United Arab Emirates FDI Outlook

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Abstract:

FDI is important in building a sustainable and diversified knowledge-based UAE economy. The stock of FDI grew at an average annual growth rate of 45.3 percent over the past decade reaching US$ 95 billion or nearly 27 percent of GDP in 2012. FDI flows have not recovered from the global financial crises. Most FDI stock is concentrated in finance, construction, and real estate. Recent greenfield FDI is concentrated in construction, while more than half of top M&A deals took place in finance, transportation, communications and utilities. The list of top OECD home countries for FDI flows to the UAE include Italy, Germany, Chile, United Kingdom, Luxembourg, France, United States, and Belgium. Though UAE investment policy limits foreign investment and reduces competition, the Government has undertaken reforms and contracted investment treaties that have encouraged investment. Efforts are under way to speed up the ratification of a new foreign investment law, which removes several of the current legal barriers to FDI and offers foreign investors similar rights to those of UAE nationals. The UAE has high FDI potential with plenty of room for improving FDI performance and benefiting the economy.

Keywords: FDI; Outlook; UAE

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1. INTRODUCTION

The purpose of this article is to provide an FDI outlook for the United Arab Emirates (UAE) and discuss the policy environment in which FDI has nourished. The outlook provides FDI information that covers the aggregate, sectorial and corporate levels, and highlights policy developments surrounding UAE FDI performance and the extent to which FDI has benefitted the economy.

UAE is one of six Gulf Cooperation Council (GCC) countries, which comprise Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE. It is also one of the four GCC OPEC members, which include Kuwait, Qatar, Saudi Arabia, and the UAE.[2]

FDI is considered an important factor in UAE efforts to reduce reliance on natural resources and diversify its economy in the long term. The UAE government aims to build a sustainable knowledge based economy, as projected in the UAE 2021 Vision. The UAE 2021 Vision charts the goals and steps for the next stage of the nation's progress leading up to the year 2021. Theme 3 of the Vision , "United in Knowledge", emphasizes that, in creating a sustainable and diversified economy, home-grown entrepreneurship is to be stimulated and FDI to be attracted. Accordingly, FDI is envisaged as one of the pillars for the structural transformation of the economy.

The UAE has a high inward FDI potential as reflected in the high UNCTAD's Inward FDI Potential Index ranking. In 2008 and 2009, UAE's inward FDI potential index was ranked third and fifth among 142 countries, respectively (Table 1). In 2011, the index was ranked 19th among 177 economies with high potential on market attractiveness (ranked ninth), enabling infrastructure (ranked 28th) and presence of natural resources (ranked 45th) (Table 2).[3] With such potential, the UAE aspires to becoming a global investment hub, which also helps the Government to fulfill its vision for diversifying the economy.

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[2] The UAE is composed of seven emirates: Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain, Fujairah, and Ras Al Khaimah.

[3] Qatar, Kuwait, and Saudi Arabia have higher rank on market attractiveness, while Saudi Arabia has higher rank on natural resources.

[Insert Table 1 here.]

[Insert Table 2 here.]

With such potential, FDI can be beneficial to the UAE economy in the long run. Studies, such as Alfaro et al. (2009), Blomström and Kokko (1998), Borensztein et al. (1998), UNCTAD (1999), and Cipollina et al. (2012), have shown that FDI has its benefits. Under appropriate conditions – mainly availability of human capital and developed financial system - FDI can boost capital formation, employment, exports economic growth, and protection of the environment in host economies. It also results in technology transfer and productivity spillovers to local firms through forward and backward linkages, local firms imitating MNEs, or hiring workers trained by MNEs.[4] Technology, which includes product, process and distribution technologies, in addition to management and marketing skills, can be important for the diversification of the UAE economy, and its transformation to a knowledge-based economy. Some preliminary evidence on the benefits of FDI to the UAE economy is provided in the last section of the outlook.

2. FDI: LEVEL AND DISTRIBUTION

UAE FDI stock grew from US$ 1 billion (1 percent of GDP) in 2000 to US$ 95 billion (26.9 percent of GDP) in 2012, the second highest GCC country after Saudi Arabia. The average annual growth rate of FDI stock (45.3 percent) is the highest in the GCC region (Table 3).

[Insert Table 3 here.]

The take-off point for UAE's FDI was 2003, when the FDI stock rose to US$ 7 billion (5.3 percent of GDP). From 2004 to 2012, UAE's FDI stock exceeded the total stock of Bahrain, Kuwait, Oman, and Qatar taken together, reflecting the competitiveness and attractiveness of the UAE as an investment destination not only within the GCC but

[4] Cipollina et al. (2012), for example, find positive effects of FDI on the rate of growth of industries in host countries. The rate of growth increases in capital-intensive and technologically developed sectors.

also within the wider Middle East and North Africa region, as discussed in the policy scene section below.

FDI flows to the UAE grew from US$ 1.2 billion (1.1 percent of GDP) in 2001, to a peak of US$ 14.2 billion (5.5 percent of GDP) in 2007. FDI flows dropped significantly following the financial crisis to US$ 4 billion (1.5 percent of GDP) in 2009. Flows rose gradually in 2010-2012, but still remained in 2012 well below the peak of 2007 at US$ 9.6 billion (2.7 percent of GDP). Compared to FDI flows to other GCC countries, FDI flows to the UAE in 2011 and 2012 exceeded total flows of Bahrain, Kuwait, Oman and Qatar.

