

The background of the slide is a photograph of a modern city skyline, likely Doha, Qatar, at sunset or sunrise. The sky is a mix of light blue and orange, with soft clouds. The city's skyscrapers are silhouetted against the bright sky, with some reflecting the golden light. In the foreground, a traditional wooden boat with a canopy is on the water, its reflection visible in the calm surface. The overall mood is serene and modern.

Economic Relations between France and Qatar

Study on the evolution of Qatari-French economic relations, their recent diversification and underlying trends



Photos: HEC Paris Campus in Doha, HEC Paris Campus in Jouy en Josas

Presentation of Qadran



Qadran, the Franco-Qatari economic circle, is an association under French law (loi 1901) created in 2015 on the initiative of the Qatari business community in France. At the crossroads of a think tank and a business association, this “do-tank” aims at reinforcing dialogue and synergies between French and Qatari business communities.

Qadran’s roadmap can be defined as per three main missions:

- Fostering a greater knowledge and understanding of France and Qatar’s economic and business interests and of the bilateral strategic partnership, through the regular organization of content-rich events (webinars, roundtables, annual study, op-eds...)
- Encouraging business synergies and the development of bilateral trade and investments between the two economic ecosystems through business delegations to Qatar or France and through high-level encounters between Qadran members and prominent French and Qatari business and institutional personalities.
- Bringing visibility to the actions of our members and the innovative projects they develop in Qatar or in France through proactive public relations initiatives and events.

Its governance is managed by two separate bodies:

- A President and a Vice President, supported by a General Secretary for the daily administration of Qadran. These two management roles are today assumed respectively by Omer Acar, Managing Director Europe and Americas of Katara Hospitality and Founding CEO of Qadran from 2015 to 2018, and by Bruno Courtine, Associate at Vaughan Avocats. These two mandates are running until end of 2023.
- Qadran’s bureau is supported by a board composed of 5 Founding Members: the Embassy of the State of Qatar to France, Katara Hospitality, Qatar Airways, BeIN Media Group and Qatar National Bank

Qadran presently counts 53 members, among which 14 are Qatari entities, 8 are French companies with Qatari participation and 31 are French companies operating in Qatar. The unique composition of our circle, mixing different approaches, industries and experiences makes it a unique place where encounters and reciprocal exchanges have a central place in Qadran’s activities.

A word from the President



The relationship between France and Qatar is based on solid foundations and economic exchanges have been steadily increasing in recent years to expand into new sectors, in line with Qatar's diversification drive.

As the 2022 FIFA World Cup Qatar approaches in November, French companies have been strongly mobilized to support Qatar in the preparation of this major international event. The strategic partnership concerning our two countries is illustrated by numerous cooperations in key areas: transport, logistics and urban mobility, waste management, energy production, tourism and hotels...

Qadran, the Franco-Qatari Economic Circle, is fully in line with this cooperation dynamic: its mission is to promote friendship and dialogue among the companies of our two countries, to foster the understanding of our mutual economic interests and to encourage joint projects.

Carried out in partnership with HEC Paris, this study perfectly embodies Qadran's DNA as a think and do tank and materializes the synergy resulting from the French and Qatari ecosystems, since the Doha campus (HEC has been present in Doha since 2010 through a partnership with the Qatar Foundation) and the Paris campus of HEC have worked together on this project.

This study has enabled us to analyze in depth the evolution, scope and structuring of economic and commercial relations involving our two countries. This trend of strengthening our economic ties as well as their diversity and richness are indeed visible.

The lessons we have learned from this barometer are clear: the bilateral economic relations between France and Qatar are of mutual interest, as evidenced by the uninterrupted growth in bilateral investment and trade. We expect to see this momentum continue and intensify in coming years, especially with the impetus provided by the new partnerships initiated by our companies in the context of the 2022 FIFA World Cup.

At a time when our economies are gradually regaining their pre-Covid dynamism, we are firmly convinced that the complementarities and synergies of the relationship constitute a unique opportunity for growth, diversification and innovation, and we encourage French and Qatari companies to seize it.

Omer Acar
President, Qadran
Managing Director Europe and Americas, Katara Hospitality



Photo: Eiffel Tower, Paris

Contents

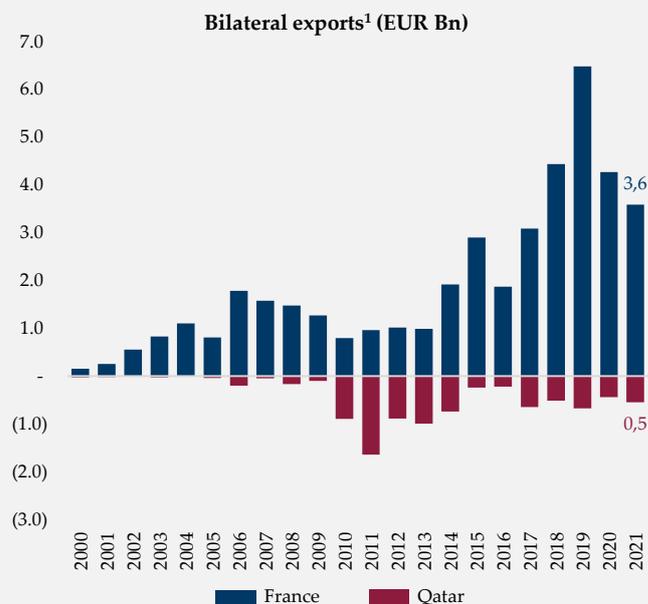
Economic Dashboard: Overview of the Intensity of the Bilateral Economic Relationship between France and Qatar	12
Comparative Macroeconomic Study of France and Qatar	20
1. France and Qatar, two countries with different but complementary potential	23
2. Qatar, an ambitious policy of modernisation and the welcoming of economic exchanges	28
3. History and perspectives of the Franco-Qatari relationship	31
The Current State of Qatari-French Economic Relations	37
1. Bilateral Trade – Commercial opportunities and optimisation of procurement for resident companies	39
2. Investments – Income diversification, capital inflow to the local economy and value creation	48
The Shared Policy for the Promotion and Facilitation of Bilateral Exchanges	74
1. The shared policy of economic exchange promotion	77
2. A relationship which extends beyond a strictly economic dimension: sports, culture and academics	82
3. Overview of the main exchange promotion organisations	88

Executive Summary (1/2)

Trade between France and Qatar is following an upward trend, driven by each economy's comparative advantages

The trade relations between France and Qatar have intensified considerably since 2000 with **trade increasing 16% per year over this period**.

The commercial relationship between France and Qatar is mainly reflected in **contracts for the supply of French capital goods and industrial materials** to Qatar, and in the purchase of **hydrocarbons**, mainly Liquefied Natural Gas, and industrial materials by French companies. The major contracts signed between French and Qatari entities represent almost all French exports and contribute to the **development and deployment of infrastructure in Qatar**. The amount of trade, and in particular French exports, has increased strongly over the last twenty years, so much so that in 2019 Qatar was the 4th French trade surplus. While the impact of the Covid-19 pandemic crisis on the aeronautics sector has slowed down French exports, France may learn to see Qatar as a way to diversify its gas supplies given the current context.



Investment flows are growing and highly diversified



Bilateral investments follow two complementary logics, on the one hand the **acquisition of a minority shareholding** in a portfolio management logic and on the other hand, capital flows dedicated to the **active management of a productive unit** (purchase of all or part of a company or FDI to set up a subsidiary abroad).

On the Qatari side, the **Qatar Investment Authority (QIA)**, the sovereign fund, is directly or indirectly (through its subsidiaries Qatar Holding, Katara Hospitality, QNB...) behind most investments in France. These companies have a direct and indirect effect on the host economy through the redistribution and intermediate consumption they generate.

Symmetrically, French capital flows are mainly carried out by **French multinationals** which get involved in **joint ventures in Qatar**, set up subsidiaries (mainly in industry) or franchises there. The latter have multiplied in recent years thanks to the incentive policies put in place and large commercial contracts won by French multinationals.

(1) French Foreign trade data include defence equipment material (36 Dassault Aviation's Rafale aircraft between 2019 and 2021).

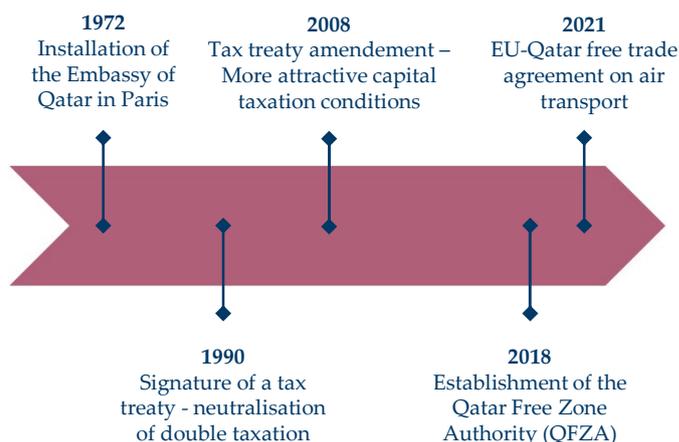
Executive Summary (2/2)

Close institutional cooperation stimulates and reinforces economic relations

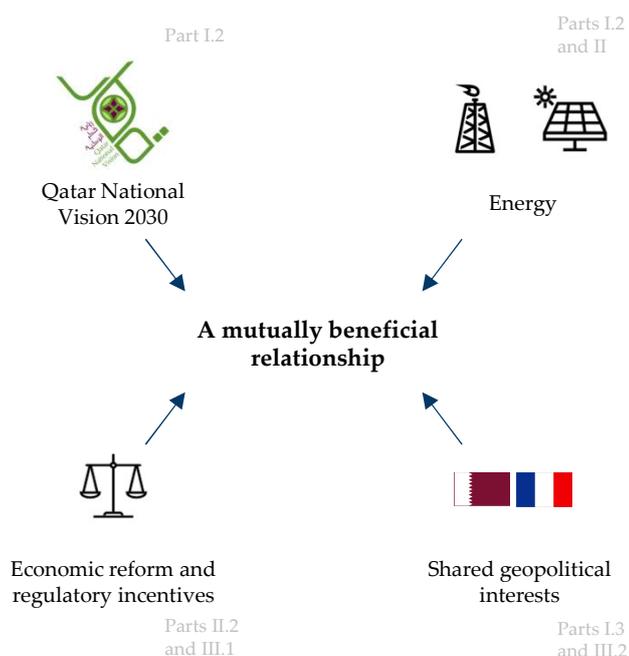
Both French and Qatari leaders understood the strong potential of this relationship more than 50 years ago. The intensity of the economic relationship between France and Qatar is also the result of **strong incentive policies** which, on both sides, have created the conditions for a deepening of commercial and financial relations.

France has taken a **proactive approach to differentiate itself from its European neighbours** and attract Qatari investment. The most telling example is the 2008 tax treaty (a disposition that also exists for many Gulf states).

The Qatari State, in turn, enforces a wealth of **fiscal and regulatory initiatives** in order to attract foreign investment, notably from France. The first component of this policy is the introduction of **accommodating tax conditions**, which are completed by targeted exemptions, in particular through the country's sectoral tax-free zones (Umm Al Houl - port, Ras Bufontas - airport).



A mutually beneficial economic relationship with excellent growth prospects



Prospects for the Franco-Qatari economic relationship are rich and numerous. They are largely driven by four main dynamics:

- The **Qatar National Vision 2030** paves the way to conclude new partnerships and to attract foreign investments, in particular from French players, while guiding Qatari investment strategy in France.
- Qatar knows how to mobilize French expertise to exploit its immense gas resources, while constituting a potentially major supplier of gas for France. **French companies are a key component of Qatar's energy transition programme.**
- **Structural and targeted reforms** to foster bilateral investment play a key role in the mutual attractiveness of France and Qatar.
- France and Qatar share many common interests: each is an important ally for the other, and an entry point for economic projection in their respective regions.





Photo: Millau Viaduct, France

Qatar-France Economic Relations dashboard



0.5 Bn

Qatari exports to
France



€ 4.1 Bn

Bilateral trade¹



3.6 Bn

French exports to
Qatar



4.4 Bn

Qatari FDI stock in
France

€ 215 m

Net FDI flows²

1.4 Bn

French FDI stock in
Qatar



42

Qatari companies in
France

13

Joint Ventures³

200

French companies in
Qatar

(1) Imports and exports in 2021 (including defence exports which account for 73% of the total due to Dassault Aviation's Rafale deliveries)

(2) FDI flows and stocks as at 2020, as recorded by the Banque de France. FDI: Foreign Direct Investment.

(3) GASAL, QDCV, EGN LLC, GAME, CTJV, RKH Qitarat, SQDBR, Qatargas 1 & 2, Dolphin Energy, Ras Laffan Refinery, Qapco, Qatofin

Perspective



4th

France is Qatar's 4th largest trading partner in Europe



+16% p.a.

Trade since 2000¹



4th

France realizes its 4th trade surplus globally with Qatar (2019)



2nd

France is the 2nd recipient of Qatari investments in Europe

+26% p.a.

FDI since 2010²

4th

Qatar is the 4th recipient of French FDI in the Middle East



+8% p.a.

Growth in the number of jobs created or maintained by Qatari companies in France³

3

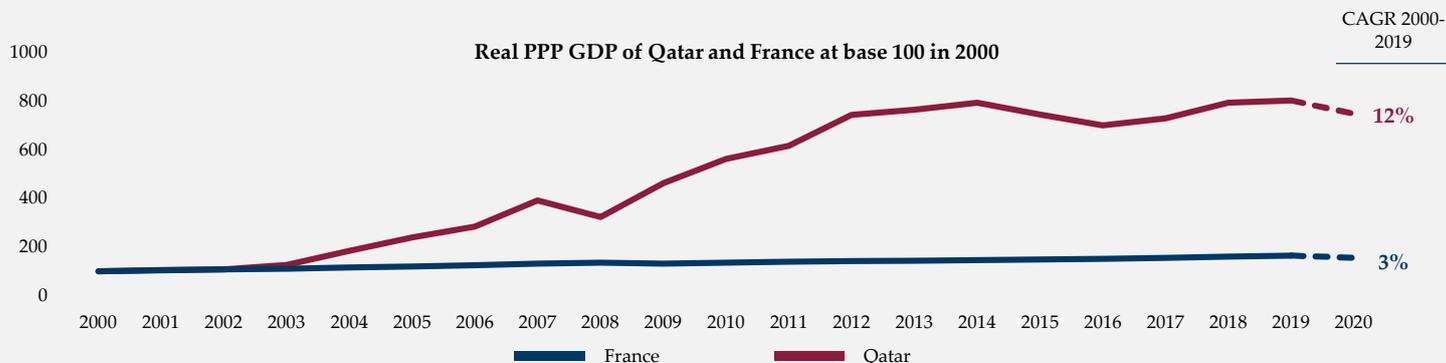
New establishments⁴ since 2020

+9% p.a.

Growth in the number of French companies in Qatar⁵

- (1) Between 2000 and 2021, evolution taking into account defence exports. Rankings excluding defence exports.
- (2) Evolution of FDI stock detained by France in Qatar and vice-versa between 2010 and 2020, Banque de France 2021 figures are not yet available. FDI: Foreign Direct Investment.
- (3) Between 2014 and 2019 to reflect long-term trends by adjusting for the effects of the Coronavirus crisis.
- (4) Société Générale, Gaussin, Crédit Agricole
- (5) Between 2014 and 2019, taking into account contracts won by French companies in the country; the establishment of subsidiaries; and franchises.

Evolution of trade



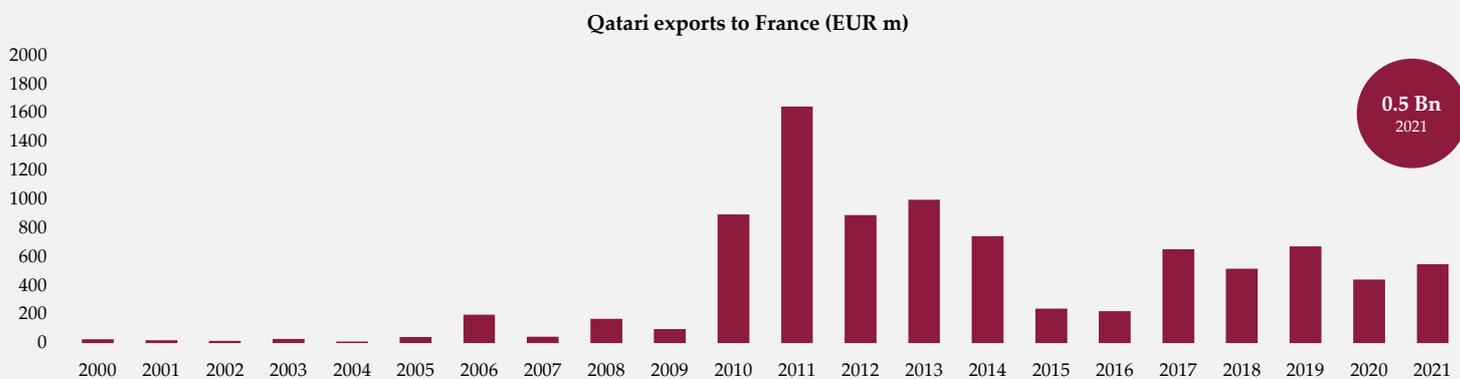
Qatar's real GDP has been growing at an average annual rate of 12% since 2000, based on LNG exploitation. The Gulf country has the world's 2nd gas reserves, making it the world's 1st LNG exporter between 2006 and 2019.

French GDP grew over the period by 3%. The country experienced strong growth between 2000 and 2007 before a slowdown due to the global financial crisis (2.8% recession in 2009) and a recovery from 2014.



French exports to Qatar have been very dynamic in recent years due to large orders for capital goods, in particular orders placed by Qatar Airways for Airbus. The recent slowdown in these orders largely explains the drop in

exports in 2020 and 2021. Exports of defence equipment (36 Rafales between 2019 and 2021) account for a large part of the remaining exports.



Qatar exports to France mainly gas (mainly under the form of LNG) and products derived from the oil and gas industry. The current context in Europe makes this trade partnership

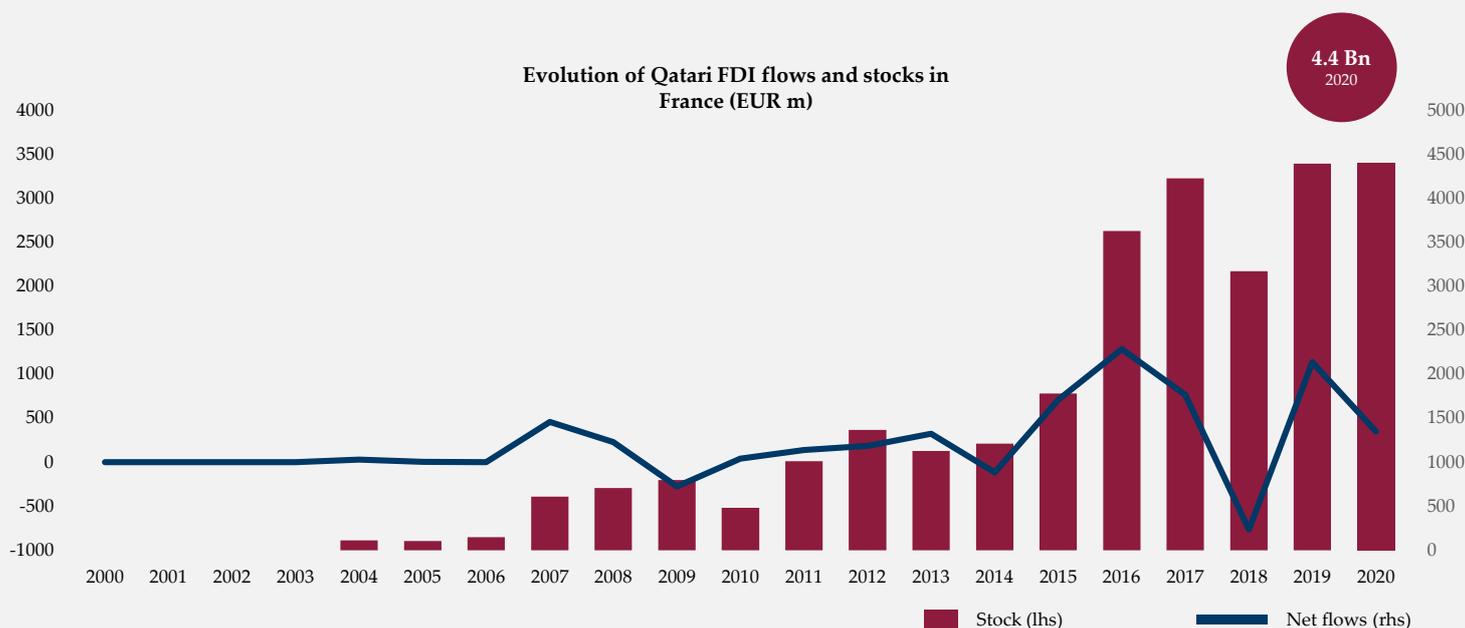
particularly relevant. Trade between Qatar and France is growing by 7 points faster than Qatari GDP (before Covid) - 19% average annual growth rate from 2000 to 2019.

(1) Exports include exports of military equipment for years 2000 to 2021.

Sources: World Bank, Direction Générale du Trésor, UNCTAD, Report to Parliament on French arms exports

Evolution of FDI flows

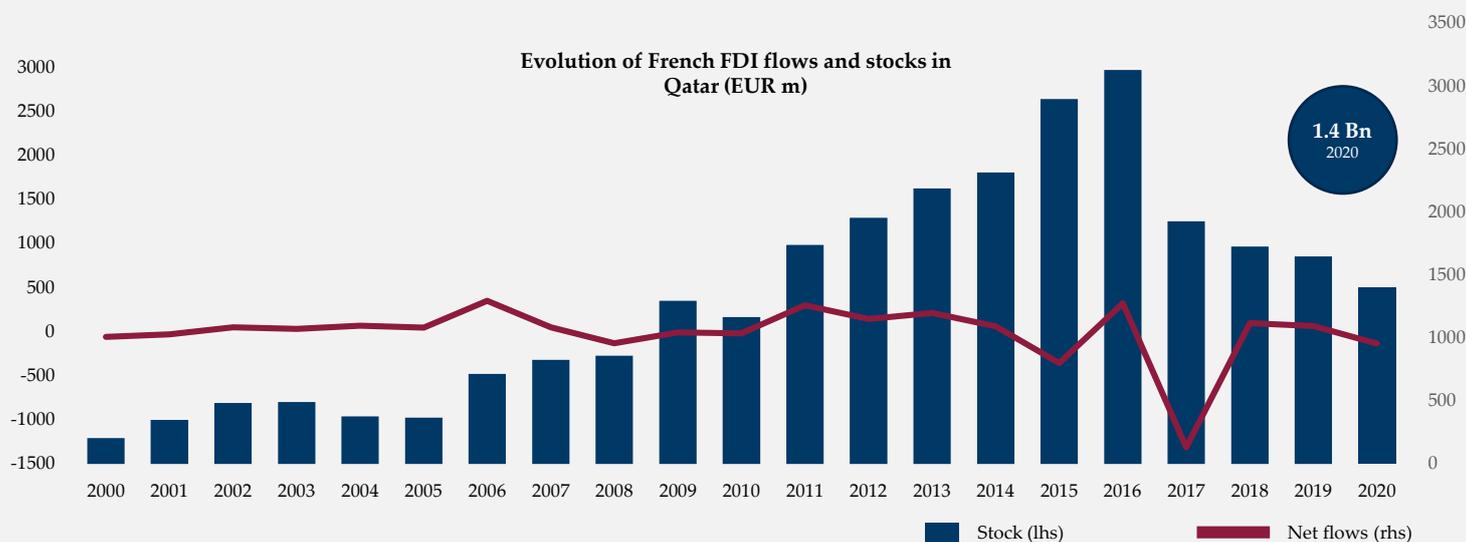
Evolution of Qatari FDI flows and stocks in France (EUR m)



Since 2007 and with an acceleration in 2014, Qatar has been making significant direct investments¹ in France. They consist of the acquisition of minority stakes in companies as well as the reinvestment of profits on French territory. The increase recorded between 2015 and 2016 is due to the entry of

Mannai in the capital of Inetum². While the need for treasury caused a repatriation of capital from French soil in 2018, this negative effect was quickly offset by new investments. Acquisitions of free float shares or real estate assets are not represented in FDI.

Evolution of French FDI flows and stocks in Qatar (EUR m)



While Qatar remains a preferred destination for outward direct investment by French companies, the decline in infrastructure project launches and hydrocarbon prices in 2017 has led to disinvestment by French companies in the Gulf country. Estimates for 2021 are not yet available, but the

contracts won by TechnipEnergies for the operation of the North Field Expansion (NFE) project and the strengthening of TotalEnergies' presence since the construction of photovoltaic fields shall reverse the trend.

(1) FDI are an imperfect estimator of the real amount of Qatari investment in France due to a triple omission

- They do not include real estate investments
- They do not include investments made from non-Qatari structures (i.e. Luxembourg)
- They do not include minority shareholdings in listed groups or financial investments (shares or other financial products)

(2) Mannai: Qatari conglomerate owned by QIPCO Holding; Inetum: French IT services company (ex GFI Informatique).

Additional indicators on Qatari impact in France



+54%¹

2014-2019

71 900+

Jobs created or maintained by Qatari companies in France (impact on jobs generated comparable to Alstom's)



x 2²

2014-2019

€ 25+ Bn

Market value of Qatari investments in France



+7.5% p.a.³

2014-2019

€ 3+ Bn

Contribution to French GDP of Qatari companies in France



5.8pts⁴

Differential

7,4%

Annual revenue growth of Qatari companies in France

N.B. values are calculated on the basis of 2019 (pre-covid) figures, to reflect a long-term normative trend, and due to the weight of the hospitality sector.

- (1) Change since 2014, estimated using the academic methodology developed from the input-output tables of the French economy published by INSEE.
- (2) Change since 2014, valuation made excluding the impact of the financial structure, using the sector valuation multiples published by Absoluce's SME dashboard study in 2014 and 2019, the market capitalisations of the companies concerned and the growth of the property market in the sectors concerned. The 25 Bn figure excludes real estate investments from qatari individuals.
- (3) Average annual variation since 2014.
- (4) Growth differential, weighted by sector with national sectoral averages.

Companies and foreign holdings



42 companies



200 companies



Sources: Corporate financial data (tax returns, diane, Orbis, Capital IQ, Press), World Bank, Direction Générale du Trésor
Valuation by the multiples method with a benchmark carried out by PricewaterhouseCoopers





Photo: The Pearl, Doha
(Credits: NASA Earth Observatory)

I. Comparative Macroeconomic Study of France and Qatar

Deep differences that provide
significant opportunities



- I.1** **France and Qatar, two countries with different but complementary potential**

- I.2** **Qatar, an ambitious policy of modernisation and the welcoming of economic exchanges**

- I.3** **History and perspectives of the Franco-Qatari relationship**

I. Macroeconomic Study

Over a dense, 50 year-long relationship, France and Qatar have built strong diplomatic, political and economic ties.

A comparison of the two countries reveals significant complementarity. Qatar is an emerging economy while France's economic development has already matured. Behind the growth rate differential between the two countries, **their respective economic structures are highly complementary**. While France enjoys a very strong domestic demand but suffers from a structural trade deficit, Qatar's economy is driven by exports (especially gas) and investments in productive capital (primarily with public funds). Qatar, which is pursuing **an ambitious policy of modernisation and diversification of its economy**, is a considerable commercial outlet for French players, particularly in terms of capital goods. France on the other side is a major potential customer for Qatari **exports of liquefied natural gas** and the depth of its domestic market makes it a **highly appropriate place to develop high value-added service activities**.

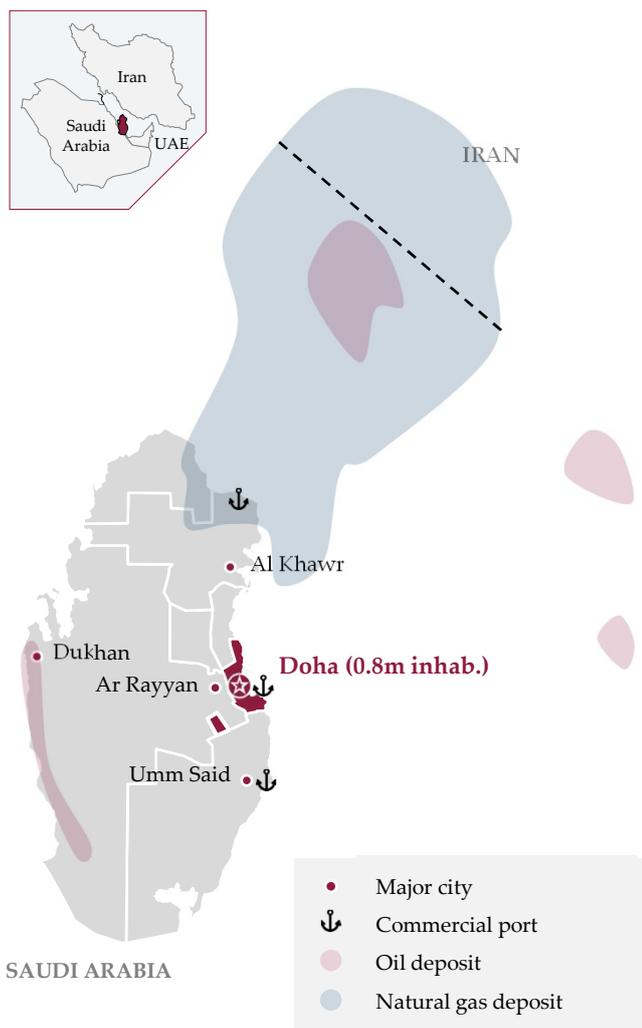
Among these economic opportunities for French players, Qatar's ambitious policy of welcoming economic exchanges and diversifying the country's economic structures is a key underlying factor. This political ambition is the driving force behind a number of economic reforms, **major contracts and commercial developments for French players** and a key element to understand the modern economic structure of Qatar and its global investment policy.

The leaders of the two countries have understood very early on the considerable economic potential of such economic complementarity: the Franco-Qatari economic relationship (both in terms of trade and investment) was strongly encouraged since the 1970s through both regulatory and fiscal legislation, and epitomized by major defence contracts and political cooperation initiatives. **The Franco-Qatari economic relationship has successfully overcome a number of grave exogenous crises and is today stronger than ever.**

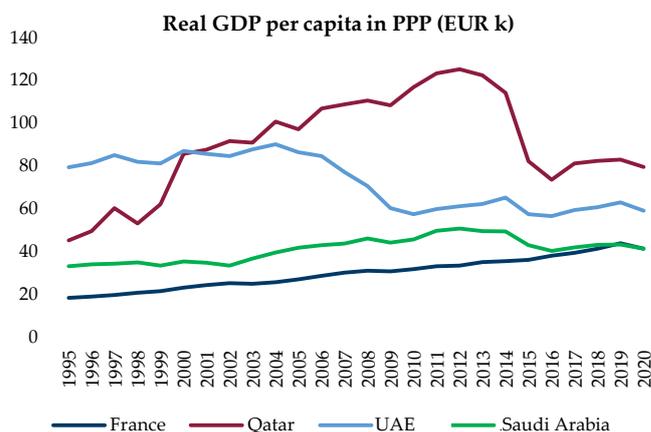
Global presentation - Qatar



Located on a peninsula in the Arabian Gulf, Qatar is a State situated at the crossroads of powerful neighbours: Iran to the north, Saudi Arabia to the south and the United Arab Emirates to the east. Since its independence in 1971, Qatar has rapidly established itself as a major regional economic power, thanks to its strong economic dynamism.



