On Wednesday 11 November 05:00-22:00 GMT, we'll be making some site updates on Taylor & Francis Online. You'll still be able to search, browse and read our articles, where access rights already apply. Registration, purchasing, activation of tokens, eprints and other features of Your Account will be unavailable during this scheduled work.

Geopolitics ›

Volume 14, 2009 - Issue 2

1,326 Views | 29 CrossRef citations to date | 0 Altmetric

Special Section: the Geopolitics of Sovereign Wealth Funds

Sovereign Wealth in Abu Dhabi

Rawi Abdelal

Pages 317-327 | Published online: 29 Apr 2009

Cite this article https://doi.org/10.1080/14650040902827781

Sample our Politics & International Relations Journals
>> Sign in here to start your access to the latest two volumes for 14 days

Abstract

By the turn of the century, oil had already made the tiny emirate of Abu Dhabi rich beyond anyone's wildest dreams. A sovereign wealth fund, the Abu Dhabi Investment Authority (ADIA), has invested extra oil revenues abroad for more than thirty years and amassed a still-growing portfolio worth approximately $750–900 billion. ADIA is widely believed to be the world's largest sovereign wealth fund – indeed the world's largest institutional investor. But Abu Dhabi is not yet a "developed" economy. So, in 2002, the Mubadala Development Company was established as a government-owned investment vehicle. Unlike ADIA's mandate to build and manage a financial portfolio, Mubadala's charge was to develop Abu Dhabi. According to some observers, ADIA was a "sovereign savings fund," while Mubadala was a government-owned investment firm. Mubadala is supposed to invest the wealth of the emirate in activities that would diversify the

economy away from energy and into industry and services. Although each Mubadala investment is supposed to earn large returns, the strategy balances financial against “strategic” returns. ADIA and Mubadala are the institutional architecture to manage the wealth of the Abu Dhabi sovereign.

Notes

1. Barney Gimbel, ‘The Richest City in the World’, Fortune, 12 March 2007.

2. Shams Butt, Anil Shivdasani, Carsten Stendevad, and Anny Wyman, ‘Sovereign Wealth Funds: A Growing Global Force in Corporate Finance’, Journal of Applied Corporate Finance, 19/1 (Winter 2007) pp. 73–83.

3. Rawi Abdelal and Irina Tarsis, Mubadala: Forging Development in Abu Dhabi, Harvard Business School case 708-033 (2008).

4. Nigel Ash, ‘The Abu Dhabi Investment Authority: A Very Private Giant’, Euromoney (March 1986) pp. 30–33.

5. Emily Thornton and Stanley Reed, ‘Inside the Abu Dhabi Investment Authority’, Business Week, 9 June 2008.

6. Sudip Roy, ‘ADIA: A Breeding Ground for Talent’, Euromoney (April 2006) p. 1.

7. Sudip Roy, ‘ADIA Unveils Its Secrets’, Euromoney (April 2006).

8. Wayne Arnold, ‘Wealth Funds Draw Profits and Attention’, The National (Abu Dhabi), 13 July 2008.

9. Robin Sidel, ‘Abu Dhabi to Bolster Citigroup with $7.5 Billion Capital Infusion; Government Investment Arm to Become a Top Holder, with up to a 4.9% Stake’, Wall Street Journal, 27 Nov. 2007; Heather Timmons and Julia Werdigier, ‘For Abu Dhabi and Citi, Credit Crisis Drove Deal’, New York Times, 28 Nov. 2007.

10. ‘Citi of Arabia’, Wall Street Journal, 29 Nov. 2007; Evan Bayh, ‘Time for Sovereign Wealth Rules’, Wall Street Journal, 13 Feb. 2008; Landon Thomas, Jr., ‘Abu Dhabi Provoking Fears About Investment’, International Herald Tribune, 29 Feb. 2008.

11. Simeon Kerr and Roula Khalaf, ‘Abu Dhabi Fund Hires Media Experts’, Financial Times, 19 Jan. 2008.

12. Bob Davis, ‘U.S. Pushes Sovereign Funds to Open to Outside Scrutiny; Treasury Has Talks with Abu Dhabi, Seeks Set of Rules’, Wall Street Journal, 26 Feb. 2008.

13. Yousef al Otaiba, ‘Our Sovereign Wealth Plans’, Wall Street Journal, 19 March 2008. Also see Chip Cummins, ‘Abu Dhabi Sets Investment Code; In Bid to Soothe the West, Letter Says Its Funds Won't Fuel Political Aims’, Wall Street Journal, 18 March 2008.

14. Wayne Arnold, ‘Wealth Funds Draw Profits and Attention’, The National (Abu Dhabi), 13 July 2008.

15. Wayne Arnold, ‘Investment Group Launches Website’, The National (Abu Dhabi), 4 June 2008.

16. Edwin M. Truman, A Blueprint for Sovereign Wealth Fund Best Practices, Peterson Institute for International Economics Policy Brief PB08-3, April, 2008.

Related research

People also read | Recommended articles | Cited by 29

Information for

Authors

R&D professionals

Editors

Librarians

Societies

Open access

Overview

Open journals

Open Select

Dove Medical Press

F1000Research

Opportunities

Reprints and e-prints

Advertising solutions

Accelerated publication

Corporate access solutions

Help and information

Help and contact

Newsroom

All journals

Books

Keep up to date

Register to receive personalised research and resources by email

Sign me up

Copyright © 2026 Informa UK Limited Privacy policy

Cookies Terms & conditions Accessibility

Registered in England & Wales No. 01072954
5 Howick Place | London | SW1P 1WG

Taylor & Francis by informa