Sectorial distribution of FDI during the second half of the 2000s reveals that nearly two thirds of the FDI stock is concentrated in finance, construction, and real estate. WTO's 2012 *Trade Policy Review* of the UAE provides data on the sectorial distribution of FDI for the period 2005-2009 (Table 4).[5] During the period, financial institutions, construction, and real estate amounted on average for 23 percent, 21 percent, and 21 percent, respectively, of the FDI stock.[6] While the shares of financial institutions and construction remained largely stable, the share of real estate in the stock of FDI was the most volatile among the different sectors as the global financial crisis has revealed. The crisis has led to a collapse of the real estate bubble and reduced real estate FDI: The share of real estate in the stock of FDI declined by 11 percentage points from 28 percent to 17 percent between 2008 and 2009.

[Insert Table 4 here.]

Although the geographical distribution of FDI flows by home countries is not published in the UAE,[7] data on OECD countries' outward FDI flows to the UAE since

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[5] WTO (2012) states the UAE government is working on the improvement of FDI statistics collection, particularly by source (page 12).

[6] Linking sectorial distribution of FDI to economic growth, Cipollina et al. (2012) cite studies which find positive effect of FDI on growth using sector level data: Caves (1974) for Australia, Globerman (1979) for Canada, Blömstrom and Persson (1983), Blömstrom and Wolff (1994) for Mexico, Sjöholm (1999) for Indonesia, Haskel et al. (2006) for UK, and Keller and Yeaple (2009) for US.

[7] FDI data collection and dissemination need to be improved in the MENA and GCC countries. In the past, there were discussions on FDI-related technical assistance spearheaded by the IMF.

2003, the FDI take-off year, show that the home countries with total period flows of US$0.5 billion or above were Italy (US$2.2 billion), Germany (US$1.7 billion), Chile (US$1.3 billion), United Kingdom (US$1.2 billion), Luxembourg (US$1 billion), France (US$1 billion), United States (US$0.9 billion), and Belgium (US$0.5 billion) (Table 5). With the onset of the global financial crisis in 2008, FDI flows from Luxembourg, Switzerland, and France interestingly recorded historical figures, amounting to US$18.5 billion, US$7.4 billion, and US$1.2 billion, respectively. In addition to OECD countries, FDI flows to UAE originated from GCC economies, China, India, and Malaysia according to the information on cross-border M&As and greenfield FDI projects, as discussed in the next section.[8]

[Insert Table 5 here.]

3. FDI MODE AND CORPORATE PLAYERS

According to UNCTAD, the number of greenfield FDI projects more than doubled since the inward FDI take-off in 2003: The number of projects more than doubled from 150 in 2003 to 328 in 2012 with value increasing from US$ 9 billion to US$ 12 billion (Table 6). Detailed corporate-level data available on the largest announced greenfield FDI projects for 2008-2010 suggest that they were highly concentrated in construction (Table 7).[9] The total value of the largest greenfield investments announced by inward-investing firms in the construction industry amounted to nearly US$ 20 billion. As table 7 also shows the largest greenfield investments announced also included projects in transportation, communications and utilities, and manufacturing, and amounted to more than US$ 4 billion.[10] Of the nearly 40 main greenfield investments announced, eight originated from the United States and six from the United Kingdom.

The IMF Middle East Regional Technical Assistance Centre's (METAC) 2009 Programme document sheds light on FD technical assistance for the region as a whole.

[8] According to Satyanand and Raghavendran (2010), India's FDI outflows to the UAE amounted to US$ 2.2 billion in 2002-2009.

[9] This perhaps explains why the UAE Government undertook business reforms making it easier to obtain construction permits, as mentioned below in the discussion of the policy scene.

[10] Economic growth has also been examined using firm and plant level data. A number of studies have looked into positive spillover effects of foreign firms using firm and plant level data

[Insert Table 6 here.]

[Insert Table 7 here.]

The number of cross-border M&As by inward-investing firms numbered 7 in 2003 and 28 in 2012. Detailed corporate-level data on the largest M&As by inward investing firms for the period 2008-2010 show that more than half the M&A deals took place in the services sector, in particular in finance as well as in transportation, communications and utilities (Table 8). Out of 38 top M&A deals, six originated from the United States, seven from the United Kingdom, nine from other GCC countries (Kuwait, Qatar, and Saudi Arabia), three from India, and two from Malaysia.

[Insert Table 8 here.]

Many foreign MNEs operating in the UAE include U.S. Fortune 500 companies, both financial and non-financial (Table 9). The total number of U.S. MNEs' affiliates in the UAE with assets, sales or net income greater than US$ 25 million amounted to 113 in 2010, according to U.S. Bureau of Economic Analysis data, and 95 of them were majority-owned affiliates. Those majority-owned affiliates employed about 19,500 employees, of whom 4,400 were in professional, scientific and technical services, 4,300 in manufacturing, 1,900 in wholesale, and 1,900 in mining. The total compensation paid to employees of the majority-owned affiliates was US$1.2 billion, and the value-added generated by those affiliates amounted to US$ 5.9 billion, of which about US$ 4.1 billion was generated in the mining industry alone.