With a GDP of €160 billion in 2019¹, **Qatar is one of the richest countries in the world, with a GDP per capita of €85,000 at purchasing power parity, the fourth highest in the world.**



Since 2008, Qatar has been striving to diversify its economy, notably via the **Qatar National Vision 2030 plan, updated in 2018**. Today, the tertiary (services) sector contributes nearly 47% of Qatari GDP, compared to 26% ten years ago. The State plays a central role in this transition strategy, which tends to favour the emergence of national champions, who have become major international players in their respective segments: media and telecoms (Al Jazeera, beIN Media Group, Ooredoo), financial services (QNB, Qatar Islamic Bank), transport and tourism (Qatar Airways, Katara Hospitality), industry (Qatar Petroleum), etc.

Population: **2.8 million**
 Human Development Index: **0.848**
 Area: **11,400 km²**
 Language: **Arabic**
 Currency: **Qatari riyal (QAR)**

Although Qatar's arid climate has historically prevented significant development of agricultural activities, its important maritime interface has made it an adequate place for fishing and trade, particularly of pearls. However, it was Qatar's subsoil, particularly its marine subsoil, that gave the first impetus to the country's economic development. Today, **Qatar is the second largest exporter of LNG worldwide** and holds the 2nd proven reserves of natural gas, from which it derives substantial rents.

While Qatari economic growth has slowed in recent years due to fluctuations in gas prices and geopolitical events, the Qatari economy has been the most resilient among Gulf countries in the face of the Covid-19 pandemic, with GDP contracting by only 3.7% (compared to 6,1% in UAE, 5,4% in Saudi Arabia, or 5,1% in Bahrain). In the medium term, the economy's growth prospects are particularly encouraging, with the World Cup approaching in 2022 and because of major gas projects (notably the increase in LNG liquefaction capacity by 2025).

(1) Qatari GDP given before the impact of Covid. Consensus macroeconomic forecasts predict a return above the pre-Covid level by the end of 2022

Global presentation - France



France is a Western European state whose territory extends across the world through its overseas territories. While France is the third most populous country in Europe, **it is the seventh largest economy in the world with a GDP of €2,300 billion in 2020.**

The country experienced strong economic growth, driven notably by strong demographic growth during the *Trente Glorieuses* (1945-1973), a period during which the major foundations of the French political system and society as they exist today were laid. However, the profound crises that the country has undergone over the last fifty years (oil shocks in 1973 and 1979, financial crises in 2000 and 2008, Covid-19, etc.) have profoundly transformed the French economy, which is particularly characterised by a marked decline in industry, which now accounts for only 19% of GDP.

As a result, France has become an essentially tertiary economy (78.7% of GDP), where agriculture, although relatively competitive, makes only a marginal contribution to the national economy (less than 2%). Despite its relative decline, the industrial sector and its ecosystem remain dynamic, driven by sectors of excellence with national champions including aeronautics and armaments (Dassault, Airbus, Thalès), luxury goods (LVMH, Kering), telecoms (Orange, Altice, Iliad), agri-food (Danone, Lactalis), automobiles (PSA, Renault), pharmaceuticals (Sanofi) and energy (Orano, EDF, Total). In terms of services, France has strong expertise in financial services (BNP Paribas, Axa), business services (Capgemini) and media (Vivendi).

The State remains strongly involved in the national economy; it conducts a generous redistributive policy through the French Sécurité Sociale (€470 billion yearly, or 25% of GDP) and remains firmly established in the capital of several large public utility or strategic companies (Electricité de France, Société Nationale des Chemins de Fer, Eramet, Naval Group, Nexter, ...). The preponderant role of the State, while ensuring a more equal redistribution of wealth, has long weighed on the competitiveness of companies. However, the successive policies of economic liberalisation over the last twenty years have favoured the growth of FDI; in 2020 and 2021, France was the leading recipient of FDI within the European Union.

France, like Qatar, also knows how to turn historical and geographical determinisms to its advantage: it enjoys a significant cultural weight and is the most visited country in the world, with 90 million tourists in 2019. **The country also has the world's largest EEZ and Metropolitan France¹ is a major transit point for goods and people,** as illustrated below.



Population: 67.8 million
Human Development Index: 0.901
Area: 672,000 km² (of which 552 are metropolitan)
Language: French
Currency: Euro (EUR) = 4.1 QAR

Despite the Covid pandemic in 2020 and the ensuing fall in GDP of around 8%, France has been able to contain the medium-term effect of the crisis; although the generous aid provided by the State has increased the burden of debt (more than 113% of GDP), it has kept a

large part of the national economic fabric afloat. With undeniable assets, notably in education and infrastructure, growth prospects are good for the French economy, as evidenced by the 7% rebound in GDP in 2021.

(1) Metropolitan France, also known as European France: the area of France which are geographically in Europe (excl. Overseas Regions and Territories)
 (2) Benelux: Belgium, Netherlands and Luxembourg

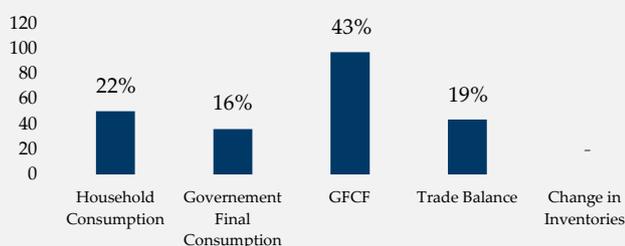
Macroeconomic situations

Qatar, an economy with great potential in search of opportunities for diversification

The study of the major macroeconomic aggregates for Qatar reveals three features:

- First and foremost, **the massive amount of Gross Fixed Capital Formation (GFCF¹)** is the main driver of Qatar's growth. The country is pursuing a very ambitious policy of modernisation and transition of its economy. €13 billion in investments have been allocated to infrastructure expansion, renovation and modernisation projects between 2021 and 2023.
- Secondly, **the preponderance of public consumption.** Hydrocarbon rents are estimated at 20.7% of GDP (2019) and constitute the majority of State financing (80%). The State provides a large amount of non-profit services: primary education is free and health care is heavily subsidised.
- Finally, **the high contribution of exports to national wealth.** Qatar's high Openness Index² (90.3%) is largely linked to exports of hydrocarbons and derived products, which represent 85.8% of Qatari exports pre-Covid.

Breakdown of Qatari GDP into Macroeconomic Aggregates in 2018 (EUR Bn)

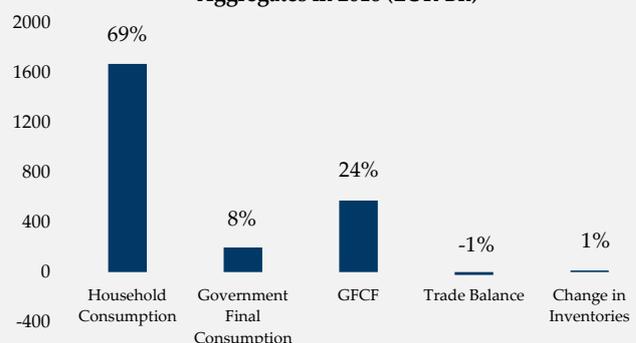


France, a mature economy in search of new markets

The structure of the French economy is very different from that of its partner:

- **Household final consumption is the essential engine of the French economy.** As a sign of advanced economic maturity, France has a dynamic domestic market that powers successful companies.
- **The French trade balance has been chronically in deficit** since the end of the *Trente Glorieuses* and even more so since the beginning of the millennium. In 2021, a new record has been reached with a current account deficit of 84.7 billion euros. With the recovery of international trade, French companies are counting on foreign trade opportunities to stimulate their growth by anchoring themselves to the recovery of the world economy.
- **The final consumption of public administrations in France is higher than its European peers.** France is traditionally a very centralised country with a relatively high tax rate (45% in 2021) and a broad government mandate.

Breakdown of French GDP into Macroeconomic Aggregates in 2018 (EUR Bn)



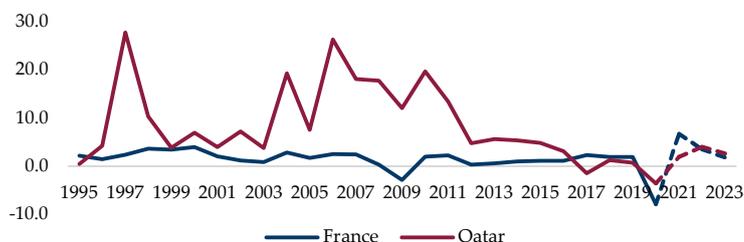
THE COMPLEMENTARY NATURE OF THE FRENCH AND QATARI ECONOMIES CREATES A POTENTIAL FOR COOPERATION OF MUTUAL INTEREST

- (1) GFCF refers to investments made by residents: net acquisitions of fixed assets used in production processes, or infrastructure/construction sites.
 (2) Openness index: Total value of goods traded with foreign partners (imports + exports) relative to GDP

Technical indicators (1/2)

Economy

Comparative real Economic Growth: France and Qatar



		
GDP PPP (k EUR/capita)	82 983,2	43 911,4
Stock market return*	14,6%	31,1%
10-year average inflation ¹	+ 1,82%	+ 0,62%
Unemployment rate (2021)	0,1%	7,4%

* Total Shareholder Return or TSR (stock appreciation + dividends reinvested) of the QSE Index and the CAC 40 over the year 2021.

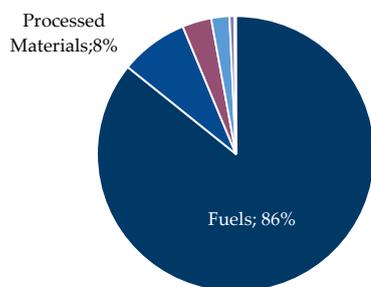
France is experiencing a gradual landing of its GDP growth from the relatively high level it experienced during the *Trente Glorieuses*. At the same time, Qatar is experiencing the formidable movement of economic openness and expansion that we study in a dedicated section of the report. The Great Financial Crisis (2008) had a greater impact on France than on Qatar because of its greater interconnection with the financial system, particularly the North American one. Since then, both economies have overcome two macroeconomic shocks: for France, the Eurozone Sovereign Debt Crisis (2011-13) and for Qatar, regional geopolitical events (2017-21). **France and Qatar will have fully absorbed the impact of Covid and will be back on their historical growth trajectory by 2023.**

Note that the inflation rates shown in this table are historical pre-Covid trends: the pandemic and the energy crisis that the world, and Europe in particular, are going through at the time of writing this report mean that the figure for France in particular is well below current estimates.

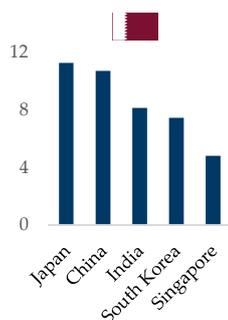
Qatar knows how to use its attractiveness and the dynamism of its economy to attract labour flows in proportion to its level of economic growth; unemployment is structurally very low. France, with a very protective social system and a relatively rigid labour market, has had structurally high unemployment since the 1980s, which has nevertheless begun a downward trend since 2015.

Trade

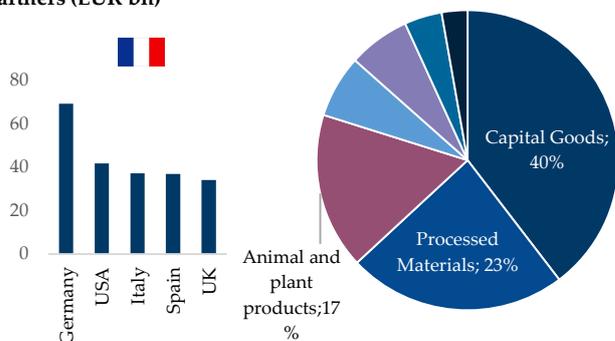
Qatari exports by product type in 2021



Main export trading partners (EUR bn)



French exports² by product type in 2021



Qatar's trade profile is dominated by fuel exports (oil and gas at various levels of refinement and conditioning, and fertiliser or petrochemical derivatives). Qatar's main export trading partners are East-Asian countries.

France's foreign trade, like its economy, is particularly diversified both in terms of products and partners. It is defined by the predominance of agricultural products and capital goods (especially civil and military vehicles). European regional trade agreements, supported by a dense network of infrastructures, make its neighbours its main export partners.

Qatari imports are driven by processed materials, capital and consumer goods due to the needs of local industry and consumers following its trajectory of modernisation and equipment of the economy. Its main partners are the USA, China and Germany - France is 10th (EUR 760m).

France is a major importer of fossil fuels (45 billion euros in 2019). It is followed by electronic products and automobiles. Its main import partners are Germany, China and Italy. Qatar is still a marginal import partner. **Qatar is the fourth largest French trade surplus** excluding military equipment.

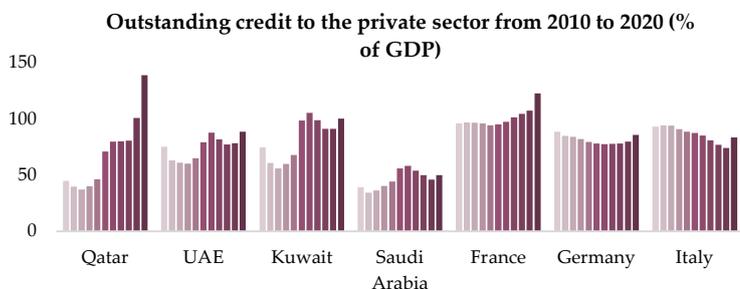
All data given for 2021

- (1) Cumulative average annual inflation over the period 2012-2021
- (2) Exports shown here do not include exports of military equipment, which are accounted for differently and are not available for all countries.

Sources: UNCTAD, World Bank, INSEE, BNP Paribas Trade Services, Qatari Ministry of Planning and Statistics

Technical indicators (2/2)

Finance



	Qatar	France
Public Debt / GDP	65,80%	97,60%
10-year Treasury Bond Rate	2,60%	0,07%
Public Debt Rating	Aa3	Aa2
Central Bank Policy Rate	5,00%	0,00%
Insurance Premiums / GDP	0,80%	9,20%

Since 2021, Qatar has authorised foreign investors to take over up to 100% of Qatari companies. Previously, a ceiling was set at 49% with the obligation that the remaining 51% be held by a local player. The equity inflows generated by this decision are estimated at more than one billion euros, which translated into a 2.8% increase in the Qatar stock market index on the day of its announcement.

The Paris Stock Exchange (from which the main French stock market index CAC 40 is derived) is an integral part of the European market Euronext, the seventh largest stock market in the world in terms of market capitalisation.

Both countries have strong and stable currencies (especially the Qatari Riyal which is slowly appreciating in relative terms due to the importance of Qatari exports). This contributes to their good sovereign – and therefore to their public debt – rating conditions.

In Qatar, the greater involvement of the State in the economy makes the need for a strong insurance system less pressing.

The very high level of outstanding credit in both France and Qatar is an indicator of the vitality of private investment and a harbinger of dynamic growth.

Demography & Society

Population Pyramid - Qatar

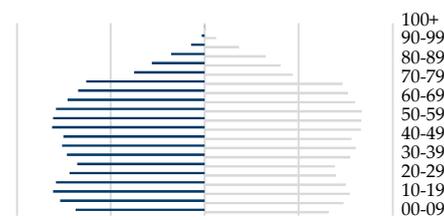


■ Men ■ Women

Demography & Society

Qatar	Indicator	France
1,70%	Natural Growth Rate	0,20%
1,87	Birth Rate	1,85
99,2%	Urban Population	80,7%
93,70%	Net Enrolment Ratio (primary)	98,90%
8,60%	Public Expenditure on Education (% of Total Government Expenditure)	9,70%

Population Pyramid - France



■ Men ■ Women

The age pyramid in Qatar reveals an interesting demographic feature: a historically sparsely populated country, Qatar turned to foreign countries to find the manpower needed for its economic boom. Qatar's population therefore exploded during this period, and in particular from the early 2000s onwards: in 20 years, the Qatari population has grown from 600,000 to 2.8 million, thanks in particular to labour immigration. Today, 80% of the country's population is made up of immigrants, mainly men of working age, the majority of whom come from South Asia or Arab-African countries. **The continuous increase of the Qatari population requires regular and significant investments in infrastructure.**

France has a higher birth rate than its European peers, although it has been insufficient since the end of the *Trente Glorieuses* to ensure a positive natural balance. Like many developed countries, France is faced with the challenge of an ageing population, which is putting pressure on its social welfare system (note in particular the bulge at the top of the pyramid corresponding to the entry into retirement age of the 'baby boomers').

Both countries invest massively in education, especially primary education, which in France as in Qatar is free and compulsory.

N.B. Unless otherwise stated, 2019 data (pre-covid) to reflect long-term economic trends and structures

Sources: INSEE, UNESCO, Moody's, World Bank

1.2 Qatar, an ambitious policy of modernisation and openness to economic exchanges

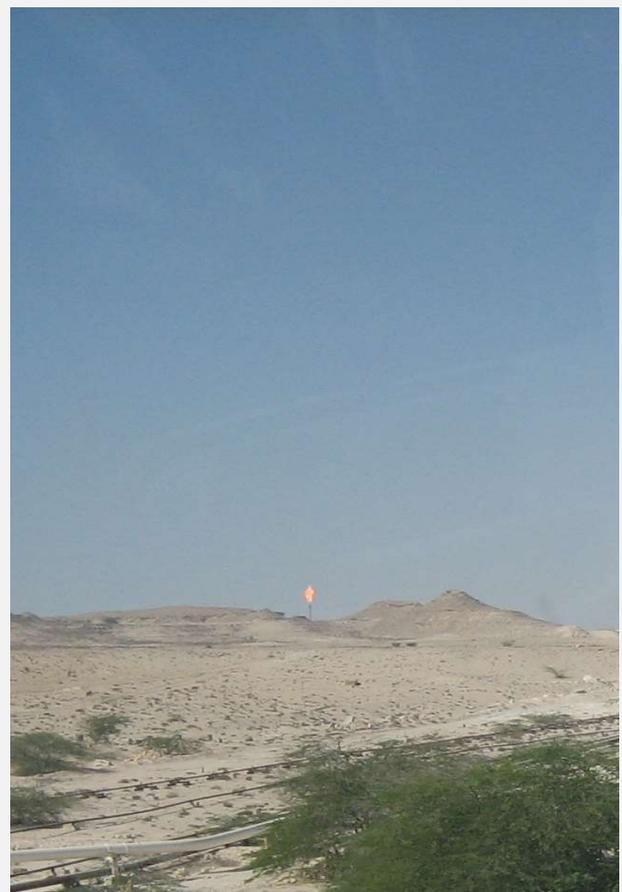
In the recent history of Qatar, two successive evolutions can be identified: first, from the 1950s onwards, the country's economy opened up to foreign trade and investment, a process driven first by oil, and then by gas. From 2008 onwards, this was followed by a movement of economic diversification, which saw the development of non-fossil fuel activities, supported by major State investments both in Qatar and throughout the world.

Until the early 1950s, Qatar, like many countries especially in the region, had slow economic growth. The country signed a protectorate treaty with the United Kingdom in 1916, marking the end of Ottoman interference. From that time on, Qatar was a commercial crossroads: the economy was based on fishing and the pearl trade with mainly Indian traders.

In 1938, the first oil deposit was discovered in Dukhan in the west of the country by the Qatar Oil Company, with the cooperation of Total (established in the region since 1936). This opened up new economic development perspectives for the State of Qatar. However, the Second World War delayed the exploitation of the deposit, which only began in 1949.

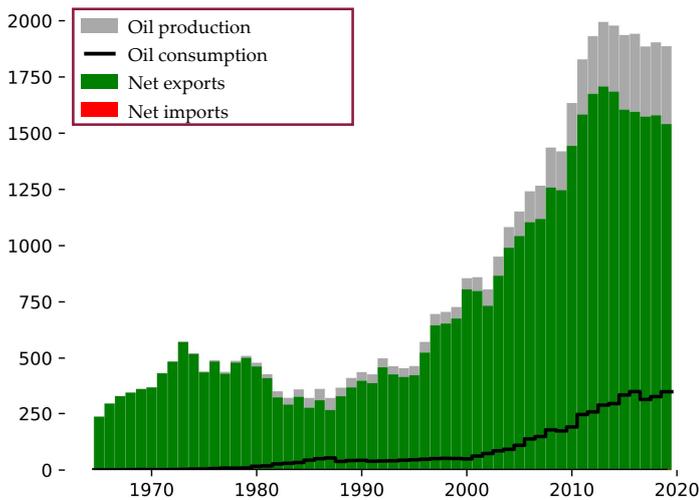
A process of opening up the economy through international trade then began. This process was at first largely driven by oil until 1995 and the beginning of gas exploitation. This period also marked the beginning of foreign (direct) investments in Qatar.

During this period, most of the oil exploitation was carried out through concessions granted to foreign companies, particularly British ones, in exchange for a financial rent. **But Qatar didn't experience a radical economic takeoff until the nationalisation of oil resources** following the country's total independence and then the first oil crisis in 1973, when the country started exploiting the resources of its territory on its own account.



Foreground: Dukhan oil pipeline. Background: Dukhan oil field.

I. Oil production and export volumes in Qatar (thousands of barrels per day)



II. From 1995 onwards, gas in turn experiences strong development, overtaking oil as the main engine of Qatar's economic opening.

The gas adventure began in 1971 with the discovery by Shell of North Dome, the largest natural gas deposit in the world. However, the field did not begin to be exploited until 1995 and the arrival to power of Sheikh Hamad bin Khalifa Al-Thani. This event marks the beginning of mass gas exploitation in Qatar.

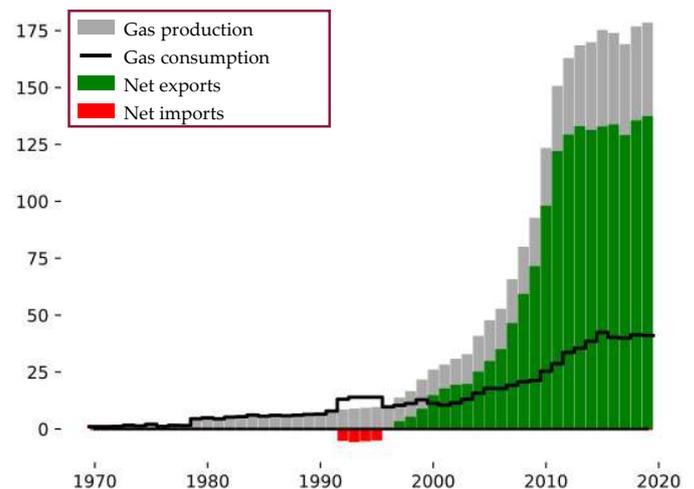
This graph reveals the two phases of gas exploitation development in Qatar. The first, from 1996 to 2011, is characterised by a massive increase in gas exports, mainly to Asian partners. The second phase marks a period of stagnation since 2011, with gas production exceeding oil production in TOE terms in 2010.

The causes of this stagnation since 2011 are multiple. The main drivers for this phenomenon are mentioned below. Firstly, Qatar is reaching saturation of its production capacity and the renewal of the equipment and infrastructure is slowed down by the Global Financial Crisis. Moreover, the development of non-conventional gas (especially American shale) and the arrival of new competitors on the market such as Australia are prompting the Qatari government to be cautious about developing hydrocarbons in the country. Moreover, the weakness of oil and gas prices after the peak of July 2008 and between 2014 and 2021 may have reinforced the State of Qatar in its strategy. The last reason for this slowdown is the launch in 2008 of the ambitious Qatar National Vision Plan, which advocates the modernisation of economic (infra)structures and the diversification of the economy to reduce petro-dependence. **The second phase of Qatar's modern economic history then begins: diversification.**

I. This graph reveals two phases in the history of oil exploitation in Qatar. The first phase extends to the mid-1990s and is characterised by relatively stable oil exports in volume terms, at around 400,000 barrels produced per day and practically as much being exported. Historically, these were the first significant resources that Qatar could mobilise to modernise the country - note the sharp rise in domestic oil consumption from the mid-1970s onwards, an indicator of Qatar's emerging economy.

The second phase in the history of oil exploitation in Qatar is marked by **a sharp increase in exports since the mid-1990s**, which quadruple to around 1.6 million barrels per day, and then stagnate from 2011 to the present day. This extends and amplifies the dynamics described above.

II. Gas volumes produced and exported in Qatar (in billion m³/year)



2nd

Proven reserves of natural gas in the world for almost 20% of total world volume. 1.5% of oil reserves

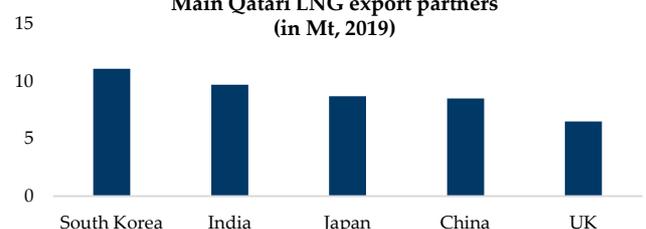
4th

World's largest natural gas producer

2nd

LNG exporter worldwide, world's largest fleet of LNG tankers

Main Qatari LNG export partners (in Mt, 2019)



From 2008 onwards, Qatar began a vast project to diversify its economy

Outside the country, Qatar's policy of economic diversification is manifested by an ambitious policy of investment abroad which is based on three concomitant logics: financial profitability, expertise acquisition, and geographical diversification of the activities of national champions. **The stock of Qatari FDI abroad is estimated at 40 billion euros in 2019¹.**

Within Qatar, **the diversification of the Qatari economy is being achieved through substantial investments, on the part of the Qatari State or by foreign players.** In addition to gas, which still concentrates most of the financial effort, tertiary activities (finance, tourism, media) and industrial activities with higher value added (construction, downstream oil and gas, manufacturing industry, green energy) are targeted to stimulate the potential growth of the State and diversify its structure. At the same time, a longer-term policy has been undertaken by betting on education (especially university) and technological and entrepreneurial innovation. Part II of this report goes into more detail on the concrete and tangible economic implications of these policies for both French and Qatari players.

In the longer term, the sustainable diversification of the Qatari economy will require access to a greater pool of domestic demand: **the growing integration of the GCC in particular will provide Qatar with opportunities to sustain the development of its industries and services.**

Qatar National Vision 2030

Unveiled in 2008 by the General Secretariat for Development Planning (GSDP), the "*Qatar National Vision 2030*" plan aims to make Qatar an advanced society capable of sustaining its development and providing a high standard of living for its people by 2030. **It is based on four central pillars of development: economic, social, human and environmental.**

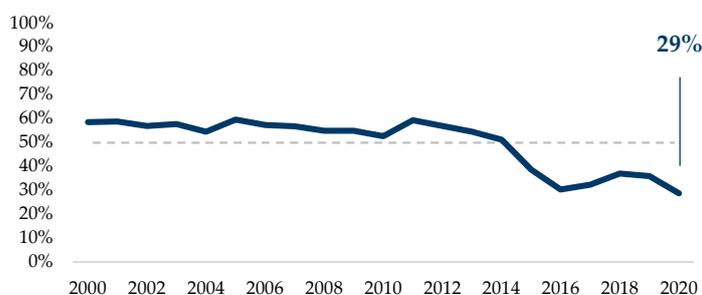
On the economic front, the country is launching a vast project to diversify its activities in order to be less dependent on hydrocarbons and to transform Qatar into a "knowledge economy". It also aims to promote economic independence by encouraging the "*Qatarisation*" of the workforce.

On the social level, Qatar aims to develop a sense of national community around humanist and traditional values, particularly through sport. This objective also includes the promotion of bilateral ties with friendly countries.

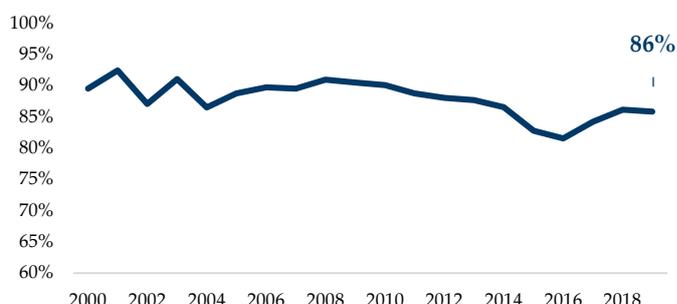
In terms of human development, the State seeks to improve the education and health conditions and welfare prospects of Qatari people (with a particular focus on youth).

On the environmental front, Qatar is relying on new technologies and innovations in urban planning and waste treatment to reduce its ecological footprint both regarding preservation of its immediate environment and in terms of greenhouse gas emissions.

Share of hydrocarbons, as % of nominal GDP² of Qatar



Share of hydrocarbons, as % of Qatar's exports



- (1) FDI is not the only investment channel for Qatari players
- (2) In terms of real GDP, taking into account the overall decline in gas prices over the 2013-20 period, the fall is more gradual but reflects a similar trend: the contribution of hydrocarbons to GDP as a % has fallen by 3% annually and dropped below 50% in 2017.

I.3 History and perspectives of the Qatari-French relationship

The strategies and economic incentives driving each country to commit to this relationship

The Franco-Qatari relationship, marked by mutual support and intense cooperation, is different from those with other Gulf countries. The long-lasting strength of this relationship is visible at three different levels: political, economic and cultural. While the economic aspect will be the main focus of this report, the other two aspects are also relevant to analyse.

France is an essential ally for Qatar. The strong and successive relations that the different presidents of the *Cinquième République*¹ have maintained with the Qatari emirs are quite exemplary cases of close understanding and cooperation between Western and Arab leaders. Nicolas Sarkozy in particular built a relationship of strong trust with the Father Sheikh Emir Hamad bin Khalifa Al Thani. This intimacy is expressed in particular by a growing cooperation in the field of defence (at the end of 2017, 80% of the State's military equipment was French-made).

Qatar is an essential economic partner for France as are the benefits to Qatar of the mutual economic relationship. We will have the opportunity to come back with an unprecedented level of detail on the density of Franco-Qatari economic exchanges, both on the financial level, of capital provision to national players, and on the commercial level, of the concretisation of commercial outlets for national production.

Beyond converging strategic and economic interests, Qatar is a friendly country with many points of agreement on the social, scientific and cultural levels. Qatar is currently home to 5,500 French nationals and more than 200 companies and institutions, and in 2020, the France-Qatar Year was an opportunity to celebrate cultural cooperation between the two countries.



Official logo of the Qatar-France Year of Culture 2020

(1) France's current republican system of government (1958-)

A historic cooperation that precedes the foundation of modern Qatar

The history of Franco-Qatari relations precedes the formal declaration of independence of the State of Qatar by several decades. Indeed, links were established in the first half of the 20th century, with the establishment of Total in 1936. These early ties helped build a relationship of trust unique to France in the Arabian Gulf, well before the Qatar's official declaration of independence in 1971.



