

## DEBATE

### **Adil Alzarooni, CEO of Al Zarooni Emirates Investments and Al Bidayer Holding, Founder of Citizens School**

Thank you very much, Professor. I think we have an impressive variety of speakers here who cover quite a wide set of subjects. I would like you all to ask questions and we have some time so we will do this a couple of times.

### **Peje Emilsson, Founder and owner of Kreab Worldwide**

I am in education, and I know that you founded the Citizen School and if you go into economic and social issues, education is the key. I now have 30,000 students in six countries, and I also have a school in Jeddah, the Nün Academy and I can see that you have had a great change in education because private operators are coming in and providing opportunities, alternatives and competition, as well as better education. By 2034 we are on course for about 30% in private education, we are not there yet so the Kingdom is inviting in more international operators. I have had interesting meetings with the Minister of Education in the UAE as well, who came to Sweden for two days and saw our operations and I think in everything you are doing you should open up to more competition for educational alternatives, which are the base for social and economic development.

### **Adil Alzarooni**

Thank you very much, I totally agree with what you said. I actually believe there is an opportunity here in the region, I hate to use the word re-imagine but I think there are educational experiences that are differentiated and to some degree more innovative that could come out of this region because this whole industry, if I can call it that, is still in its infancy. Thank you very much for your efforts in pushing the same agenda and when it comes to education and the future in Saudi Arabia, it is going to be massive and amazing. Bringing in new talents will definitely help the quality of life of many people in the region and thank you for your contribution to this.

### **Nabil Fahmy, former Foreign Minister of Egypt**

This is an excellent panel, you have been straight to the point and made your points very clearly. Whether it is Lebanon or Syria, it is obvious that we are going to need a lot of money for reconstruction of the infrastructure, etc. I'm addressing to Ms. Schmid: is the international community ready to contribute to this, are the finances available? I know everybody will look at the Gulf and say that it has to cover the cost, and I am sure it will contribute but I am really interested in seeing whether or not the rest of the world is going to do this.

My other question is for you, Mr. chairman: you made a very interesting point about the debate between the private sector and government investment, and we have the same debate back home between the government leading more of a role than the private sector. Are you having that debate in the UAE and if so, is it a constructive debate?

My last question is for Dr. Abdallah, and I know your work in Egypt and commend you for what you are doing. As you know, 65% of our population is under 30 years of age and we are a quarter of the Middle East so most of the Middle East has approximately the same proportions. In terms of food security, especially eating habits, do you see a shift in habits with age or has that not changed yet.

**Dorothee Schmid, Head of the Türkiye/Middle East program at Ifri**

The last one was in May this year when the EU pledged to spend around €2.12 billion on Syria but most of it is on Syrian refugees, and I am afraid that the EU is going to invest in humanitarian aid not the productive economy. My bet is that if you want to go back, Syria could provide a return on investment in the oil sector and then you have to reaggregate the whole territory. The problem is similar to what you have in Iraq, Fareed, and you can comment or not, the oil is partly in Basra and partly in the Kurdish area, they have to share it, and it is a constant political problem. You have to have institutions that ensure that the budget is managed centrally and allows redistribution. I think that agriculture will be very difficult to start up again because the war has not only caused massive destruction of the infrastructure but also massive pollution. One sector that could be very promising for the future, which could have been for Syria, was tourism but you have to realize that around 300 heritage sites have been affected and partly destroyed during the fighting, and the archeological sites have been looted. There you still have to assess the real impact of the war because it was an underdeveloped sector that would have been extremely promising in Syria and I think you should not think of tourism only in terms of developing the coast, as Assad was trying to do at the end with super luxury real estate on the littoral. Syria could have double-digit growth for 10 years because it is starting from nothing, and people are eager to restart the economy. My concern is that you have to provide people with housing and that is the first thing. I am amazed to see that the people who want to go back to Syria and there is nothing, they do not have houses, some of the houses were destroyed or confiscated by the regime, which passed laws making it possible to confiscate private property. Everything remains to be done, and I think the engagement of the international community should be political before anything else.

**Adil Alzarooni**

Does anybody have something quick to add on the subject of international support for the Syrian situation because we have three subjects to cover here.

