business

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Put yourself in the correct mindset to succeed in business

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In search of the bottom as oil price rebounds

Analysts are evenly split over whether the worst is over for the fall in oil price

Anthony McAuley

After a week in which benchmark oil prices gained more than they have in any five-day period since 2009, some observers were ready to call a bottom to the market.

But others are not so sure that the rally will last.

North Sea Brent crude futures started the week at about US$50 a barrel and ended the week nearly 16 per cent higher at $57.80.

But it seemed that as many professional market watchers were calling the rally a "dead cat bounce" as were calling it a turning point after the severe drubbing that had pushed prices down by 60 per cent from a high last summer above $115 a barrel to their low of just above $46.50 in the middle of last month.

A survey of 32 market prognosticators by Bloomberg News last week found that they were almost evenly split between those who forecast oil prices to rise over the next month and those who expected them to fall.

The chiefs of the world's biggest oil companies typically steer clear of market forecasting, and BP's Bob Dudley hedged his bets last week when he was asked for his views, following the company's fourth-quarter results in which full-year profit fell 10 per cent and this year's projected capital expenditure was slashed.

But he did paint a fairly gloomy picture. "It feels like 1986 to me, where the price dropped at that time from $40 to $9 a barrel and then stayed down for quite some time," Mr Dudley said. "I think this is quite serious."

Some of the bearish signs that Mr Dudley pointed to included the fact that China was growing more slowly than it had been for some time, that oil inventories were filling up around the world and there is an increasing amount being stored now in giant ships by traders hoping that prices rise later in the year.

"When, traditionally, that happens it can go on for quite a while. So for us the prudent way to manage the company is to plan on one, two, three years and rebase so that we can balance our resources and use of funds at $50" a barrel of oil.

While that is an authoritative voice counselling caution, Mr Dudley repeatedly emphasised that he was not making a prediction. Oil company executives have no better track record at predicting oil prices – at least publicly – than most. That is why they do not like to predict publicly.

Traders, on the other hand, like to voice their predictions often and loudly.

Andrew Hall – the head of one of the world's oldest commodities trading firms, Phibro, and a $4 billion hedge fund, Astenbeck – has been telling his investors that oil will rebound to between $70 and $80 a barrel "in the long run", a bullish sentiment he reiterated last week.

"There have been two constants of the oil market," he wrote. "The first is that demand always grows. The second is that supply from existing resources always falls because of depletion."

That is certainly true, but timing, as Mr Hall knows, is the key to profits versus losses.

So apart from futures trading, what were the important signs in the market last week?

Saudi Arabia, the world's largest crude exporter, cut the official selling price for its Arab Light crude for Asian buyers by 90 cents to a discount of $2.30 below the Middle East benchmark, the lowest price in nearly a decade and a half.

> *It feels like 1986 to me, where the price dropped at that time from $40 to $9 a barrel and then stayed down for quite some time*
> *Bob Dudley* BP chief executive

Oil, continued on **2**

euro zone

The leftist Greek prime minister, Alexis Tsipras, has butted heads with the European Parliament over his stance against austerity and bailouts. Mr Tsipras will outline his new plan to salvage the Greek economy today. Read the full story on b9. Marko Djurica / Reuters

Dubai World seeks $1.2bn loan

Three major banks approached over syndicated facility

Frank Kane

Dubai World, the transport and real estate conglomerate owned by the government of Dubai, is seeking to boost its financial resources with a US$1.2 billion syndicated loan through three of the biggest banks in the UAE.

The cash – which could come through to the Dubai World books in the second quarter – would help the group meet various commitments falling due at the group and subsidiary levels in the course of the year.

A spokesman for Dubai World declined to comment on reports that the loan, arranged through its wholly owned subsidiary, Ports & Free Zone World, would be used to help repay debts from the parent company. He said the loan was "a standard corporate transaction".

Under a deal struck with creditors last month, Dubai World will repay $2.92bn of debt early, ahead of a September maturity deadline. In exchange, creditors have agreed to roll over $10.6bn of debt due in 2018 for another four years.

Dubai World also has other pressing liabilities. Another subsidiary, the property developer Limitless, is seeking to renegotiate $1.2bn of debts, some of which were due for repayment at the end of last year.

A majority of creditors agreed last month to extend Limitless's repayment terms by three months while it seeks to reach a long-term deal to extend debt repayments until 2018, backed by asset sales and rental incomes.

Some analysts were surprised that Dubai World needed to borrow $1.2bn now. Last November, it struck a deal with its 80 per cent-owned subsidiary DP World in which the global ports group took over the Jebel Ali Free Zone (Jafza) for $2.6bn in cash.

With DP World also taking on $859m of Jafza debt, that meant Dubai World's balance sheet was nearly $3.5bn better off, and able to meet the early repayment.

