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From: [REDACTED] (UKTI IG)
Sent: 30 January 2012 09:15
To: [REDACTED]
Subject: Middle East Task Force 7 February 2012

Thank you for agreeing to be part of Lord Green's, Middle East Task Force. The date for the next meeting is Tuesday 7 February 2012 from 0830-1000. The meeting will be held at The Royal Society, 6-9 Carlton House Terrace, London SW1Y 5AG and will include a light breakfast.

Attached is the Agenda, minutes of the 1st meeting and a record of the notes taken at the Regional Middle East meeting on 15 December.



MIDDLE EAST TASK
FORCE MINUTES...



Regional Middle
East Task Forc...



Agenda for the
Middle East Tas...

If you have not already confirmed your attendance or you are now unable to attend please let me know.

Kind regards

[REDACTED]

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Middle East Task Force Meeting

07 February 2012

Royal Society, 6-9 Carlton House Terrace, London SW1Y 5AG

Agenda

- 08.15 – 08.30 Arrival and breakfast
- 08.30 – 08.40 Welcome/introduction/approve minutes from last meeting
– Lord Green
- 08.40 – 09.55 Discussion
- (i) How to help more effectively, (a) large companies (b) SMEs through: (08.40-09.05)
 - (a) building consortia
 - (b) leveraging the supply chain
 - (ii) Industrial partnerships-are we doing enough? (09.05-09.30) Holistic UK offers? Internship programmes? Scholarships?
 - (iii) What are the competition doing better? (09.30-09.55)
- 09.55 – 10.00 Next meeting and close – Lord Green

**Minutes of the 1st meeting of the Middle East Task Force.
11 July, One Great George Street**

Agenda

1. Terms of Reference
2. UKTI's Strategy towards the Middle East
3. Regional and sectoral priorities
4. Autumn Business Programme

Attendees

Chair

Lord Green of Hurstpierpoint, Minister of State for Trade and Investment

Members

The Rt Hon Baroness Symons of Vernham Dean, Chairman, Arab British Chamber of Commerce

Keith Clarke, CEO, Atkins

Ian King, CEO, BAe Systems

Graham Cartledge, Chairman, Benoy

Sir Robert Wilson, Chairman, BG Group

Baroness Blackstone of Stoke Newington, Chairman, British Library

Neil MacGregor, Director, the British Museum

John McDonough, Group CE, Carillion

Sam Laidlaw, CEO, Centrica

Dean Webster, CEO, Cyril Sweett

Marjorie Blake-Convery, Chairman, The Edge Picture Company

Sir Kevin Tebbit, Chairman and UKTI DSO Defence Advisory Group Chairman, Finmeccanica UK

Mouzhan Majidi, CEO, Foster & Partners

Douglas Flint, Group Chairman, HSBC Holdings

Lord Darzi of Denham, Professor of Surgery, and British Business Ambassador, Imperial College

Paul Sheffield, CEO, Kier Group

Charles Hollis, Director General, Middle East Association

Ben Gordon, CEO, Mothercare

Keith Howells, Chairman, Mott MacDonald

Chris St George, Co-Chairman, Olive Group

Leo Quinn, CEO, QinetiQ

Malcolm Brinded, Executive Director Upstream International and British Business Ambassador, Royal Dutch Shell plc

Elizabeth Reid, CEO, Specialist Schools and Academies Trust

Victor Chavez, UK CEO, Thales UK

Douglas Caster, Chairman, Ultra Electronics

Beth McKillop, Acting Director, Victoria and Albert Museum

John Stanion, Chairman & CEO, Vinci Plc

Dr Rajan Jethwa, CEO, Virgin Healthbank

Sir Frank Williams, Team Principal, Williams F1

Adam Parr, Chairman, Williams F1

Officials

[REDACTED], UKTI
[REDACTED], UKTI
[REDACTED], UKTI
[REDACTED], UKTI
[REDACTED], UKTI
[REDACTED], UKTI
[REDACTED], UKTI DSO
[REDACTED], FCO

Welcome and introduction

Lord Green welcomed members to the Middle East Task Force's (METF) first meeting and thanked them for their attendance.