[Insert Table 9 here.]

4. THE POLICY SCENE

According to the WTO's 2006 and 2012 *Trade Policy Reviews* of the UAE, UAE's investment policy limits foreign investment, except in the free zones where 100 percent foreign ownership is allowed, and thus reduces competition between local and

(Cipollina et al. 2012). Some studies have found no spillovers (Aitken and Harrison 1999) and weak evidence of positive horizontal externalities (Alfaro and Rodriguez-Clare 2004), while other firm- and plant-level studies have found strong evidence of knowledge spillovers (Branstetter 2006; Haskel et al. 2006; and Keller and Yeaple 2009).

foreign investors in the economy. The Federal Commercial Companies Law (No. 8 of 1984) and its amendments stipulate that UAE nationals must hold at least 51 percent of the capital of any company established in the UAE. However, there are exceptions to this provision for a) other GCC countries' nationals, who are granted national treatment and may have up to 100 percent ownership in most activities, and for b) companies registered as branches or representative offices of foreign companies established in Dubai.

The UAE Government has established nearly 40 free zones, in which 100 percent foreign ownership is allowed and no taxes are levied. The highest concentration of the free zones is in Dubai, with more than half of the total number of free zones (23), followed by Abu Dhabi (5), Ras Al Khaimah (4), Fujeirah (3), Sharjah (2), Ajman (1), and Umm Al Quwain (1).[11] Outside the free zones, local sponsors are needed for foreign companies to be established, and foreign ownership is limited to a maximum of 49 percent.

According to United States Government Accountability Office (2008) report, in addition to the Federal Commercial Companies Law and its amendments (company law), the Commercial Agencies Law (Federal Law No. 13 of 2006 on Deregistration of Trade Agencies) represents another legal barrier to FDI in the UAE, as it stipulates that the operations of foreign importers need to be done through a sole UAE agent, either a national or a fully national-owned company, and the terms of the agency relationship. However, changes were introduced in 2009 with modifications to make contracts more easily enforceable. Modifications, for example, limited the agency contract to a fixed

[11] Dubai's 23 free zones are Jebel Ali Free Zone, Dubai Techno Park, Dubai Auto Zone, Dubai Gold & Diamond Park, Dubai Logistics City, Dubai Aviation City, Dubai Knowledge Village, Dubai Media City, Dubai Studio City, Dubai BioTechnology & Research Park, Dubai Outsource Zone, Dubai Internet City, Dubai Environment & Energy Park, Dubai Maritime City, International Media Production Zone, Dubai Silicon Oasis, Dubai Multi Commodities Centre, Dubai Airport Free Zone, Dubai Flower Centre, Dubai International Financial Centre, Dubai Textile City, Jumeirah Lake Tower, and Dubai International Academic City. Abu Dhabi's free zones are TwoFour54, Masdar City, Abu Dhabi Ports Company, Abu Dhabi Airport Free Zone, and Khalifa Industrial Zone Abu Dhabi (KIZAD). Ras Al Khaimah's (RAK) free zones are RAK Free Trade Zone, RAK Investment Authority, RAK Media City, and RAK Maritime City. Sharjah's free zones are Sharjah Airport International Free Zone and Hamriyah Free Zone. Fujairah's free zones are Fujairah Free Zone, Fujairah Airport Free Zone, and Creative City. Ajman's and Umm Al Quain's (UAQ) free zones are Ajman Free Zone and UAQ's Ahmed Bin Rashed Free Zone.

time period, required mutual consent to renew an agency agreement and allowed either party to file for damages (WTO 2012). However, Federal Law No. 2 of 2010 introduced further amendments to the Commercial Agencies Law, which seem to have partly reverted changes introduced in 2009.

The UAE Cabinet has mandated the Ministry of Economy to implement a National Investment Reform Process that improves the country's investment policy. In November 2011, the Dubai Economic Council (DEC) called for speeding up the ratification of the draft Foreign Investment Law, which offers foreign investors similar rights to those extended to UAE nationals. It also called for clearer regulations governing foreign investment, especially on property rights protection, business disputes settlement and corporate governance.[12] Resolving insolvency, enforcing contracts and protecting investors are business aspects in which the UAE was ranked the lowest according to the World Bank's (2012) ease of doing business index, compared to its ranking with respect to paying taxes, trading across borders, getting electricity, registering property, dealing with construction permits, and starting a business.

Despite some legal barriers to foreign investment in the UAE, the rapid growth of FDI during most of the period since 2000 reflects an overall confidence of investors in the UAE economy, its business environment and growing competitiveness, both regionally and globally, over time. The World Bank's (2006; 2009; 2010; 2012) *Doing Business* reports show that the UAE's ease of doing business rank had improved from the 69th position in 2006 to the 46th in 2009 and further to 33rd in 2010; it held the same rank in 2012.