Finance, continued on **2**

inside

THE SMALL SCREEN VS THE SMALLER SCREEN
TV and streaming are competing for viewers and advertisers. How does one's brevity match up against the other's volume? **b7**

Watchmakers bide their time

Swiss companies do not raise prices despite franc's shift

Andrew Scott

Retailers of luxury Swiss watches in the UAE have cut discounts instead of raising prices despite a recent surge in the value of the Swiss franc.

Tag Heuer and Rolex have reduced the discount they offer for new purchases.

"We have been told that right now we must reduce the discount we are allowed to give," said a salesman at the Rolex showroom in The Dubai Mall. "We usually offer up to 12 per cent discount on sales of new watches but we have been told that we can now only offer 5 per cent. We will not be increasing prices for the foreseeable future. All the salespeople in the watch shops are talking about it, no one has put their prices up but we have been told to wait and see."

Breitling, Omega, Piaget and Raymond Weil have no plans for price increases. Tag Heuer prices in the UAE range from Dh4,400 up to Dh979,000 for the Carrera Mikrotourbillion.

The move by the Swiss National Bank on January 15 to remove the euro cap of 1.20 Swiss francs per euro resulted in the currency jumping by nearly 30 per cent against the euro and 18 per cent against the dollar in the minutes following the decision.

The franc has since given back some of those gains, and through Friday was up 12 per cent against the euro since the rate cap was removed, and 10 per cent against the dollar.

Within days of the move, watchmakers including Patek Philippe and Rolex said they would raise prices between 4 and 8 per cent this month in Japan to offset currency losses.

Retail, continued on **2**

From Peru to Uzbekistan, world's food companies descend on Gulfood

Andrew Scott and Dania Saadi

Gulfood, the world's largest annual food and hospitality event, opens today in Dubai's World Trade Centre. More than 4,800 companies from 120 countries are touting their wares with an eye on the burgeoning populations of the Middle East.

This year is the 20th incarnation of the international food festival, with its 120,000 square metres of space dwarfing Gulfood's beginnings in 1987, when 65 companies from 13 countries had just a 2,000 square-metre space to exhibit products.

The UAE is a significant importer of food and relies heavily on exporting nations to deliver its foodstuffs. The biggest exporter of food to the country is China, closely followed by India. But for countries large and small – and whether they are new exhibitors or old – the Middle East is where the growth is.

Peru, for example, is making its fourth visit to the event after posting a massive 250 per cent increase in exports to the region from 2013 to the end of last year. Its exports to the Middle East are mostly fresh fruit and vegetables. However, it is trying to change the region's seafood buying habits, which centre mainly on salmon and hammour, to include octopus, scallops and squid, each of which it has in abundance. But while the country's exports to the region have nearly tripled, the total figure is still insignificant when compared with its global exports.

"Food exports to the Middle East region jumped 250 per cent from 2013 to 2014, but that still only accounted for US$5 million worth of produce," said Alvaro Silva-Santisteban, the director of the trade, tourism and investment office of Peru in Dubai. "Peru exported $1.5 billion worth of food products last year, with 40 per cent going to North America and 45 per cent to Europe. The Middle East is important for us in terms of diversification of our markets. We can help with our superfoods, that are good for the diabetes problem here."

France and Australia, two countries that have been present at the event since it began, will be exhibiting, with three new countries joining them this year – Estonia, Monaco and Uzbekistan.

Exhibition, continued on **2**

A seller at the Gulfood exhibition in 2013. Razan Alzayani / The National

> **What is Emirati design? It is not yet defined but it is part of our mission to define what is an Emirati aesthetic**
>
> Khalid Shafar, founder and chief executive of Kasa

Clockwise from bottom right: Khalid Shafar is the founder of Kasa; he consults with a member of his design team; and a scene from the workshop in Dubai's Ras Al Khor industrial area. Reem Mohammed / The National

Business goes beyond passion

Kasa, a play on the Latinate word for home, is a work in progress to promote authentic home-grown design in mid-to high-end furniture. Its Emirati founder believes that success is about a lot more than having a dream, **Anthony McAuley reports**

"Follow your passion" is a clichéd bit of advice that aspiring young entrepreneurs are often given, but Khalid Shafar is having none of that.

"Passion is not enough," says Mr Shafar, the Emirati founder and chief executive of Kasa, a play on the Latinate word for house or home and the name of his "showcase space" in the Ras Al Khor industrial area in Dubai, where he and his small team design, manufacture and display his Khalid Shafar-branded range of mid-to high-end furniture.

To listen to Mr Shafar recount his journey, one understands what he means about the need for more than dreams – if you want to get going in the high-end furniture game, you need qualifications, you need experience and you need money.

There was, of course, passion too – a passion for design that kicked in while he was working in marketing for Dubai Holding after he had made the pragmatic decision to switch to a business degree after starting in interior design at American University in Dubai, taking that degree in 2002.