Terms of Reference

Lord Green recalled the genesis of the Task Force, following the Prime Minister's visit to the region in February 2011. The Government hoped that the METF could help ensure that strategic business considerations were fully factored into HMG's policies in the Middle East, and provide strategic business advice going forward, drawing on the huge experience and capabilities represented around the table. The Middle East would remain for the foreseeable future a vital region for the UK's political and economic security, including trade and investment. Many world class UK companies already had extensive experience; but there was a particular challenge in identifying how to involve more SMEs. One excellent success to celebrate since the PM's visit was Ultra Electronics' recent win in Oman.

The METF would meet roughly every 6 months. A sub-group of regional directors would meet in the interstices, both to follow-up the last meeting and to prepare the next. Lord Green emphasised the importance of culture and education in fostering a holistic set of relationships with the region in which trade and investment could flourish, and welcomed the participation of UK institutions and universities. Lord Green clarified that the group would focus on both trade and inward investment. The Terms of Reference were endorsed on this basis.

UKTI's strategy towards the Middle East

Edward Oakden (UKTI) suggested key areas on which the Task Force could provide strategic direction:

- New opportunities in the region, both in the immediate future and 5 – 10 years out;
- the key strategic relationships on which business wanted Government to focus;
- Barriers to trade and investment: what was stopping the UK doing business?
- How best to prioritise and advance UK business interests in bilateral government to government discussions? And how could UK business in turn support these, to maximise the effectiveness of a united UK approach between Government and business?

The suggested key markets for the group to focus on would be Saudi Arabia, Qatar, UAE, Kuwait, Iraq, Egypt and Libya (particularly post-unrest). Key sectors for the UK economy would include infrastructure, energy, defence and security, services (financial, creative and education), life sciences/healthcare, advanced manufacturing and culture.

The Task Force noted UKTI's focus on High Value Opportunities (HVOs) - large scale multi billion dollar global opportunities in which the UK has good prospects for success - and UKTI's publication on HVOs in Kuwait (which would be replicated for other key regional markets). But whilst HVOs were important, they would not be so central for all METF members or UK companies. It would be just as important to support these other companies too: and key to that would be understanding their individual company and project strategies. Edward Oakden said HMG also wanted to work closely with both large companies and SMEs in getting more SMEs into UK and foreign supply chains; and in exploring if we could help to broker UK consortia, since the consortium approach seemed to be increasingly that favoured by Middle East clients, normally involving a key local partner. Finally, we need to ensure that we were joined up across the sectors.

Regional and sectoral priorities

The Task Force then discussed key sectors:

1. Infrastructure

There was considerable discussion of how UK companies could ensure they were engaged at the early stages of project discussion. UK companies were also sometimes excluded because they were unable or unwilling to take part in consortia. Finding the right local partner was crucial; as was identifying at an early stage what elements of a complex project were realistically winnable. UK companies should also be offering full project proposals from design through to delivery. The importance of long term partnering and horizon-scanning was noted; alongside examples of good practice such as the UK/India Infrastructure Steering Group and the [REDACTED]. The establishment of a Middle East Infrastructure sub-group was suggested.

2. Energy

The Task Force noted the continuing depth of the UK industry's involvement: eg [REDACTED] of capital investment over the next 5 years. The importance of government support/engagement had again been highlighted in the negotiations leading up to [REDACTED]. However, while the UK majors and other larger companies were fully targeting the region, companies in the oil and gas supply chain were not: and more needed to be done to ensure that they were well placed to win business.

Youth employment and education remained fundamental challenges across the region. UK companies needed to remain focussed on the creation of local employment opportunities; and project bids needed to add local longer-term value. There was a case for more cross cutting work and joint partnerships between British universities and companies to address these issues. Professional development and business

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education were also key. Across the sectors, creating an educational dimension to any bid would be increasingly key to winning business.

3. Defence and Security

The need to include local sustainability also applied to defence projects, alongside continuity of political support from both governments throughout the project cycle. Intensive and ongoing government engagement was needed in these sectors – including Prime Ministerial support and engagement with senior military contacts – and a long term outlook.

Significant differences between the defence and security sectors were noted, including the key decision-makers, contacts and business arrangements. Security was a relatively new but increasingly important market for the UK in the region, and one that crossed several sectors, particularly infrastructure. Cross-sectoral activities would be beneficial. Again, it was important for larger companies to help the smaller: in these markets, SMEs would not win business independently.