One of the first oil operations in Qatar

As soon as it became independent, Qatar, although historically under British influence – the United Kingdom maintained a protectorate there until 1968 – symbolically demonstrated its Francophilia by formulating its application to join the UN in French. Qatar is still home to a large and dynamic French-speaking community: linguistic cooperation is a key element in the understanding between the two nations. As early as 1972, France was one of the first countries to welcome a Qatari embassy, which has since been established in the 8th *Arrondissement* of the capital city, Paris. Simultaneously, the cultural attachment of Sheikh Khalifa bin Hamad Al Thani, the first Emir of Qatar, to France was reflected in a state visit to France in 1974.



One of the first Mirage F1 aircraft delivered to Qatar

A political-military partnership began, with a first purchase contract for 15 Dassault Mirage F1 aircraft for the Qatari armed forces in 1980; this military cooperation led to the signing of a partnership between France and Qatar in 1994. This partnership marked the first milestone in the strong military cooperation between the two countries.

A close and dynamic economic relationship then emerged, with the signing of a tax convention in 1990 to facilitate mutual investments and avoid double taxation.

THE ELECTION OF PRESIDENT CHIRAC ACCELERATED THE DIPLOMATIC RAPPROCHEMENT BETWEEN THE TWO COUNTRIES

In 1995, the arrival in power of Sheikh Hamad bin Khalifa Al Thani, and the election of Jacques Chirac gave a new momentum to the relationship between Doha and Paris. President Chirac developed a relationship of close proximity with the new Emir. The French President thus supported Sheikh Hamad in 1996, and enriched the 1994 defence partnership with a second agreement in 1998.

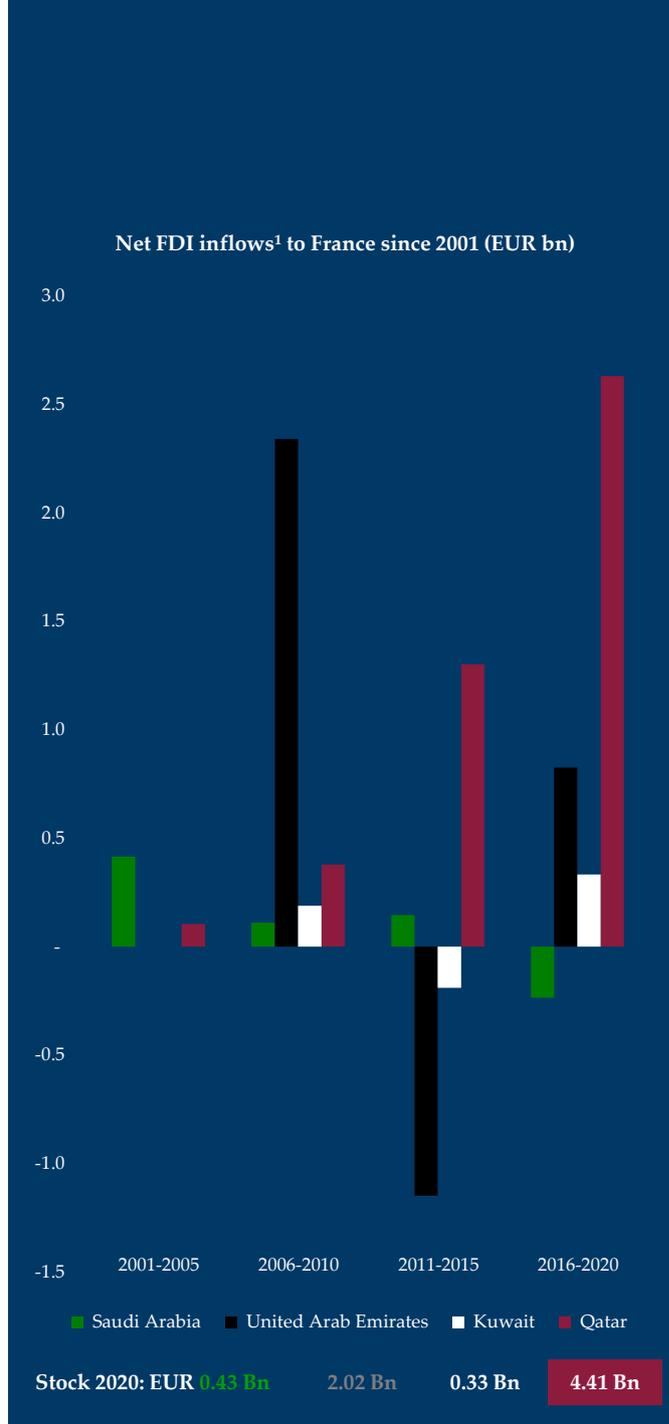
The Qatari Emir and Jacques Chirac met nine times during the French President's two terms in Office. Since, Qatar has hosted frequent visits from French presidents and ministers.

The turning point in the late 2000s: first Qatari investments in France

From 2007 onwards, bilateral cooperation strengthened, notably thanks to the new President Nicolas Sarkozy, and especially on the economic front: it was at that time when France benefited from a real take-off in industrial orders from its Qatari partner, notably through the purchase of 80 Airbus A350s by Qatar Airways in May 2007.

In January 2008, the French government extended the 1990 tax treaty by offering attractive conditions to Qatari investment. This type of legislation is standard between European countries and their Gulf region partners; it is to be noted that the 2008 amendment also provides for an exemption on capital gains on real estate which are taxed in Qatar (the UK has a similar provision). In Qatar, foreign companies, including French ones, are not subject to any restrictions on profit repatriation and households do not pay income tax.

Thus, in the 2010s, economic interconnection between the two countries strengthened considerably: growing steadily over the period, trade has always exceeded 2 billion euros per year, reaching a record level in 2019 at 6.5 billion euros². This bilateral trade is particularly strategic for France, as Qatar represents France's 4th highest trade surplus³ in 2019. The growth of bilateral trade during this decade has gone hand in hand with the growth of Qatari FDI in France, with an investment stock of €4.4 billion in 2021 (placing France in the top 5 recipient countries of Qatari FDI), but also of French FDI in Qatar, with a stock of investments of €1.4 billion in 2020.



Airbus A350 acquired in 2007



80

Rank of french commercial surplus



4th

French citizens living in Qatar



5 500

Joint military operations since 2011



2

(1) FDI is an imperfect estimator of the real amount of Qatari investment in France due to a triple omission:

- They do not include real estate investments
- They do not include investments made from non-Qatari structures (i.e. Luxembourg)
- They do not include minority shareholdings in listed groups or financial investments (shares or other financial products)

(2) Including defence exports.
(3) Excluding defence exports.

Sources: French Ministry of Foreign Affairs, General Directorate of the Treasury, Official website of the Elysée

A relationship resilient to geopolitical, health and humanitarian crises

The Qatari-French relations have resisted many crises. The two countries have even succeeded in transforming them from crises into opportunities for cooperation and closer relations.

Between 2017 and 2021, as geopolitical tensions around Qatar escalated, Qatar continued to cultivate its historical closeness to France, which became involved in negotiations between the parties until relations were normalized in the Gulf Region in January 2021. In the face of this event, the Qatari economy was able to resist very well and cooperation between the two countries was strengthened by the signing of new major contracts and the continued delivery of aircraft ordered by the Qatari army from Dassault Aviation, including in 2015 and in 2017 the sale of 36 Rafale fighter jets, a dozen of which has been delivered in 2019.



One of the first Rafales delivered to Qatar in 2019 (Photo: Dassault)

The second crisis that the Franco-Qatari relationship has been able to weather recently is the Covid-19 pandemic. The economic crisis linked to this global event has caused major disruptions in global trade, including that between France and Qatar, which experienced an overall decrease in the volume of goods trade¹ (-75% in 2021 compared to 2019), which stands at 1.56 billion euros. Although France remains in surplus, its trade balance has been considerably reduced, notably due to the fall in exports¹ to Qatar, the value of which has been divided by 2.5 compared to 2019. The vast majority of this disruption is attributable to the temporary collapse of aircraft exports, following the rescheduling of aircraft deliveries requested by Qatar Airways from Airbus. This supply issue has given way to a temporary litigation between Airbus and Qatar

Airways, with an important conjunctural impact on the overall volume of trade. However, despite these complications following the pandemic crisis, the prospects for the deepening of Franco-Qatari economic relations are numerous as both economies have returned to their pre-Covid levels of activity, as explained further in the report.



A CMA CGM cargo vessel. The French company is established in Qatar since 2007

The third crisis that the Franco-Qatari couple successfully tackled was the wave of migration following the Taliban takeover in Afghanistan in August 2021. Qatar, thanks to its strategic geographical location and modern airport infrastructure (Hamad International Airport), facilitated the repatriation of a total of 110 French nationals and 396 Afghans threatened for their cooperation with France when the Taliban Regime took definitive control of Afghanistan's capital, Kabul following the retreat of the coalition. Another particularly striking example was the success soon afterwards of the Franco-Qatari humanitarian operation of December 3, 2021, which enabled the delivery of 40 tons of food and medical equipment to the Afghan population. This event echoes the Covid-19 pandemic during which Qatar allowed the repatriation of 14,000 French nationals at the beginning of the crisis with its flagship Qatar Airways (while other comparable companies: Etihad, Emirates, Oman Air or Fly Dubai had ceased all activities). Former French Foreign Minister Jean-Yves Le Drian praised this role, as during his visit to Doha on 10th December 2020, he thanked the Qatari authorities for their support.

(1) Excluding deliveries of defence equipment

A relationship with significant immediate economic benefits

Despite the sudden and unexpected impact of the health crisis on the growth and public finances of both France and Qatar (in 2020, French GDP fell by 8%, Qatar's by 3.7%), both economies are capable of strong levels of resilience: **by the end of 2021, both France and Qatar had already absorbed a large part of the economic shock of the previous year.** Even before the Covid crisis, Qatar had demonstrated a strong capacity to weather macroeconomic crises, with a growth rate between 4 and 5% annually between 2012 and 2015, a pace that was maintained thereafter, albeit at a slightly slower pace, despite low hydrocarbon prices, and despite geopolitical events. This resilience of the Qatari economy can, among other things, be explained by the recent increase in gas exports, and in particular LNG, to the Asian market.

Moreover, the French and Qatari economies are characterised by different but largely complementary structures: While Qatar needs to make substantial investments in infrastructure and capital goods in line with its diversification objectives for 2030 and to adapt its infrastructure to its fast-growing economy and population, **France is on the lookout for commercial outlets to fill its structural deficit, while at the same time it is in need of options to diversify its supply of hydrocarbons and in particular gas,** in the context of the war in Ukraine and the European will to stop importing gas from Russia eventually. Given Qatar's desire to increase its LNG production from the current 77 million tonnes per year to 127 million by 2030, this creates a clear potential for diversification.

Deepening economic ties as a source of diversification and technical progress

For French companies, Qatar's very stable business climate, the country's good growth prospects and the ambitious trajectory of economic modernisation and diversification of the economy, represent a major point of attraction. Qatar thus appears to be a particularly relevant territory for French investments to flourish. Over the **last decade, the organisation by Qatar of the FIFA World Cup at the end of 2022 has been the occasion for a number of major contracts** and investment projects to be signed by French companies in Qatar, and has served as a catalyst for Franco-Qatari relations (for more details on this subject, please refer to the third part of the report)

As far as Qatar is concerned, it finds in France a certain number of specificities which justify the continuation of investments in the country. In particular, Qatar is trying to position itself as a major player in tourism on a global scale. Qatar's sovereign wealth fund the QIA has thus for instance become a minority shareholder in the Accor group; moreover, it is with the financial support of this group that QIA financed the launch of Kasada Capital Management in 2018, an investment platform dedicated to the hotel sector in Africa, which has since experienced rapid growth. More broadly, **France offers Qatar a fertile ground to generate financial returns and set up its companies.**

Please refer to part number II of the report for more indications on the specific investment strategies and comparative advantages at hand in the Franco-Qatari economic relationship.



Projected GDP in 2023 compared to its pre-Covid Level¹



Projected Public Debt/GDP in 2023 compared to its pre-Covid Level



(1) As throughout the report, 'pre-Covid' is to be understood as '2019 figures', before the disruption of the Covid-19 epidemic, in order to reflect longer-term economic trends and patterns.

Main findings - Part I

France and Qatar know how to take advantage of their economic complementarities to create opportunities for mutually beneficial value creation

The macroeconomic study of the two countries reveals strong complementarities, which, coupled with Qatar's firm ambition to modernise and welcome foreign investment and trade, motivate the two countries to engage in economic exchanges with each other. The main conclusions that can be drawn from this section are the following:

- France is a European nation of 67 million inhabitants, with the 7th world GDP. The country has a large number of world-class companies in industry and services.
- Qatar, a Gulf Country of 3 million people ruled by Al Thani family, has the second highest GDP per capita in the world in purchasing power parity, thanks to its immense gas reserves (the second largest in the world).
- **While France is looking for capital inflow and trade opportunities to reduce its trade deficit, Qatar is a powerful provider of capital abroad and is seeking, through a global investment strategy, to diversify as well as open its economy to the world, in line with its 2030 targets.**
- **France has always sought to attract Qatari capital**, particularly since the end of the 2000s, with incentives such as the exemption of capital gains tax on real estate investments. Qatar is the host of regular visits by French heads of companies and heads of state (the latest being that of President Macron in December 2021).
- **Qatar offers advantageous conditions to companies and households**, particularly French ones, living in Qatar: sectoral free zones, absence of VAT, a corporate tax rate of 10%, even if certain sectoral restrictions on foreign shareholding remain.
- **The Franco-Qatari relationship has overcome a three-pronged crisis in recent years:** regional geopolitical events; the Covid-19 pandemic which has recently contracted trade (notably exports of capital goods from France to Qatar); the Afghan migration crisis where France and Qatar have acted hand in hand to organise repatriations of French nationals and deliveries of humanitarian packages.

II. The Current State of Qatari-French Economic Relations

The integration of the two economies brings about mutual benefits



II.1 **Bilateral trade – Commercial opportunities and optimisation of procurement for resident companies**

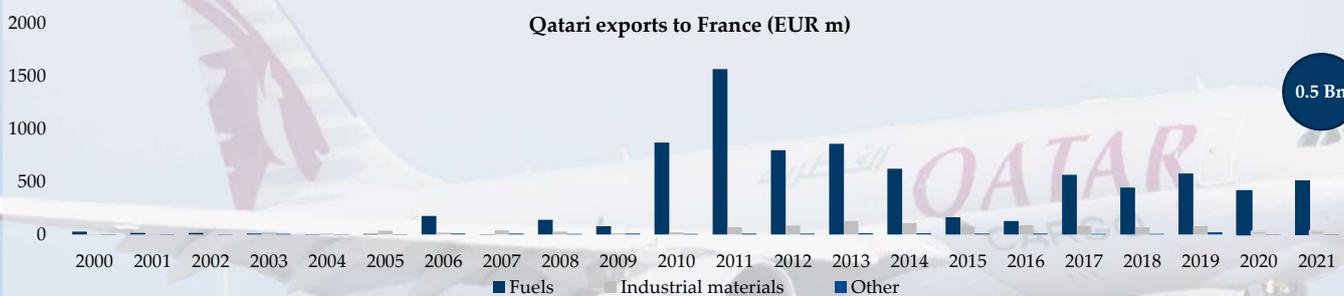
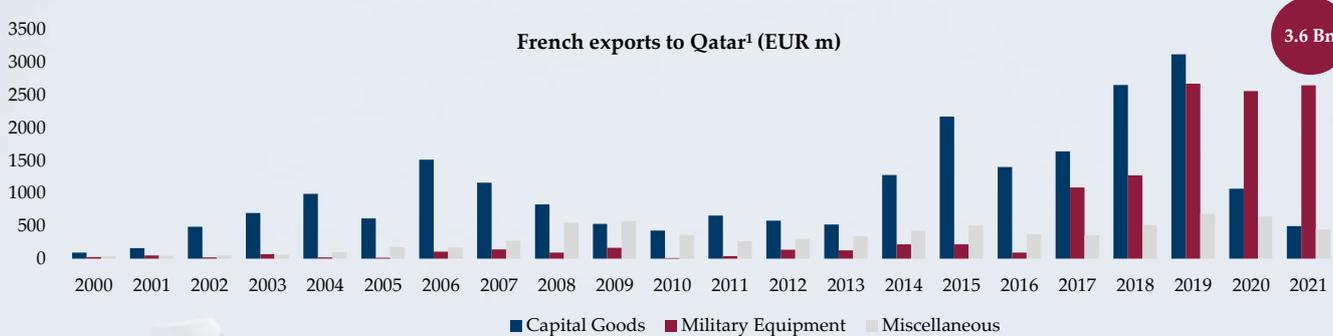
II.2 **Investments - income diversification, capital inflow to the local economy and value creation**

II.1 Trade

Since 2000 and until the beginning of the Coronavirus crisis, trade between Qatar and France had been growing annually by 7 points more than Qatari GDP.

Despite the crisis, trade between France and Qatar benefits from **significant underlying dynamics and solid growth prospects**. On the French side, trade is dominated by exports of capital goods while on the Qatari side, exports of gas and hydrocarbon products are on the rise.

In the short term, the evolution of the former will rely on the volume of major **modernisation projects** (especially infrastructures) on the Qatari side, and the increase of the latter will depend on the willingness and ability of France to **diversify its gas supplies to Qatar** in the context of the energy crisis in Europe. The opportunities for diversification of this trade in the long term should not be overlooked either: while on the Qatari side a **non-extractive industrial sector** is developing that could represent a growing share of the Qatar's exports, French players could see in the deepening of the Qatari domestic market and the possible resumption of its integration process into the GCC a considerable source of commercial outlets for their services, consumer goods, agri-foodstuffs or advanced industrial equipment.



(1) French Exports to Qatar include military and defence equipments (36 Dassault Aviation Rafales delivered between 2019 and 2021).

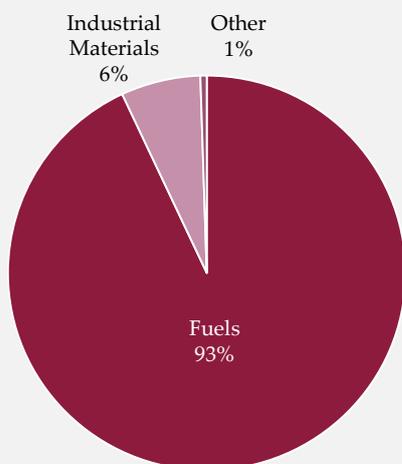
Structure of Franco-Qatari bilateral trade

Qatari exports to France are composed of mainly fossil-fuels

Several things should be noticed about Qatari exports to France:

- **The dominance of fuels** (notably hydrocarbons): in recent years, gas has accounted for about 55 percent of total Qatari exports to France, and oil for 25 percent. At the same time, **Qatar is the world's second largest producer of helium** (51 million m³ in 2019). While the Qatari economy is undoubtedly diversifying, the planned expansion of the North Field - the world's largest gas field - suggests that the process of diversifying its export structure is likely to take more time.
- Secondly, the development of the sector producing industrial materials responds to the growth of heavy industry in Qatar (notably the steel industry), which finds important synergies with gas exploitation which serves as a major input. Industrial materials also include plastic products - co-products of oil production - and sulphur - which can be used as an agricultural fertiliser.

Qatari exports to France in 2021

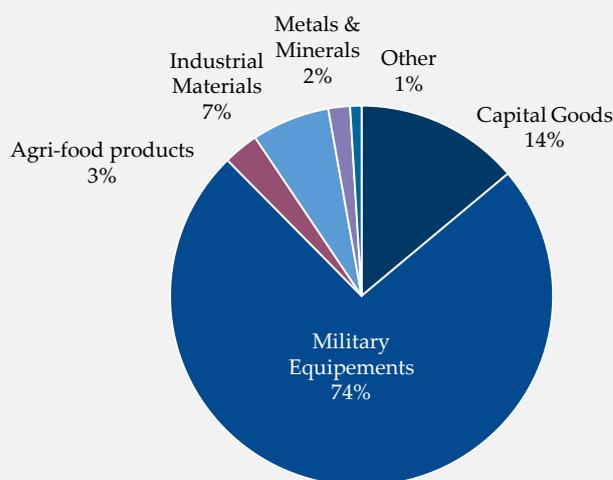


French exports driven by major equipment contracts

Concerning French exports:

- **Exports are driven by Qatari orders for capital goods, thanks to the large contracts in aeronautics and defence (Dassault, Airbus).**
- This is followed by industrial materials, which includes chemicals and medicines, as well as synthetic products such as rubber.
- Metals and minerals include Saint Gobain steel pipes (urban infrastructure and oil/gas pipelines).
- Food exports are explained in particular by the presence in Qatar of supermarket chains such as Carrefour. Cooperation in this field is on the rise as Qatar seeks to reinforce its food security.
- Consumer goods, while they represent only 1% of the total in terms of turnover, include many products with very high added value (perfumes, beauty products and leather goods)

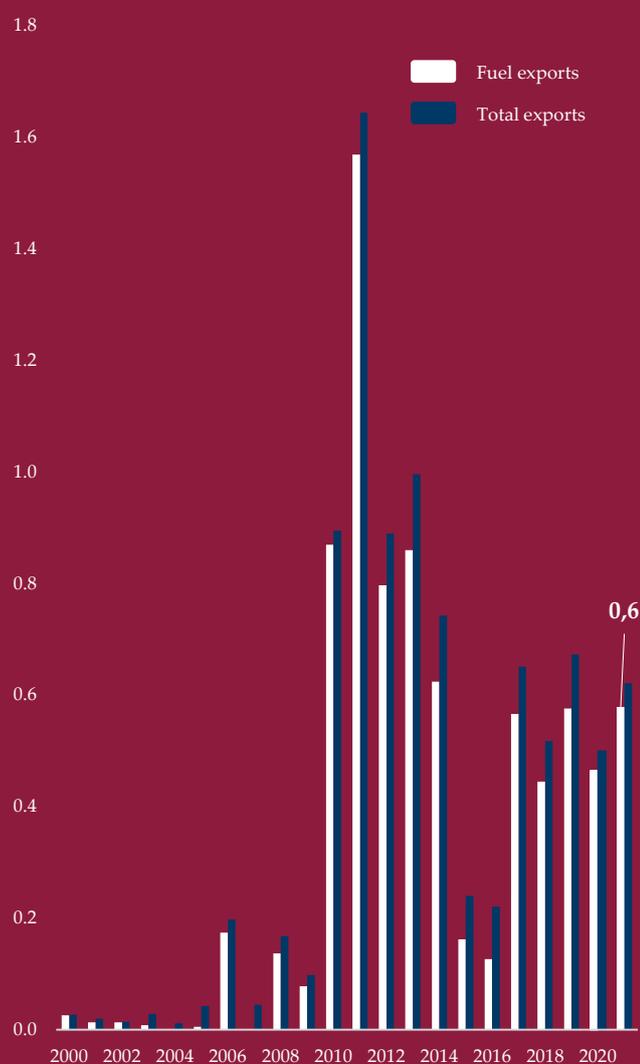
French exports to Qatar in 2021



The trade nomenclature is based on the World Bank categories and is detailed in the annex

Sources: World Bank, Economic Department of the French Embassy in Doha

Qatar fuel exports to France (EUR Bn)



France is a small account for Qatari hydrocarbons: only 1.0% of total exports were delivered there in 2019. Nevertheless, 93% of French imports are related to hydrocarbons. **Natural gas accounts for 55% of total imports, at 342 million euros in 2021 (+130% compared to 2020).** The strong upward trajectory of energy prices at the beginning of 2022, combined with the contract signed between Qatar Petroleum and Elengy in 2020 until 2035 for the import of 3 mT/year LNG at the Montoir-de-Bretagne LNG terminal, suggest that this increase will accelerate.

Recent developments and prospects of Qatari exports to France

Because of its relatively low energy prices (especially compared to the Asian market - 2/3 of Qatari exports) **Europe is the destination of only 20-30% of Qatari gas production (~20Mt)**. Much of this gas is traded with a few major trading partners: the UK is Qatar's preferred trading partner in the region (6.5 Mt in 2019), but Qatar also exports fuel products in Europe to Italy (4.6), Belgium (3.3) or Spain (3.2).

However, Qatar's exports to Europe (and *a fortiori*, France) in the coming years benefit from strong underlying dynamics:

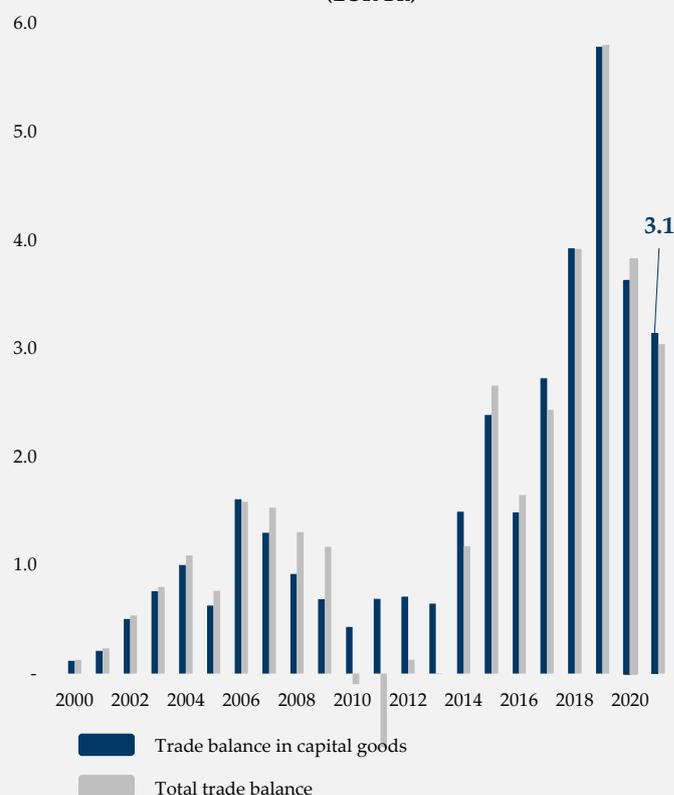
- **On the demand side, the geopolitical context in Europe is pushing European countries to diversify their gas supplies.** In late March 2022, Germany concluded an agreement with Qatar to reduce its dependence on Russian gas. It remains to be seen whether the rest of Europe will turn to Qatar or to other major producers, such as Australia or the United States (who have recently made strong increases to their liquefaction capacity). In the medium term, France's transition to more intermittent energy sources could also result in increased demand for gas.
- The increase in gas extraction and liquefaction capacities in Qatar will push the country to seek new outlets: Qatar will invest 73 billion euros in hydrocarbons. **These investments will notably allow for a 40% increase in liquefaction capacity and the construction of between 80 and 100 LNG tankers** (compared to 67 at present) to facilitate the export of gas, oil and derived products.
- Non-hydrocarbon exports will benefit from the significant development of the country's port infrastructure as it continues to develop its non-oil and downstream oil and gas industrial park in the Dukhan, Ras Laffan and Mesaieed industrial complexes.

Recent developments and prospects for French exports to Qatar

The study of past commercial accounts shows a very strong **correlation over the last twenty years in Franco-Qatari bilateral trade between the overall trade balance and the trade balance on the product category "capital goods"**⁽¹⁾. Capital goods refer of course to vehicles and various large aeronautical contracts, but also to oil and gas equipment sold by companies such as TotalEnergies or Technip to Qatari subsidiaries or players. These large contracts can actually be explained by several dynamics:

- The importance of Airbus orders placed by the national airline Qatar Airways in recent years, which are now at a standstill.
- The signing in 2015 of a €6.3 billion contract for the delivery of 24 Rafale fighter aircraft between Dassault Aviation and the Qatari army. A clause for the delivery of 12 additional Rafales estimated at €1.1 billion was activated in 2018 to equip the Gulf country.
- The investments for the FIFA World Cup at the end of 2022, which were an opportunity to modernise and scale up all of the country's civil infrastructure (transport, waste treatment, stadiums, energy....). This work has resulted in imports of materials and equipment that cannot yet be produced locally. Qatar, like many of the organising countries before it, intends to use this event as a tool for economic promotion and diplomatic influence.
- Qatar's ambition to increase gas production and liquefaction capacity, reinforced by the exemption from tariffs on industrial equipment imports.

French trade balance with Qatar (EUR Bn)



The progression of French exports will depend in the future on the evolution of these three parameters and on the capacity of French players to impose themselves on the Qatari market via other types of exports. Let's think for example of the agro-food sector or consumer goods, in which France represents respectively 3.7% and 3.0% of Qatar's imports. **In 2021, luxury is one of the main beneficiaries of the post health crisis recovery, with 128m euros (+17% in one year).**

31.0% of capital goods (excl. defense equipment) imported by Qatar in 2019 are of French origin. The Covid-19 crisis has brought the aeronautical sector, the main source of exports for French companies, to a virtual standstill and has seized up the global logistics chains, which has mechanically reduced French exports and lowered the French trade surplus.

(1) The figures presented here take into account France's military exports, which are presented in reports to parliament and are not included in the World Bank's figures. We have recorded exports of Rafales on delivery, spread over 2019 to 2021, taking into account the amendment to the contract signed in 2018 for the delivery of 12 additional Rafales to the total initially planned.

International perspective of the trade partnership

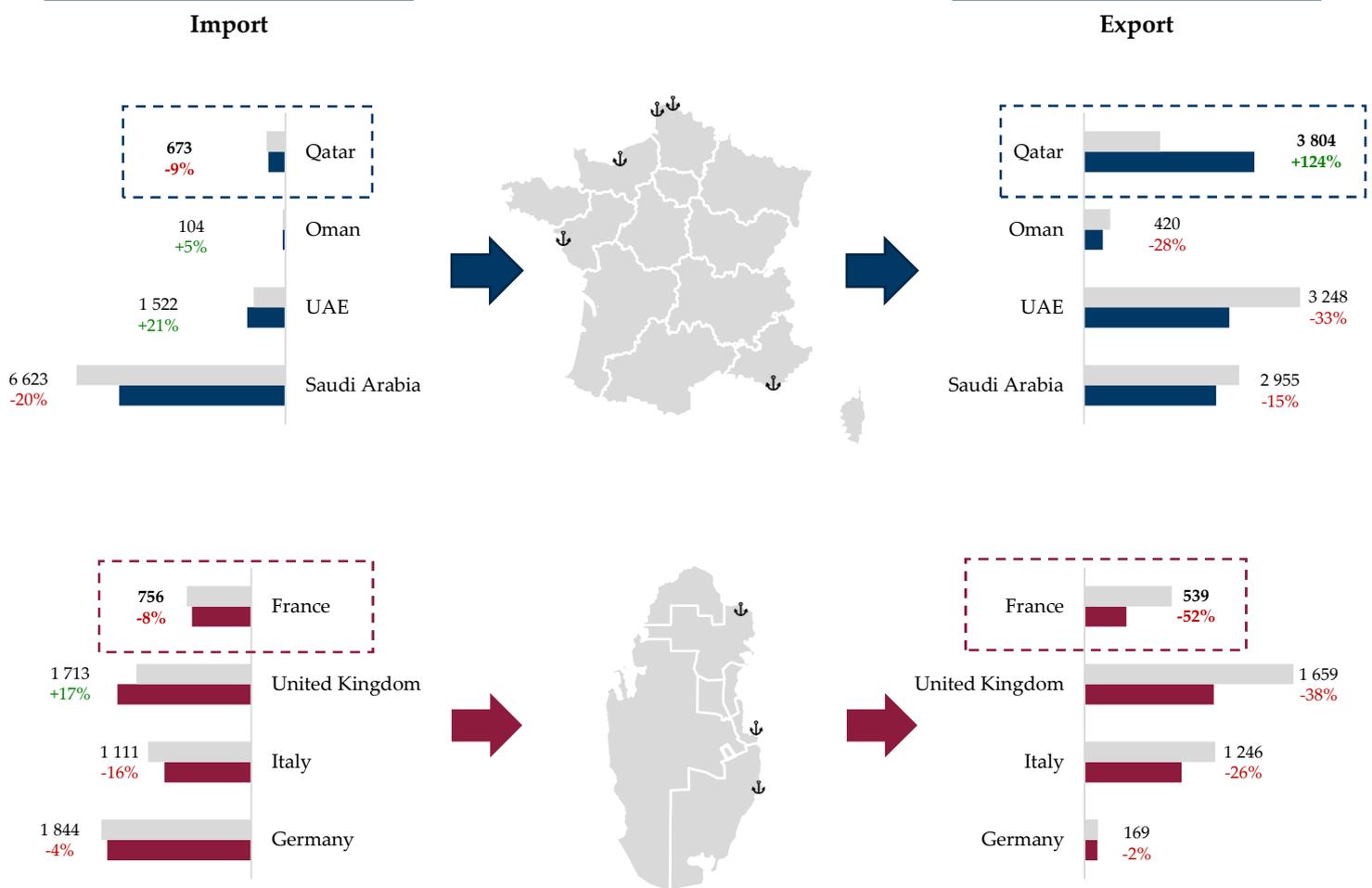
Given the difference in size between the two countries, a better appreciation of the intensity of the Franco-Qatari trade relationship can be achieved by comparing each country's trade relations with similar nations - in each case, neighbouring countries that are members of their respective regional agreements.