**Fareed Yasseen, Secretary General of the Iraq Pugwash Association, former Ambassador of the Republic of Iraq to the United States**

If I may, the first thing is to make sure that we have security because without that you will not get anything. There is an example to ponder with what happened in Mosul. The destruction of Mosul was far worse than anything you have seen in Syria, but they have just finished rebuilding the leaning minaret. This is a success story that could be emulated but that required

heavily involvement of the international community as well as a certain measure of supervision and I think that is also necessary.

**Monica Malik, Chief Economist at Abu Dhabi Commercial Bank**

I would also like to add that before you can see real economic investment through aid or in any other form, I think you need to see very strong reforms and stable government, not only for Syria but the wider region. Maybe we could discuss later how we see that developing in the wider region because I think that is really the critical question after security.

**Virginie Robert, Foreign Desk Editor of *Les Échos***

I have a two-fold question about financial transparency. If you are going to provide money for reconstruction, how do you ensure that the money gets where it is supposed to go and avoid more corruption? Also, if you want to develop the economics of the region, you are talking about government reform, but do you not also need financial reform and maybe a legal business environment that would be stronger and more conducive for the region as a whole?

**Dorothee Schmid**

You need a legal environment and that is it, there is no environment now.

**Adil Alzarooni**

I agree. If I can just throw in a quick thought. I have worked in many countries developing economic zones and first there is the need for a proper government and security. I think that if countries like Syria have a mindset of starting where everyone else has ended when it comes to legislation and being openminded about the flows of money in and out, I think the public sector can be a huge support. There is USD 600 billion of disposable income sitting in regional banks and they need opportunities and unfortunately, they are all helped by the respective red lines of many countries in the region. This is why countries like the UAE and others now regionally are taking advantage of the fact that there are many red lines with many other countries. I think it is far-fetched but not impossible for food security.

**Kamel Abdallah, Managing Director and CEO of Canal Sugar, Egypt**

The question was whether we see changing habits in the Middle East and we have two values that are changing or going in the opposite direction. One is the definition of beauty where young people like thinner, healthier-looking singers, actors and if Oum Kalthoum was back again she would not even fit on a screen according to the young generation. That is on the plus side but of course, plastic surgery and operations are doing their part, but people overall are trying to look healthier and fitter. On the other hand, the challenge we have in the Middle East is with the value of generosity. As Middle Easterners we love generosity and the best way we show generosity and love, like my mother, grandmother and everyone who invites us to lunch and dinner, is to keep on telling you eat, eat more food. That is something we need to work on, redefining generosity as something else.

On an economic issue, which is more important, the problem is that whenever I sit with Your Excellency and government ministers in Egypt, when I tell them we need to support local

self-sufficiency, they say that they can buy imported powder milk or raw sugar much cheaper, whether from New Zealand or Brazil. I tell them that they are switching between subsidizing Egyptian farmers to subsidizing Brazilian or Australian farmers and of course, that does not make me very popular. We are trying to get people to understand two things. First, if you do not support local agriculture, you are supporting someone else's local agriculture. Second, and more important, if we add the budget of the Ministry of Health to the budget of Agriculture, then you have a great case for having a healthier and better quality of life, so do not spend money on treating them after they develop diabetes, spend the money on giving them healthy food at a reasonable price, and never buy cheap, imported, dumped food.

### **Adil Alzarooni**

Thank you, Your Excellency. I am still adhering to the local tradition of questions, questions, questions.

### **Tania Sollogoub, Head of Research on Emerging Countries and Global Geopolitics at Crédit Agricole**

First, Egypt has shown something that is very important for the private sector, which is the question of a lender of last resort. Even in a very difficult financial situation last year, the fact that the GCC put money in, which is exactly what the market was waiting for, suddenly erased all the expectations, legal, etc. You know that Egypt is still in a very difficult financial situation but the fact that for once there was coordination between all the GCC countries and the IMF to provide money and the promise of a lender of last resort, was enough to stop something that was very difficult. This is the first point leading to the question of coordination between GCC countries to provide liquidity and to engage the financing pump. To be frank, this is a question that is not so clear for us because on one side we are talking about the economic situation of the GCC and the huge level of reserves, even if the Saudi situation is not that clear in terms of PIF treasury, but still with liquidity but there is no coordination to help the most fragile countries.

