Abu Dhabi pumps oil riches into media projects

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ABU DHABI, United Arab Emirates (AP) — With an economy based on pumping oil and landmarks that include one of the Mideast's grandest mosques, buttoned-down Abu Dhabi has little obvious in common with freewheeling media magnets like Hollywood or midtown Manhattan.

This week, the Arab emirate is hoping the world takes another look. The city-state, best known of late for bailing out its flashier neighbor Dubai, is bringing together some of the industry's biggest names for a summit that will temporarily shift much of the world's media and entertainment elite to a luxury hotel on the Persian Gulf. Headliners at the event starting Tuesday include News Corp.'s Rupert Murdoch and Google Inc. chief Eric Schmidt.

The idea is to entice "the best and the brightest media minds," said Edward Borgerding, a former Walt Disney Co. executive who is now CEO of the state-owned Abu Dhabi Media Co., the event's host. But the gathering is also a coming-out party for Abu Dhabi, which has seen its own star rise as nearby Dubai's fades, serving as a reflection of the emirate's growing weight in the media industry.

As in most of the Arab world, the government here has long controlled much of the domestic media, running television networks, newspapers and radio stations, including one devoted to readings from the Quran. Censors routinely black out nudity and politically sensitive topics, and block access to hundreds of Web sites. A media law passed last year stifles the press and increases self-censorship, rights groups say.

Increasingly, though, the United Arab Emirates capital has been using its immense petroleum wealth to extend its media reach overseas, even as it shows little sign of easing restrictions on journalists or Internet users at home.

It has set up a company to bankroll Hollywood films, built an office park to house foreign news agencies, and spent billions to invest in microchips that power the electronic gadgets that increasingly serve as platforms for media consumption.

It is also partnering with established Western brands, including National Geographic and Comedy Central, to develop Arabic-language programming, and is splashing out on big-name concerts for eager audiences at home. Recent shows featured Rihanna, Aerosmith and Beyonce.

The investments are part of a broader push by Abu Dhabi's hereditary leaders to diversify the economy away from oil and provide a broader range of jobs for locals.

They serve another purpose too — to establish Abu Dhabi, the UAE's capital and the largest of the country's seven semiautonomous city-states, as a tolerant, cultured

and internationally relevant Arab society.

"We work to promote a more progressive point of view of this region," said Mike Fairburn, director of marketing and planning at Flash Entertainment, a government-created concert and events promoter. "A big part of popular entertainment is about challenging certain perceptions."

Abu Dhabi is not alone in its quest to become a regional media player.

Neighboring Dubai built its reputation on being a carefree business haven. Despite its well-publicized economic slump, the port city continues to host regional offices for hundreds of media companies, ranging from small ad agencies to international broadcasters such as CNBC and Showtime. And Doha, the capital of nearby Qatar, is home to the best-known group of Arabic satellite TV channels, al-Jazeera.

Abu Dhabi officials, however, insist they are creating something unique. A big part of that effort revolves around a project called TwoFour54, named after the city's geographical coordinates.

The project's sand-whipped office park in a rapidly developing corner of the city has already lured a number of international news agencies, including CNN, which also maintains an office in Dubai. The broadcaster is using its Abu Dhabi site to produce a daily news show for its international channel.

TwoFour54 also includes a media training academy primarily offering short skills-based courses, as well as production facilities and a venture capital arm to invest in promising Arabic media startups.

"We see ourselves ... as providing an environment that is supportive and conducive and stimulating for creative people to want to be here," said Wayne Borg, chief operating officer of TwoFour54.

Other state-backed projects are aiming further afield.

Earlier this year, Abu Dhabi's Flash Entertainment bought a 10 percent stake in the parent of Ultimate Fighting Championship, the Las Vegas-based mixed martial arts producer that makes most of its money through pay-per-view sales and video game licenses.

Meanwhile, Abu Dhabi Media set up a film production and financing arm called Imagenation that aims to pump more than $1 billion into feature films over five years.

The company produced last year's family adventure film "Shorts" by director Robert Rodriguez, and has since announced co-production deals for a number of other movies, including the upcoming political thriller "Fair Game" starring Sean Penn.

The venture is symbiotic. Hollywood gets money it needs after funding sources like investment banks and hedge funds tightened purse strings amid the global

meltdown. Abu Dhabi gets international cachet.

"If you can just get the brand out there with the name Abu Dhabi in it, it promotes Abu Dhabi as a decent, legitimate business partner," said Christopher Davidson, a professor at the University of Durham who has written extensively about the UAE.

He said one goal might be to persuade a studio to set part of a major film in the city, though he added that freedom of expression remains a concern.

"The reality is it's still a traditional political system, and there are limits," he said.

It is difficult to gauge how much of its oil wealth Abu Dhabi is willing to lavish on the media business, which must compete with the government's plans to grow other sectors, such as technology, manufacturing, energy and tourism. Few details about the government's finances are made public, and none of the executives who agreed to speak with The Associated Press would discuss their companies' financial resources.

Davidson estimates the state will spend at least $2 billion to $3 billion over five years just on physical infrastructure and seed money for the media sector. But there is always more should things really take off.

"This is small change for Abu Dhabi," he said. "They can throw such massive resources at this."

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On the Net:

Abu Dhabi Media Co.: http://www.admedia.ae/en/index.php

TwoFour54: http://www.twofour54.com/en

Flash Entertainment: http://www.thinkflash.ae/

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