France is a second-tier export partner for Qatar because it largely imports its hydrocarbons from Saudi Arabia (its leading supplier of crude oil in 2019 in terms of volume) and because of the low attractiveness of the European gas market, which explains why the main Qatari export markets are Asian. **By adjusting by the country's population, Qatar's trade relations with France are**

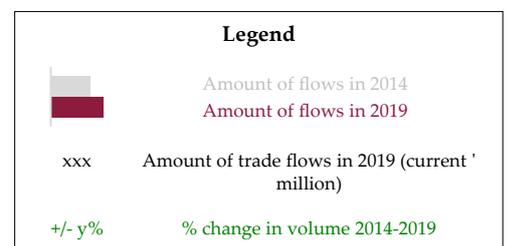
2 to 3 times more intense than those of its neighbours.

France, on the other hand, has considerable opportunities in Qatar. **The French national accounts consider Qatar as the country's 4th trade surplus in 2019.** After Germany, France has the second largest European trade surplus with Qatar. In 2021, France will remain the Qatar's 9th supplier, measured in the amount of goods imported.

While the increase in French exports is largely due to contracts by Airbus and Dassault Aviation, Qatari exports are very sensitive to variations in gas prices.



N.B. Asymmetries in the national accounting of trade are a well-documented phenomenon. The discrepancy between Qatari and French imports and exports is due to differences in accounting standards (recording on order or delivery, taking into account delays, but also different recording of the origin of Airbus aeronautical exports). The reconciliation of these figures is necessarily approximate and subject to error: for the sake of precaution, the figures are given here as they were reported to the World Bank's statistical services by France and Qatar. They therefore do not include exports of military equipment.



Case Study - Technip

A long history of major contracts to develop Qatar's gas potential



The French company Technip¹ is a world leader in project management and infrastructure construction for the energy sector, with nearly 40,000 direct employees. **With a worldwide presence, the company has a significant footprint in Qatar, where it has won major contracts in the past for the construction and maintenance of state-of-the-art oil and gas equipment.** Here are just a few examples:

- 2005: Construction of two liquefaction trains for Qatargas 3 and 4 (EUR 3.3 billion)
- 2013: Creation of two offshore platforms - 100 to 250 million euros
- 2021: North Field East (NFE) - €11.5 billion

This latest contract, which comes shortly after the Technip Energies spin-off, covers the construction of four giant natural gas liquefaction units, each with a capacity of 8 million tonnes of LNG² per year, and associated infrastructure. These facilities, built through

a joint venture with Japan's Chidoya (CTJV), will be connected to the offshore North Field. They will enable Qatar to increase its LNG production by more than 40%, from 77 to 110 million tonnes per year. **This project will be in addition to the 6 mega-trains already built by Technip in Qatar since 2004.** It also includes a modern CO₂ capture and re-injection system, which will reduce GHG emissions by 25% compared to similar facilities.

This project is particularly interesting for Qatar, whose LNG production costs are among the lowest in the world. In terms of market opportunities, the International Energy Agency has confirmed its forecast of an increase in natural gas demand of around 1.5% per year between 2019 and 2025 despite the Covid shock. For Technip, this contract will increase the contractual backlog by 42%, while maintaining Technip at the forefront of global innovation on the **largest LNG project in history.** This investment will have a significant impact on French exports of metals and industrial materials to Qatar.

(1) The company named here "Technip" refers to TechnipFMC between 17/01/2017 and 16/02/2021, and to Technip Energies thereafter (a company that has largely taken over Technip's historical activities).

(2) For more information on the LNG value chain, please refer to the annex.

FIFA World Cup Qatar 2022: a catalyst for relations

The recurrence of partnerships between companies have increased...

The 2022 World Cup in Qatar has ushered in a **new dynamic in the relationship between France and Qatar**. A number of French companies have been able to sign **bilateral contracts** with Qatari players, and the French Team for Sport group is fully involved in promoting **partnerships between Qatar and France, drawing on the know-how of the entire French economic fabric**, from SMEs to large groups, in a number of sectors (construction, security, infrastructure, digital, etc.).

The example of the RATP Dev SNCF - Keolis consortium is particularly telling: the grouping has won the contract to operate and maintain the **metro and tramway in Doha** for a concession that should generate nearly **3 billion euros in revenue over 20 years**. Another alliance of French companies composed, among others, of Thalès, Alstom and Vinci, is in charge of the design of this line. Similarly, smaller groups such as **Serge Ferrari, a French specialist in composite construction materials**, have participated in the construction of infrastructures for the 2022 World Cup, notably more than 30,000 m² of composite fabrics to cover the Al-Rayyan stadium.



Khalifa Stadium Aspire Doha, Qatar

...based on a political will on the part of French legislators



Palais Bourbon (Paris), home to the French Assemblée Nationale

These dynamics are supported by a **strong political will**. With a close relationship built on **several decades of cooperation with Qatar**, bilateral Franco-Qatari partnerships have been translated into legislative debates and bills in the French Senate (the upper house of the French Parliament): the Council of Ministers of 5 January 2022 was devoted essentially to the Franco-Qatari issue, and made it possible to conclude an agreement drafted in 2021 "*establishing a partnership relating to the security of the 2022 World Cup*" to quote the preamble. This project was adopted by the Senate.

THIS IS THE FIRST LEGALLY BINDING DOCUMENT SIGNED BETWEEN THE TWO STATES ON DOMESTIC SECURITY.

This partnership will allow French companies to capture a larger part of the estimated **200 billion euros in economic opportunities** generated by the World Cup. This law follows **President Emmanuel Macron's visit to Doha in December 2021** where, accompanied by a large delegation of French business leaders, he underlined the **mutual benefits and the tremendous commercial prospects of the Franco-Qatari relationship**.

The event stimulates the all-around economic and social progress of Qatar...

The organisation of the FIFA World Cup will have a significant **economic and social** impact on Qatar as a host country. By comparison, the 2018 World Cup generated over €14 billion in revenue for Russia. Observers expect **an even greater impact this time around** as there will be 48 participating teams, up from 32 in 2018.

Similarly, **the influx of tourists will be a real boon**, and certain sectors, such as transport, are placed at the heart of the concerns. Similarly, **more than \$180 billion have been invested since 2017 to fund infrastructure mega projects**, compared to \$13 billion in total investment for the Russia World Cup in 2018.

Beyond the organisation of the World Cup, a full-fledged **project of modernisation and scaling up of the country's infrastructures is at work**. Numerous jobs have been created in various fields (construction, engineering, hotels, etc.), which has led to a massive influx of workers, mainly from South Asia. This migratory wave made Qatar aware of certain shortcomings in labour law. The reaction was immediate and these controversies acted as a catalyst for reforms: for example, a minimum wage of €230 per month and a committee to monitor working conditions were instituted. The recent advances give reason to be optimistic about the future of workers' rights in Qatar, which is increasingly setting itself apart from its Gulf neighbours in this respect.

...and is based on an unprecedented modernisation of the country's infrastructure

More specifically, the hosting of this event has accelerated the process of **infrastructure modernisation**. In particular, the *Smart Cities* project, which as part of the *Qatar National Vision 2030* plan, is currently underway and covers a wide range of areas. The *TASMU Smart Qatar* plan, which aims to **digitally modernise the economy, should bring in more than 11 billion dollars each year**, equivalent to 5% of Qatar GDP. The ambition for December 2022 is to present these *Smart Cities* as the **showcase of the Qatari economy**, which aims to be at the cutting edge of technological advancement. These technological advances are reflected in the generalisation of artificial intelligence, cyber security, intelligent mobility, intelligent air conditioning and lighting systems, but also disruptive and ecological urban planning.

In this desire to diversify its economy by modernising it, Qatar intends to take advantage of its lead in ICTs: the Qatar is ranked **27th by the World Economic Forum in terms of digital maturity**, and this sector generates a revenue of 4 billion dollars (2.3% of GDP).

Ecological awareness is reflected in a new concept of **modular hotels** to optimise accommodation capacity and avoid unnecessary construction: 16 floating hotels with 101 rooms each will be built for the World Cup, powered by solar energy, which can then be moved and reused where there is a need for additional accommodation capacity.

Infrastructure Investment



€ 180 Bn

Annual impact of TASMU Smart Qatar Plan



5% of GDP

World ranking in ICT adoption¹



9th

Visitors in December 2022



1.5 M

(1) Global ranking published by the World Economic Forum – Global Competitiveness Report 2020. ICT: Information and communication technology.

Accor's role in the tournament organisation



Lusail is a greenfield city project located north of Doha, which is to house 200,000 inhabitants in an area of 35km² and host the **opening and final matches of the 2022 World Cup**. Lusail city will celebrate this year the arrival of the very iconic Lusail towers (photo) which are owned and developed by Katara Hospitality and will be managed by Raffles and Fairmont brands under Accor umbrella. The Chairman of Katara Hospitality Ali Al Kuwari is also the Minister of Finance of the state of Qatar.

In 2021, a major agreement between the Qatari authorities and the Accor group was also signed. This partnership stipulates that the French hotelier will be in charge of **operating the real estate mobilised by the host country**, with a potential term extension at the end of the FIFA World Cup. This agreement concerns a number of infrastructures already built, as well as buildings specially designed for the World Cup. Accor **will hire 10,000 people to manage and operate over one million nights in 60,000 flats** and villas during the competition. Although the total amount is yet unknown, these agreements are part of a long-standing relationship of trust between Accor and Qatar, notably through Paris Saint-Germain, which has been sponsored by the hotel group since 2019, to the tune of around €60 million per season.

More generally, the Qatar Investment Authority (QIA) is the second largest shareholder in Accor with a stake of almost 11%. This partnership represents a boon for the French group, as **1.5 million tourists are expected to visit the country during the event**, with a growing number of hotels in Qatar: private homes, cruise ships and the aforementioned 16 floating hotels. **This represents an opportunity for Accor to contribute its excellence and know-how in this field.** All the more so as the construction sector has made a significant contribution to the growth of Qatari GDP since the country was designated to host the World Cup: from 8% of GDP before the designation of the organiser, the industry has risen to almost 15% in recent years, which represents a significant commercial opportunity for Sébastien Bazin's group.



Sébastien Bazin,
CEO of the Accor Group

“ The whole Accor Team is delighted to have been selected to operate and service Qatar's magnificent real estate portfolio. We share the Middle East's excitement for next year's World Cup and look forward to welcoming visitors and providing them with a comfortable and memorable stay in this country. ”



Hassan al Thawadi,
Secretary Gen^l of the
Supreme Committee

“ Through optimal use of the residential flats and villas that have already been built, we will be able to offer visitors a wide range of accommodation options, while sustaining the hotel market and ensuring that Qatar does not face a surplus of hotel rooms after 2022. ”

II.2 Investments

The close economic and diplomatic ties that France and Qatar have sustained for over fifty years are both the cause and consequence of significant mutual productive investment.

In terms of FDI, Qatar has the strongest relationship with France ahead of its neighboring Gulf countries. Symmetrically, Qatar is the Middle Eastern country with the largest stock of FDI in France.

The exhaustive analysis of Qatari investments in France conducted here reveals a **strong diversity of Qatari investments**, which beyond "flagship" investments such as PSG, extend in a balanced way across all sectors of the economy, in line with the mandate of economic return and diversification of the **Qatar Investment Authority (QIA)**, the Qatari sovereign wealth fund. Among Qatari investments, it is relevant to distinguish between portfolio investments (passive and minority stakes in French companies) and businesses directly operated by Qatari players, for example Qatar National Bank or Le Printemps. The latter allow to **develop sectorial expertise with concrete strategic involvement in certain sectors of the economy.**

French companies have a **historic presence in Qatar**, thanks to the early establishment of hydrocarbon majors such as Total and Elf Aquitaine (now TotalEnergies) in the mid-20th century. The development of the Qatari economy has opened up new prospects since the 2000s and a number of French groups have set foot in the Gulf country and have **multiplied their investments via joint ventures.**

This section will quantify bilateral investments (both passive and actively-managed), explain their underlying strategic ambitions and present their future development perspectives.

Qatari investments in France - details

France is the 2nd largest recipient of Qatari investments in Europe, behind the United Kingdom and on par with Germany.

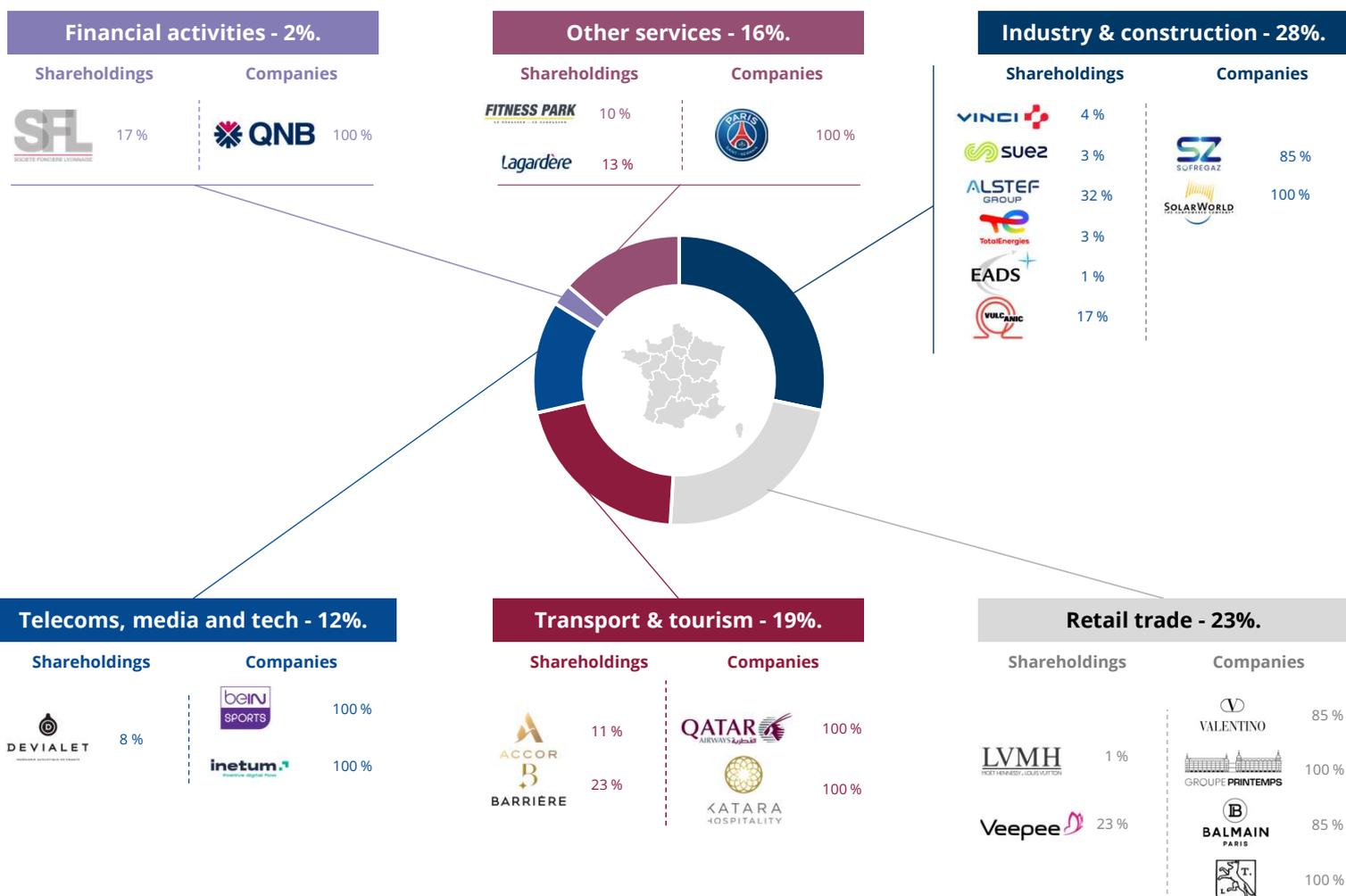
Two types of investments can be identified, each of which has a distinct logic: portfolio investments, and the purchase of all or part of companies. The first is a passive financial investment, the second is a strategic acquisition of business which becomes actively managed by the Qatari actor. These *economic operating structures* are those where the impact of Qatari participation and strategic decision-making on the French economic environment can be most clearly assessed.

In addition, there are elements of a third type of investment: Qatar has significant non-hotel real estate investments in France, which are not depicted here, along with real estate investment by Qatari individuals.

There are three types of players: the main one is the QIA, the Qatari sovereign wealth fund, whose assets are estimated at 400 billion euros. Secondly, subsidiaries of Qatari multinationals (in which the State is often an indirect shareholder via QIA: QNB 50%, Qatar Airways 100%, Katara Hospitality 100%) but also industrialists such as the Mannai Conglomerate; and French Future Champions, a fund created in 2013, which owns French SMEs such as Devialet, Vulcanic or Fitness Park.

Qatari players actively manage their portfolio: over the years, the composition of their investments in France has constantly evolved. For example, in 2015, QIA held 3% of Vivendi and 1% of Orange; stakes that the group has since sold, while it has taken an 11% stake in the hotel group Accor.

The diagram below depicts the sectorial distribution of Qatari investments in France.



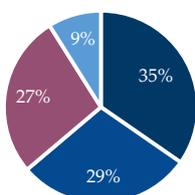
Sources: Corporate financial data (liasses filings, diane, Orbis, Capital IQ, Press), World Bank, Direction Générale du Trésor
Valuation by the multiples method with a benchmark carried out by PricewaterhouseCoopers

The diversity of investments makes the Qatar a powerful provider of capital

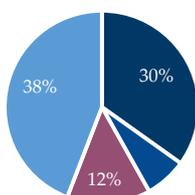
Since 2005, Qatar has been pursuing a strategy of **diversifying its portfolio of assets** in foreign countries and particularly in France, the **second largest destination** for capital flows in Europe after the United Kingdom.

While Qatar is seeking to diversify its economy by **reducing its dependence on hydrocarbons**, its investments in France follow several complementary logics: **acquisition of new skills**, for example to reinforce differentiation in the tourism sector in Qatar; **diversification of Qatari activities abroad** to stimulate the growth of national companies; and last but certainly not least **investment of capital with medium and long-term profitability objectives** as in the real estate sector.

Equity ownership, Qatar, 2017



Equity ownership, France, 2017



Local companies & financial institutions
Government

Local individuals
Foreign players

Qatar's investment policy reflects an ambitious development objective

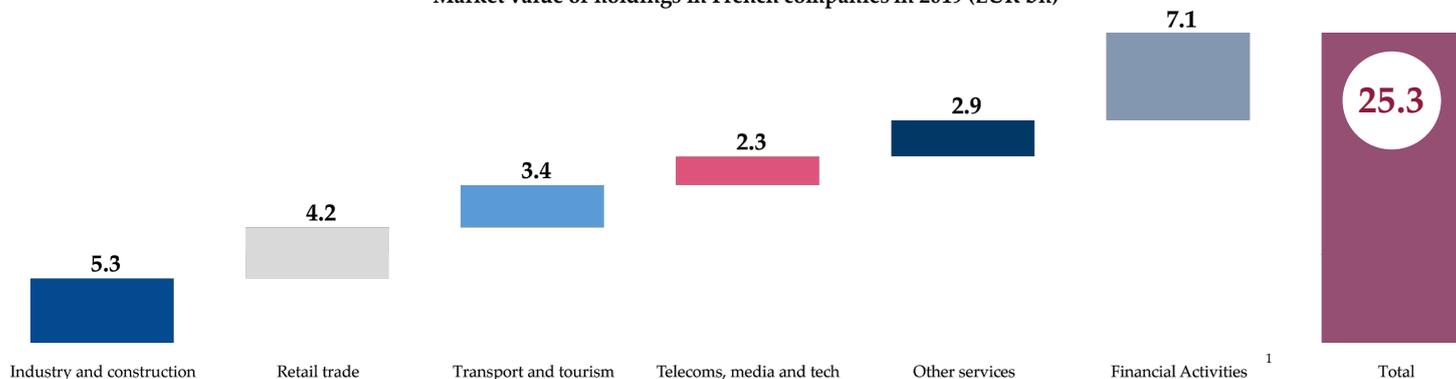
While the press focuses on Paris Saint-Germain and the luxury hotels acquired by Qatari companies and funds, it is important to notice that the capital brought in by Doha is **spread almost evenly over the French economy**.

Real Estate investments and financial activities represent 7.1 billion in 2021. A highly prized sector is **industry & construction**, with major holdings in national champions such as Vinci, Total, Suez and Airbus. The **telecoms** sector is well represented with the sports channel beIN SPORTS, a former subsidiary of Al Jazeera, which has become a key player in the French audiovisual landscape since its arrival on the market with the purchase of the broadcasting rights for the Champions League and other premium sports properties; and Inetum, formerly known as GFI Informatique, which was bought in 2015 by the Mannai conglomerate, which sold it in January 2022 for a secondary LBO by Bain Capital for 2 billion euros.

Although by far the most publicised, the **tourism and transport** sector only ranks 4th amongst the most attractive sectors for Qatari funds in France. In this sector, Qatari State players and their subsidiaries own an 11% stake in Accor and own hotels in Paris (e.g. Royal Monceau) and on the French Riviera (e.g. Carlton Cannes).

Finally, in the **services** sector, investments were made in the main Parisian football club PSG and in the **French Futures Champions fund, a joint venture between Bpifrance and the Qatar Investment Authority**.

Market value of holdings in French companies in 2019 (EUR bn)

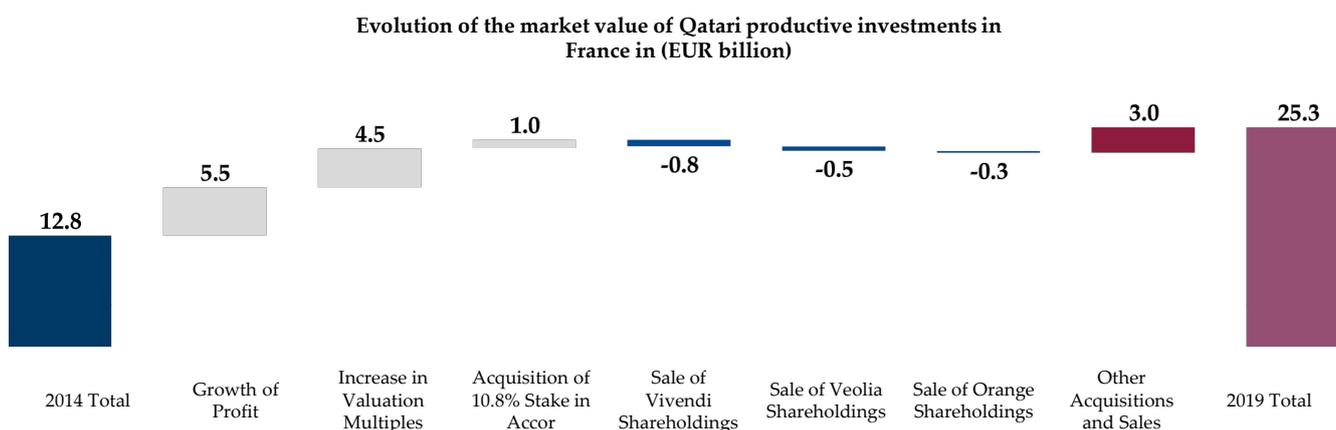


(1) Financial activities here include real estate activities and the total value of net real estate assets held by Qatari companies or affiliates. Real estate investment from qatari individuals are not included.

Sources: Qatar 2019, the Report; Company financial data (tax returns, Diane, Orbis, Capital IQ, Press), Valuation by the multiples method with a study by PricewaterhouseCoopers (methodology in annex)

Historical perspective of investment in France

The value of Qatari investments in France has experienced a continuous rise



This chart provides a historical perspective of the value of Qatari investments in France from 2014 and 2019. Note that after a difficult year in 2020, due to a slowdown of the entire economic environment, stock market multiples have risen to historic levels and beyond. In addition, the structure of Qatari productive¹ investments in France has not changed since 2019 (excluding the Inetum sale): the **valuation of Qatari companies and holdings in France at the end of 2021 is similar to that of 2019**.

The increase in the value of Qatari productive assets in France over the period 2014-2019 is the result of four effects:

Firstly, the growth in profits of Qatari holdings and companies in France is the effect that contributes most strongly to the increase in the value of Qatari productive assets in France over the period 2014-2019. This effect is linked firstly to the good targeting of the investments made, and secondly to the good management of the structures by Qatari players, which has enabled them to increase their profitability over the period considered.

Secondly, it is important to highlight the effect of changing valuation multiples, linked to changing market conditions. A valuation multiple is a ratio between the value of a company's metric and the price that investors are willing to pay on average to buy its shares (modulo net debt). Over the period 2014-19, the French stock market has risen sharply, exceeding the

increase justified by the growth of its companies' profits: companies, particularly Qatari ones, sell for more at a given profit level.

The third explanatory effect is **the change in the ownership structure** (or net acquisitions of companies). Three major changes stand out: the first is the sale of the 3% stake in Vivendi held by Qatar (estimated on the basis of Vivendi's market capitalisation in 2014 to reflect the contribution of this transaction to the change in total over the period). This was followed by the sale of the 1% stake in Orange, and the increase in the stake in the Accor group to 11%. Other acquisitions and minority sales of lesser value should be noted, notably in venture capital, relating to the French Future Champions fund, launched in 2014 in collaboration with the BPI.

The fourth effect that should be highlighted is **the evolution of corporate debt** over the period. Indeed, when a player buys a company, the price he pays (and therefore the value of his stake once the purchase is made) depends on two elements: the value of the company (i.e. its performance metrics, with a focus generally made on the company's expected future profits); and the value of the companies' net financial debt (which determines the share of future profits that will go to the shareholder). This effect is relatively small over the period due to the stability of the debt of Qatari companies in France.

(1) Excluding non-hospitality real estate investments

Economic impact of Qatari structures in France

The different types of Qatari structures in France...

To understand the impact of Qatari companies in France, it is important to distinguish between two types of structures: Qatari companies that have established themselves in France on the one hand, and on the other hand, French companies that have been acquired by Qatari entities that are actively involved in the management of these companies.

The first category includes Qatar Airways, Katara Hospitality, Qatar National Bank and beIN SPORTS. The second category, which is much broader, includes all the hotels bought by Qatari funds and companies, Paris Saint-Germain, Printemps and its subsidiaries, Inetum (until January 2022) and its subsidiaries, the luxury houses Pierre Balmain, Valentino Couture, Le Tanneur and their subsidiaries... With the exception of Inetum, bought in 2015 by Mannai Corporation and sold for €2 billion to Bain Capital in January 2022, all of these companies have been, over the 2014-2022 period, administered by Qatari entities. Qatari players have not made any major acquisitions of new companies in recent years.



Le Printemps Paris Boulevard Haussmann

... have a higher than average economic performance

A relevant approach to study the positive effect of Qatari ownership on the companies concerned and on the economy is to assess the additional growth that this ownership has achieved, by comparing the growth of these companies with that of other companies operating in the same segment.

On average, Qatari companies in the luxury hotel sector are **growing at an annual rate of 1.5 percentage points higher than their peers**. This can be attributed to the massive renovation investment policies which have been put in place by the owners of these hotels since. According to our estimates, nearly **1.3 billion euros have been invested in renovation over the last ten years**. Similarly, **Qatari retail companies have experienced a growth in turnover that is 4 points higher than that of companies in the same sector in the French economy as a whole**. Le Printemps, the main Qatari player in this segment, grew by 6 to 8% per year between 2012 and 2018, driven by its flagship store, Haussmann, which achieved a turnover of more than one billion euros in 2018, compared to 450 million ten years earlier. **Qatari telecom and media companies are growing at 12% per year over the period 2014-2019, 8 percentage points above the sector average**. beIN SPORTS has experienced very healthy growth due to a strong subscriber base coupled with smart strategic partnerships and a rational rights acquisition policy, while Inetum has grown mainly through business acquisitions. Finally, PSG has experienced revenue growth of almost 7% per year since 2014, which represents a 5 point differential with the national average. This is due to the increase in advertising revenues, and the international image which is a source of significant additional income and makes a reputation for PSG which is well above any other French football club.

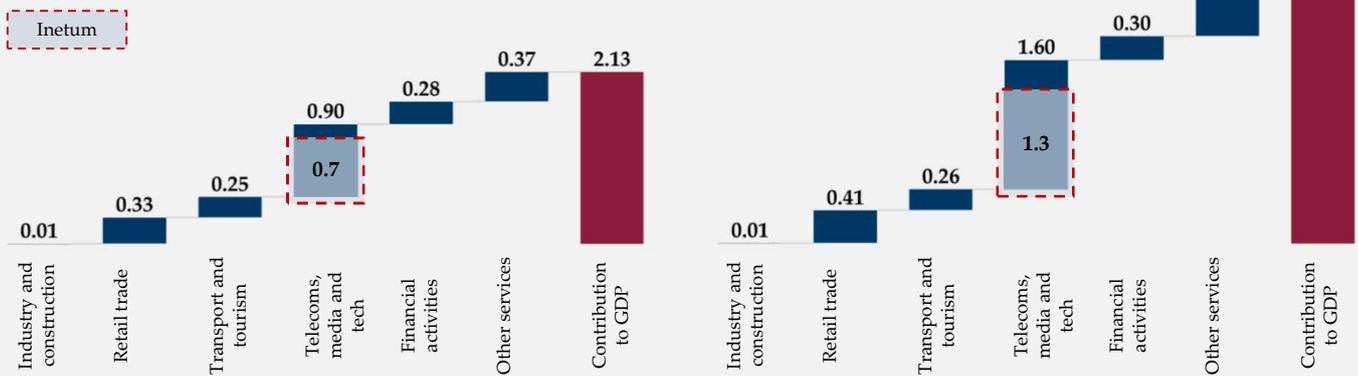
Comparative growth of Qatari companies in France and contribution to GDP

The contribution to GDP of Qatari-operated businesses in France increased from €2.13 billion in 2014 to €3.07 billion in 2019, an average annual growth rate of 7.5% compared to an average annual GDP growth rate of 1.5% over the same period.