4. Services

The whole of the Middle East used London as a hub for financial services, yet the UK was too often seen as not fully committed in the region. Lord Green agreed that the UK could not afford complacency, and noted the support the high volume of UK visits over the past year and the months to come. Difficulties over visas and work permits could also affect the number of students able to travel to and study in the UK, and in turn damage the UK reputationally. Lord Green asked that Task Force members send him details of any specific examples.

5. Life Sciences

The Task Force noted the huge appetite for UK training and expertise, and opportunities for hard and soft infrastructure; eg Saudi Arabia needed 2000 GPs. A whole of system approach was needed, from the most advanced clinical treatments to primary healthcare. However, the effect of a generation of Saudi medical professionals training in Canada was now playing out commercially as the Saudi profession now tended to look to North America rather than the UK. Addressing UK visa and immigration laws from this perspective would benefit UK commercial interests, as would NHS and university engagement in post-graduate clinical training in the region (programme accreditation was an issue for Saudi universities). A possible model was the UK training programme for senior medical nurses in Kuwait.

6. Advanced Manufacturing (also discussed with Energy/Services)

The UK needed to focus on the industrial strategies and clusters now being developed across the region. The King Abdullah Science & Technology Park in Saudi Arabia, and the Saudi industrial clusters programme, were two examples.

7. Culture

Members agreed there were excellent opportunities across the region; and there had been a number of notable successes, including the British Library in Qatar and the British Museum in Abu Dhabi. But going forward, a more joined-up UK approach and focus on ensuring opportunities for nationals would bring benefits. Key opportunities included:

- the construction, maintenance, population and curation of new buildings
- sharing collections, particularly those that relate to the region. There was a strong desire in the region for this.
- Training
- Visual culture
- Digitalisation projects, eg the BL in Qatar.

The METF recognised the importance of culture in underpinning successful trade relationships in the region, and its desire to become an established cultural hub. Egypt and Saudi Arabia were particularly key areas, given the large populations to which collections could be showcased.

Autumn Business Programme

Edward Oakden detailed forthcoming high level UK visits to the region, which would be key opportunities to progress HMG's engagement.

Concluding remarks

The meeting concluded that work could usefully be taken forward on:

- developing the industrial wrap-around for major projects, especially in respect of education and increasing local capacity;
- building consortia;
- incorporating UK SMEs into the supply chains of larger companies, UK or foreign;
- working across sectors;
- promoting the British brand

Lord Green thanked members for their participation. The group agreed that their next meeting would take place in January 2012 and focus on at least some of these questions.

**Minutes of the 2nd meeting of the Middle East Task Force.
7 February, The Royal Society**

Attendees

Chair

Lord Green of Hurstpierpoint, Minister of State for Trade and Investment

Members

The Rt Hon Baroness Symons of Vernham Dean, Chairman, Arab British Chamber of Commerce

Philip Dilley, Chairman, Arup

Keith Clarke, CEO, Atkins

Peter Rogers, CEO, Babcock International Group

Ian King, CEO BAe Systems

Neil MacGregor, Director, The British Museum

Robin Herzberg, Managing Director, Carillion Private Finance

John Devaney, Executive Chairman, Cobham

Dean Webster, CEO, Cyril Sweett

Sir Kevin Tebbit, Chairman, Finmeccanica UK

Sandy Flockhart, Executive Director, HSBC Group

Lord Darzi of Denham, Professor of Surgery, Imperial College

Paul Sheffield, CEO, Kier Group

John Griffith-Jones, Joint Chairman and UK Senior Partner, KPMG

Charles Hollis, Director General, Middle East Association

Alan Parker, Executive Chairman, Mothercare

Keith Howells, Chairman, Mott MacDonald

Chris Hyman, CEO, Serco Group

Victor Chavez, UK CEO, Thales UK

Douglas Caster, Chairman, Ultra Electronics

Prof. Malcolm Grant, President & Provost, UCL

Professor Sir Steve Smith, Vice-Chancellor, University of Exeter

Dr Martin Roth, Director, Victoria and Albert Museum

Adam Parr, Chairman, Williams F1

Edward Oakden, Managing Director Sectors Group, UK Trade & Investment

Observers

Section 40 { [REDACTED], [REDACTED] AMEC, [REDACTED], British

Library

[REDACTED], Shell International Ltd
[REDACTED], Standard Chartered Bank

Secretariat

[REDACTED], Middle East, UKTI
[REDACTED] – Middle East, UKTI
[REDACTED], UKTI

Agenda

1. How to help more effectively, (a) large companies (b) SMEs through:
(a) building consortia (b) leveraging the supply chain
2. Industrial Partnerships-are we doing enough? Holistic UK offers? Internship programmes? Scholarships?
3. What are the competition doing better?