Seeking to improve its competitiveness, the UAE has undertaken reforms that have eased doing business and encouraged investment, both domestic and foreign. Some

[12] For a survey of the role that institutions play in attracting FDI and capital flows, see Mina (2011).

of the reforms related to starting a business,[13] while others have made obtaining credit easier (World Bank 2011).[14]

To strengthen the protection of foreign investors' property rights and encourage foreign investments, the UAE Government had signed a total of 38 bilateral investment treaties (BITs) as of June 1, 2012.[15] Of the 38 treaties concluded, 14 were signed with OECD countries: Austria, Belgium, Czech Republic, Finland, France, Germany, Italy, Republic of Korea, Luxembourg, Poland, Portugal, Sweden, Switzerland, Turkey, and the United Kingdom. The UAE has also signed 48 double taxation treaties (DTTs), with 46 countries, of which 18 treaties were signed with 17 OECD countries: Austria, Belgium, Canada, Czech Republic, Finland, France, Germany (two treaties), Greece, Ireland, Italy, Republic of Korea, Netherlands, New Zealand, Poland, Portugal, Switzerland, and Turkey.

Aspects of international trade have also been reformed.[16] Measures have also been taken to ease obtaining construction permits.[17]

The ranking by A.T. Kearney's Foreign Direct Investment Confidence Index, which assesses the impact of economic, political and regulatory changes on FDI intentions based on responses by corporate executives of top companies around the

[13] In 2010/2011, the UAE eased the process of starting new businesses by merging the requirements for a) filing company documents with the Department for Economic Development, b) obtaining a trade license and c) registering with the Dubai Chamber of Commerce and Industry (World Bank 2012). In 2008/2009, the UAE had eased the requirements relating to documents needed for business registration, abolished the minimum capital requirement for establishing a business and removed the requirement that proof of deposit of capital be shown for registration (World Bank 2010).

[14] In 2009/2010, Decree no. 8 formally establishing a federal Dubai-based credit bureau (Emcredit) under the supervision of the central bank was issued (World Bank 2012). The aim of this decree is to establish a credit reporting system that provides lenders with the necessary information to support sound lending decisions, and stability to the financial services industry. The decree also regulates the operations of Emcredit and information sharing in the Emirate pursuant to the criteria and instructions stipulated by the Dubai Department of Economic Development (DED) and to the instructions and guidelines issued by the UAE Central Bank. Emcredit began functioning in February 2007 when it started to collect information on the repayment patterns of individual borrowers as well as firms, allowing better supervision of the debt level of banks and borrowers.

[15] On the effect of bilateral investment treaties on FDI in GCC and MENA countries, see Mina (2009, 2010, and 2012).

[16] In 2009/2010, the UAE launched Dubai Customs' comprehensive new customs system, Mirsal 2, which streamlined document preparation and reduced trading time (World Bank 2011). A year earlier, the UAE increased the capacity at the container terminal, eliminated the terminal handling receipt as a required document and increased trade finance products (World Bank 2010).

[17] The UAE has shortened the time for delivering building permits in 2008/2009 by improving its online system for processing applications (World Bank 2010).

world, ranked the UAE in the 22nd position in 2005 and in the 14th position in 2013.[18] A.T. Kearney Global Business Policy Council (2013) specifies the strength in the logistics, tourism and hospitality industries, developed infrastructure, strategic location, and tax-free base as favorable factors behind the increase in the FDI flows to the UAE.

It is worth noting that Dubai and Abu Dhabi were the two most preferred destinations for future investments in the Middle East: 28 percent of respondents surveyed by A.T. Kearney for the 2010 ranking indicated that Dubai was their preferred destination, and 18 percent indicated a preference for Abu Dhabi.[19]

5. THE PATH AHEAD AND FUTURE RESEARCH

The UAE Government understands the strategic importance of inward FDI in building a sustainable and diversified economy and the current barriers to FDI. In the more recent and farther-future stretching Abu Dhabi Vision 2030, compared to the UAE Vision 2021, the UAE plans to "build a sustainable and diversified, high value-added economy that is well integrated into the global economy and that provides more accessible and higher-value opportunities for all its citizens and residents."[20] The sustainability of the economy is viewed as being founded on economic diversification, which is envisaged in terms of not only broader economic sectors but also of a larger enterprise base. Building such a base rests heavily on encouraging small businesses and entrepreneurship and on strategically promoting FDI in the economy.

UAE policy makers may be tempted to question the benefits of FDI to the UAE economy. UNCTAD's (2012) FDI contribution index for 2009 provides some evidence suggesting that FDI has been beneficial to the UAE in some respects (Table 10). The index indicates that FDI contribution to UAE value-added and wages and salaries was ranked in the first quartile of a group of 79 countries. However, contribution to employment and exports was ranked in the third and fourth quartiles, respectively. Thus the employment generation benefit of FDI may not have been fully realized in the UAE.

[18] See A.T. Kearney Global Business Policy Council (2006, 2008, 2010, 2012, and 2013).
[19] See A.T. Kearney Global Business Policy Council (2010). This is the last report in the series that surveyed respondents for their favorite investment destinations in the Middle East.
[20] See Government of Abu Dhabi (2008).

Creating enough job opportunities helps the UAE Government deal with the GCC-wide simmering youth unemployment problem.

[Insert Table 10 here.]