But that first love led to a degree in interior design in 2005, earned from the same university while working full time.

It also ultimately led to Mr Shafar making the leap that all entrepreneurs must make at some point when he decided to quit his day job altogether, in 2009, right in the middle of the financial crisis fallout.

"I found in the financial crisis an opportunity to pursue design," Mr Shafar says.

"Business-wise, you could see infrastructural changes [in the UAE art and design scene] and a real estate recovery."

The path was chosen and the business was set up but there was still more learning to do, so Mr Shafar set off to the celebrated Central St Martins design school at the University of the Arts in London.

"That was more of an assurance and confirmation that I wanted to pursue this," he says.

"I mainly chose courses that were taught by instructors in the field – professional furniture and interior designers who were teaching at the university."

Even after completing that course there was still more training required – to become the designer he wanted to be, Mr Shafar reckoned he needed to become a master furniture maker first. So, after looking at options in the United States and in Scotland, he settled on the Centre for Fine Woodworking in Nelson, New Zealand.

"Mainly because of timing," he says. "I could start there immediately and I didn't want to wait."

The programme was a 10-month hands-on professional course teaching different techniques such as wood bending and veneering, he says. "That was what I needed. But I said, 'guys, I'm here to learn the basics but my plan is to be a designer. The making will be done by someone else but I need the knowledge.' They embraced that and allowed me room to play with design."

The long apprenticeship complete, Mr Shafar set up properly in Dubai in 2011.

The recognition came quickly, perhaps reflecting what Mr Shafar says was a gap in the market, a lack of a clear definition of what is truly Emirati design or even Arabian Gulf regional design identity.

A London Design Festival exhibition last September featured Mr Shafar's designs, along with the Emirati photographer Lamya Gargash and the Beirut-born local jewellery maker Nadine Kanso, in a programme aimed at showcasing – and helping to define – modern Middle East design.

Rosa Bertoli in *Wallpaper* magazine, the editor of which was the exhibition's curator, wrote: "Multidisciplinary, internationally educated and highly skilled, a new breed of Middle Eastern creatives have built a thought-provoking narrative around the region's cultural identity," adding, "these creatives look within their homeland for inspiration, re-imagining local traditions and craftsmanship".

Indeed, Mr Shafar sees himself as very much part of a new wave of Emirati designers searching for authenticity.

"You have Asian, African tribal, Mexican – if we look at a piece we can say that it belongs to that category. But Middle Eastern design tends to be a broader cliché more related to North African attributes," Mr Shafar says. "What is Emirati design? It is not yet defined, but it is part of our mission to define what is an Emirati aesthetic."

Khalid Shafar's Palm Table. Reem Mohammed / The National

Soon after he started Kasa, the climate for design in the Emirates was given a boost with the advent of Design Days Dubai, initiated by Cyril Zammit, the Paris-born art impresario who had landed in Abu Dhabi in 2009 with a remit from the Tourism Development and Investment Company that led to the Art Dubai fair a couple years later.

Mr Zammit was described by *In-Design* magazine as "the man responsible for bringing collectible design to the Middle East, and a key player in fostering Dubai's fast-emerging design scene."

Now, Mr Shafar is inspired by Dubai's Alserkal Avenue art gallery hub, in the Al Quoz area, which has rapidly flowered in the wake of these art and design fairs and government initiatives to encourage new talent.

"I first came to this area, Ras Al Khor, when I was 10 years old and I had a vision that's been there since," Mr Shafar says. "We've never called Kasa a store or showroom, but rather a gallery. There are things there to study, to explore. It's not a commercial space but a reference point for people interested in Emirati design. That is what is happening at the moment. Kasa is first of all about encouraging that dream for others to join in transforming this area into a design district."

Just remember: dreams are not enough.

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the profile

The business

The Khalid Shafar brand was launched at the end of 2010 and describes itself as a "brand that creates quirky interior space objects out of stories". The Kasa gallery that showcases the designs in Dubai's Ras Khor industrial area was opened at the end of 2012. Mr Shafar says: "Now we have small-scale production. We don't take orders from outside but we create collections, a range of lines of furniture and release them, and clients have certain customisation they can do such as colours. Like all designers, the aim is to mass produce at some point but at the moment the focus is on keeping mid- to high-end, for the design-savvy lot who are looking for something and made in the UAE."

The manager

Khalid Shafar was born in 1980 in Dubai. He took a business degree (2002) and an interior design degree (2005) from the American University in Dubai. He worked in marketing and communication for Dubai Holding for seven years. He studied Furniture & Objects design, first at Central Saint Martins College of Art and Design in London, UK, then at the Centre for Fine Woodworking in New Zealand. In 2011 he opened his own studio in Dubai and at the end of 2012 launched his first showcase space, Kasa. He is also a partner in his family firm, Al Taamir Construction.

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