It is interesting to note that the growth in the added value of Qatari-operated businesses is only marginally due to business acquisitions (Inetum acquired Metaware in 2016, Business Document and Ordirope

Groupe in 2015). Comparing the revenue growth rates of Qatari-operated businesses in France and the national average by sector, there is a weighted average difference of 5.8 percentage points. This corresponds to the difference in the growth of value added. The gap is reduced by 2 percentage points by removing the contribution of Inetum, which underwent significant external growth between 2015 and 2020 and was sold in January 2022 to Bain Capital for an amount of 2 billion euros.

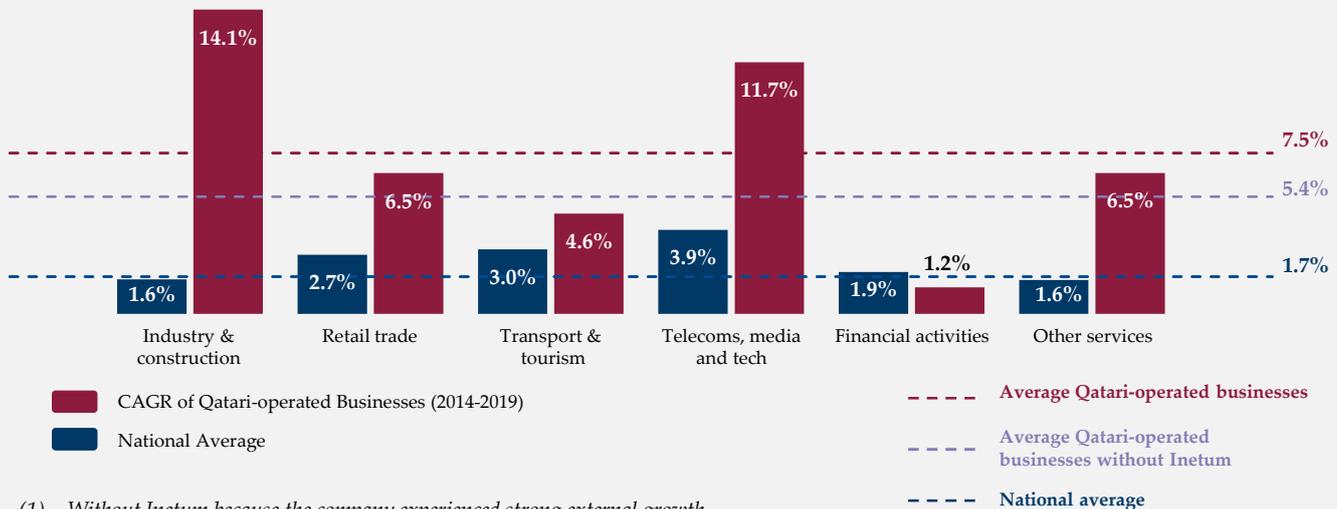
Contribution to GDP (value added) of Qatari-operated Businesses by Industry in 2014 (left) and 2019 (right) (EUR Bn)



Adjusting the average growth in turnover weighted by sector size reveals a differential of 3.7 percentage points¹ between qatari-operated businesses and the French economy. Qatari structures are performing

better than average in all sectors except the financial sector, in which the annual growth of their activity (measured from turnover) is 1.2% on average between 2014 and 2019 against 1.9% at the national level.

Comparative growth rates of Qatari-operated Business and Industry Averages in the French Economy (CAGR 2014-2019)

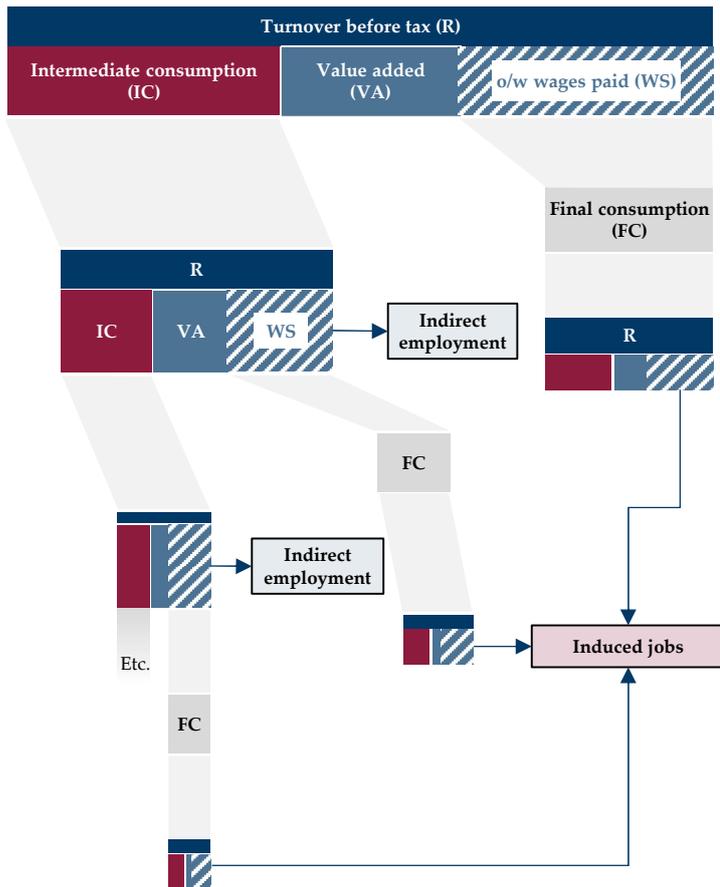


(1) Without Inetum because the company experienced strong external growth over the period under review and the increase in turnover therefore does not reflect the organic increase in business volume.

Indirect impact through intermediate consumption

Diagram showing the trickle-down effect of a given company's activity on the surrounding economy

To make it easier to understand the mechanisms at work, this diagram ignores taxes and assumes that both a company and a household purchase from a single supplier.



In order to measure the impact of a company on the surrounding economy, it is important to define and understand the concept of intermediate consumptions. Intermediate consumptions are all the external expenditure made by a company to obtain goods and services necessary for its production process. Therefore, it is the part of a company's turnover that is already recorded as the output of another company further up the value chain.

The operation of a hotel is particularly telling. To ensure its service, it calls on many suppliers: food companies to provide the ingredients for the restaurants, bakeries for the pastries, architects for the design, public works companies for the renovation, utility companies for water, electricity, the internet, etc.

Each euro spent by this hotel will generate activity, and therefore turnover, in all the sectors mentioned above in proportion to their weight in the overall expenditure and to their labour intensiveness. In these sectors, companies will also distribute intermediate consumption to other players, and so on. Each euro of turnover indirectly creates jobs to an extent that is specific to each sector.

INSEE carries out an annual census of these intersectoral capital movements; these are the input-output tables of the economy, based on a classification of the economy into 37 productive sectors. These tables make it possible to estimate precisely the quantity of activity generated per euro of turnover in a given sector.



N.B. These values are internal estimates for illustrative purposes and have not been reviewed nor confirmed by Le Tanneur.

- (1) Le Tanneur is listed on Euronext Growth
- (2) Full-time equivalent: salaried position equivalent in remuneration to a full-time employee under the conditions defined by INSEE

Sources: Internal analyses

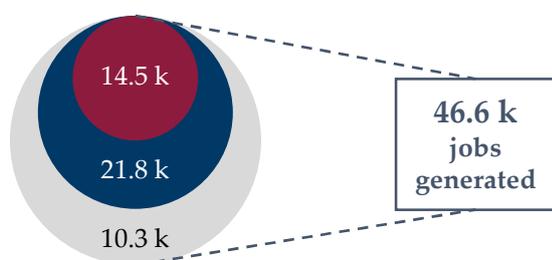
The indirect impact of Qatari companies in France translates into job creation at different levels

Employment is one of the primary indicators of **the territorial impact of economic activity**. It is measured through the **number of jobs created or maintained**, directly by the company but also by its activity. INSEE distinguishes three categories of jobs:

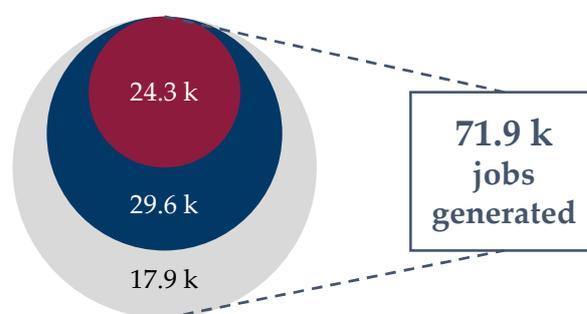
- **Direct jobs** that are within the target institutions;
- **Indirect employment**, which includes staff in suppliers up the value chain ;
- **Induced jobs**, which are those resulting from the final expenditure of the employees of the target companies and its suppliers.

The total is taken as the sum of the **jobs generated**.

Overview of Jobs generated by Degree of Proximity in 2014

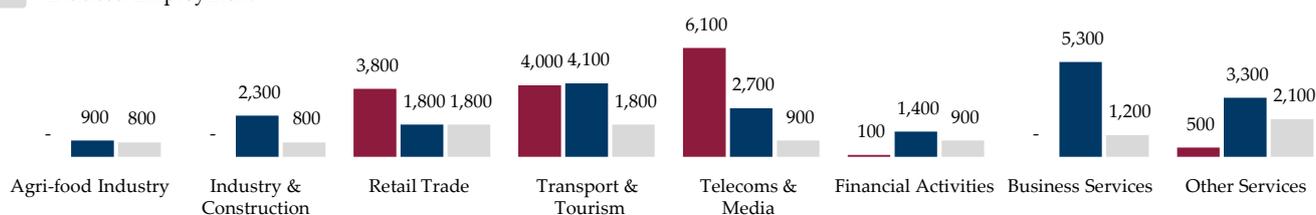


Overview of Jobs generated by Degree of Proximity in 2019

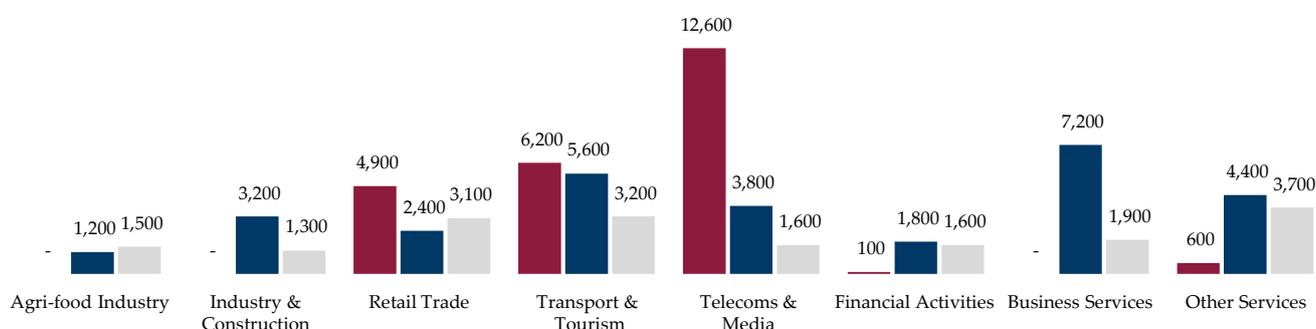


- Direct Employment
- Indirect Employment
- Induced Employment

Number of Jobs generated by Type and Sector in 2014



Number of jobs generated by type and sector in 2019

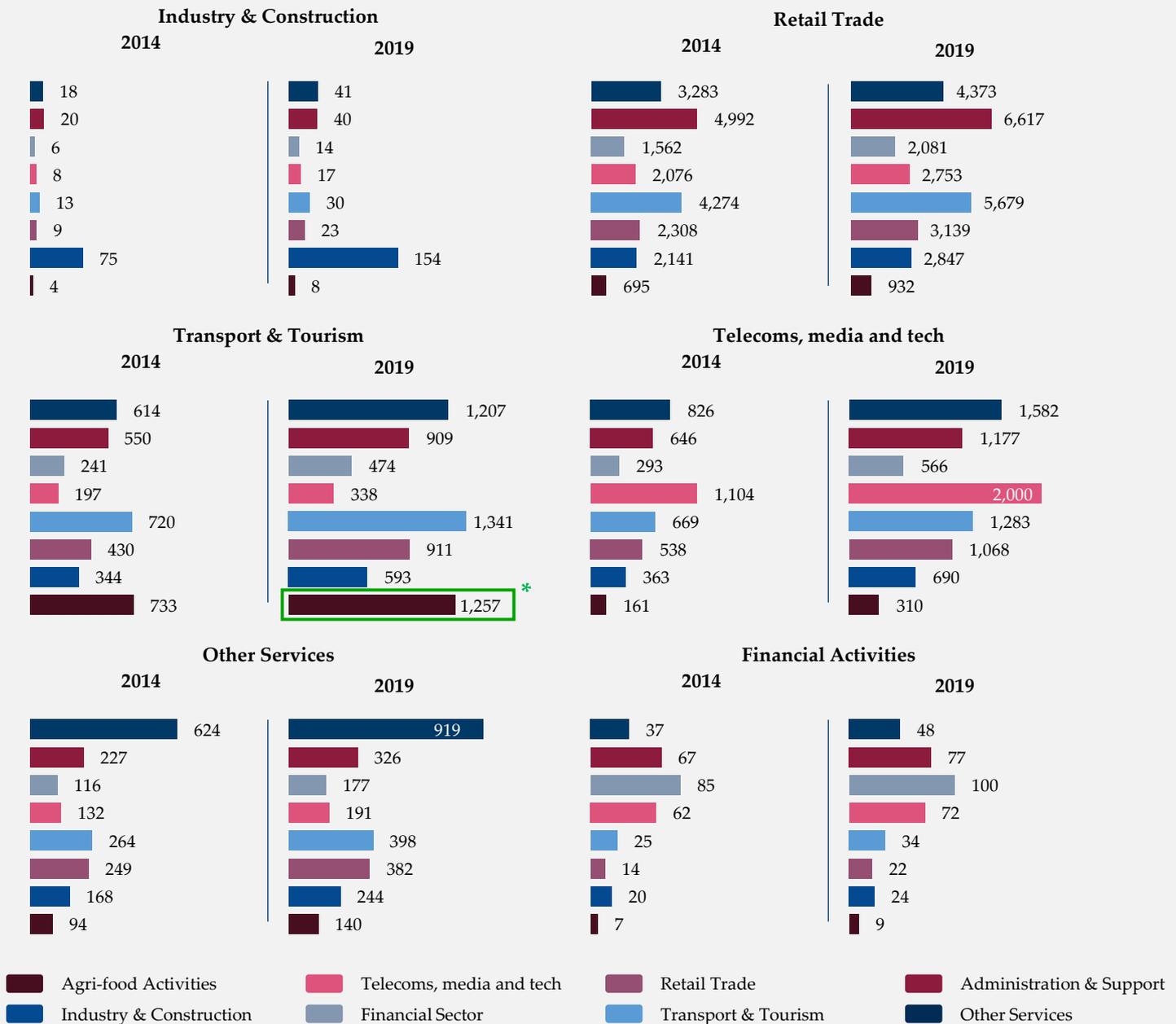


N.B.: The telecom and media sector is particularly prolific in terms of employment due to the acquisition of Inetum by Mannai Corporation¹. Inetum was sold in January 2022 to Bain Capital for EUR 2 billion.

(1) Mannai Corp. is majoritarily owned by Qatar Investment & Projects Development Holding Co. (« QIPCO Holding »).

Sources: Corporate financial data (tax returns, diane, Orbis, Capital IQ, Press), World Bank, Direction Générale du Trésor
The estimates were made using a methodology derived from the analysis of INSEE's Symmetric Input-Output Tables - see methodological appendix

Details of the distribution of jobs generated by Qatari Operating Units in all industries¹



* Reading key

Qatari companies in transport and tourism sector contribute to create 1,257 jobs in the agri-food sector through their intermediate consumptions and wages paid to their employees.

- (1) The jobs generated represented here do not cover direct employment
- (2) The telecom and media sector is particularly prolific in terms of jobs due to the acquisition of Inetum by Mannai Corporation. Inetum was sold in January 2022 to Bain Capital for EUR 2 billion.

Tourism - a key sector for Qatar

A strategy to develop expertise in the luxury hotel industry...

As part of a strategy to diversify its economy, Qatar has committed to develop expertise in the luxury hotel sector. Thus, a number of Qatari investments have been recorded since 2010 in this industry. Katara Hospitality, the hotel subsidiary of the Qatar Investment Authority, has a significant activity in France with the ownership of the prestigious Peninsula, Carlton Cannes and Royal Monceau hotels and the forthcoming opening of Maison Delano in partnership with Accor. The Constellation group, affiliated to the royal family, owns the prestigious Hôtel Intercontinental in Paris, the Hôtel du Louvre, the Palais de la Méditerranée in Nice, the Hôtel Constellation Etoile, the Martinez in Cannes, which are entrusted to management companies such as Hyatt. These acquisitions are completed by the real estate subsidiary of the Qatar National Bank which owns the building of the new Hôtel Fauchon place de la Madeleine.



Carlton
Cannes,
France.

A hotel
owned by
Katara
Hospitality

With these acquisitions, Qatar has invested in French talent and know-how in luxury tourism, which is an interesting growth driver to prepare the after-oil-and-gas period. The country is also taking advantage of the organisation of the World Cup to strengthen its partnership with Accor by entrusting it with the management of part of the country's hotel estate through the Raffles and Fairmont brands.

...which results in significant economic benefits

In addition to providing capital to hotel companies, Qatari investment in hotels has important employment effects on several levels.

IN TOTAL, NEARLY 13,000 JOBS ARE GENERATED BY QATARI HOTEL ACTIVITIES IN FRANCE

Particularly prolific in terms of indirect employment, Qatari hotel investments create nearly 7,000 jobs, all sectors combined, through the recurrent intermediate consumption² of the hotels (in normal periods³). Adding direct jobs, **Qatari hotels in France create or maintain nearly 13,000 jobs.**

In addition to these jobs, there are jobs created directly and indirectly by the renovation work undertaken in most of the historic buildings that house the palaces. For example, the Peninsula Hotel (Katara Hospitality) required a significant investment in construction and renovation work (to the tune of several hundred million euros) to convert it from a conference centre to a palace hotel, a certification which it received in 2016. According to our estimates, nearly 15,000 full-time jobs⁴ have been generated in France over 10 years by the renovation and construction investments made in the hotels owned by Qatari companies and funds.

Hotels are businesses which structurally solicitate a vast network of providers and employees. Hence, every euro in revenue generated by a hotel (and in particular, a high-end hotel like most qatari-owned businesses in this sector) generates a large amount of economic activity throughout its network of providers and through the final consumption of its employees. This redistribution effect makes Qatar an important provider of capital and jobs in all economic sectors due to the previously described trickle-down effects.

- (1) The luxury hotel category referred to here represents the 'Superior Five Star' category of the KPMG 2020 hotel industry study.
- (2) Recurrent expenditure excludes investments made to maintain and renovate hotels.
- (3) The study period de facto excludes the years 2020 and 2021 due to the sensitivity of the hotel industry to the Coronavirus crisis.
- (4) Using the INSEE input-output table methodology. One job considered here is equal to one full-time equivalent for one year

Case study - beIN SPORTS

A successful market entry that benefits consumers and the entire media ecosystem

beIN SPORTS is the flagship sports channel of beIN MEDIA GROUP ("beIN"), one of the world's leading independent media, sports and entertainment groups operating in 43 countries worldwide. beIN's origins date back to the launch of Al Jazeera Sport in November 2003, however the independent beIN brand and business only launched as recently as 2012, with the inception of beIN SPORTS France in June 2012. beIN MEDIA GROUP as a global corporation was subsequently established in January 2014, and over the subsequent eight years it has developed into one of the most diverse media groups in world sport and entertainment. Major group acquisitions during this time include the acquisition of famed Hollywood studio MIRAMAX in March 2016; and the leading pay-TV network in Turkey, Digiturk, in August 2016.

beIN SPORTS France announced itself on the scene in the French broadcasting landscape in 2012 with the acquisition of the UEFA EURO football tournament – one of the premium properties for football fans. In rapid time, the channel expanded its operations with major investments in France, both in terms of TV rights and infrastructure, but also with the acquisition of a building in Boulogne-Billancourt to house the TV group's corporate offices. The group has gradually bought up numerous TV rights around the world, giving it a strong competitive position on the broadcasting of many sports events: the Spanish football championship (reportedly tens of millions of euros per year – recently renewed until 2024), the UEFA Champions League matches (recently acquired in a multi-year deal), Italian and German domestic football, the NBA, NFL and other American sports, together with the 2022 FIFA World Cup. beIN has further ambitious plans for the French audiovisual landscape following the 2022 World Cup, founded on its strategic 10-year partnership (a renewable term of 5 years) with Canal+ as the channel's exclusive distributor. On the commercial side, beIN follows a well-documented « premium but proportionate » acquisition strategy, which keeps costs under control while retaining subscriber interest. beIN's offer is unique: €15 per month without commitment, with the possibility of watching the channels on any device (TV, phone, tablet, etc.).

Since launching in France 10 years ago, beIN has a workforce of around 300 employees headquartered in Paris to satisfy the labour needs of an ambitious and nimble company in a rapidly changing industry. While significant losses were incurred at the beginning of the channel's life in France – which is the case with almost all media groups at their inception with the establishment of market share being the singular priority – beIN SPORTS France is now a profitable business. This is all the more remarkable given the

disruption that the French audio-visual market has faced in recent years. In 2018 a new competitor, Mediapro, grandly announced its arrival in France, inflating the value of Ligue 1 rights by almost 60%. However, within a few months of Mediapro's rights cycle starting in 2020, the company collapsed sending the French sports TV market into disarray. Subsequently Amazon Prime Video picked up the rights, but beIN SPORTS France remains in a healthy position due to its wide spread of exclusive and non-exclusive sports rights, together with its long-term strategic partnership for distribution with Canal+. During COVID, unlike other media companies, beIN retained almost all staff.

While competition is fierce between the various players in sport broadcasting, there is one area where cohesion makes particularly sense: the fight against TV rights piracy. With the democratisation of Pay TV, a number of alternative platforms have emerged. In France, nearly 4 million people watch this content illegally¹. This phenomenon is a financial drain on publishers and broadcasters as they may not be able to generate enough money to pay for TV rights contracts. At the same time, the indirect effects have an impact on a smaller scale: part of the TV rights are paid to amateur sports associations. The amount paid to these associations has fallen drastically as a result of illegal sites, from 70 million euros in 2020 to 35 million in 2021. The clubs themselves also suffer from this fallout, since they are deprived of part of their spectators, who prefer to watch matches through these illegal platforms. This trend has an effect on the whole sport ecosystem.

Thus, beIN has distinguished itself by its proactivity in the field, and by the pioneering role that the group has in the fight against piracy. beIN SPORTS France has created an association that brings together the main publishers involved in this fight (notably Canal+). This has led to concrete results, notably in the fight against IPTV transmitters, which have become the most prolific manifestation of piracy. Blocking order initiatives, thanks to beIN, were translated into law in March 2021, giving industry players legal means to fight against this scourge. Internet service providers now automatically block platforms that have been detected without further recourse to the courts if they have already ruled on them. In January 2022, beIN won a major victory against piracy platforms, obtaining the blocking of these sites thanks to Article L. 333-10 of the Sports Code, which encourages access providers to block these sites.

Today, beIN is now widely acknowledged worldwide as being one of the leading players on anti-piracy.

(1) This estimation is conservative and the real figure is difficult to approach due to the lack of reliable information on the subject.

International perspective of Qatari investment

With its various subsidiaries, the Qatar Investment Authority (QIA) is the main Qatari investment vehicle abroad. With assets valued in 2022 at 400 billion euros, it is the 9th largest sovereign wealth fund in the world, and the 3rd largest in the Middle East, behind the UAE and Kuwait. Its assets under management have increased by 65% in 5 years to reach their historical record in 2022.

It holds minority financial stakes under its own name (or via its subsidiary Qatar Holding) in various companies, and operates a number of companies in which it holds substantial shares, generally via specialised subsidiaries - Qatar Sports Investments, Qatar Luxury Group, Qatar Holding. Finally, it has majority stakes in most of Qatar's national flagships: Qatar National Bank, Qatar Airways, Katara Hospitality, Al-Jazeera, Ooredoo, Qatari Diar.

QIA's investments are highly diversified sectorally. Here are some examples¹:

- In the **agri-food sector**, the Qatar, in search of food independence, has made major purchases of land, notably in Australia, Brazil and Kenya, via Hassad Food.
- **Industry and construction**: Volkswagen, Ooredoo, Glencore, Vinci, Royal Dutch Shell, Rosneft, TotalEnergies, Iberdrola, HK Electric Investments.
- **Retail**: Sainsbury's, Harrods, Printemps, Dufry.
- **Transport and tourism**: Hapag-Lloyd, Accor, Heathrow Airport Holdings, Katara Hospitality, ICAG, Qatar Airways.
- **Telecom and media**: Al-Jazeera, Ooredoo, Gigamon Inc, Miramax.
- **Financial and insurance activities**: Credit Suisse, London Stock Exchange, Banco Santander Brasil, Barclays, Qatar National Bank, Agricultural Bank of China.
- **Other**: PSG, other minority holdings.



جهاز قطر للاستثمار
QATAR INVESTMENT AUTHORITY

The QIA has investments spread across the world, and looks for the specific area of expertise in each country. The geographical and sectoral distribution of QIA's investments is a good indicator of the comparative advantages of each country. Very roughly speaking, the fund invests in Germany in automotive, in the UK in finance and real estate, in France in tourism, construction and luxury, in the US in infrastructure, in Russia in energy, in China in energy and finance...

Recently, the QIA's investment profile has diversified both geographically and sectorally, in line with the fund's mandate and National Vision 2030. At the beginning of 2021, the Qatar Investment Authority, via the Deputy Prime Minister and Minister of Foreign Affairs Sheikh Mohammed bin Abdulrahman Al Thani, announced that the fund would target new investments in Asia in order to move away from Europe, which currently concentrates most of its investments. China, India, Malaysia and Singapore are targeted. An ambition has also been communicated to increase the share of its investments in North America to 10%. The QIA, whose portfolio is rich in symbolic investments or in real estate, industry and finance, is also seeking to introduce more sectoral diversity into its investments by focusing on sectors of the future (venture capital, biotech, AI, telecoms). One example illustrates these two trends: in January 2022, the fund made three investments in scale-ups worldwide (Checkout.com - USA, Swiggy - India, Bodhi Tree - Malaysia), confirming a trend that is already well underway for 2021.

The QIA is of course not the only vehicle for Qatari investment abroad: private companies, particularly those owned by the ruling families, are making investments around the world. For example, in France, Mayhoola for Investments has owned the French fashion designer Balmain since 2016. **QIA and its various subsidiaries account for 86% of Qatari productive² investments in France³.**

(1) List of QIA's main investments valued at more than EUR 500 million in 06/2017. In addition to these holdings, there are corporate bonds, treasury bills and various financial derivatives, the exact composition of the portfolio is not disclosed.

(2) Excluding non-hospitality real-estate investments.

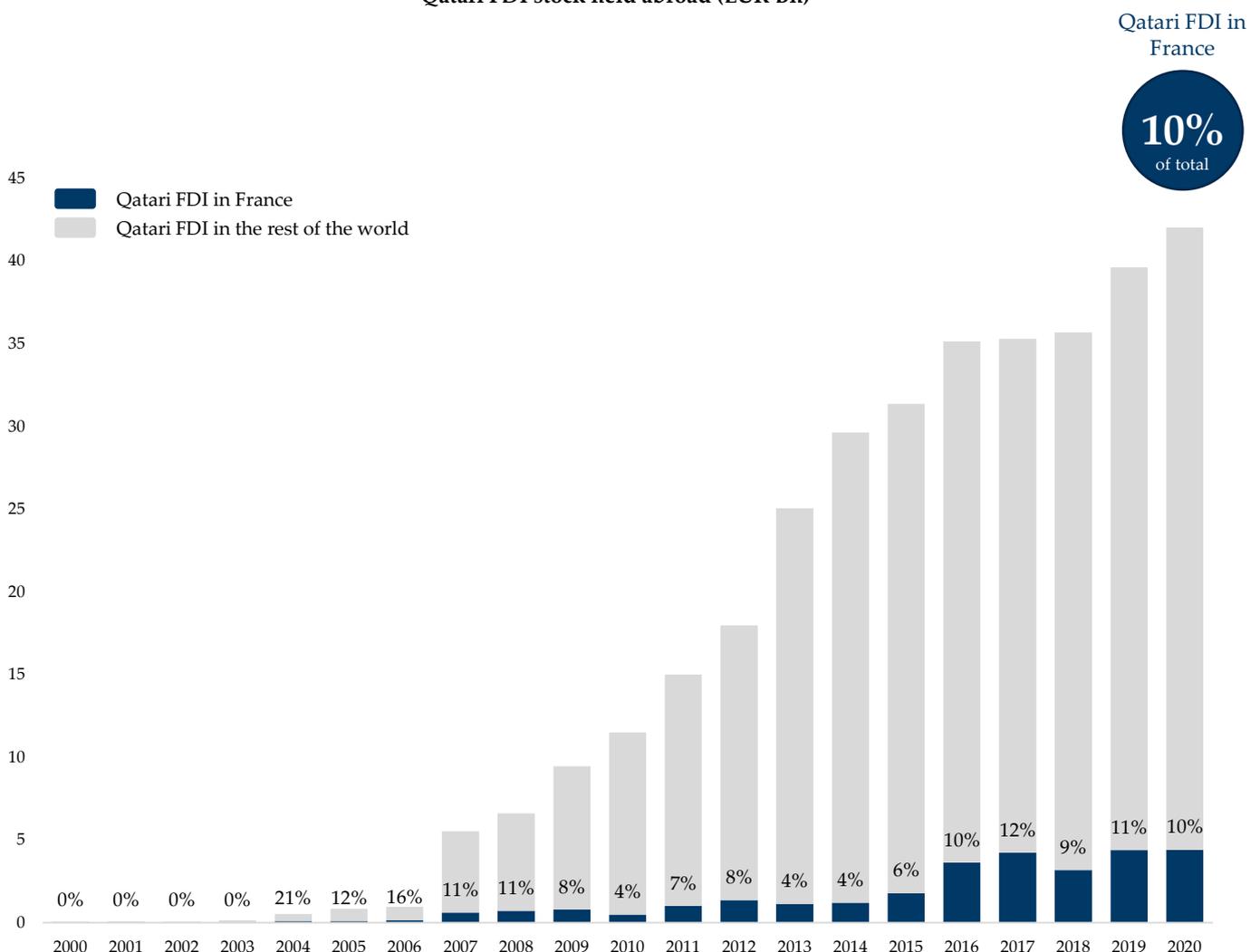
(3) Value of the shares of these companies in 2019 valued according to the methodology specific to this report - details in annex.