The second point is about food security, which is also mix of solutions because, of course, you have to protect and produce locally but if I take Qatar and the milk story of the 24,000 cows, it is very difficult from the point of view of water, etc. It is very important to create and develop new sectors locally, strategic stocks, but also to have coordination on imports because you will need imports anyway. If you take the last Qatari food security strategy, which I think was produced about three days ago, it is clear that it is a mixture of solutions based on coordination, locally but also with some external flows.

The question behind all this is what about regional coordination from the point of view of finance, strategic vision, etc.? It can be a variety of strategic visions, attracting FDIs, etc., and it seems to me competition, de-rise and coordination.

### **Adil Alzarooni**

Would someone like to respond?

**Monica Malik**

Before I joined the ADCP, I was the Chief Economist at EFG Hermes and I have also looked at Egypt for over 20 years and I would not say that there was much coordination for the Egypt package, it came from Abu Dhabi, the Ras al-Hekma deal, over 35 billion. I think Egypt had got to a point where the liquidity shortage was so acute that even if they had another IMF package, 5 billion, 10 billion, 12 billion, it would not have made a difference. You have got a situation where the external financing requirements have been met for four years and we have started to see reforms on the subsidy front, but you have already seen the government saying it is going to move more towards privatization because it is difficult for the people to deal with it. The infrastructure needs upgrading, jobs need upgrading, the education system needs investment, and I do not see much coordination from this side. I think we had got to the point of economic collapse, and it was the UAE, and going forward I think two countries in the Gulf will increasingly have the fiscal means to do that, the UAE and Qatar. I think Kuwait also has large reserves, but they have their own problems with the need to change their economy and move on with progress. I do not really see much coordination within the Gulf and in the case of Saudi Arabia, I am sorry to use a Trump term, but I think it is very much Saudi first. All their resources are going to be used for Saudi Arabia, even if there is discussion of a Saudi deal, but if we look at the Neom area, at the beginning it was supposed to be this axis of development between Egypt, Jordan and Saudi Arabia. However, just last week they came out and said that all their resources are going to be for domestic development rather than overseas investment, so I do not see much coordination going forward for the wider region on that front.

**Adil Alzarooni**

From a different angle, I hear a lot about us competing, the UAE competing with Qatar or Saudi, etc., and I worked in Saudi Arabia developing multiple economic zones, as well as here, in Oman, Egypt and a few other locations. I want more competition frankly speaking because most of the money in the GCC has classically gone outside the GCC. The UAE has changed direction and probably Oman also to a good degree, by deciding to invest their money in the countries themselves and to develop them. Saudi Arabia has always helped others but never really invested much in itself, but that is now happening in the GCC and the more Saudi grows, the more everyone around it will grow and that will be a bigger collective economy, regardless of who has a bigger percentage. There is probably a case here when it comes to overall GDP for a positive outcome.

**François Gouyette, Chairman of Pro Oriente Conseil, Vice-Chairman for Public Diplomacy of The Global Diwan, Advisor to the Chairman of Diot-Siaci**

When it comes to investment in Saudi Arabia, I attended the first FII, which I think was in November 2017, at the very moment when, prince Mohammed –it was not just on ARAMCO assets or the internal budget of Saudi Arabia– expected and called for massive foreign investment, which has not been achieved up until now.

**Adil Alzarooni**

I will give you an example. I do not know how I would say comparably in Dubai, the government at the time of Sheikh Mohammed encouraged the families to invest in tourism and build hotels. At the time, Dubai was not a destination, it is hot, humid and deserted so most of these families wondered how it could become a tourist destination. He and the government of Dubai invested in what used to be called Chicago Beach but is now called the Jumeirah Beach Hotel. Of course, after the success of that the families realized that they probably should invest in that and then airlines came. The one fact, and you see that clearly in the GCC now, is that governments are taking the lead in key projects, but the problem arises much later when the income has become so good that when you ask the governments to get out of the business or give the public an opportunity to become involved. The money is so good that they usually do not want to let go. This is now happening in Saudi Arabia. I lived in Saudi Arabia for three years and worked in many of the economic zones and I cannot believe what is happening today, I would never have guessed it would happen in my lifetime. The change in only a few years is really impressive and I cannot recognize Riyadh anymore and I lived there, I do not know the roads now. The reality is that the government will take the lead, but everyone will benefit at some point but hopefully, the government does not end up dominating, so that it is all government investment but that some of that is left to the private sector to leverage. Do they need to build a New York or a King Abdullah Economic City? They do and they should.