Welcome and introduction

Lord Green welcomed members to the Middle East Task Force's (METF) second meeting and thanked them for their attendance. He also thanked all those who had been represented at the first regional meeting in December 2011. He suggested working through the agenda. There were no comments on the minutes of the first meeting, which were approved

Edward Oakden (UKTI) noted:

- UKTI was taking a more activist approach to building consortia in respect of major projects and High Value Opportunities (HVOs), since the consortium approach was increasingly favoured by Middle East clients, normally involving a key local partner. Could the Task Force advise on what the Government could do better to maximise the effectiveness of this approach?
- HMG also wanted to work closely with large companies and SMEs in increasing the number of SMEs in UK and foreign supply chains. Some Task Force members were already very helpfully involved. How best to develop this approach?
- UKTI was now working more closely with UK Export Finance to provide credit insurance cover to UK companies looking to do business in the Middle East. Was this evident commercially?

METF members noted UKTI's focus on HVOs (large scale multi billion dollar global opportunities in which the UK has good prospects for success). However, whilst HVOs were important, they were not central for all METF members nor all UK companies. It was important to support other companies too.

Section 43 METF members wanted more commitment from HMG on strategic partnerships between HMG and industry. Edward Oakden said this was the intention: for HVOs and other large projects, UKTI were building campaign teams comprising overseas Posts, UKTI and private sector specialists e.g. the campaign plan for [REDACTED] (UAE).

Baroness Symons said it was important that industry received early warning of major projects in the region: all too often UK companies were playing catch-up. Horizon - scanning was a key function for UKTI and Posts. Projects in Qatar and Kuwait were examples of where UK companies had already been excluded from pre-qualification. UKTI needed to gain greater advance intelligence on major projects and leverage UKTI multipliers to disseminate these messages to industry. METF members requested a UKTI contact point for HVOs. Lord Green agreed. **Action point: Middle East HVO list, with contact points, to be circulated to METF members**
[IG/UKTI]

On Libya, the METF noted HMG's efforts to support British business, which included 10 missions since the cessation of fighting. A further 10 missions were planned focussing on healthcare, education and infrastructure. The chair of the UK/Libya CEO Task Force, Philip Dilley, reported that the first meeting of the Libya Task Force would be on 8 February, and would focus on petrochemicals, infrastructure, health, education and finance, with the objective of sharing intelligence and finding ways of UK companies working together. Lord Green underlined the scope for building up cultural links in parallel.

The Chairman asked [REDACTED]

Lord Darzi [REDACTED]

Lord Darzi [REDACTED]

Baroness Symons said [REDACTED]

Action Point: Lord Green

The METF raised concerns on how HMG would manage net migration and the impact on the number of overseas students studying in the UK. Overseas students returning home after study in the UK were an important source of pro-UK business influence.

Ian King asked whether a Minister's [REDACTED]

Prime
Baroness
Symons

The Task Force noted the significant international appetite for higher education, its £12bn per year value to the UK and the long term commercial benefits. The model being developed in Saudi Arabia for promoting UK healthcare could be extended to promoting UK education. Competitors in the US, Canada and Australia had set up new university campuses, including in Qatar and Abu Dhabi. There were valid reasons why British Universities had been slow to follow suit, but it remained an

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important market. Edward Oakden said that David Willetts was indeed leading work to promote UK higher education abroad. He had visited the Gulf last year, and the priority markets included Saudi Arabia and the UAE. With the Foreign Secretary, Mr Willetts had also last month launched HE Global as a one stop shop and online portal.

John Griffith-Jones, KPMG suggested that [REDACTED]. Lord Green agreed: [REDACTED].

Keith Howells, Mott MacDonald asked for an update on [REDACTED]. Edward Oakden said there were [REDACTED].