This outlook can be interlinked with the findings of the FDI literature to generate future research agenda. Future empirical research on the benefits of FDI to UAE economic growth, employment, and technology transfer and knowledge spillovers, at the aggregate, sectorial, and industrial and firm levels is of prime importance. Providing answers to these questions can help the government assess how to maximize the benefits of FDI in the UAE economy. Undertaking research in the UAE can be a very challenging task given the dearth of statistics.

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TABLE 1

Inward FDI Performance and Potential Index Ranking (2000-2010)

	2000	2005	2006	2007	2008	2009	2010
	FDI Performance Index						
UAE	137	19	33	49	54	92	103
Bahrain	49	20	10	23	30	103	121
Kuwait	133	131	134	138	137	113	135
Oman	123	43	64	35	68	68	54
Qatar	97	35	47	56	79	21	43
Saudi Arabia	131	56	58	54	31	19	29
	FDI Potential Index						
UAE	22	14	12	7	3	5	..
Bahrain	29	28	28	25	22	23	..
Kuwait	31	36	35	37	35	37	..
Oman	47	56	53	51	47	39	..
Qatar	23	12	11	8	6	2	..
Saudi Arabia	33	32	29	29	27	29	..

Source: UNCTAD, World Investment Report 2011: Non-Equity Modes of International Production and Development (Geneva: United Nations), annex tables, web table 28, “Inward FDI Performance and Potential Index rankings, 1990-2010,” available at: http://unctad.org/en/Pages/DIAE/World%20Investment%20Report/Annex-Tables.aspx

TABLE 2
Inward FDI Potential 2011 Index

	Market attractiveness	Availability of low-cost labor and skills	Enabling infrastructure	Presence of natural resources	Overall rank
UAE	9	..	28	45	19
Bahrain	87	..	32	92	61
Kuwait	3	84	44	83	60
Oman	27	62	61	64	54
Qatar	1	71	45	85	48
Saudi Arabia	4	14	70	25	15

Source: Annex table of UNCTAD (2012), web table 32A, "Country Rankings by Inward FDI Potential Index, 2011," available at: http://unctad.org/en/Pages/DIAE/DIAE.aspx.
Notes: See Box 1.3 in UNCTAD (2012) for more information on the economic determinants of the FDI potential index.

TABLE 3

FDI in the UAE (2000-2012)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	FDI Stocks (US$ Billion)												
UAE	1.1	2.3	2.3	6.6	16.6	27.5	40.3	54.5	68.2	72.2	77.7	85.4	95.0
Bahrain	5.9	6.0	6.2	6.7	7.4	8.3	11.2	12.9	14.7	15.0	15.2	15.9	16.8
Kuwait	0.6	0.4	0.4	0.4	0.4	0.6	0.8	0.9	8.7	10.2	11.9	12.4	12.8
Oman	2.6	2.6	2.7	2.7	2.8	4.4	6.0	9.3	12.3	13.7	15.0	15.7	17.2
Qatar	1.9	2.2	2.8	3.5	4.7	7.2	10.7	15.4	17.8	25.9	30.6	30.5	30.8
Saudi Arabia	17.6	17.3	17.7	18.5	20.5	33.5	50.7	73.5	111.6	147.1	170.5	186.9	199.0
	FDI Stocks (Percent of GDP)												
UAE	1.0	2.2	2.1	5.3	11.2	15.2	18.2	21.1	21.7	27.8	27.4	25.2	26.9
Bahrain	73.6	75.1	73.1	68.9	65.5	61.5	70.6	70.1	66.5	76.4	69.1	61.7	63.2
Kuwait	1.6	1.2	1.2	0.8	0.7	0.8	0.8	0.8	5.9	9.7	9.5	7.7	7.4
Oman	13.2	13.3	13.5	12.7	11.5	14.2	16.2	22.2	20.3	29.3	25.3	21.6	21.8
Qatar	10.8	12.6	14.6	14.7	14.7	16.1	17.5	19.3	15.4	26.5	24.0	17.6	16.9
Saudi Arabia	9.3	9.4	9.4	8.6	8.2	10.6	14.2	19.1	23.4	39.1	37.4	31.3	30.7
	FDI Flows (US$ Billion)												
UAE	-0.5	1.2	0.1	4.3	10.0	10.9	12.8	14.2	13.7	4.0	5.5	7.7	9.6
Bahrain	0.4	0.1	0.2	0.5	0.9	1.0	2.9	1.8	1.8	0.3	0.2	0.8	0.9
Kuwait	0.0	-0.1	0.0	-0.1	0.0	0.2	0.1	0.1	0.0	1.1	0.5	0.9	1.9
Oman	0.1	0.0	0.1	0.0	0.1	1.5	1.6	3.3	3.0	1.5	1.2	0.7	1.5
Qatar	0.3	0.3	0.6	0.6	1.2	2.5	3.5	4.7	3.8	8.1	4.7	-0.1	0.3
Saudi Arabia	0.2	0.5	0.5	0.8	1.9	12.1	18.3	24.3	39.5	36.5	29.2	16.3	12.2
	FDI Flows (Percent of GDP)												
UAE	-0.5	1.1	0.1	3.4	6.8	6.0	5.8	5.5	4.4	1.5	1.9	2.3	2.7
Bahrain	4.5	1.0	2.6	5.3	7.7	7.8	18.4	9.5	8.1	1.3	0.7	3.0	3.3
Kuwait	0.0	-0.3	0.0	-0.1	0.0	0.3	0.1	0.1	0.0	1.1	0.4	0.5	1.1