Historical perspective of Qatari investment

Qatari investments abroad increased greatly from 2006 onwards, the date on which the reflection over the Qatar National Vision 2030 plan was initiated (the Plan was published in 2008). Investment abroad, and in particular in France, is a preferred vector for diversifying the economy of a country which then began to assume international presence and stature. France plays a special role: **Qatar is the Middle Eastern country with the largest stock of FDI in France.**

France has always been a preferred recipient of these investments, particularly since the end of the 2000s and the period of the Sarkozy mandate. Since then, France has been able to maintain its rank by remaining attractive to Qatari players due to the intrinsic attractiveness of its economy and the incentives and partnerships concluded since then with Qatar. **Qatari FDI in France has been increasing in proportion to the global total since 2016.**

Qatari FDI stock held abroad (EUR Bn)



FDI is an imperfect estimator of the real amount of Qatari investment in France due to a triple omission:

- They do not include real estate investments
- They do not include investments made from non-Qatari structures (i.e. Luxembourg)
- They do not include minority shareholdings in listed groups or financial investments (shares or other financial products)

Sources: UNCTAD, Banque de France. Figures in current euros.

Potential of the French economy and investment

A dynamic and attractive domestic market

With the world's 7th domestic market and a highly centralised economy, France offers considerable opportunities and a large workforce for companies to set up there. In addition to this strong domestic demand, some 90 million tourists visit France every year.

Efficient infrastructures

France has the most efficient road network in Europe, two world-class ports and Europe's second busiest airport. The country also has the best rail network in Europe and is the only country to offer land access to the United Kingdom with the Channel Tunnel. The digital infrastructure is just as well developed: more than 90% of the territory in 2021 will be covered by the 4G network and the 5G network will be deployed by the end of 2021. The French are European leaders in the cloud, with world-class flagship companies such as OVH and 3DS Outscale.

An economy at the technological frontier

France has a dynamic and innovative economy. The country has the most qualified workforce of the OECD countries and attracts many foreign students to its multiple world-class universities and *Grandes Ecoles*. This translates into a strong innovation dynamic: the country has, for example, the largest startup incubator in the world and the 2nd largest number of unicorns in Europe. This dynamism is strongly encouraged and supported by the state¹.

A pronounced expertise in sectors of strategic interest to Qatari players.

France is the country with the largest agricultural production in Europe and benefits from a highly developed agri-food complex that allows it to be self-sufficient in food. In addition, France is a world leader in the tourism and hotel sectors. Furthermore, France has a high expertise in the luxury industry. Finally, French expertise is also expressed in the manufacture of advanced civil and military equipment (Arianespace, NavalGroup, Dassault).

1st

Exclusive Economic Zone (EEZ) in the world

1st

European recipient of foreign industrial investment, 2020

1st

World tourist destination

7th

Global infrastructure network, and 3rd in Europe according to the World Economic Forum

1st

Fastest rail network in Europe

1st

European ranking for foreign R&D investments, 2019

1 m

of businesses created in France in 2021

1st

EU agricultural area

3rd

World exporter of military equipment³

(1) For example, the CIR: Research Tax Credit, a tax reduction calculated on the basis of R&D expenditure incurred by companies.

(2) France Economic Attractiveness Dashboard by EY (2020, 2021)

(3) World ranking over 2017-2021 by SIPRI

French companies in Qatar - detail

French companies in Qatar are particularly present in construction and energy, but are globally present in all business sectors. There were 120 at the last census in 2020¹ by the *Direction Générale du Trésor*. The presence of these companies on Qatari soil is relatively recent if we disregard the historical establishments of Elf Aquitaine and Total (Now TotalEnergies) which are historically operating in the Qatar. The quick development of Qatar's infrastructures has motivated

the arrival of a number of french companies in the industry and construction sector. And the more the country develops, the greater the diversity² of French players present in Doha. The latest major example is Société Générale, which announced in 2020 that it would enter Qatar in 2021, to become the second largest French bank in the country behind BNP Paribas that has already many hundreds of employees there.



- (1) Of which 31 are subsidiaries of Total, Vinci and Engie and are grouped here under the aegis of their parent company, giving 89 companies
- (2) Businesses in the trade and tourism sector are mostly organised as franchises, which is why their weight is low here
- (3) In the absence of proper accounting for most of these players and due to the diversity of legal and shareholding structures, the percentages are given here in terms of the number of establishments in Qatar

French franchises in Qatar - detail

Franchising is a development model based on a contract between a franchisor and a franchisee, the franchisor is a company that has developed a specific activity associated with a particular concept and the franchisee is an independent legal entity that operates the franchisor's model. French franchises are present in two sectors, retail and restaurant/hospitality. These two sectors are particularly relevant for the franchise model, especially when the destination economy is based on such different foundations than the original one. Indeed, relying on the franchise model allows for rapid growth opportunities thanks to the established know-

how of local players who develop their business under the umbrella brand. This is reflected in the pre-eminence of these players on Qatari soil.

Due to the peculiarities of the franchise business model, this type of establishment only exists in the transport and tourism and retail sectors, which are the most suitable sectors.

The graph below shows the repartition of these franchises.



(1) The list shown here is not exhaustive
 (2) In the absence of proper accounting for most of these players and due to the diversity of legal and shareholding structures, the percentages are given here in terms of the number of establishments in Qatar

Current status and historical perspective

An early presence marked by the predominance of the oil and gas sector

As early as 1936¹, Total set foot in Qatar in the context of exploration for deposits with Iraq Petroleum, in which it was a shareholder. The Middle-East Company established a local subsidiary, the Qatar Petroleum Company to endorse this responsibility. Three years later, the Dukhan field was discovered but did not come on stream until 1949 because of the war. **Since then, what has become TotalEnergies has been present at all levels of the oil and gas value chain: exploration, extraction, liquefaction, polymers, export, etc.**

Total also owns 20% of Qapco, a joint venture with Industries Qatar for the production of polymers and plastics derived from oil since 1974, and 48.6% of Qatofin, a refinery that produces 600,000 tonnes per year of oil-based polymers such as polyethylene.

Elf Aquitaine², now owned by TotalEnergies, has also been active in Qatar since the creation of Qapco, in which it had a 10% stake. In 1987, Elf explorers discovered the Al-Khalij offshore field off the coast of Doha and Elf really set foot in Qatar. A few years later, in 1997, it won the exploitation of part of North Field for 25 years.

In total, the French company which bought Elf in 1999 holds a 20% stake in Qatargas 1, a 10% stake in the Qatargas 1 liquefaction plant, a 16.7% stake in Qatargas 2 train 5, a 40% stake in the Al-Khalij oil field, a 30% stake in the North Oil Company which operates the Al-Shaheen field, a 24.5% stake in Dolphin Energy, a 10% stake in the Ras Laffan refineries, a 20% stake in Qapco and a 48.6% stake in Qatofin. **TotalEnergies is one of the largest hydrocarbon players in the Gulf.**

While oil attracts French investment, gas is also an area of expertise for French companies. In 1972, the North Field was discovered and in 1986, Total and BP formed a joint venture with Qatar Petroleum, which had been nationalised twelve years earlier, Qatargas, to produce, liquefy and export gas from North Field.

Technip also has a strong industrial presence in Qatar: **the CTJV joint venture with Japan's Chidoya has won over \$25 billion in contracts in Qatar since 2004.** This company, capitalised in Qatar, has a solid local industrial activity at the same time as it generates commercial flows from France in particular.

In 2006, Air Liquide created a **joint venture, Gasal**, with Qatar Petroleum and Qatar Industrial Manufacturing Company, for the production of gas, nitrogen, hydrogen... Air Liquide was also selected in 2010 by RasGas for the delivery of a helium extraction, purification and liquefaction unit in Ras Laffan for 38 million m³ of helium per year. This service unit brought Qatar's helium production capacity to approximately 38 million cubic metres of helium per year, making Qatar the world's second largest producer with 25% of global production.



Aerial view of an offshore oil rig

- (1) As early as 1935, Iraq Petroleum, in which Total is a shareholder, became interested in the region and created subsidiaries in neighbouring countries.
- (2) Public company resulting from the merger of the Régie Autonome des Pétroles, the Société Nationale des Pétroles d'Aquitaine and the Bureau de Recherche de Pétrole in 1966. It was privatised in 1994 and bought by Total in 2000 to form TotalEnergies.

...which is now complemented by joint ventures...

Vinci Construction has been operating in Qatar since 2007 through a joint venture called QDVC, the result of a partnership with Qatari Diar (49%-51%), a subsidiary of the Qatari sovereign wealth fund. QDVC is involved in several major transport projects, having won the contract to design and build the Lusail tramway in 2012 for 1.5 billion euros, which mobilised more than 3,000 people. **The extension and modernisation of the road and rail network also brought Saint-Gobain to Qatari soil in 2014**, with the signing of a contract worth 200 million euros. This contract is part of the "Security Mega Reservoirs" project led by Qatar General Electricity and Water Corporation, with the aim of providing the country with a seven-day supply of drinking water.

For the Doha metro, a project in which not only Alstom but also Keolis and RATP are invested through their joint venture RKH, a concession contract worth over 3 billion euros was signed in 2017.

Owned 51% by the state-owned company Qatari Diar and the investment company Barwa, and 49% by GDF Suez Energy Services and Suez Environnement, a joint venture was created in 2008 to provide services to communities in the region in the areas of water supply and treatment, wastewater treatment, waste management and energy.

...and company locations in all sectors

Engie is Qatar's largest independent power and water producer, as is Schneider Electric, which is a major supplier to Qatar Rail and Kahrama. In 2008, Areva Transmission & Distribution signed a contract worth a total of €470 million with the Qatari electricity and water company Kahrama.

In the banking sector, BNP Paribas employs 515 people in Qatar - one of the only French banks, along with Société Générale, which is established on Qatari soil. In the insurance sector, AXA's presence is notable: in 2011, for example, the insurer won the health insurance contract for the staff of Qatar Petroleum, including 12,000 employees and some 23,000 members of their families. Axa has 500 employees in this region, spread over 11 offices.

The retail sector is represented by Carrefour, with more than 1,700 employees, but also Casino and Monoprix, which opened on 1 June 2021 in Doha under a franchise with Ali Bin Ali, on 6,000 m².

A large number of franchises also represent the major French brands, such as Jennifer, Camaïeu, Etam, Sephora in distribution and fashion; Paul, Lenôtre, Pierre Hermé (one shop), Ladurée, Angelina, Fauchon for restaurants; Louis Vuitton (one shop in Doha) and Chanel for luxury goods; and many others including FNAC (5 shops in Doha) and JouéClub.



View of Lusail Flyover (left). Skyscrapers in the Dafna district of Doha (right)

The impetus of the Qatar 2030 plan

The Qatar National Vision 2030 plan sets out development goals for the country...

The Qatar National Vision or Qatar 2030 plan is a national development strategy, organised from 2006 and unveiled in 2008 by Emir Al-Thani. The objectives of QNV 2030 can be compared to other development plans in the Middle East, for example Vision 2035 in Kuwait or Vision 2030 in Saudi Arabia. **This strategic plan aims to make Qatar an advanced society capable of sustaining its development and providing a high standard of living for its people by 2030.** In particular, it defines the country's long-term ambitions and provides a rigorous and motivating framework for the various national strategies. As such, the national development strategy implemented between 2011 and 2016 aimed to ensure that the 16 ministries involved in the QNV plan would be able to achieve the stated goals.

The Qatar 2030 plan is based on four central pillars: economic, social, human and environmental development. More concretely, Qatar is seeking to meet several major challenges to which it is already exposed: modernising and preserving its traditions, meeting the needs of current and future generations (water, food, education), managing economic and demographic growth, controlling the flow of foreign labour (with the aim of workforce *Qatarisation*) and preserving the environment in a context of depleting fossil fuels.

In terms of the Qatarisation of the workforce, while the stated objective was to have a 50% local workforce by 2030, the significant needs to carry out the infrastructure projects that the modernisation plan envisages are coming up against the structural limitations of the Qatari demography, which results in a significant influx of foreign labour: the Qatari territory is home to nearly two million foreigners. Faced with such ambitious goals, Qatar is forced to prioritise its aspirations.

...and paves the way for foreign companies to set up in the emerging country

Conversely, certain indicators, particularly in terms of economic or human development, bear witness to the efforts made by the Qatari government. The growing literacy of women (96%) or the drop in the share of hydrocarbons in GDP (from 58% to 36% between 2000 and 2019) are among the concrete achievements of the Qatar 2030 plan.

The Qatar nourishes deep ambitions and the prospects for development are numerous: public policies are constantly evolving to favour the establishment of foreign businesses.

The government introduced reforms in 2015 to change the country's foreign investment regulations by allowing 100% foreign ownership of companies in more economic sectors, and is also implementing a regulatory regime to combat corruption and anti-competitive practices. These policies create a business-friendly environment, with one of the lowest corporate tax rates (only 10%). There are no property or transfer taxes either: the country ranks third in the world in the World Bank's 2020 Doing Business report for its tax regime, which makes it very attractive to foreign companies. The country also has no withholding tax on dividends, and interest and royalties are subject to a 5% withholding tax.

There is no doubt that these **public and economic policies are an invitation, the tax and regulatory environment being more than advantageous for groups wishing to develop in Qatar.** The only constraint is that foreign companies are obliged to use local agents to deal with sponsorship and employee housing issues, which contributes to the trickle-down effect for the Qatari economy.

The impact of French companies in Qatar

French structures are a key element in the development of large projects

Vinci Construction is in charge of the gigantic infrastructure sites for the Lusail tramway. This site alone has created a base camp of 1,200 workers, according to Hans Mielants, Vinci Construction's human resources director, most of whom were recruited in South-East Asia in 2019.

The Doha metro line is a major construction project that requires the presence of numerous subsidiaries of French companies in Qatar. The Saint-Gobain group is directly involved in the supply of raw materials and construction materials: Saint-Gobain installed more than 115,000 m² of mineral wool, 26,000 m² of plasterboard, 14,000 tonnes of mortar, 6.5 million litres of additives to protect the concrete structures, 40,000 m² of extra-clear glass, 4,000 m² of anti-reflective glass, 500 m² of fire-resistant safety glazing and 250 tonnes of pipes to carry drinking water and waste water. This architectural achievement also contributes, in a more indirect way, to the enrichment of the city, which has been made much more attractive with this 98-kilometre long "Red Line" linking the city of Lusail to the centre of Doha and the international airport, and will serve the stadiums that will host the matches of the next football World Cup.

The industry and construction sector is growing steadily in Qatar: In the 2000s, employment in the industry sector represented 36% of total employment in Qatar. In 2019, this sector now represents 54% of total employment, a figure that has remained stable since 2011. These infrastructure projects are a logical part of the major 15-year €200 billion infrastructure investment programme to accelerate the country's catching up process and adapt to the growth of its population, which has tripled in 10 years. Along with Vinci and Saint-Gobain, many other French industrial groups, attracted by these opportunities, have established themselves in the Qatar. Among them are Alstom, Bouygues Construction, EDF, Engie, Schneider Electric, Suez, TotalEnergies, Vinci.

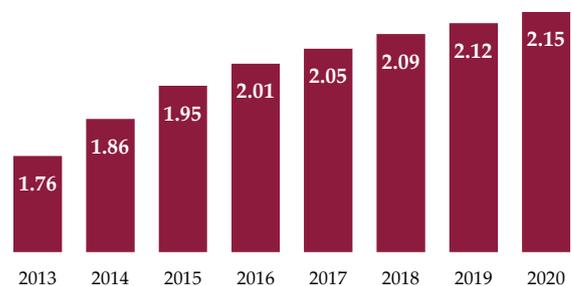
They promote the training of the Qatari workforce

In 2017, RATP announced the need to recruit and train 1,500 employees in less than a year as part of the Doha metro concession contract and its deadlines, a target that was met.

In the same vein, QDVC has deployed a base in Al-Khor, in the north-east of Qatar, to house up to 6,000 workers for the Lusail project. **It employs nearly 10,000 people in the country.**

Further upstream in the training process, Thales, as part of its efforts to secure the Port of Doha, created a partnership with Qatar *University* in 2013 to create a teaching chair in the Computer Science and Engineering department of the Faculty of Engineering in the fields of cybersecurity and computer security. The Qatari students in Electrical Engineering and Computer Science and Engineering are directly concerned by the creation of this Chair, which offers them the opportunity to learn about new technologies in the field of cybersecurity, an issue that reaches its climax in the context of the World Cup. This is a real mark of cooperation between the academic world and industry, promoted by a French company, in the field of information systems and data security.

Active workforce in Qatar from 2013 to 2020 (million people)



Case Study - Gaussin

Technological cooperation to produce the first Made in Qatar electric vehicles



Among the diversification projects and the increase in skills in Qatar in high added value sectors, an emblematic example is the case of Gaussin. Technology transfers also have their place in the automotive industry, and the end of 2021 proved it with the presentation of the first electric vehicles "Made in Qatar", manufactured by the French company Gaussin in its factory in the Qatar Free Zone - Ras Bufontas.

This specialist in electric mobility solutions was chosen by the Qatar Free Zone Authority in 2020 to build a first assembly plant. In early December, Gaussin delivered 22 ATM38T electric tractors to QTerminals, the operator of Hamad Port.

GAME, a joint venture between Gaussin and Al Attiya Motors, the main Qatari car importer, was created on this occasion, with which an exclusive 20-year licence was signed for the delivery of these electric vehicles, with an initial fixed fee of 20 million euros. This is a way of linking the two players financially and strategically,

and the partnership is intended to extend to airports, logistics solutions and smart cities in Qatar and the entire Persian Gulf.

This initiative is in line with the Qatar 2030 initiative: on the economic pillar, it aims to achieve an increase in skills and the diversification of the Qatari economy into activities with higher added value not related to hydrocarbons; on the ecological pillar, these new vehicles will reduce the carbon footprint of the port and will contribute to promote the use of electric vehicles.

Through this partnership, Hamad port sets itself at the regional technological frontier of green heavy-duty industrial vehicles.

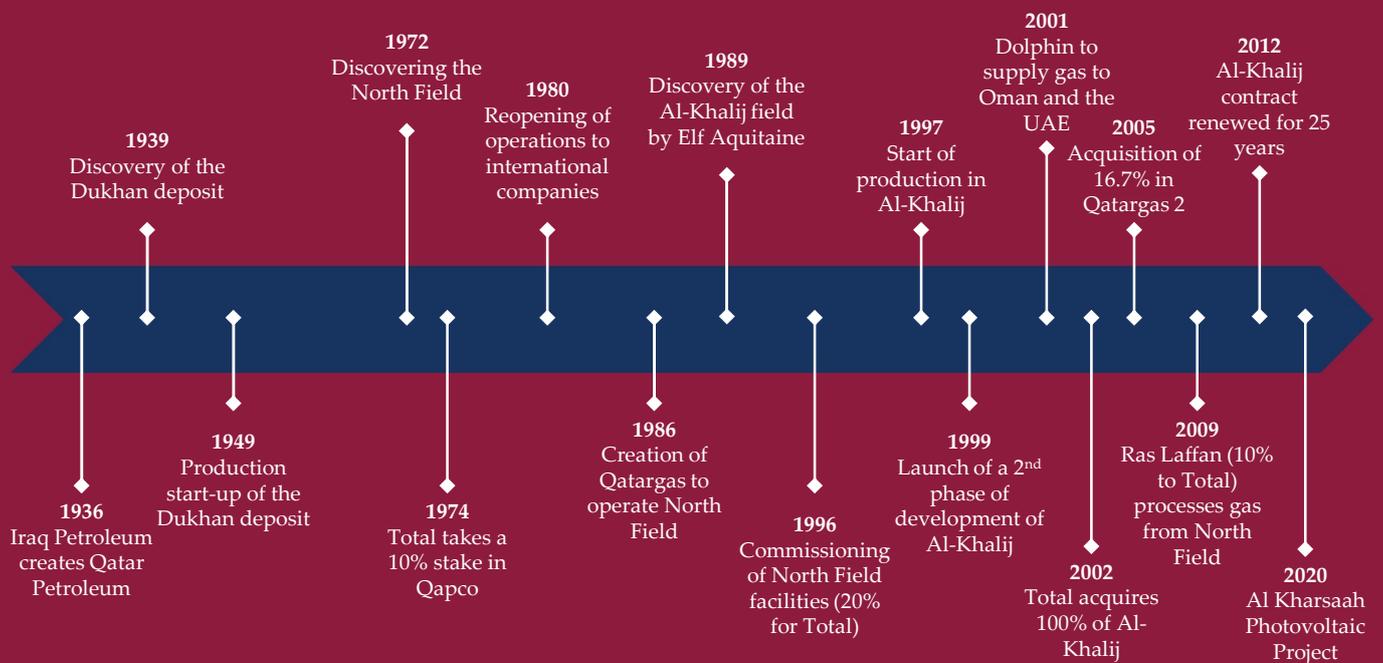
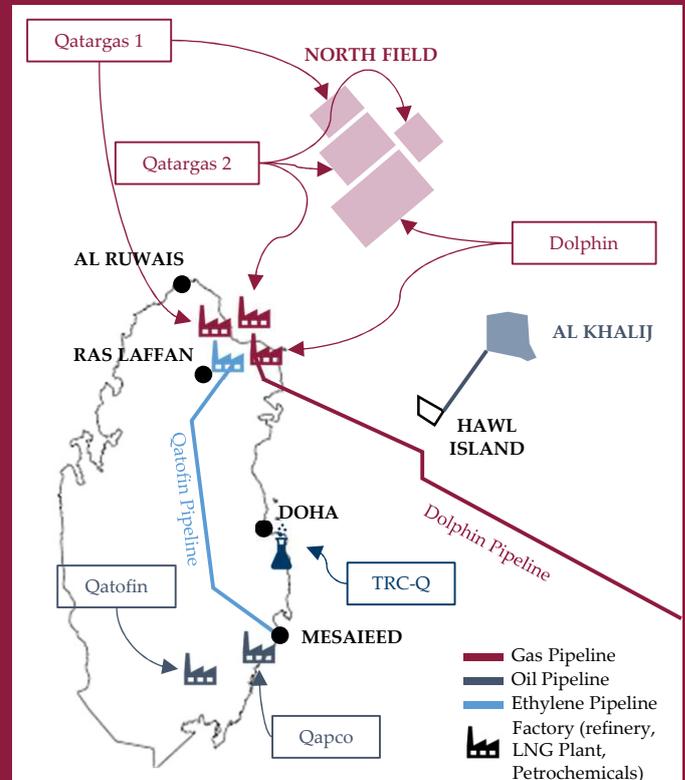
From the French company's side, this delivery is "the concretisation of [their] regional expansion and an encouraging sign of the growing cooperation between Gaussin and its Qatari partners" according to its CEO Mr Christophe Gaussin.

Case study - TotalEnergies in Qatar

A long-standing presence that has grown continually

Qatar has been a strategic country for TotalEnergies since the early 20th century. Initially because of the exploitation of its oil fields in Dukhan, then thanks to petrochemical partnerships with the creation of Qapco in 1974 and the exploitation of LNG with Qatargas since 1986.

Indeed, TotalEnergies is involved throughout the hydrocarbon value chain, either on its own or through partnerships and equity investments such as the Ras Laffan refinery. Partnerships with Qatar Petroleum have even gone so far as to make the national company a 15% shareholder in the activities of Total E&P Congo since 2013. In 2017, TotalEnergies took over with Qatar Petroleum the Al Shaheen field¹ which represents 30 platforms and 300 wells which are completed by the drilling of 56 new wells by the French company and its Qatari partner².



(1) The Al-Shaheen field is operated by TotalEnergies (30%) and Qatar Petroleum (70%) through their joint venture North Oil Company. It was previously operated by the Danish AP Moller-Maersk.
 (2) Total's objective is to produce an average of 300,000 barrels per day for "many years", says Patrick Pouyanné.

TotalEnergies in Qatar in a few indicators

86

Years in Qatar

365

Km of pipeline operated

91

TotalEnergies employees on Qatari soil

9

Equity investments or joint ventures



Photovoltaic power plant

A presence that is diversifying towards renewable energy projects

In January 2020, Total announced that it had signed a contract to develop the Al Kharsaah photovoltaic project. This new 800 megawatt-peak power plant¹ is located 80 km west of Doha and has been awarded to the consortium of Total for 49% and Marubeni for 51%. The project is operated by the Special Purpose Vehicle Siraj 1, which is owned by the Total-Marubeni consortium for 40% and Siraj Energy (Qatar Petroleum and Qatar Electricity and Water Company) for 60%. Kahramaa, the state-owned company that has a monopoly on water and electricity distribution in Qatar, has signed a 25-year contract to supply electricity.

The plant produces 10% of the country's peak electricity demand in renewable energy and **reduces carbon dioxide emissions by 26 million tonnes**. The plant covers 10 km² and has 2 million double-sided solar modules installed on trackers² to make the most of the region's exceptional sunshine potential. It will be operational in the second half of 2022 and will cover the energy consumption of 55,000 Qatari households.

Al Kharsaah is the largest solar project of TotalEnergies, which aims to deploy a portfolio of 100 gigawatts of renewable energy before 2030 by becoming one of the top five producers in this field. This project is another example to illustrate the fact that Qatar's rapid development requires regular and significant investments to scale up its infrastructure, which creates huge commercial opportunities for French companies.



Patrick Pouyanné
CEO of TotalEnergies



With this project, we are strengthening our long-term partnership with Qatar in oil, natural gas, refining and petrochemicals, and extending it to renewable energies. It is a strong symbol of Total's strategy to become a producer and supplier of all forms of energy.



- (1) The watt-peak is the unit for measuring the power of photovoltaic panels, corresponding to the production of 1 watt of electricity under normal conditions for 1000 watts of light intensity per square metre at an ambient temperature of 25°C.
- (2) Combining double-sided solar panels with a sun tracking system can increase average energy production by 35%, while reducing the cost of electricity.

Sources: TotalEnergies press release, TotalEnergies corporate website, Press, Patrick Pouyanné interview

Historical and geographical perspective

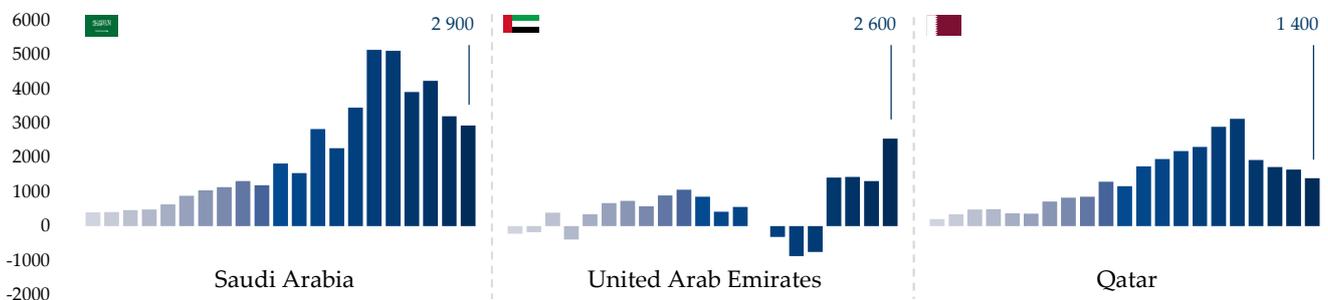
These graphs summarise the main stocks of foreign direct investment (FDI) held by France and the main Gulf Cooperation Council (GCC) countries. Bahrain, Oman and Kuwait, which have more marginal FDI flows with France, are excluded from this analysis. Kuwait holds nearly 300 million euros of FDI in France, while these amounts are negligible for Bahrain and Oman.

France has the strongest relationship in terms of FDI with Qatar, ahead of its Gulf neighbours. Qatar is the Middle Eastern country with the largest FDI stock in France. The recent decrease in FDI stocks held by French players in Saudi Arabia and Qatar can be explained mainly by the withdrawal of part of the French social capital invested. Since 2013, Qatar in France has been carrying out operations to increase the social capital invested (+€2.5 billion between 2015 and 2020) and to repatriate the profits from companies held abroad (-€200 million over the same period).

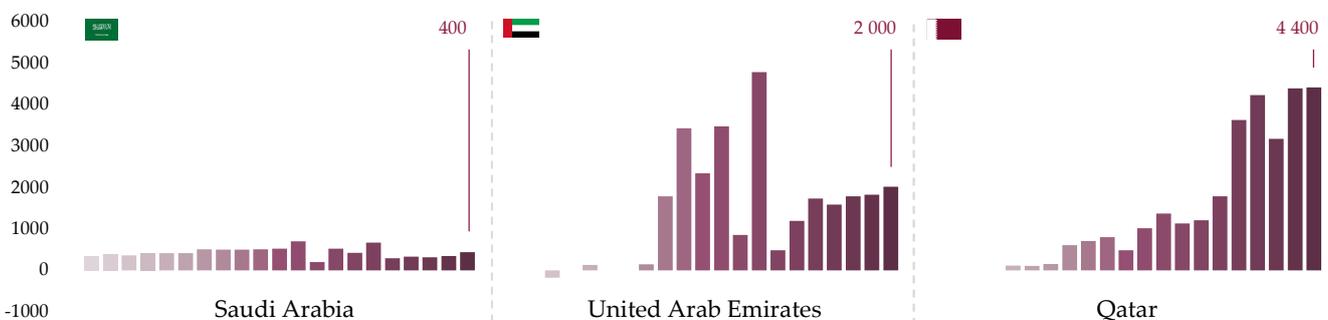
Finally, it should be noted that the FDI of each of these countries go through channels and apply a logic similar to that of Qatar: schematically, these countries realise economic diversification investments that are made via sovereign wealth funds that derive the bulk of their assets from oil and gas revenues. Let us mention here the main ones in order of importance:

- Kuwait: Kuwait Investment Authority
- UAE: Abu Dhabi Investment Authority, Investment Corporation of Dubai, Mubadala Investment Company
- Saudi Arabia: Public Investment Fund
- Bahrain: Mumtalakat Holding Company
- Oman: Oman Investment Fund

French FDI stock abroad 2000-2020 (EUR m)



Foreign FDI stock in France 2000-2020 (EUR m)



Potential of the Qatari economy and investment

An entry point for economic projection to the rest of the world

Qatar enjoys a central and strategic geographical location for trade in goods and services. This advantageous location is fully exploited: Hamad International Airport, recognised as the world's best in 2021¹, boasts a capacity of 58 million annual passengers, the world's largest maintenance hangar, and the ability to reach 80% of the world's population within a 6-hour flight to over 160 destinations. The 28.5 km² Hamad port can handle 7.5 mt TEU containers annually.

Substantial public investment for an ambitious economic transformation

200 billion euros of public funds are mobilized to upgrade the country's infrastructure which creates significant growth and business potential. At the same time, the country is financially encouraging the creation of specialised industrial districts (QFZ, QEERI, QSTP, etc.) in order to transform the country into a knowledge-based economy, in line with the Qatar National Vision 2030.

Undeniable comparative advantages

Qatar has abundant natural gas reserves - the second largest in the world - and world-class gas liquefaction and transportation infrastructure. This major comparative advantage extends beyond hydrocarbons to all related industries such as petrochemicals and heavy industry.