Does that answer your question?

**Tania Sollogoub**

Since there is good and bad debt, what kind of debt will it be? At its heart, my question was to find the link between the rich countries in the region and the fragile ones and whether something will be done, as has been the case in Egypt, even without coordination. On one side, you have talked about all these fragile countries and on the other the macroeconomic situation of the GCC but where is the link between them?

**Kamel Abdallah**

I can take a crack at this one, at least from the perspective of the countries I have worked in. I was Managing Director and CEO of Baladna, and I took it public, that is the company that brought in the cows, and I am now in Egypt doing Canal Sugar. The first thing before countries like Egypt, Syria or Lebanon ask for investments, they are working on reforming their public sectors or the part that we call state-owned enterprises. As was mentioned, some of these state-owned enterprises maybe have been successful at the start but they do not pay taxes and may not pay competitive salaries, and they are really crowding out private sector investment. We may have needed them to start, as has already been said, we need them to exit at the right time.

Second, in economies like Egypt where the interest rate is about 30% you are effectively also crowding out the private sector because it is very hard to get viable businesses that will justify this return.



Third, there are the habits of the region and historically, we love trade, we are traders, and we have made more money in trade and services, and somehow, we skipped agriculture and industry in our economic development. Now, we need to get people to see that agriculture will only make sense if you can put a factory next to every farm that ensures that the food you produce is going to last more than three days. That is the case with sugar beet, it only lasts three days so you have to put in place a factory or whatever, so you need these industrial-driven solutions along with other things.

Going back to the investment you mentioned, it was straightforward. Egypt cannot afford not to have stability and 100 million people with a failing economy is a risk to the region and to the world. I am Lebanese not Egyptian, but we could jump on ships and go elsewhere. If you want to keep us in our own countries, and that applies to Syria too, you want us to return from Germany or France where immigration is a problem and there are a lot of issues, then you should help these Syrians and pay them money in Syria rather than paying to keep them in Lebanon and other places.

I hope we have answered your question.

#### **Adil Alzarooni**

Just a quick and direct answer, before what people call the Arab Spring, which was probably more of a winter, I used to work on developing economic zones in Libya in the Gaddafi days, in Egypt, Syria and Türkiye. All these countries wanted positive change and all the other countries in the region were happy to give their support, but the problem is that you cannot do that without political stability. This unfortunate event dragged the region backwards a few decades and I really salute the wisdom of the UAE and the analogy given by Mr. Gargash in his speech was impressive, this is why peace is more expensive than war. I have no doubt that other countries will be happy to support a stable region, and I have seen it.

#### **Gidon Bromberg, Israeli Director of EcoPeace Middle East**

We are a joint Palestinian, Jordanian and Israeli organization that I think very much exemplifies the sentiment of His Excellency, Mr. Gargash, both in action in support of diplomacy and words of moderation. I wanted to speak to the words of Mr. Yasseen who I thought really highlighted the importance of focusing on the climate crisis as a common threat for the whole region. As an expert in the issue, at least the Eastern Mediterranean is already experiencing a 2-degree increase in temperatures since the 1950s, so it is way beyond the world average we all fear, and we are expecting an additional 4-degree increase and here in the Gulf it is even worse. I think that brings together the need to focus on coordination and my question is mostly how we advance that coordination. When we look at Europe facing the climate crisis, and they are not a hotspot, they have produced a European Green Deal, where is the Middle East's Green Deal? How can we possibly expect to survive the climate crisis without having a clear plan of coordination, and political, economic and social compromise? Then again, we talk about coordination, and I had the opportunity to speak about IMEC and the peace triangle addition of IMEC in the panel yesterday. Surely, when we are talking about the rebuilding, we need to transform the interests so that we do not rebuild in the same way, as was said earlier, that just leads to another round of destruction. The rebuilding needs to be done in a transformative way that changes the interests and if we do not change the interests,

the deal with the Israeli, Palestinian and Iranian issues, then we do not really change anything. I think that is the challenge we have. I think Europe has done it through coal and steel and the European Union, and its example of the European. I would like to ask the panelists what they see as the greatest challenges to moving forward in the Middle East in similar directions. Please, I would really like the discussion to be in the spirit of Anwar Gargash.