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Oman	0.4	0.0	0.6	0.1	0.4	5.0	4.3	8.0	4.9	3.2	2.1	1.0	1.9
Qatar	1.4	1.7	3.2	2.7	3.8	5.6	5.7	5.9	3.3	8.3	3.7	-0.1	0.2
Saudi Arabia	0.1	0.3	0.2	0.4	0.8	3.8	5.1	6.3	8.3	9.7	6.4	2.7	1.9

Source: UNCTAD's FDI/TNC database, available at: www.unctad.org/fdistatistics

TABLE 4
Sectorial Distribution of Inward FDI Stock (2005-2009)
(Percent of Total)

	2005	2006	2007	2008	2009
	Share (percent)				
Agriculture and fisheries	0.3	0.1	0.2	0.2	0.2
Extraction industries	2.6	2.5	3.1	3.1	2.6
Manufacturing industries	10.0	9.7	8.2	8.2	9.7
Electricity and water	2.1	2.1	4.8	4.8	2.1
Construction and building	**24.2**	**22.0**	**19.3**	**19.3**	**21.9**
Wholesale and retail trade	**14.4**	13.8	10.3	10.3	13.7
Hotels and restaurants	2.1	1.7	1.0	1.0	1.8
Transportation and communications	4.5	7.2	4.1	4.1	7.3
Financial institutions	**25.8**	**22.9**	**20.7**	**20.7**	**22.9**
Real estate	13.2	**17.2**	**27.9**	**27.9**	**17.2**
Other	0.6	0.7	0.3	0.3	0.7
	(US$ billion)				
Total (US$ billion)	16.7	20.2	34.6	41.8	52.9

Source: World Trade Organization, “Trade Policy Review: United Arab Emirates”, Report by the Secretariat, WT/TPR/S/262, February 21, 2012, table I.3, available at www.wto.org/english/tratop_e/tp362_e.htm. Note: Bold fonts highlight the highest three shares.

TABLE 5

Geographical Distribution of Inward FDI Flows from OECD Economies (2001-2011)

(US$ Million)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Australia	..	..	-78	15	..	226	..	952	445	..	..
Austria	..	..	..	..	..	..	..	..	..	..	..
Belgium	..	..	..	..	-99	64	475	-3699	-514	3364	975
Canada	..	..	..	..	..	..	..	..	..	..	..
Chile	..	..	..	..	..	503	145	-101	1935	1 1764	574
Czech Republic	..	..	-508	1126	307	-1128	-3	38	-21	..	-3
Denmark	..	..	..	..	422	1466	2181	2414	-5958	372	181
Estonia	..	..	..	..	..	2	4	3	..	..	2
Finland	..	94	305	-62	51	-251	-41	211	98	9	-587
France	394	1093	-96	808	1243	2874	2396	1 1681	667	2556	28
Germany	313	151	689	447	-385	3263	2409	5512	-611	1868	4136
Greece	..	..	..	96	29	-15	-1	122	138	-14	-8
Hungary	..	..	0	..	3	13	11	1	-5	8	4
Iceland	..	..	..	..	..	..	0	1	0	37	-42
Ireland	..	..	..	..	..	..	..	..	..	..	..
Israel	..	..	..	..	..	..	..	..	..	..	..
Italy	..	..	..	5	99	226	78	659	5891	1 6188	800
Japan	..	..	..	28	191	-567	586	1915	1389	-5618	2104
Korea	..	..	..	82	..	96	675	309	793	524	343
Luxembourg	..	-34	-104	245	9	35	483	18 4674	-446	2058	338
Mexico	..	..	..	..	..	..	..	..	..	..	..
Netherlands	-519	1659	1604	-758	-597	-1594	2683	..	..	..	..
New Zealand	..	..	..	..	..	..	..	..	-98	-7	-75
Norway	..	..	..	..	..	..	..	117	1215	822	..
Poland	..	..	..	..	..	..	..	..	..	46	267
Portugal	..	..	..	..	..	..	..	..	..	..	..
Slovak Republic	..	..	..	..	..	..	..	..	..	..	..

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Slovenia	..	..	..	..	..	5	54	0	69	39	-61
Spain	..	..	..	..	..	..	..	..	..	715	1365
Sweden	-75	-88	-42	-23	-23	-5	..	1138	-166	604	316
Switzerland	327	-337	-163	28	-38	1422	-178	7 3523	-7444	-1 6851	4 1662
Turkey	..	..	..	..	1	1	13	30	17	10	4
UK	..	4305	-3087	-1905	7144	438	7144	3699	1 9554	3553	-8638
US	..	400	186	1 3450	-64	1 3220	255	286	1 0220	279	1 1040

Source: The author, based on individual OECD countries' reporting on outward FDI flows, obtained from OECD, *StatExtracts,* available at http://stats.oecd.org/. Data extracted on 27 Nov 2013 22:49 UTC (GMT) from OECD.Stat
Note: '..' indicates that data are not available.

