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Undeterred, Gulf Investors Look to Trump-Led U.S.

By NICOLAS PARASIE

DUBAI—Khalaf Al Habtoor, a billionaire businessman in the United Arab Emirates, warned earlier this year that Gulf Arabs might withdraw billions of dollars in investments from the U.S. if Donald Trump became president.

A day after Mr. Trump’s election victory, he changed his tune, praising the president-elect and saying U.S. investment opportunities won’t be rejected out of hand.

“He is very experienced in business worldwide,” said Mr. Habtoor, who had called candidate Trump an enemy of Islam for threatening to ban Muslims from the U.S. “I think he will do a great job.”

Mr. Habtoor’s about-face is emblematic of a Persian Gulf business community that while wary of a Trump presidency, can’t afford to shun the world’s biggest economy amid low oil prices and depressed domestic markets.

In search of revenue, Gulf investors have continued to pour funds into the U.S. economy in recent years to diversify and expand their businesses.

Some are taking heart that Mr. Trump may opt for stimulus measures to spur economic growth.

“He’s [Trump] looking to expand the U.S. economy—that bodes well for the U.S. economy and by implication, the rest of the world,” said Tarek Fadlallah, chief executive at Nomura Asset Management Middle East. “The U.S. is still the global growth engine,” he said.

A host of big Gulf investors have the potential to shake up American companies and markets with sizeable capital injections.

Saudi Arabia’s Public Investment Fund, which earlier this year invested \$3.5 billion in car-hailing app Uber and plans a \$100 billion tech fund, is one example of a longer-term regional investor

scouring for U.S. opportunities.

The Qatar Investment Authority, which oversees the country's sovereign wealth fund, is another. It opened a New York office last year and pledged to invest \$35 billion in the U.S. over a five-year period.

The Fund and the Authority weren't immediately available for comment on their U.S. investment plans following Mr. Trump's victory.

Some smaller regional investors such as Rasmala already have signaled they will move forward with their U.S. plans.

“We are currently raising new capital for investment in the U.S. market,” said Zak Hydari, chief executive at the London-listed company. “We don't expect the Trump victory to impact our short term investment plans, but investors in this region will want urgent clarification on the president-elect's economic and foreign policy.”

What, exactly, Mr. Trump's economic policies are remains a question among regional and global investors, with many asking whether or how his campaign rhetoric will translate into actual policy.

After the Paris terrorist attacks last year, Mr. Trump called for a temporary ban on Muslims to enter the U.S. That statement was removed from his official website earlier this week.

Steven Anderson, chairman of Republicans Overseas for the United Arab Emirates, played down Mr. Trump's comments.

“He's 100% not anti-Muslim. He's more concerned about security,” he said. “He's all about, ‘Let's get down to business,’ ‘Let's all make money together.’”

Some have opted for a wait-and-see approach. “The issue really is: Is Trump the president the same as Trump the candidate?,” said Nomura's Mr. Fadlallah.

In particular, Mr. Trump's first months in the office will be closely watched by the big three Persian Gulf carriers—Emirates Airline, Qatar Airways and Etihad Airways. Major U.S. airlines have been in the midst of a protracted fight to limit the expansion of the Gulf carriers whose government subsidies, the U.S. airlines say, give them an unfair advantage.

Emirates Airline's President Tim Clark earlier this year said he viewed Mr. Trump as a man of business and said a Trump presidency could strengthen the dollar and the U.S. economy.

Akbar Al Baker, the chief executive of Qatar Airways, also shrugged off Mr. Trump's comments about Muslims and expressed confidence in his airline's ongoing expansion in the U.S. market.

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The president-elect has been involved in a number of business dealings in the Gulf region. Most notably, he developed golf courses for a Dubai-based luxury developer Damac Properties, which came under pressure to cut its ties with Mr. Trump after his remarks about Muslims, which were widely viewed as demeaning and bigoted.

Mr. Habtoor, whose conglomerate owns a hotel in Illinois but doesn't have any business links to Mr. Trump, said future investments depend on the new administration.

“We will hold and wait and see what will be the President Donald Trump plan.”