

Lobbying & Law

Persian Gulf Connection

By Peter H. Stone

■ Abu Dhabi, Dubai, and the United Arab Emirates are hiring K Street heavy hitters.

■ The failed Dubai Ports World deal of 2006 was a wake-up call.

■ The emirates are doing investment deals in the U.S., but they also want to attract foreign capital.

■ High Rollers



■ Rolls-Royces line up on the causeway leading to Dubai's Burj Al Arab hotel.

AP/GETTY IMAGES/SRABHI MOGHRABI

Few corporate deals in recent years have sparked as much political uproar as the ill-fated effort in 2006 by Dubai Ports World to take over operations at six major port facilities in the United States.

For the tiny but wealthy emirate of Dubai, which owns the company, the deal's demise came as a huge shock. But the backlash in Congress, with both Democrats and Republicans warning that the acquisition would undermine national security, served as a wake-up call to Dubai, as well as its neighbor Abu Dhabi—the two wealthiest of the seven states that compose the Persian Gulf federation known as the United Arab Emirates.

Increasingly flush with petrodollars, Dubai and Abu Dhabi have recently cut other plum deals to invest in the United States. At the same time, they are seeking to lure Western investment capital to their countries and to increase trade with the United States. But this time, the two emirates, and the UAE, have hired heavy hitters on K Street as lobbying, public-relations, and legal representatives to help them facilitate transactions, shape public opinion, and steer clear of Washington's political and regulatory land mines.

"Dubai Ports World highlighted the fact that there was very little understanding in the U.S. about the UAE," says Richard Mintz, managing director at the Harbour Group, which has been hired by the UAE. The contract, Mintz says, provides as much as \$15 million for "public diplomacy" campaigns over the next three years.

That mission includes arranging trips to the emirates for members of Congress and policy wonks; underwriting educational events in Washington; and pitching the emirates as vital to the economy and national security of the United States. Such efforts are important, Mintz notes, because the failed Dubai Ports World deal

underscored a "perception gap that needed to be corrected."

Huge financial deals are already in the works. In recent months, UAE-based financial institutions have invested billions of dollars in U.S. entities—including Advanced Micro Devices, the Carlyle Group, and NASDAQ, all of which have tapped teams of Washington lawyers to ensure that no legal roadblocks interfere with the transactions. In late November, the Abu Dhabi Investment Authority agreed to buy a 4.9 percent stake in Citigroup for \$7.5 billion.

These deals have yielded regulatory, legal, and lobbying work for Akin Gump Strauss Hauer & Feld, Covington & Burling, DLA Piper, and others on K Street. Some of the effort entails dealing with the Committee on Foreign Investment in the United States, the interdepartmental body that evaluates deals for potential risks to national security.

Financial groups in the UAE are hungry for investments in the United States and are seeking American capital for projects back home, including real estate and energy. "There's obviously a great deal of wealth being accumulated which is looking for international investment opportunities and, particularly, prestige investments in the U.S.," says former Energy Secretary Spencer Abraham, who runs an eponymous consulting group that works with investors in Dubai, the independent nation of Qatar, and U.S. companies looking for opportunities in the region.

Oil and trade are at the center of the matter. The UAE has almost 10 percent of the world's proven oil reserves, and Qatar has almost 5 percent of the world's proven natural-gas reserves. In 2006, the UAE was America's No. 1 export market in the Middle East, accounting for about \$12 billion in goods and services, according to U.S.

officials. Since 2001, U.S. exports to the UAE have increased an average of 35 percent a year.

Analysts generally consider the UAE and Qatar to be strategic U.S. allies in the volatile Middle East, although Qatar has drawn some criticism in recent years for not doing enough to tone down the anti-American rhetoric of Al Jazeera, the television giant based there.

"The economic dynamism of the UAE represents significant opportunities for our firm in terms of transactional and policy practices," says Akin Gump partner Dan Spiegel, who is spearheading the firm's recently inked deal to represent the UAE in Washington. Spiegel, who was United Nations ambassador in Geneva in the Clinton administration, says his firm will focus on national security matters, trade, human rights, and sovereign wealth funds, which are funds with assets owned by states. Akin Gump has a one-year contract and will be paid on an hourly basis initially. (For much of 2005 and 2006, Clark & Weinstock lobbied and did public-relations work for the UAE, earning \$65,000 a month, according to a filing under the Foreign Agents Registration Act.)