TABLE 6

Number and Value of Cross-Border M&As and Greenfield Projects (2003-2012)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	Number									
Greenfield FDI projects	150	158	231	305	311	522	414	323	373	328
Cross-border M&As	7	7	12	13	18	27	13	20	31	28
	Value in US$ Billion									
Greenfield FDI projects	8.95	3.61	12.21	15.33	17.74	36.22	15.07	12.87	11.62	12.05
Cross-border M&As	0.02	0.01	0.06	0.05	0.86	1.22	0.30	0.76	0.56	0.22

Source: Annex tables 9, 11, 19 and 22 of UNCTAD (2013) available at http://unctad.org/en/Pages/DIAE/World%20Investment%20Report/Annex-Tables.aspx

TABLE 7
Main Greenfield Projects (2008-2010)
(by inward investing firm)

Date	Investing company	Home economy	Industry	Estimated/announced investment value (US$ million)
2010	National Real Estate Company	Kuwait	Construction	1,000.0
2010	CapitaLand	Singapore	Construction	484.1
2010	Giorgio Armani	Italy	Construction	484.1
2010	Realty Capital	United States	Construction	484.1
2010	Aegean Marine Petroleum Network	Greece	Transportation, communications and utilities	472.4
2010	Royal Dutch Shell Plc	Netherlands	Transportation, communications and utilities	472.4
2010	Metalloinvest	Russia	Manufacturing	320.0
2010	Abengoa	Spain	Construction	281.7
2010	Polo Group	India	Construction	217.9
2010	Accor	France	Construction	201.5
2010	Marriott International	United States	Construction	201.5
2010	TUI	Germany	Construction	201.5
2010	TUI	Germany	Construction	201.5
2010	Whitbread	United Kingdom	Construction	201.5
2009	Hydrogen Energy	United Kingdom	Transportation, communications and utilities	2,000.0
2009	National Ranges Company (Mayadeen)	Kuwait	Construction	952.8
2009	Crown Dilmun Development Company	Bahrain	Construction	500.0
2009	Smartlink	Jordan	Transportation, communications and utilities	500.0
2009	Hiranandani Developers	India	Construction	479.7
2009	Sika	Switzerland	Manufacturing	460.8
2009	EMC Corporation	United States	Transportation, communications and utilities	400.0
2009	Millenium Energy Industries (MEI)	Jordan	Transportation communications and utilities	243.1

Date	Investing company	Home economy	Industry	Estimated/announced investment value (US$ million)
2009	Fashion Hotels	Austria	Construction	206.9
2009	Hyatt International	United States	Construction	206.9
2009	The Grand Midwest Group	Ireland	Construction	206.9
2009	The Grand Midwest Group	Ireland	Construction	206.9
2009	Rezidor Hotel Group	Belgium	Construction	206.9
2009	Shangri-La Hotels and Resorts	Hong Kong (China)	Construction	206.9
2009	Starwood Hotels & Resorts	United States	Construction	206.9
2009	Whitbread	United Kingdom	Construction	206.9
2009	Whitbread	United Kingdom	Construction	206.9
2008	DSECO	Korea, Rep. of	Construction	4,002.0
2008	Sunland Group	Australia	Construction	2,200.0
2008	IT Holding	Italy	Construction	1,200.0
2008	Giga Group	Pakistan	Construction	735.0
2008	Merlin Entertainments Group	United Kingdom	Construction	641.6
2008	Anheuser-Busch Companies Inc	United States	Construction	641.6
2008	Hit Entertainment	United Kingdom	Construction	641.6
2008	Six Flags	United States	Construction	641.6
2008	Viacom	United States	Construction	641.6
2008	Yash Raj Films	India	Construction	641.6

Source: The author, based on fDi Intelligence, a service from the Financial Times Ltd.

TABLE 8
Top M&A Deals (2008-2010)