### **Adil Alzarooni**

Thank you very much, would anyone like to pick it up? I have a brief comment on this, but I am not the major concern. I believe that the challenge is always going to be that the environment is not something regional. Historically, those who produce CO<sub>2</sub> has leveraged it and gathered a lot of wealth in the process. Unfortunately, many people judge the less fortunate countries today and push them to be greener when they are not economically stable. I believe it goes back to the same problem that we as humans need to act with the environment in the same way as birds do, there are no real environmental borders. Until we believe we have a shared responsibility for uplifting everybody to have a reasonable quality of life, the whole topic of being more environmentally responsible in one area versus another will fall apart.

### **Ernesto Damiani, Professor at Khalifa University for the Department of Electrical Engineering and Computer Science, Director of the Center for Cyber-Physical Systems (C2PS)**

I would like to add something on the coordination part and of course, and you mentioned different types and there is coordination of platforms, education and science production. This is a typical coordination that has been tried at least in Europe and that is not as clear in the region here. I think the notion that there are some platform issues on which you cannot compete is very important because you do not have the scale. I just wanted to mention one, which is the development of AI and large language models, where you will not have the critical mass if you try to do it nation by nation. I said the same in Europe when France or Italy tried to make their own efforts, and there is a new way, a framework, a common platform has been created on this type of discussion on when to compete and when to collaborate, so it can be done. I think this is the first step.

I was in Riyadh last month for the list of the Saudi giga projects and you can imagine why they took me because each of these giga projects has a university project attached and the notion of the creation of a network academic institution is something that can be done country by country. However, in my opinion, it should have a regional perspective because that is the only way you can get the scale. You need the talent, numerous people and PhDs, that you cannot achieve country by country, although some countries can.

### **Dorothee Schmid**

I just wanted to say a word to address Virginie's question about the stability of the legal frame etc. I think wars have made the whole of Syria, and also part of Türkiye, move completely into the grey zone of informality and trafficking, which clearly thrive in times of war and this is what we have seen with the drug economy in Syria. Now, thanks to the Israelis who bombed the



captagon production laboratories, there is maybe a chance to eradicate this, but we do not know. However, informality does not necessarily mean the mafia or a bad economy, it means that the state is not in control of the economy. The problem we have here is the model of institutions they are going to build, and I think we need to do more research and what was happening in Idlib and how they managed its small internal economy and bazaar. That is very interesting because it is a question of how you bring trust to the citizens through the new institutions so that they will be happy, in some way, to pay taxes because they know they will get returns in terms of public services. One thing that guys of Hay'at Tahrir al-Sham did in Idlib is that they restored a minimum level of public services and that is the first challenge, for the minimum of things to ensure everyday life. Of course, it comes with a big legal framework, but I think it is very difficult to come out of this inherited culture of cronyism that operated under the Assads for about 50 years with the distribution of resources through client networks. That is the whole challenge for the Syrian state to be egalitarian, inclusive, etc., it is not only political or social, it is also a socio-economic challenge.

### **Bastien Borie, Freelance journalist based in the Gulf**

I just wanted to follow-up on what Dorothée Schmid said about Syria and how Türkiye was trying or will try to help Syria rebuild. I think it is very interesting, we know that Türkiye may not have directly helped Hay'at Tahrir al-Sham's takeover of Damascus but at least, it sort of facilitated it. Does Türkiye really have the will, interest, power and money to help Syria rebuild and what would it look like? I think you were talking about these Türkiye-trained entrepreneurs moving to Syria, could you elaborate on this topic? Are we just talking about help with the economy or also military, culture, religion, etc., when it comes to the scale of Türkiye's help to Syria?

