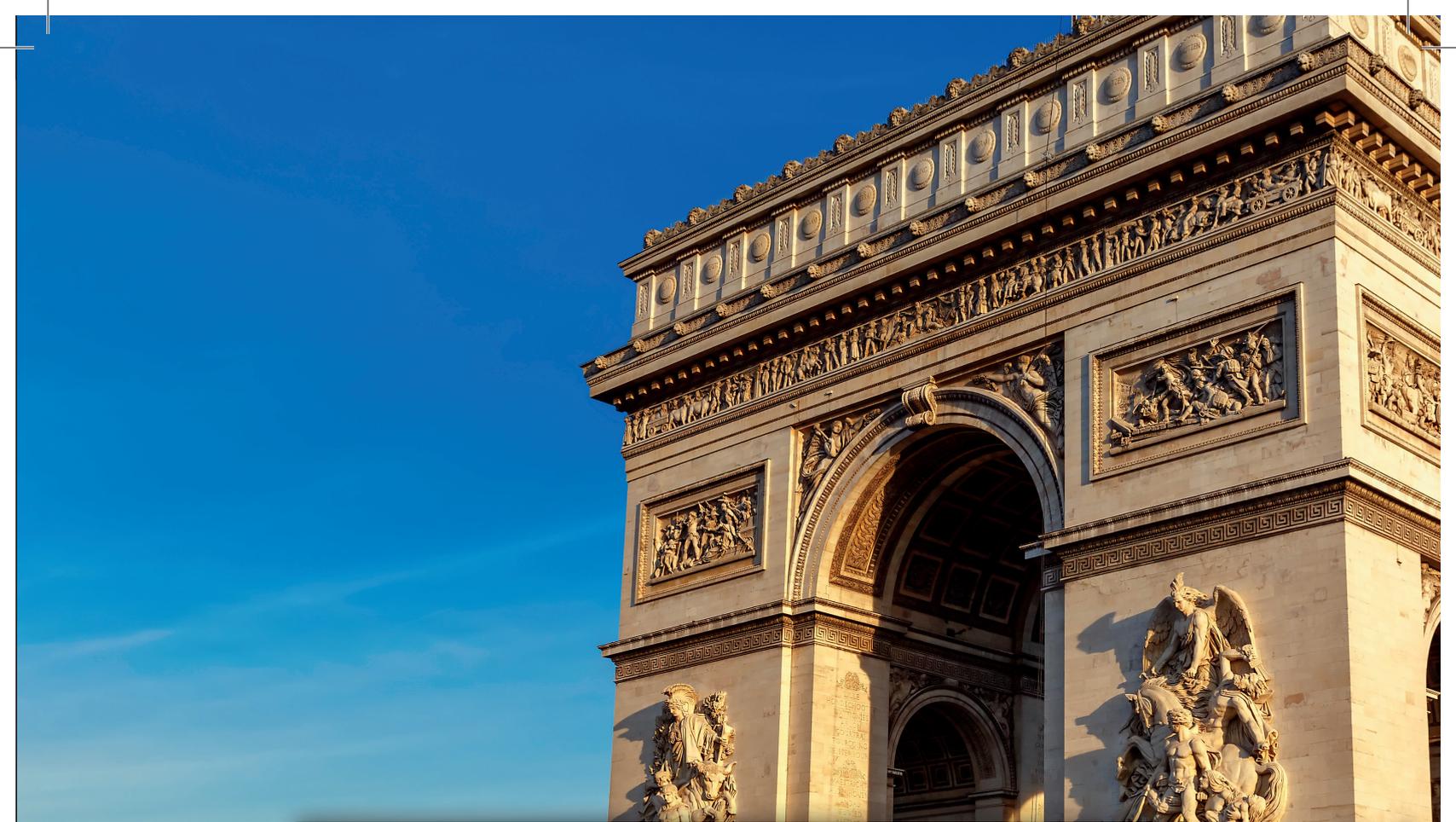
**et Consignations, launched by the French government in 2014, and in which Qatar has invested over €300 million to support small innovative French companies.**

Looking beyond controversy, it becomes clear that it is in the interest of both economies to work together, trade, invest and increase partnerships. The potential areas for cooperation are multiple and manifold.

**IT IS TO THE BENEFIT OF BOTH COUNTRIES TO WORK TOGETHER, THANKS TO TRUE COMPLEMENTARITY AT ALL LEVELS, AND GIVEN THE CHALLENGES WHICH BOTH WILL NEED TO TAKE ON IN THE 21ST CENTURY**

**The recent surge in their economic relations proves that this cooperation is only just beginning, and that the future of economic relations between the two countries is laden with promise,** as illustrated by the ties developed between Qatar Airways and Airbus, for instance, which have enabled the latter to enjoy one of its greatest commercial successes, while attracting business for many French SMEs and creating jobs in Airbus' local communities in the South of France.





**IRIS**  
INSTITUT DE RELATIONS  
INTERNATIONALES  
ET STRATÉGIQUES



**QADRAN**  
Le Cercle économique franco-qatari