Akin Gump, which has an office in Dubai, is poised to open another in nearby Abu Dhabi in 2008. "It's like Dallas and Fort Worth," says James Langdon, an Akin Gump partner who specializes in energy deals and hails from Texas. "You need a presence in both places."

The firm's work for the UAE is being coordinated with other consulting and lobbying shops that are also involved with the UAE, Dubai, and Abu Dhabi. Further, Akin Gump has focused on getting lawmakers to join congressional delegations for trips to the region. In late November, a group that included Reps. Jim Moran, D-Va., and Tom Davis, R-Va., traveled to the UAE, Qatar, and other Middle East nations. Earlier this year, Sen. Joe Lieberman, ID-Conn., also visited the UAE.

Two other K Street powerhouses, DLA Piper, and Johnson, Madigan, Peck, Boland & Stewart, work for the executive office of Dubai's ruler, Sheik Mohammed bin Rashid al-Maktoum. DLA Piper has a team of 55 lawyers in Dubai and is slated to open offices in Abu Dhabi and Qatar by early 2008. "It's very much a sym-



AP/GETTY IMAGES/NICHOLAS KAMM

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—Spencer Abraham

biotic relationship between U.S. companies who want to do business in the region, and Dubai and the UAE entities, who want to do business here,” says George Salem, a strategic adviser at DLA Piper who oversees much of the firm's work in the Gulf region.

DLA Piper, Salem adds, has handled litigation issues for Dubai's rulers: It successfully fought a class-action suit in Florida charging that Dubai's ruler and his brother were involved in enslaving thousands of young boys as camel jockeys. The suit, filed by the powerful South Carolina law firm Motley Rice, has been refiled in Kentucky. DLA Piper, along with Hogan & Hartson, has been helping Borse Dubai, a state-owned stock exchange, to answer questions raised by Sens. Charles Schumer, D-N.Y., and Christopher Dodd, D-Conn., about Borse Dubai's deal to buy a 20 percent stake in NASDAQ.

For its lobbying work in Washington on behalf of Dubai, DLA Piper took in \$1.2

million in fees and expenses for the six-month period ending on August 31, according to a Foreign Agents Registration Act filing.

Meanwhile, Johnson Madigan is focusing its Dubai lobbying efforts on Capitol Hill and the executive branch. Peter Madigan, who was a State Department official in the George H.W. Bush administration, is spearheading the effort, which involves coordinating with Dubai's two PR consultants, Levick Strategic Communications and Saylor Communications. Johnson Madigan's work for Dubai is earning the firm \$70,000 a month, according to a FARA filing.

Abu Dhabi, a sometime rival of Dubai, hired a team of lawyers at Covington & Burling to handle its legal and strategic needs in Washington. The Covington team is led by Mark Plotkin, who is also representing Abu Dhabi's investment arm, Mubadala Development, a sovereign wealth fund with billions of dollars in assets.

This year, Mubadala acquired stakes in both the Carlyle Group and Advanced Micro Devices. Although the Bush administration has welcomed outside investment in the U.S., Plotkin notes, "there is a lot of attention on national security issues in foreign investment right now." That has spurred the hiring of K Street advisers schooled in the intricacies of the Committee on Foreign Investment in the United States and other transactional hurdles in Washington.

Meanwhile, U.S. companies in the energy and real estate sectors looking to invest more money in the Gulf region have turned to Abraham's new consulting firm for strategic advice and for introductions to the right people in Qatar, Dubai, and elsewhere.

To enhance his connections in the region, Abraham formed a joint partnership earlier this year with Daffa International, a company based in Qatar's capital, Doha, that is owned by the family of that nation's former U.S. ambassador, Bader Omar al-Daffa. Abraham and Daffa International have worked out a deal with Grubb & Ellis, the U.S. real estate giant, to jointly manage properties in Qatar and elsewhere in the Gulf. "We see real opportunities in helping to launch ventures and serving as advisers in both directions," Abraham says. ■

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