Attractive tax conditions

In Qatar, income tax is not levied. In addition, companies benefit from very favourable tax provisions: very low corporate tax rate (10%), very flexible immigration rules, subsidised tariffs for oil, gas and electricity, exemption from tariffs for imports of industrial equipment and no restrictions on profit repatriation. In addition to these measures, various districts benefit from special provisions².

35m

Passengers passing through Hamad International Airport annually

12%

Annual growth rate of Qatari exports (2000-2019)

43%

Share of investment (GFCF) in GDP in 2018

27th

Digital maturity in the World Economic Forum ranking

53,3

Comparative advantages revealed on gas⁴

2nd

World's largest producer and exporter of LNG

6th

In the ranking of living conditions for expatriates⁴.

2nd

Most transparent country in the GCC⁵.

1st

In the *Ease of Doing Business* ranking for property registration³

(1) Skytrax World Airport Awards 2021

(2) See part III of the report on relationship facilitation mechanisms

(3) A World Bank ranking that summarises the speed, simplicity and cost associated with a number of recurring business actions.

(4) According to UNCTAD, RTAs describe the relationship between a country's share of exports in a certain type of product and the average share of exports of that product worldwide

(5) HSBC Expat Explorer 2020 ranking

(6) Corruption Perceptions Index 2020 - Transparency International

Key findings - Part II

Trade and capital flows between France and Qatar enjoy good prospects for improvement, based on solid fundamentals and strong sectoral diversification

The economic relationship between France and Qatar is measured by the density of exchanges of capital and goods and services. It is manifested first and foremost through trade:

- Qatar uses its underground gas and oil resources as a means of development by generating large budgetary surpluses enable it to invest massively in all economic sectors. Qatar essentially **exports LNG and gas-related products to France, and imports capital goods**; mainly civil and military aircraft. It is the large commercial contracts such as between Qatar Airways and Airbus, or between the Qatari Army and Dassault Aviation that constitute the lion's share of the commercial exchanges between France and Qatar.
- In the short term, the evolution of trade between France and Qatar will depend, on the Qatari side, on France's desire to take advantage of the planned increase in natural gas liquefaction capacity on the Qatari side to **diversify its LNG supply**. On the French side, the evolution of exports will depend on the capacity of French players (first and foremost, Dassault and Airbus but also Saint Gobain or Technip) to stand out from their competitors and keep a full order book of capital goods.
- In the medium-to-long term, the Franco-Qatari trade relationship will face the major challenge of diversifying the structure of trade: on the one hand, in response to the **gradual diversification of the Qatari economy** and the gradual satisfaction of its needs for capital goods or infrastructure; on the other hand, the need to move away from gas consumption towards **alternative energies** such as green hydrogen for example.

In terms of investments, France is a preferred recipient of Qatari investments across all sectors of the economy while Qatar is a dynamic location for French industrial companies:

- **In France, Qatar invests in a diversified manner across all sectors of the economy:** financial activities, industry and construction, telecoms, transport and tourism, retail, as well as other more high profile investments such as PSG. In addition to these productive investments, there are also real estate investments.
 - Qatari investments stem from three sometimes concomitant logics: in order, the search for a financial return on investment, the development of expertise in certain strategic sectors for the economic diversification of the Qatar, and the search for international recognition by building national champions with strong potential. Qatari investments come in fact mainly from the QIA, the Qatari sovereign wealth fund.
- In Qatar, French investments take the form of subsidiaries or joint-ventures of French multinationals. Here again, there is a strong sectoral diversity: in financial activities, industry, telecoms, transport, tourism and retail. In addition to these subsidiaries, there are a large number of franchises of French groups established in Qatar.
 - French companies are coming to invest in Qatar in response to the strong dynamism of the Qatari economy and in particular to the **important investments which are being made there by the state players in transport infrastructures and in the exploitation and transformation of petroleum and gas materials**. Some of these companies also view an implantation in Qatar as a first step towards regional expansion of their business. Among others, the hotel sector has attracted significant investments.

III. The Shared Policy for the Promotion and Facilitation of Bilateral Exchanges

Cause and result of the dynamic economic ties between the two countries



- III.1 The shared policy of economic exchange promotion**

- III.2 A relationship which extends beyond a strictly economic dimension**

- III.3 Overview of the main exchange promotion organisations**

III. Beyond Economic Relations

Bilateral trade and investment dynamics are strongly encouraged by a number of institutions which promote economic exchanges on both sides. They act through business and non-business facilitation initiatives.

Trade facilitation initiatives have been commonplace at government level since the the initiation of the relationship between France and Qatar after the end of the British Crown Protectorate and its federation in 1971. Indeed, many tax measures and free trade agreements have taken place between the two countries such as the 1990 tax treaty. These legal and political milestones have built the relationship on a strong basis and symbolise the need to develop a privileged bilateral exchange framework. The consequences are **the presence of major French players in Qatar and the pre-eminence of Qatari investments in France compared to other Gulf countries**. Economic agreements are now strengthened through trade negotiations between Qatar and the European Union

The promotion of commercial exchanges also involves extra-economic initiatives, **Qatar's investments in sport or the involvement of French companies in the educational system and the innovation ecosystem in the Gulf country**. All these exchanges are carried out by a political will of proximity of the two countries which is both the crucible of the multiplicity of economic and cultural interactions and the condition of the growth of these exchanges. The political will is complemented by a number of public or private institutions that seek to put in place all the conditions necessary to strengthen the ties between France and Qatar.

III.1 An ambitious trade facilitation policy

The economic relationship is long-standing and reinforced by regional measures

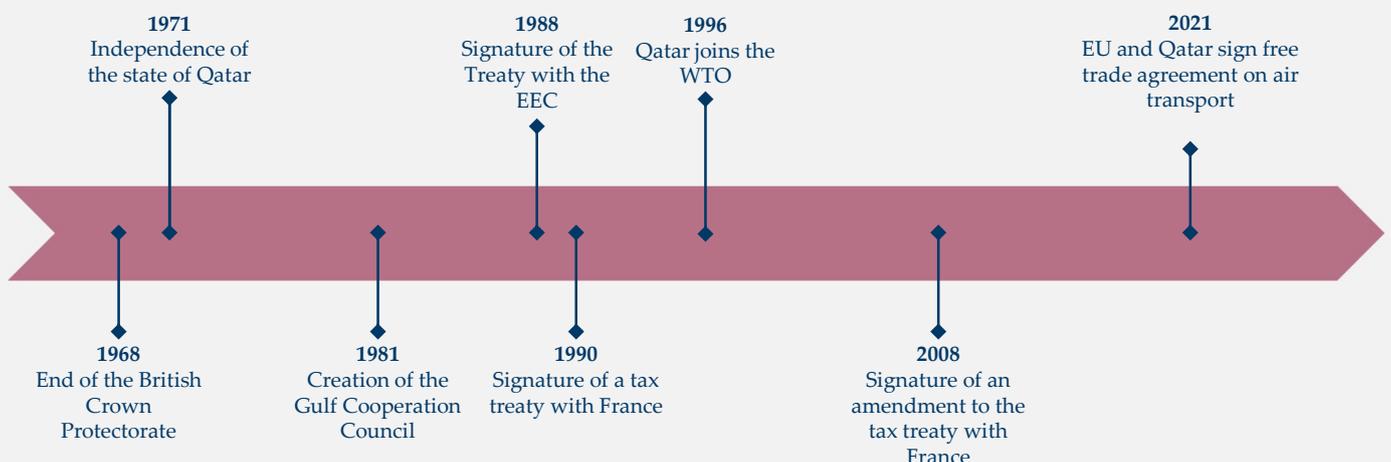
France and Qatar have a longstanding special relationship. Indeed, since its independence in 1971 from the federation sought by the United Kingdom between Qatar, the seven current United Arab Emirates and Bahrain, the State of Qatar has affirmed its attachment to France.

The agreement between the **Gulf Cooperation Council (GCC), of which Qatar is a member, and the European Economic Community**, the forerunner of the European Union, signed in 1988, subsequently laid the foundations for cooperation between the two organisations in order to strengthen stability in the Gulf region, facilitate economic and political relations, and initiate negotiations for a trade agreement. Discussions on this last point have **not yet led to an agreement, but contacts between the two parties are still taking place**, as in May 2017 during a dialogue on trade and investment.

The EU is the **GCC's second largest trading partner** after China, **accounting for 12.3% of the Council's total trade in 2020**. The GCC is the 6th largest EU market for exports amounting to €68 million in 2020, the most important items being heavy equipment, medicines and medical equipment. 30 million in 2020, it is mainly petroleum products.

The two blocs thus share **many strategic interests**. A free trade agreement seems therefore crucial to consolidate bilateral cooperation. While waiting for such a decision, the **most-favoured-nation regime applies between the contracting parties of the 1988 agreement**, i.e. the two countries undertake to grant each other the same commercial advantage that they grant to WTO countries (of which Qatar has been a member since 13 January 1996) for the import of a similar product.

A trade union between the GCC countries was created on 1 January 2003, applying a single tax of 5% for all imports from outside, and therefore from France. However, exemptions exist, notably on basic food products (fresh fruit and vegetables, wheat, flour, livestock, etc.). On the French side, the common customs tariff of the European Union applies, with duties differing according to the class of goods defined by a classification tool called the combined nomenclature. For example, the customs tariff applied to non-decaffeinated roasted coffee is 7.5%, while that of non-decaffeinated green (unroasted) coffee is 0% since 1 January 2022.



The tax treaty established on 4 December 1990 crystallised the Franco-Qatari friendship around cooperation in terms of taxation.

This agreement aimed to avoid double taxation and created **favourable conditions for Qatari investment**. For example, a Qatari company investing in real estate in France no longer pays capital gains tax in France. Qatari residents, who are already exempt from wealth tax (ISF) on their financial investments under French law, are no longer subject to ISF in France if the value of their real estate in France is less than the value of their movable wealth (a category that includes shares issued by a French company and credits on the State). Thanks to this agreement, Qatari citizens residing in France (for at least three years) are exempt from wealth tax (ISF) on their assets, i.e. real estate, cash, financial investments, professional assets, furniture, vehicles and jewellery and precious metals, located outside France for the first five years after they become residents.

Under President Nicolas Sarkozy, the ties between the two countries were further strengthened with the signing of a rider in Doha on 14 January 2008, a review of the previous agreement giving Qatari companies a significant competitive advantage. This amendment relaxes certain measures such as the exemption from wealth tax (ISF) for Qatari citizens residing in France. If they lose their status as residents of France, their assets located outside France will still not be included in the ISF base for five years from the time they become residents again. Real estate capital gains, capital gains and dividends for people living in Qatar are not taxed in France but in Qatar where taxation is particularly low, if not zero.

President Emmanuel Macron's campaign promise, the abolition in 2017 of the wealth tax (ISF), replaced by the tax on real estate wealth (IFI), was intended to boost investment in French companies. From now on, financial investments (life insurance, debts, etc.) and liquid assets (cash, current and deposit accounts, savings books, etc.) are no longer taxable. The basis of assessment for the IFI is limited to real estate assets intended for non-professional use (land, property built and under construction, outbuildings, but also shares in real estate investment companies).

In total, the tax benefits granted to Qatar by France were estimated by Senator Jean-Yves Leconte in 2016 at €150 million per year: a small investment compared to the significant Qatari financial resources and the strong potential for value creation that it can attract. In 2022, Qatari investments in France were estimated at €25 billion.

On 6 July 2018, President Emmanuel Macron stated after meeting the Emir Sheikh Tamim bin Hamad Al Thani in Paris: *"His Highness the Emir of Qatar has informed me of his country's wish to make new investments in France in value-creating sectors and his objectives are consistent with our desire to promote innovation and French know-how in all areas.*

Indeed, thanks to these incentive policies, Qatar supports French companies with strong economic potential in various sectors, which shows the strength of the relationship between the two countries.

In the hotel industry, it owns the Carlton and the Martinez in Cannes, the Hôtel du Louvre, the Concorde Lafayette and the Palais de la Méditerranée in Nice. As the largest shareholder in the AccorHotels group and owner of the Printemps shops, Qatar has made a significant contribution to the French luxury sector. It also has minority stakes in major French companies such as Total, Suez and LVMH.

As part of a tour of the Gulf countries, President Emmanuel Macron visited Qatar on 4 December 2021.

QATAR IS A STRATEGIC PARTNER OF FRANCE AND THE COOPERATION BETWEEN THE TWO COUNTRIES IS LONG-STANDING

On this occasion, the French President insisted upon the following: *"Qatar is a strategic partner. Our cooperation goes back a long way. This is what I have come to reaffirm today"*. He also recalled with the Emir of Qatar the need to strengthen economic cooperation between the two countries for development and mutual prosperity.

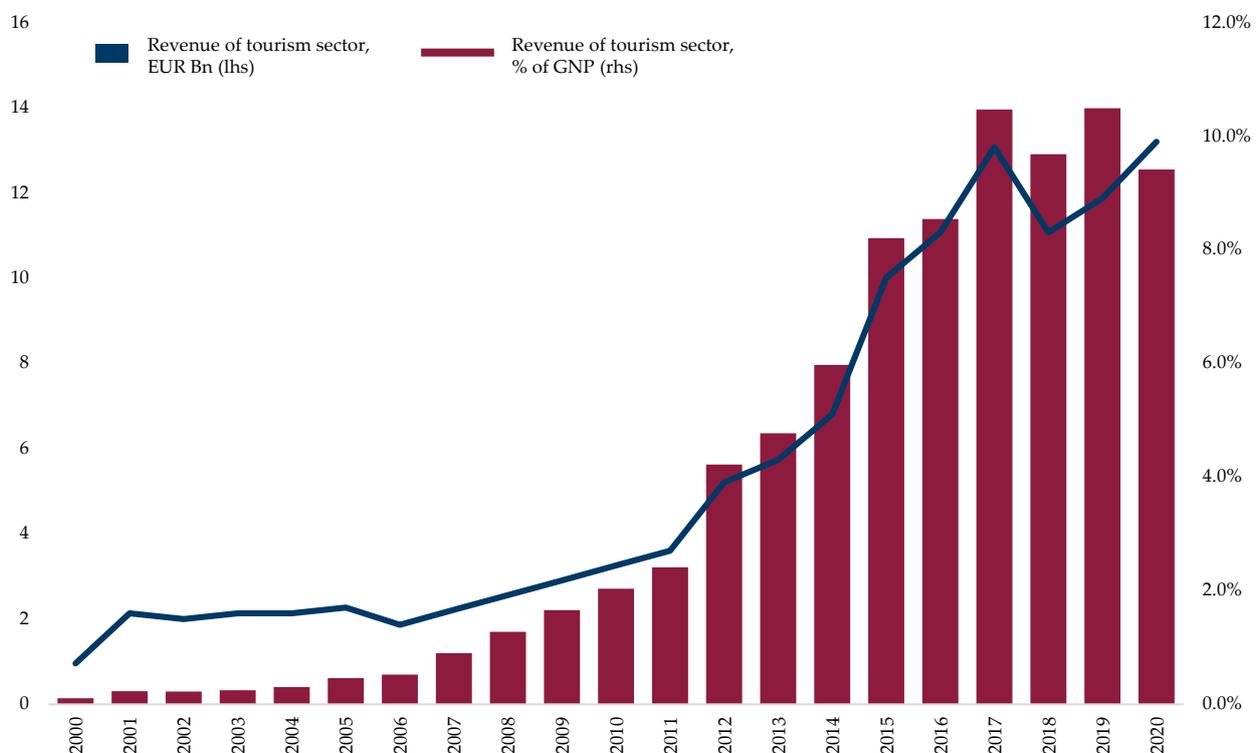
In addition, on **18 October 2021, the signing of a free trade agreement in the aviation sector between the European Union and Qatar has expanded trade opportunities between the two parties.** With more than 6 million passengers travelling between the EU and Qatar every year, Qatar is a first class destination for Europeans and the first Gulf country to conclude such an agreement with the EU. This historic agreement offers a **"progressive and unlimited opening of traffic rights between the signatories"** according to a written question from Finistère Senator Michel Canévet published in the French Senate's official journal on 18 November 2021: after a transitional period of 5 years, Qatar Airways will be able to serve European cities without limit and all European airlines will be able to serve Qatar directly.

From winter 2021/2022 onwards, 24 commercial flights between Belgium and Qatar, 69 between France and Qatar, 56 between Germany and Qatar, 84 between

Italy and Qatar and 28 between the Netherlands and Qatar are operated weekly. As far as air cargo is concerned, 105 weekly flights are allowed on the same routes and both European and Qatari airlines will be able to exploit the fifth freedom right, i.e. the right to disembark and embark cargo within the EU from or to a third state. **This agreement will certainly reinforce the status of Doha and its various airports as a major air hub,** and will significantly increase the projection capacity of European airlines in the Middle East region, as well as that of Qatar Airways in Europe and surrounding countries.

Several upcoming major international events will be an opportunity to benefit from these facilitated tourism flows between France and Qatar: in 2023, the year before France hosts the **2024 Summer Olympic Games**, the State of Qatar will host the **International Horticultural Exposition (Expo 2023)**. This event is expected to attract 3 million visitors to Doha.

Tourism revenue in Qatar, 2000-2020



Sources: Senate, Press, Qatar Airways, Air France KLM, European Parliament, Direction Générale du Trésor, Centre des Finances Publiques, Ministère de l'Économie et des Finances, UNWTO

The common entrepreneurial dynamic is indicative of the depth of the economic relationship

More than 120 French establishments¹ and 13 Franco-Qatari joint ventures are counted in Qatar. All of these institutions and the diversity of economic sectors they operate in are a testimony to the undeniable rapprochement between the two countries.

This collaboration has been facilitated by various initiatives. The Franco-Qatari investment fund Future French Champions founded in 2014 by Qatar Investment Authority (QIA) and Bpifrance is a strong symbol of this agreement. Initially endowed with 300 million euros, this fund aims to support innovative French firms and export them to Qatar.

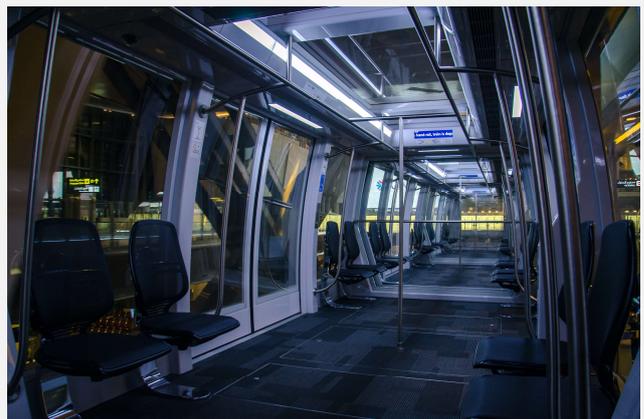
In November 2018, a first France-Qatar business and investment forum took place in Doha, bringing together more than fifty French companies and Qatari businessmen. Valuable partnerships were forged, such as the rapprochement between Station F and the Qatar Financial Centre (QFC). This forum was also an opportunity for Qatar to develop its attractiveness to other countries, after having approved in January of the same year a draft law allowing non-Qatari investors to hold the entire capital of Qatari companies in almost all sectors of the economy, compared to 49% previously.

This approach is in line with its Qatar National Vision 2030 plan, a programme for in-depth economic transformation and modernisation of the country. On the other hand, the Franco-Qatari economic circle Qadran, created in 2015, aims to promote synergies between French and Qatari companies by organising meetings (a delegation has visited Doha twice) and by carrying out missions, notably with the Provence-Alpes-Côte-d'Azur region, which Qatar is particularly fond of. The Qatar French Business Club (QFBC) is another Franco-Qatari initiative since the late 1990s to consolidate business ties.

This was the context for the creation of the Qatar Science and Technology Park (QSTP) incubator; created in 2009 with the support of the Qatar Foundation, at the heart of Education City. Many foreign companies have since set up there to carry out applied research, technological innovation, incubation and entrepreneurship. The French company Thales, a world reference in defence and security systems, has set up there in 2012 together with Qatar Airways. This strategic move is built upon **Thales' strong presence in Qatar for over 40 years.**

The group currently employs 230 people and has 3 offices in the country. In 2014, it signed a contract with Qatar national authorities to provide its armed forces with a brand new military satellite communications system. Within the QSTP research centre, Thales is mainly supporting Qatar Airways' IFEC activities (Cabin Multimedia and Connectivity), with the aim of equipping 146 aircraft by 2022. This collaboration also has a training and knowledge transfer objective: since the foundation of this laboratory, named Thalès QSTP-LLC, **Thales has trained more than 800 Qatar Airways aeronautical engineers** specialising in IFEC issues. A digital competence centre will soon be established in the Doha Free Zone.

Not only is this initiative an opportunity for Qatar to benefit from French technological expertise, but it is also a way for Thales to confirm its presence in the country and benefit from the strong dynamism of the Qatari economy, after having actively participated in the construction of the Doha metro, the Hamad International Airport and the new Doha port, for which it is responsible for the security systems.



Doha Subway

(1) Excluding franchises

The emergence of partnership initiatives with international impact

In 2018, Accor and Qatar Investment Authority, through Katara Hospitality, have set up a €500 million investment fund dedicated to developing the hotel market in the emerging market of Sub-Saharan Africa. Kasada is this joint fund which aims to become the leading player in hotel investment in Sub-Saharan Africa.

The fund's portfolio includes 11 hotels and 2,136 rooms under the Ibis, Novotel, Pullman and Safari Court brands, employing more than 800 people in Cameroon, Senegal, Côte d'Ivoire, Namibia and South Africa. The platform has completed a major cross-border M&A transaction, acquiring a portfolio of eight hotels in Cameroon, Côte d'Ivoire and Senegal (1,602 rooms) from AccorInvest in 2021. The deal was partly financed by Proparco, the investment arm of the French Development Agency.

According to this lender, **the project should generate 5,000 jobs in 5 years:** 600 directly created by the hotels and 4,400 in the production chain thanks to the trickle-down mechanism of intermediate consumption¹, i.e. 2.5 jobs per room. The other debt raised by Kasada on this occasion was from the International Finance Corporation, which sees this fund as a unique opportunity to develop the tourism sector in Africa, which is an essential element of job creation and growth on the continent, especially since the hazards of the Coronavirus crisis are still being felt.

Kasada brings the expertise of its sponsors Katara and Accor together to apply the very best practice ESG standards in its portfolio hotels.

In total, some 40 hotels are targeted eventually and the two companies plan to operate a portfolio of more than 9,000 rooms under the Accor brands, through the acquisition of Kasada.

On 24 March 2022, the fund announced its entry into South Africa with the acquisition of the iconic 120-room Cape Grace Hotel. Kasada Managing Director Olivier Granet said: *"This acquisition marks our entry into the South African hotel market, the largest in Africa. The Cape Grace is a great addition to our hotel portfolio and we look forward to bringing our knowledge and expertise to this iconic asset. Our value creation strategy will be guided by our sustainability values and the highest ESG criteria, for the benefit of our guests, employees and local communities"*.



Cape Grace Hotel in Cape Town



5 countries of operation



23,000 potential jobs



500 million in equity capital



9,000 rooms in the long term

(1) For more details on the economic mechanisms at work, see p.54

III.2 A relationship beyond economic aspects

Qatar has established itself as a key player in international sport

Qatar is seeking to establish itself as a **major hub for global sport**, and if there is one special area in which Qatar and France have been able to forge ties, it is undeniably sport.

Indeed, Qatar's desire to extend its soft power and influence in the sporting field is reflected in numerous investments, particularly in France. This began in 2011, when Qatar Sport Investments (QSI) bought the capital's football club, Paris Saint-Germain (PSG).

The Qatari fund's takeover of the club has significantly changed PSG's economic dynamics: by 2021, the club is valued at \$2.5 billion (€2.26 billion), up 207% over five years, the highest increase among the world's top 50 sports franchises. The PSG, which previously was only known to the French, is now consistently in the top 10 most highly valued football clubs worldwide, on par with other worldwide references like Juventus FC or Arsenal. And the economic consequences of this stellar growth



Nasser Al Khelaifi, President of Paris Saint-Germain

for France are far from negligible: according to the Centre de droit et d'économie du sport (CDES) in Limoges, in the space of a decade, **PSG has paid 1.9 billion euros in social and tax contributions, and the Parisian club's 2018/2019 season had an economic impact of 182.2 million euros on the Ile-de-France region.** Following the great success of this operation, the Franco-Qatari collaboration in the field of sport does not stop in France and actively maintains the extra-economic links between the two countries: **in 2019, the Paris Saint-Germain Academy was set up in Doha** and, in just two years, has become the leading football academy in Qatar.



Parc des Princes, Paris Saint-Germain's home stadium

Therefore, it appears that both France and Qatar largely benefit from these bilateral investments: Qatar considerably extends its soft-power and its expertise on sports issues by establishing itself in France and thus competing on the sports pitch with its neighbouring countries, notably Saudi Arabia and the United Arab Emirates, while France benefits from strong economic spin-offs and sees the international reputation of its biggest club increase tenfold and, by the same token, that of its league, which becomes comparable to the neighbouring giants (Premier League, Bundesliga, Primera Division).

Qatar continued this strategy of investing in French sport by buying the handball section of PSG in 2012.

In addition to media investments, the Franco-Qatari sports cooperation is also reflected on the field. While beIN SPORTS is technically independent from the State, the acquisition of PSG by Qatar Sports Investments – a subsidiary of the sovereign wealth fund QIA – offered another exposure and cooperation opportunity for Qatar in France. Moreover, until recently, beIN SPORTS was one of the official broadcasters of Ligue 1 domestically, while **beIN SPORTS is still Ligue 1's international partner in many markets around the world** – further increasing French sport's international exposure and reputation.

While beIN SPORTS will broadcast all of the tournament's matches, French TV channel TF1 has obtained broadcasting rights in France for 28 matches of FIFA World Cup, Qatar 2022, including all French national team matches. The extra-economic relationship between France and Qatar therefore creates significant media broadcasting opportunities and once again allows both countries to benefit from strong positive economic repercussions.

This cooperation between France and Qatar on sports naturally also translates concretely into the organisation of sporting events. In France, this is reflected in the partnership between France Galop (the governing body of horse racing in France) and the Qatar Racing and Equestrian Club, a famous equestrian training centre located to the north of Doha, with Qatar being the sponsor of the prestigious Qatar Prix de l'Arc de Triomphe at the Longchamp racecourse in Paris since 2008.



Qatar Prix de l'Arc de Triomphe

Thanks to this partnership, which includes the allocation of **ten million euros for each edition**, the international influence of the Qatar Prix de l'Arc de Triomphe has grown steadily over the years and the event is watched by **one billion television viewers** (each edition is broadcast live in more than 60 countries) and this historic race has consolidated its leadership as the most prestigious race in the world and the one that attracts the most spectators across the planet. Another illustration of the increased prestige of the event through Qatar's participation is the amount of money offered to the winners of the race. When it was first held in 1920, the prize money was 150,000 Francs. 100 editions later, the winners share the sum of 5 million euros.



Qatar TotalEnergies Open Tournament

Symmetrically, TotalEnergies is the main sponsor of the Qatar Open and its female counterpart, the Qatar TotalEnergies Open Ladies Tournament. A third example, the 2022 FIFA World Cup, illustrates the depth of this relationship and its mutually beneficial nature: **France and Qatar signed an agreement in 2021 establishing a partnership for security enforcement in and around the event**. The partnership in the field of security for major sports events is a strong axis of bilateral cooperation, and thus reflects a major cooperative commitment between these two countries.

The relationship is also reflected in the cultural and academic exchanges between the two countries

In addition to sport, Qatar and France are also forging ties in other cultural areas, whether in language, education or art.

In Qatar, the Lycée Bonaparte, a French school with 1,600 students of 48 nationalities, from nursery school to the baccalaureate, and the Franco-Qatari Lycée Voltaire, sit beside a branch of HEC Paris in the Education City district of Doha.

HEC Paris' executive programmes in Qatar accounted for nearly 7% of the HEC group's revenues in 2019, i.e. nearly €11 million. In addition, with more than 200,000 French speakers, **Qatar joined the International Organisation of the Francophonie (OIF) as an associate member in 2012**. With 7,000 students learning French in Qatar at the Lycée Bonaparte, the Lycée Voltaire, the Tunisian Lycée, the Lebanese Lycée and the French Institute of Qatar, French has become an integral part of the teaching. In the public sector, it was reintroduced as an optional subject in 2012 in six secondary schools. Qatar University also launched a French minor in 2017, a programme that organises in partnership with the French Institute of Qatar (IFQ) the Congress of French Teachers in Qatar (CEFAQ) every year.

A framework agreement has just been signed with the French institution Université Bretagne Sud (located in and around Lorient, western France). As part of a joint research programme with Qatar, the Breton institution is contributing its expertise in cyber security. In exchange, it is deploying its network in the region. "It is a potential place for internships for our students, who can apply for jobs at beIN, Qatar Petroleum, Total, Airbus, Thales and Engie, among others, which are present in the region," according to Jean Peeters, President of the University of Southern Brittany.

In terms of student flows and exchanges, the transfer is still rather one-sided: Qatari students study more in France than their French counterparts in Qatar. This is also the meaning of the proactive actions carried out by Qatar in terms of education: attracting more foreign students and better training its young talents. According to the Campus France report (March 2021), the number of Qatari students studying abroad has increased by 85% over the last five years. **Nearly every second Qatari student studying abroad goes to the EU and as much as 14% go to France.**

"THE IDEA IS TO DEVELOP RESEARCH PROJECTS, TO HAVE A COMMON DEGREE, TO WELCOME QATARI STUDENTS. THE AMBITION IS ALSO TO WORK WITH LARGE FRENCH COMPANIES BASED IN QATAR IN THE FIELD OF CYBER SECURITY".

Jean Peeters,

President of Université Bretagne Sud

Finally, in the artistic dimension, there are many collaborations between the two countries. Since 18 November 2021, the private collection of Sheikh Al Thani, cousin of the current Emir, has been on display at the Hôtel de la Marine in Paris (for an indefinite period).

A 20 million euro, twenty-year sponsorship agreement was signed in 2018 with the Centre des Monuments Nationaux. This collection is considered one of the most prestigious in the world. In fact, although this initiative is private and led by a private individual, it clearly contributes to placing Qatar, its culture and its arts within the global cultural landscape. In Qatar, particularly in anticipation of the France Qatar 2020 year, the Qatar National Museum, built by the Jean Nouvel studios, was inaugurated in 2019.

Last but not least, the example of the French Institute of Qatar is worth mentioning. This institution is actively leading cultural cooperation initiatives, particularly in the audiovisual field with the Christian Dior exhibition at the M7 and the Paris Moderne exhibition planned for 2023 at the National Museum.

The diplomatic relationship tested by geopolitical events...

The close proximity and strong ties uniting France and Qatar translate into cooperation on geopolitical issues. According to the French Ministry of Foreign Affairs, exchanges between France and Qatar are frequent and dense. This is evidenced by the **visits of their respective Heads of State**, the latest of which being that of President Macron in December 2021 in Doha. The following points were discussed at this moment according to a press release from the Elysée¹:

- The question surrounding Lebanon, which has been in a crisis for several years now, was a key point as both countries are aware of the state of emergency in which the country finds itself. The two counterparts welcomed their joint efforts and reaffirmed the need to preserve stability and security in the country.
- On Afghanistan, the French President reiterated his gratitude for the crucial assistance provided by Qatar for repatriation and humanitarian aid. Both sides stressed the need to respect the conditions set out in UN Security Council Resolution 2593 for the formation of the new Afghan government.
- The Emir congratulated President Macron on the success of the international conference on Libya held in Paris on 12th November to promote a solution to the Libyan crisis, meeting the aspirations of the Libyan people and providing international and multilateral support to cope with the current democratic crisis.