### **Dorothée Schmid**

The panel is about economy, and I think that is a very interesting topic for Türkiye on its own because, as I said, the presence of Syrians has transformed the economy of the southeast of Türkiye because there is has been a big inflow of manpower. These people have been used informally and sustained growth in Türkiye even in difficult times and this is why informality was in fact a blessing for Türkiye. It does not mean that they necessarily treated the Syrians very well but at least they managed to have the Syrians survive, and part of the manufacturing infrastructure also moved to Türkiye. That is because it is a neighboring country with a 900-kilometre border and a productive economy, so it was probably a more promising place to set up an economic activity than Lebanon maybe or other countries. Of course, the Turks intend to get some return on their investment, on the big commitment they had in Syria. I think Türkiye has been transformed by what it did in Syria, for good or bad, and I think it even pushed the government to be more authoritarian, to security problems, etc. Now they want to reap the benefits from the commitment they made to the opposition and the stakes for the Turkish building industry and others, is very high because they are very good at real estate. This is what they are aiming for, they want to rebuild the north of Syria but, of course, this goes hand in hand with a political and military project. The opposition in Türkiye has said that they are not leaving Syria as long as the PKK is active but more than this, they say they want to protect the return of the Syrian refugees to the country, and they want a permanent presence there. I do not know if this is positive because they claim they want to protect Syrian

sovereignty, but their actions are completely the opposite. However, I think the future economy of Syria will have to be involved with Türkiye in any case.

**Adil Alzarooni**

Thank you for the feedback. Do we have any more questions in this direction?

**Virginie Robert**

She kind of answered my earlier question but it would be interesting for me to know if there is a concern in the region about increasing financial transparency, not only in terms of rebuilding Syria or Lebanon, but also for yourselves to become more adult in the business world with more transparency and legal framework.

**Monica Malik**

I am not speaking on behalf of my bank or anything like that, but I certainly think that if you look at the wider region, of course, Egypt has always been a close partner and the potential is huge but again, there is the need to support the population. I know that when I was at EFG before the Arab Spring, there was a lot of focus on the potential development of the wider MENA region. I remember going to places like Syria before the Arab Spring and you could see loads of people from Türkiye and Saudi Arabia doing the rounds and there was a lot of optimism. I think after the Arab Spring and the many waves of uncertainty, that was taken off the radar. If you look at where GCC banks are investing increasingly outside, it is where the trade corridors are developing, so increasingly areas like Türkiye. What we are also seeing is more investment going into the CIS countries, like Kazakhstan and this kind of economies and even places like Africa where there are more corridors and India, where there is increasing economic integration. Unfortunately, you are not seeing that discussion in countries like Syria and others, and I really think it is a case again, as we said, of stability, government, institutions, the foreign aid donors. I think the banking sector will probably be one of the last areas to come in once those elements of institutional stability are in place and signs of several years of progress.

**Dorothee Schmid**

If I can just say a word of context. One thing you have to take into account is that as far as Syria as concerned the government was under sanctions and its main economic partners were Russia and Iran, which are both under sanctions. What do these politics of external pressure from the West produce if you are interested in increasing transparency. How do you get out of this regional system of sanctions?

**Adil Alzarooni**

Thank you very much, appreciate the feedback. Are there any random questions?

**Zeina Achi**

I am concerned about the alignment of the superpowers, the role of the Gulf in rebuilding the area and all these things, but do not worry, I am not going to ask you about all these issues

since there are a lot of unknowns there. My question is addressed to the chairman, Adil, you mentioned something about trillions shifting from one generation to another in the area and I think this is very alarming if it is not done properly. I want to ask you about the role of corporate governance here to ensure this kind of succession planning and conflict resolution in these enterprises, specifically when it comes to family-owned businesses.

### **Adil Alzarooni**

Thank you for the question. In fact, there is a more fundamental question which is that long-term wealth management has basic knowledge. When I started building a school, I realized that schools know that the healthcare industry is concerned with our quality of life, and I also come from the healthcare industry. When I say quality of life, I would probably segment it into physical wellbeing, mental wellbeing, social and wealth wellbeing. For some good reasons, 200 years ago the education system needed to function like a factory but then it begs the question why 600 billion dollars of disposable income are sitting in regional banks. Much of that is due to the fact that most of us, more than 95% to 97%, do not have a clue how to manage our wealth in the long term. They all gamble and think it is a good idea to gamble on their parents' savings and they lose because 9 out of 10 businesses fail anyway within the first three years. Businesses fail by default, that is 200 years of statistics.