Adam Parr, Chairman explained that Williams F1 [REDACTED].

Concluding remarks

Lord Green summarised the key action points as:

- pressing forward with the priority work streams [REDACTED]
- UKTI's list of Middle Eastern HVOs and other major projects, with UKTI contact points, to be circulated to all METF members;
- Lord Green to investigate [REDACTED]
- developing a more joined-up UK offer [REDACTED].

The next Middle East Task Force would be held on 11 September 2012. Two regional meetings would be held to prepare support this meeting, the first of which will be in Dubai on 11 March.

UKTI
February 2012

Information redacted under Section 40, 41 and 43

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Meeting of UK businesses invited to Regional METF -15 Dec 2011, Crowne Plaza Hotel, Dubai

Delegates (this list includes only those who stayed back for the meeting)

██████████, BENOY

██████████, CARILLION

██████████, FINMECCANICA

██████████, FOSTER & PARTNERS

██████████, HALCROW

██████████, KIER

██████████, MOTT MACDONALD

██████████, SHELL

██████████, SHELL

██████████, ULTRA ELECTRONICS

██████████, WILLIAMS F1

UKTI

██████████, ██████████ Sector Lead

Context

██████████ apologised on ██████████ behalf that the main meeting had to be cancelled at short notice owing to a problem with ██████████ flight. ██████████ said that ██████████ would contact delegates direct to apologise and reschedule.

██████████ explained that the regional METF is part of a series of meetings designed to feed into UK government and UKTI's activities and policies in the region. The purpose is to have a joined up effort to take advantage of opportunities in market. ██████████ of ██████████ suggested that the delegates make use of the occasion to discuss issues in the (regional) market. All were in agreement, the meeting started off with introductions (██████████ excused himself shortly after his introduction).

Structural Issues

The market is price driven and does not always appreciate the quality offered by British businesses. Clients are looking for cheap deals. There is also a lot of noise about local sourcing.

The market is not mature and lacks technical knowledge and an indigenous skills base. The contracting environment is very complex with the scope of projects constantly changing. Organisational maturity is missing in client companies. There is

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also a disconnect between top and middle management in many local companies. Payment terms are unfavourable with huge potential liabilities. Delegates wondered whether these could be influenced through the legal and financial services sector. What influence could UKTI bring to bear to influence/bring about structural changes in the market.

Some delegates felt that the emphasis on relationship building was over rated. It was certainly a challenge given the huge turnover of personnel in the region. Many felt that relationship based loyalty had gone.

UK SME expectations

The time, investment and patience required in the market are huge and beyond the capabilities of the average UK SME. The best way for them is to plug into the supply chain of UK corporates in market rather than set up operations or tie up with local companies. On average, 3-4 years' of overheads are incurred before a contract is signed. This could be challenging to a SME. Moreover, the cost of due diligence is quite high involving hundreds of thousands of dollars. The general opinion was that SMEs need to 'get practical and their expectations need to be managed'.

Shell is happy to help SMEs by guiding them through local procedures.

UKTI and UK Government's Role

There was a question among the delegates – 'Is Britain in favour?' UK ministers come to the UAE on a regular basis. Can these visits be spread around to other markets as well such as Qatar, Kuwait and Saudi Arabia?

The companies would like help from UKTI/ government in terms of market intelligence and relationship building. Companies wanted to know whether opportunities really exist in the region and whether it is worth their efforts to stay. Some said they wanted this information so that they can decide whether to downscale their operations and divert resources elsewhere. Delegates suggested that UKTI can have a convening role to bring UK businesses together on a more regular basis so that there is a collective approach.

There was an acknowledgement that companies need to provide very specific briefs to the Ambassador/UKTI when they are asked to lobby on their behalf.

UK Companies in the region

There was an opinion that UK companies should start working with one another to share experience and to form country specific interest groups. A self help group of companies was also suggested. It was mentioned that the Italians, French and the Americans, are more joined up in their efforts. Companies should be able to leverage one another's contacts and relationships in the market.

The delegates felt that the METF is a good idea but the people nominated from among UK businesses are too far away from the 'food chain'. Regional directors on the ground should be able to set the agenda.

The delegates felt they should meet again early January and that the meeting should be held quarterly thereafter.