...has led to close cooperation on defence matters

Qatari-French military cooperation was initiated and then formalised with the signing of two defence agreements in 1994 and 1998. It was strengthened during the 2011 joint intervention in the context of the international coalition.

In parallel, **the two countries have created in 2019 an annual Franco-Qatari strategic seminar** with the aim of strengthening and perpetuating exchanges between the Ministry of the Armed Forces and the Qatari Ministry of Defence on strategic and regional issues. The first session of this Strategic Dialogue was held on March 28, 2022 in Doha, after two preparatory sessions in March and October 2019.

Beyond this bilateral cooperation, France has committed itself to playing the role of protector and mediator in the event of a crisis in the region. Cooperation in the field of defence is currently epitomised by the presence of **four French officers in the Qatari army headquarters**. It also takes the form of training activities for the benefit of Qatari forces (training on Rafale of about 230 Qatari personnel in Mont-de-Marsan and about 40 officers in French military schools). Finally, cooperation takes the form of joint exercises, such as Gulf Falcon. The 2021 version of this exercise consists of training and education of the military command structure dedicated to securing the 2022 FIFA World Cup. Both sides underlined their commitment to fight against Islamist terrorism. France and Qatar also discussed collaboration on cyber security.



HE Jean-Yves Le Drian,
French Minister of
Foreign Affairs

“This also shows the strength of our relationship, the strength of the relationship between our two countries because Qatar is a friendly country, a strong partner with which we have a close political dialogue and the holding of the strategic dialogue is an illustration of this. Our sole concern is regional and international security and stability.”



HE Sheikh Mohammed bin Abdulrahman Al-Thani
Deputy Prime Minister and
Minister of
Foreign Affairs

“The first round of the strategic dialogue between the State of Qatar and the French Republic embodies the political will of the leaders of the two countries to upgrade and develop these relations to a level that serves the interests of the two friendly peoples. [This relationship] is a strategic and distinguished relationship in all fields.”

Doha, March 28th, 2022

(1) « The Elysée » refers to the palace of the French President, and by extension, French presidential staff. The Elysée regularly publishes official statements.

The Qatar Foundation: a key player

The **Qatar Foundation for Education, Science and Community Development** is a private non-profit organisation that promotes human, technological and community development in Qatar.

Founded in 1995 by Sheikh Hamad Al Thani and his wife Sheikha Moza bint Nasser Al Missned, the Qatar Foundation is privately funded with government support. **It plays a central role in the establishment of foreign and particularly French players in Qatar.**



Qatar Foundation headquarters in Doha

The Qatar Foundation fosters technology flows between France and Qatar through the promotion of innovation...

The Qatar Foundation is behind the Qatar Science and Technology Park, a free zone aimed at stimulating innovation and foreign investment in Qatar.

This infrastructure led to the creation of the Total Research Centre - Qatar (TRC-Q), whose partnership with QSTP has just been renewed for the next 10 years. It is Total's main research centre in the Middle East, with partnerships with Qatar Petroleum and the Qatar Environment and Energy Research Institute (a subsidiary of Hamad Bin Khalifa University, created by QF), as well as foreign players such as the Texas A&M University of Qatar. TotalEnergies conducts research there with the latest equipment, notably for the local oil and gas sector. The Qatar Foundation plays an essential intermediation and support role for French companies.

France and Qatar share a common goal of constant innovation. This is demonstrated by the Qatar France Academia-Industry Initiative 2016, a joint initiative of the QF and Total, whose objective was for major Qatari and French industrialists (Engie, Veolia, Alstom) to jointly identify areas of common interest in the fields of energy and the environment.

... and investment in state-of-the-art technology and know-how.

While in Qatar, the QF invests in various sectors such as solar energy (Qatar Solar Technologies) and telecommunications (Vodafone), in France, it is the luxury industry that has attracted the interest of the QF. Through its dedicated subsidiary Qatar Luxury Group (QLG), the QF has undertaken to deepen Qatari expertise in the know-how related to luxury goods: having acquired a stake in Le Tanneur in 2011 with 86% of the voting rights, the Qatar Luxury Group still holds 38% of the leather goods manufacturer today. The Qatar Foundation, through subsidiaries such as the Qatar Luxury Group, is pursuing its objective of developing Qatar's know-how and potential. In the same vein, in 2013 the organisation acquired a boutique on Avenue Montaigne in Paris to sell the products of its Qela brand, the first luxury ready-to-wear company founded in Qatar.

A driving force for close French-Qatari cooperation on culture and education

Art is the primary vehicle for promoting Franco-Qatari cultural ties orchestrated by the Qatar Foundation. As such, when France and Qatar organised the France-Qatar Year of Culture in 2020, it played its role by proposing various events: the Qatar Philharmonic Orchestra, funded by the Qatar Foundation, played pieces by Ravel and Debussy at the Museum of Islamic Art in Paris. Qatari cinema was honoured with screenings of works from the Doha Film Institute at the Cannes International Film Festival and the Clermont-Ferrand Short Film Festival.

The promotion of socio-cultural ties also involves sport. The Education City site has hosted a branch of the Paris Saint-Germain: the PSG Academy in 2019, which has become the number one football academy in Qatar, to train young male and female talent. Education City also has a stadium that it will provide during the FIFA World Cup Qatar 2022™. Such infrastructure will host French fans and teams throughout the tournament.

Moreover the Qatar Foundation is in Education City, a gigantic 12km campus² which hosts 20 of the world's most prestigious schools and universities: Georgetown University, University College London, HEC Paris, Carnegie Mellon University... In 2020, 803 students graduated from Education City universities, 63% of whom were women.

Finally, the Qatar Foundation fulfills its mandate as a **key partner of the Paris Peace Forum in 2019 and 2020.**

HEC Paris - Doha Campus: crucial support from the Qatar Foundation

Since its establishment in 2010 with the support of the QF, the French Grande Ecole has been training students in continuing education. In 10 years, more than 1,000 students have graduated from the Executive MBA or the Master's degree in strategic business unit management.

The Qatar Foundation has since supported the research effort at HEC: in 2016, its subsidiary QSTP signed a research and training collaboration agreement with HEC.

As a QF partner university, HEC makes QF-sponsored tuition financing solutions available to its students. For example, the Foundation offers zero-interest loans that can be repaid by working in one of the hundreds of approved organisations in Qatar (including the Qatar Foundation itself).

To celebrate HEC's 10th anniversary in Doha - and because the French school was the first European university to set up there - a new \$50 million campus has been donated to the school in the new Msheireb Downtown Doha neighbourhood, developed by a QF subsidiary Msheireb Properties specialising in modern, environmentally responsible real estate development and urban planning. The Qatar Foundation also contributed funds to install state-of-the-art holographic projectors in the classrooms.



*Prof. Pablo Martin de Holan,
Dean of HEC Paris in Qatar*

“Our new home in Msheireb embodies the Qatar Foundation's commitment to HEC Paris and its mission of impact and excellence in Qatar and the Gulf region. HEC Paris and its partners are helping to build a diversified and sustainable knowledge-based economy, central to the Qatar National Vision 2030.”



III.3 Exchange facilitation institutions

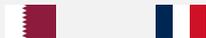
Institutions facilitating economic flows (1/3)

In addition to the regulatory initiatives that provide French and Qatari companies with a favourable context for investment and trade, it is relevant to underline the essential role of the various public, semi-public and private players who actively contribute to the dynamism of the Franco-Qatari economic relationship on the French and Qatari sides.

These players, most of whom are less than twenty years old, are both causes and consequences of the depth of

the economic relationship between France and Qatar. They are, each in their own field, central players in the promotion, networking and implementation of commercial initiatives of French players in Qatar and Qatari players in France.

Institutions promoting cultural, human and academic exchanges have a driving role in bringing the two peoples closer together, thus creating a favourable environment for dialogue and economic exchanges.



Created in 2015, **Qadran** is the Franco-Qatari economic circle. The association brings together French and Qatari business players with the aim of strengthening dialogue and economic exchanges between the two countries. Qadran organises high-level meetings in France and in Doha with the main stakeholders of the Franco-Qatari economic relationship. For more information on Qadran, please see the preface to this report or visit www.qadran.fr.



The Qatar Chamber of Commerce and Industry is the oldest in the Arabian Peninsula and its main mission is to attract investors to the Qatar. It contributes to achieving the goals set out in the Qatar National Vision 2030. In September 2021, H.E. Sheikh Khalifa bin Jassim, President of the Qatar Chamber of Commerce and Industry, received members of Medef International and Qadran to discuss investment opportunities in the two countries and the levers for strengthening trade.



The France Qatar Chamber of Commerce and Industry was created in 2008 at the Qatar Financial centre. Its mission is to promote commercial and financial exchanges between the two countries, to create a network of professionals and to promote the image of France in Qatar. It is the main contact for French companies in Qatar.

Institutions facilitating economic flows (2/3)



Created in 2018, the **Qatar Free Zones Authority** is an independent authority in charge of supervising and regulating free zones in Qatar. The QFZA helps to strengthen the establishment of French companies in Qatar. For example, on 9 March 2022, Ahmad bin Mohamed Al-Sayed, Minister of State and Chairman of QFZA, together with the CEO of Thales, inaugurated a digital competence centre of the French group in the free zones of Qatar.



The **Qatar Businessman Association** is an independent organisation of Qatari businessmen working for the economic vitality of the country. Since 2002, QBA has been encouraging private initiatives that strengthen Qatari-French Economic Relations. The association organised a round table in October 2019 to present the French assets in terms of FDI reception with representatives of Ardian, Iris Capital and LBO France, three major French private equity companies.



Business France is a national agency that helps the international development of French companies while accompanying foreign investors in France. As such, it has a Business France Qatar branch. This branch has two full-time employees and employs more than twenty sectoral experts. Business France signed two memoranda of understanding and cooperation with the Qatar Investment Promotion Agency in February 2020 and March 2022.



The **Qatar Science & Technology Park** is a free zone that brings together large and small companies specialising in technology. QSTP is home to many French companies. For example, TotalEnergies has had a research centre there since 2009 specialising in organic geochemistry, among other things.

Institutions facilitating economic flows (3/3)



Established in 2005, **Qatar Financial Centre** is a business centre located in Doha that provides legal and regulatory services to local and international companies. It has signed two agreements in 2019 with Paris Europlace and Finance Innovation to support the growth of the digital industry in Qatar. They plan to foster exchanges in market expertise and the promotion of startups in France and Qatar.



Under the authority of the Minister of the Economy, Finance and Recovery, the **Direction Générale du Trésor** proposes and implements economic policy at the national, European and international levels. It monitors the international economic situation and supports the export and internationalisation of French companies and develops economic ties with all partner countries, in liaison with local governments. It is represented in Doha by the economic department of the French Embassy in Qatar.



The **Doha French Speaking Professional Network** is a professional French-speaking support network in Qatar. The DFPN helps spouses of French expatriates to find employment. Initially female, but now mixed, 90% of the club's members are women.

Institutions promoting demographic and cultural flows



The mission of the **French Institute** is to participate in the dissemination of the French language and culture. To this end, the Institute organises language

courses, conferences and thematic seminars on French culture. The IFQ hosts the Campus France office, which aims to provide information on higher education opportunities in France for foreign students. The IFQ also hosts the Campus France office, which aims to provide information on higher education opportunities in France for foreign students.



Atout France is France's tourism development agency. Atout France has a Near and Middle East office which organises meetings with tourism professionals encouraging tourism in France. The flow of people between the two countries continues to grow: in 2019, nearly 4,000 French tourists visited Qatar.

Institutions promoting academic and scientific exchange



The **École des hautes études commerciales de Paris (HEC)** is the most prestigious French business school. Member of the Qatar Foundation since 2010,

HEC Paris is a leading partner of Qatar in terms of education. In 2021, HEC celebrated the 10th anniversary of its Doha campus in the presence of Sheikha Moza bint Nasser, President of the Qatar Foundation.



Qatar University is the main public institution of higher education in Qatar. Through its links with France, the university participates in the human and intellectual flows between the two countries. For example, Qatar University has established

a partnership with the ENS Paris, thanks to which each year 6 Qatari students can attend summer courses at the ENS.

The role of embassies in economic ties

The respective embassies of France and Qatar play a central role in coordinating bilateral initiatives to facilitate and enhance the activities of the institutions described above.



The French Embassy in Qatar is a central element in the policy of rapprochement between the two countries. It works in particular to strengthen economic investments. The current French Ambassador to Qatar is

Jean-Baptiste Faivre. He regularly hosts meetings to discuss with members of the French and Qatari business communities.



The Embassy of the State of Qatar in France plays a major role in consolidating economic relations between both countries. His Excellency the ambassador of the State of Qatar, Sheikh Ali bin Jassim al

Thani carries out his economic diplomacy during meetings with officials, local authorities, businessmen and civil society actors in order to explore and exchange new prospects and partnerships between the two countries.





Photo: Pont Alexandre III, Paris

Conclusion

What are the Prospects for the Franco-Qatari economic Relations?

The economic relationship between France and Qatar, as this report has shown, is growing and stronger than ever. Qatar is a strategic economic partner for France in the Middle East, just as France has unique assets in Europe to attract Qatari players. The facts that this report has highlighted and put into perspective attest to the dynamism of this relationship and point to a prosperous future. As a key to understanding the relationship, here are the main parameters to follow in order to envisage its evolution in the short and medium term.

- Commercial relations between the two countries will depend, on the Qatari side, on the maintenance and renewal of **orders for capital goods** (in particular aircraft); and on the French side, on the increase or not of **natural gas** consumption and on the political will to diversify its suppliers in response to the planned increase in production and liquefaction capacities in Qatar and to Technip's involvement in these projects.
- The future of French companies in Qatar will be determined by two factors: firstly, the continuation of major **public investment** projects in transport and oil and gas infrastructures and the ability of French companies (RATP, Keolis, Technip, TotalEnergies) to establish themselves as partners of choice in this context. To attract a more diverse set of players and ensure the long-term establishment of high added value activities, Qatar will have to work on deepening its domestic market, which in the long term can only be achieved through **deeper economic integration with its neighbours in the Persian Gulf**. More broadly, among the lines of development outlined in the Qatar 2030 vision, the Gulf Country's **quest for food independence** should be emphasised: this objective can be seen as a major lever for cooperation with the actors and public authorities of France, Europe's leading agricultural power.
- In France, Qatari productive investments, real estate and equity investments will largely depend on the QIA's investment strategy and the sectoral and geographical priorities that will be decided there. Three opportunities should be highlighted: France will have to stand out even more to curb the effect of the **shift of the centre of gravity of QIA investments towards the East**, for example by taking advantage of the Qatari will to turn towards investments in **future energies** (hydrogen, solar), **telecoms** and **venture capital**.
- More generally, the evolution of regulatory conditions for investment and profit repatriation will have an important effect on the mutual attractiveness of the two countries. In Qatar, the maintenance or even extension of **free zone** regimes, the further easing of **regulatory constraints on foreign players** and the improvement of regulatory **transparency** should be closely monitored. In France, it will be necessary to monitor the possible reduction of **taxation on capital**, particularly productive capital, and the continuation of the policy of **administrative process simplification**, as well as the upholding of current incentive schemes.
- Economic and extra-economic partnerships in education and research are mainly based on French multinationals and need to be further developed in terms of innovation and **entrepreneurship**: both countries want to become the centres of their respective regional entrepreneurial worlds.
- In the very short term, the main issue for the Franco-Qatari economic relationship remains without doubt the **FIFA World Cup** at the end of 2022. The biggest event ever organised in Qatar, it will give an impetus to this relationship for the years to come and will confirm Qatar's status as a global hub for sport and tourism, with all that it implies in terms of publicity and partnerships for its French partners, particularly in view of the 2024 Olympic Games in Paris.

Ultimately, it is up to French and Qatari companies to seize this unique range of economic opportunities...

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Methodological Annex

All data included in this report have been academically validated by HEC Paris professors.

Operating structure/qatari or French-owned businesses/qatari or french companies/actively-managed investment: an enterprise that allows the direct and active participation of the shareholder in the real economy of the country concerned. It meets all the following conditions:

- On the institutional unit that holds it:
 - o That the holder is specialised in the target's field of activity (i.e. its portfolio is not diversified)
 - o That the holder has a significant influence on the affairs of that company (in terms of shares in the company or appointment of members of the board of directors and comex)
- On the company owned:
 - o That the target is not a conglomerate (that there is a close link between all its activities, both sectorally and operationally)
 - o That the target has a commercial footprint in the country concerned (i.e. offices, employees bearing its name). It

may lease it, or delegate its management to franchisees as long as it is done under its name.

The operating structure is opposed to portfolio investment (for example, Qatar, which holds 1% of LVMH and behaves not as a board member but as an asset manager), whose management is more passive and which is diversified at the level of the institutional structure that holds it. This distinction makes it possible to objectively isolate companies where Qatari players have an active management role, and therefore where variations in growth and profitability can be directly attributed to the takeover by a Qatari player.

The valuation of Qatari structures in France was carried out using the financial data of Qatari-operated businesses (or operating structures) in France. The financial data of listed companies was extracted from the CapitallQ and Refinitiv database; that of unlisted players from Pappers and Orbis; and that of unlisted subsidiaries of Qatari multinationals was obtained through telephone interviews. Analysis of annual financial data for investments (including operating structures) between 2014 and 2019 allowed for a company valuation based on EBITDA multiples using figures from a PricewaterhouseCoopers (PwC) study on average multiples by sector in the French economy in 2019. The net debt

specific to each player was then removed from the enterprise value to obtain the value of the shares for the year 2019. The objective was to reason pre-Covid to reflect long-term economic trends and structures. The hotels were valued using the *méthode du millième*.

The valuation of the work was carried out taking into account the average expenditure per room in comparable hotels for which information was available, in the press, all sources were cross-checked to arrive at a reliable estimate.

The valuation of the real estate assets was carried out through an in-depth search of the press and a systematic cross-check with the values given in the deeds of sale of the shares of the Sociétés Civiles Immobilières (SCI) that owned them. When this valuation of the assets by an independent expert was not available, the assessment of the net asset value of the SCIs was approximated by linking the value of a share to the transfer or allocation of the annual net income of the SCI in the minutes of the general meetings of the SCIs. All these legal documents are freely available on the databases of French statistical institutes.

Methodological Annex

The contribution to GDP has been calculated, in accordance with the academic literature and the accounting methodologies applied in France, as the sum of the value added of the companies present on French territory. For Qatari structures in France, the value added is available in the companies' tax returns. When this amount is not available, it is estimated by deducting from the turnover the amount of intermediate consumption, i.e. the amount that is paid to companies acting as suppliers of goods or **consumable** services that are necessary for the production process.

The indirect jobs of Qatari structures in France are the jobs created or supported by the intermediate consumption paid to suppliers of Qatari-operated businesses in France, to their suppliers and so on. They were estimated based on the intermediate consumption of the companies concerned, which was applied to the symmetric input-output tables (TESS) published by INSEE for the years 2014 and 2019. These tables bring together resources and uses and make it possible to estimate the impact of a positive demand shock on each of the 37 sectors identified by the national accounts. By applying the INSEE employment and average wage figures by sector for the years concerned, it is possible to estimate the impact in terms of the number of jobs created or supported by the intermediate consumption of a

company. Induced jobs are the jobs created or supported by the final consumption of employees of operating structures and their suppliers. They were estimated on the basis of the amount of salaries paid annually by the businesses to their employees, and by the average salaries paid by their suppliers in the turnover realised, taking into account the sectoral distribution of the final consumption of households given by the TESS of the INSEE; by applying the distribution of the salary between savings, consumption and compulsory deductions. For the State, tax payments were distributed in the economy based on the structure of final consumption of the Utilities given by the same input-output table. The wages paid were then compared with the average gross wage data by sector provided by INSEE.

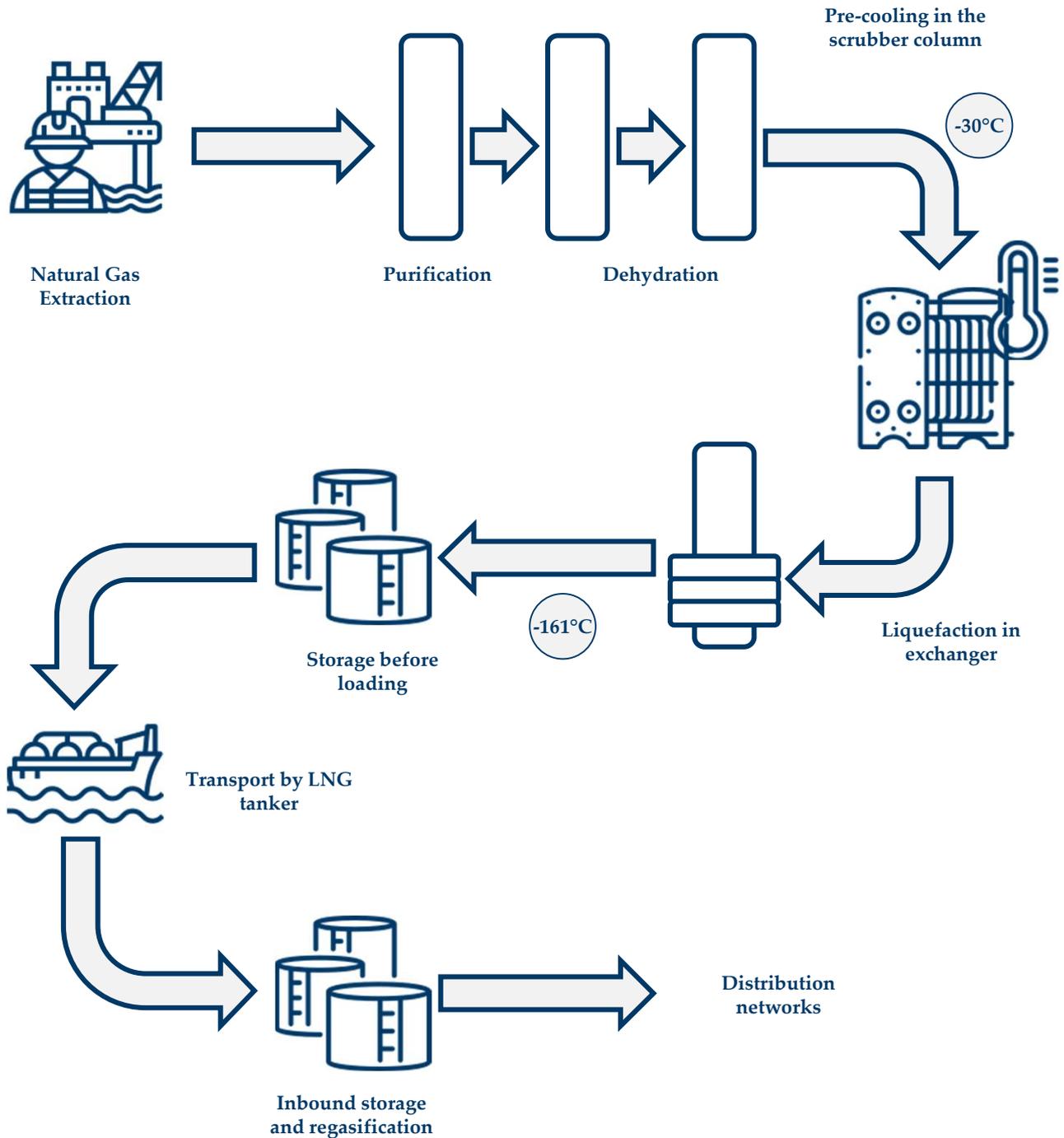
The consolidation of companies with numerous subsidiaries, establishments and branches was carried out by taking into account the figures achieved by the legal entity operating, i.e. having a commercial and not a management activity (except in the particular case of property management companies), the furthest downstream from the shareholder structure. Without taking into account the potential overlap between companies and intra-group trade, which we considered negligible: the companies considered in this report and in which the question arose operate the same activity through

different subsidiaries, often for geographical or brand-related reasons, and there is no vertical integration along the value chain that would justify non-negligible amounts of synergies on costs or revenues, as well as intra-company trade that would make the data used obsolete.

The nomenclature used was designed specifically for this report to simplify and make the results more readable and to account for sectoral interdependencies. **It is derived for companies from the INSEE nomenclature, and for trade from the World Bank's statistical service.**

For further information on the methodology used or the assumptions underlying the report, please contact HEC Junior Conseil or Qadran.

The LNG value chain



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Glossary

Direct employment: Contractual employment of a company.

EBITDA: Earnings Before Interest Tax Depreciation and Amortization, it is the result of a company's operations that have an impact on cash.

EEZ: Exclusive Economic Zone. The Montego Bay text defines the EEZ as a band bounded by the international 200 nautical mile line (370 km) from the baseline in the absence of any other shoreline.

EU: European Union

Final consumption: Value of goods and services used for the direct satisfaction of individual or collective needs.

FDI: Inward direct investment is investment by an institutional unit resident in one economy for the purpose of acquiring a lasting interest in and exercising significant influence over the management of an institutional unit resident in another economy through a long-term relationship. By convention, a direct investment relationship is established when an investor acquires at least 10% of the share capital of the invested company. Direct investment includes not only the initial transaction that establishes the relationship between the two units, but also all subsequent capital transactions between them and between related institutional units, whether incorporated or not.

Government debt: Debt as defined by the IMF covers five financial liabilities of the general government: currency and deposits (F.2), debt securities (F.3), loans (F.4), reserves for calls under standard guarantees (F.6) and other accounts payable (F.8). It is gross debt, consolidated and expressed at its redemption value.

GFCF: Gross fixed capital formation (GFCF) is the acquisition of fixed assets that feeds the fixed capital stock of economic agents producing goods. These assets must be durable, i.e. be used repeatedly in the production process for at least one year. GFCF is the traditional measure of

investment in national accounts. The GFCF of households in the context of their domestic activity concerns only the acquisition of dwellings.

HDI: "A summary measure of the average level achieved in key dimensions of human development: living a long and healthy life, acquiring knowledge and enjoying a decent standard of living. The HDI is the geometric mean of standardised indices for each of the three dimensions. The health dimension is measured by life expectancy at birth; the education dimension is measured by the number of years of schooling for adults aged 25 and over and the expected years of schooling for school-age children. The standard of living dimension is measured by gross national income per capita. The HDI uses the logarithm of income to reflect the decreasing importance of income with increasing GNI. The results for the three HDI dimension indices are then aggregated to give a composite index derived from the geometric mean.

Household consumption: Expenditure that households bear directly to satisfy their needs. It includes in particular the share of social, health, education and housing expenditure that remains to be paid by households after possible reimbursements, and the rents that owners fictitiously pay to themselves.

Households: Individuals or groups of individuals considered both in their function as consumers and in their possible function as entrepreneurs producing market goods or financial and non-financial market services. Households are one of the six institutional sectors. The others are: non-financial corporations, financial corporations (FCs), general government (GG), non-profit institutions serving households (NPISHs) and the rest of the world.

Indirect jobs: Jobs created or supported by the activity generated by a company through its intermediate consumption.

Glossary

Induced Jobs: jobs created or supported by household final consumption expenditure through wages paid by the reference enterprise and its subcontractors.

Inflation: Inflation is the loss of purchasing power of money resulting in a general and sustained increase in prices. The Consumer Price Index (CPI) is used to measure inflation. This is a partial measure, as inflation covers a wider area than just household consumption.

Jobs generated: Total direct, indirect and induced jobs created or supported by the activity of a company.

Joint-Venture: Collaboration contract between two or more companies with the aim of pooling a strategy (sharing costs and risks). Its objective is generally the conquest of a new market or a new country thanks to the complementary nature of the companies in the joint venture. The taxation of the joint venture depends on its legal form (company, subsidiary, etc).

LNG: Liquefied Natural Gas, In its liquid state, natural gas is reduced to 1/600 of its original volume, making it possible to transport it over long distances in tankers designed for storage, regasification and delivery to markets.

Middle East: Saudi Arabia, Bahrein, Cyprus, UAE, Irak, Iran, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Syria, Yemen.

Natural growth rate: the rate of population growth attributable to the natural movement of the population, i.e., that resulting only from births and deaths. It is calculated as the ratio of the natural balance during a period to the average population of that period. It is also equal to the difference between the birth rate and the death rate.

Net enrolment rate: The enrolment rate is the ratio of the number of pupils, students and apprentices in initial training of a given age enrolled in an educational establishment to the number of young people of that age.

Nominal GDP: Value of GDP in current prices, without adjustment for inflation. Estimates of GDP in current prices are obtained by expressing the values of all goods and services produced during

the current reporting period. The forecasts are based on an assessment of the economic situation in each country and the global economic climate, using model-based analysis and expert opinion.

Operating structure: An enterprise that allows the direct and active participation of the shareholder in the real economy of the country concerned.

Participation: Own (direct) ownership of shares in another company. When the voting rights associated with these shares exceed 50%, the participation is said to be directly controlled. When the rights held directly are insufficient to ensure control, but when combined with those of controlled companies, they allow effective control, it is called indirect control.

PPP: Purchasing Power Parity (PPP) is a currency conversion rate that expresses the purchasing power of different currencies in a common unit. This rate expresses the ratio between the quantity of monetary units needed in different countries to purchase the same "basket" of goods and services. This conversion rate may be different from the "exchange rate", as the exchange rate of one currency against another reflects their reciprocal values on international financial markets and not their intrinsic values for a consumer.

Policy rate: The policy rate is the interest rate set by a financial institution for a country or group of countries. Central banks set the key rates for the zones they cover (such as the ECB for Europe). The steering of these rates is an instrument of monetary policy, which enables the economic life of a country to be influenced. Indeed, the key rate directly influences the price of credit and savings granted by private banks, which pass on the central bank's rates.

Real GDP: Value of GDP adjusted for price changes, i.e. inflation. The advantage of real GDP is that it measures only upward and downward changes in the volume (quantities) of output of goods and services.

Glossary

Rentier: In political science and international relations theory, a rentier state is one that derives most, if not all, of its national income from a rent derived from indigenous resources sold to external customers. Commodity rents are classically estimated by calculating the total net output (minus a standard return on capital) for domestic commodity extractors in a given country.

TOE: The tonne of oil equivalent is the amount of energy contained in one tonne of crude oil, or 41.868 gigajoules. This unit is used to express the energy value of various energy sources in a common unit.

Trade balance: The foreign trade balance is the difference between the value of exports and imports between two countries (or two areas). It can be relative to a product or to all trade in products (goods and services). The ratio between these two values is called the coverage rate. Exports are always valued FOB (free on board), i.e. taking into account only the cost of transport to the French border. Imports are valued CIF (freight insurance cost) or FOB (free on board) depending on whether or not they take into account the costs of transport and insurance up to the French border.

Value added: New value created during the production process. It is equal to the surplus of production (sales) over intermediate consumption (purchases). It is the wealth created by the company, which is distributed among the various elements making up its economic environment: employees (personnel costs), administration (taxes and duties), investments (depreciation and provisions), financial backers (financial costs) and capital (net income distributed among the partners and reserves).