Delivering knowledge of long-term wealth management and wellbeing in general is something that the education sector has to take on board and be responsible for. In fact, it needs to go beyond the education sector and be done at the government level because it is then propagated into all the different government structures or services provided within a government. First, long-term wealth management needs to be basic knowledge, and the question is why physics or chemistry are more important than knowing how to manage your money to better yourself and future generations.

Second, I think there is a lot of emphasis on governance, and I hold a PhD on the governance of family businesses and have written a book on that. However, I think the emphasis has to be on why we need to stay together as a family and if it is a good idea, and with that, we need to appeal to people's emotions. We are all together because it is good for us, it is more efficient and as individuals, we have a better chance of life, and our quality of life will be improved and reinforce relationships. What is the use of being rich but hating everyone in the family or not being able to get your money or improve your quality of life? You just sit there cursing your cousin who is running the show. Therefore, first long-term wealth management and science is there but not education, and then the emotion, it needs to be democratic and operate on a consensus, and then governance comes into play. When governance comes into play, where it has a major effect and a lot of coordination is needed, and unfortunately governments have to interfere, it is the laws and regulations, including taxation. For example, here in the UAE, the government has done a great job focusing on the area and putting in a lot of structures. I have built two family offices, and I transferred some real estate assets to one of the families thinking it was for the sustainability of the business. But then taxation was introduced. In the good old days, we did not understand taxation, which I miss. It turns out to be that if a property belongs to a company, it is taxed but if it is in an individual name, it is not, so I want to give the properties back to family members. This is what happens in relation to the family when governance comes into play. In my view, governance is only a translation of what I hope is an

amicable understanding amongst family businesses on how they foresee the quality of life of future generations.

Does anybody want to ask some questions?

### **Fareed Yasseen**

I have a question on family businesses. Growing up I met some children from merchant families from the Gulf and other parts of the Arab world, and they all had a common educational profile, their parents sent them to private schools *en masse*. That was in the seventies and eighties, is this still going on?

### **Adil Alzarooni**

A funny thing about the education system is that if you bring in a new concept, like building a school that focuses on entrepreneurship, and you need to do that because 40% of nursery-aged kids will have to feed themselves. What the education system produces is due to something that happened in 1796, which was the invention of vaccination. As a species, it took us 300,000 to 500,000 years to reach 1 billion people in 1800, 225 years ago, then vaccination was invented and there is a huge growth in population. Governments panicked because they needed to produce roads, hospitals, schools, etc., and as a result they created an education system that produced disciplined individuals who do not make mistakes. However, in business it is never the individual, always a team, and 9 out of 10 businesses fail within the first three years, and you cannot not make mistakes, and it is chaos, there is no discipline. Therefore, to raise ourselves as humans and actually be ready for what is a gloomy future, because the population has been growing like crazy for 100 years. That will stop by 2080, and we might stagnate at around 10.5 billion or 10.2 billion people, of whom 25% will be over 65 years old, which is 10% today. That means that a quarter of the population does not spend money or produce economic input. How would the stock market react to that reality? Today, you have PE issues on the stock market of 20 or 30 times because they think the population will continue to grow but what about the possibility of the population starting to decline today? The other clue is China's population today, which is 1.4 billion. Do you know what most studies predict it will be in 2100? A lot of them say it will be 750,000, around half the current level. In that case, is real estate gold? It is gold gold. Would you invest in real estate in China, *en masse* not just some pockets? The question is how you then hold generations for that kind of very different reality than the one we have lived through in the previous 200 years, which I regard as an anomaly. In my opinion we are the luckiest generation that this species has ever seen, and we have been living a beautiful anomaly for the last 200 years that will not last. What a great conclusion to our workshop.

### **Monica Malik**

Please allow me to add that population is clearly declining. I fully understand that this does not match with a banker's persona, but if you look at the level of consumption that has ballooned since the 1980s, and this sort of capitalism on steroids, and the crisis we are having in all sorts of environmental areas, maybe we have come to the point where we have to redefine capitalism from where we are now.



**Adil Alzarooni**

I totally agree. I cannot imagine what the world will look like. We had a really interesting discussion, thank you very much for giving the platform for such a lot of knowledge. It is an amazing panel and appreciate everyone's input, thank you for listening to us and for your comments.