Year	Acquiring company	Home economy	Target company	Target industry	Shares acquired (Percent)	Estimated/announced transaction value (US$ million)
2010	Undisclosed acquirer	Unknown	The Ritz Carlton Hotel-Dubai	Hotels and motels	100	299.5
2010	Afren PLC	United Kingdom	Black Marlin Energy Holding Ltd	Investors	100	106.3
2010	Oaktree Capital Management LP	United States	Gulmar Offshore Middle East	Crude petroleum and natural gas	..	100
2010	Undisclosed Acquirer	Unknown	Ensco Offshore Co-Ensco 51	Crude petroleum and natural gas	100	95
2010	Zee Entertainment Enterprises	India	Taj Television Ltd Mauritius	Television broadcasting stations	45	44.1
2010	Renaissance Services SAOG	Oman	Al Wasita Emirates for Services and catering LLC	Eating and drinking places	100	15.2
2010	Warba Insurance Co KSC	Kuwait	Al Ghazal Logistics	Air transportation, nonscheduled	5	11
2010	Dice Holdings Inc	United States	WWW.com-Online Related Bus	Employment agencies	100	9
2010	Undisclosed Acquirer	Unknown	Dubai Pipe Factory Co LLC	Steel pipe and tubes	22.5	8.2
2010	HCL Infosystems Ltd	India	NTS Group	Business consulting services	60	6.5
2009	Khazanah Nasional Berhad	Malaysia	Fajr Capital Ltd	Investors	25	150
2009	Tradelabs PLC	United Kingdom	Real Value Consultancy FZE	Security and commodity brokers and services	100	130
2009	Securities Group Co KSCC	Kuwait	RAK Real Estate Ltd	Real estate investment trusts	9.9	91.8
2009	Huntsworth PLC	United Kingdom	Momentum International Ltd	Advertising	100	12
2009	Zylog Systems Ltd	India	Ducont FZ-LLC	Computer integrated systems design	100	7.5
2009	RDS(Technical) Ltd	Jersey	TTERS	Equipment rental and leasing	66.7	0.3
2009	Natural Bio Resources Berhad	Malaysia	Synergy Distribution FZC	Durable goods	51	0
2009	Jabbar Internet Group	Jordan	Ikoo	Computer related services	100	..
2009	Toll Holdings Ltd	Australia	Logistics Distribution System	Arrangement of transportation of freight and cargo	100	..
2009	Averda	Lebanon	Al Ghadeer Waste	Air and water	100	..

Year	Acquiring company	Home economy	Target company	Target industry	Shares acquired (Percent)	Estimated/announced transaction value (US$ million)
			Collections	resource and solid waste management		
2009	Mawarid Group	Saudi Arabia	Showtime Arabia	Cable and other pay television services	100	..
2009	SS8 Networks Inc	United States	OCI Mobile	Prepackaged Software	100	..
2009	QFIB	Qatar	ENPI Group	Plastics products	71.3	..
2009	International Assets Holding	United States	INTL Commodities DMCC	Commodity contracts brokers and dealers	50	..
2009	Undisclosed Acquirer	Unknown	OGEC Group	Engineering services	50	..
2009	Eaton Corp	United States	SEG Middle East Power	Switchgear, switchboard apparatus	49	..
2009	Franklin Resources Incorporated	United States	Algebra Capital Ltd	Investment advice	15	..
2009	Shore Capital Group PLC	United Kingdom	Full Circle Investments FZC	Investment advice	5	..
2008	Saudi Telecom Co	Saudi Arabia	Oger Telecom Ltd	Telephone communications, except radiotelephone	35	2,850.0
2008	Commercial Bank of Qatar QSC	Qatar	United Arab Bank	Banks	40	599.6
2008	QNB	Qatar	Commercial Bank International	Banks	23.8	302.4
2008	Eitzen Maritime Services ASA	Norway	Seven Seas Shipchandlers LLC	Repair shops and related services	100	112.4
2008	Thomas Cook UK Ltd	United Kingdom	TC Overseas Ltd	Travel agencies	100	70.5
2008	Diamant Co Ltd	Korea (Rep. of)	SMI Hyundai Corp Ltd UAE	Residential construction	100	57.8
2008	Al-Safat Investment Co KSCC	Kuwait	Orimix Concrete Products LLC	Ready-mixed concrete	60	49.8
2008	Undisclosed acquirer	Unknown	United Printing & Publishing	Book publishing, or publishing and printing	40	31.3
2008	Hyder Consulting PLC	United Kingdom	Holford & Associates	Business consulting services	100	30.5
2008	Tarsus Group PLC	United Kingdom	Fairs & Exhibitions(1992)Ltd	Amusement and recreation services	100	22.2

Source: The author, based on Thomson Reuters, Thomson ONE Banker.
Note: '..' indicates that data are not available.

TABLE 9

Fortune 500 U.S. Companies with Affiliates in UAE (2011)

Abbott Laboratories	Eli Lilly & Company	Honeywell International	Occidental Petroleum
Boeing Company	ExxonMobil	HP	Oshkosh
Booz Allen Hamilton	Fedex	IBM	Pepsi
CH2M HILL	Fluor	J.P. Morgan Chase	Pfizer
Chevron	General Dynamics	Kellogg	Starbucks
Coca-Cola	General Electric	Lockheed Martin	3M
ConocoPhillips	General Mills	Mastercard	Tyson Foods
Dow Chemical	General Motors	McDonald's	UPS
DuPont	Goldman Sachs	Motorola	Visa
		NCR	Western Union
		Northrop Grumman	

Source: The author, based on information from the U.S.-UAE Business Council website, available at http://usuaebusiness.org, and the American Business Council of Dubai and the Northern Emirates website, available at http://www.abcdubai.com; and the *Fortune Magazine's* ranking of Fortune 500 companies for 2011, available at http://money.cnn.com/magazines/fortune/fortune500/2011/index.html.

TABLE 10
FDI Contribution Index, rankings and indicator quartiles,2009
(Quartile rankings for shares of each indicator in economy totals)

	Value added	Employment	Exports	Tax Revenue	Wages and Salaries	R&D Exp.	Capital Exp.
UAE	1	3	4	..	1	..	4
Saudi Arabia	4	4	4	..	4	..	4

Source: Annex table I.10 of UNCTAD (2012) - World Investment Report 2012: Towards a New Generation of Investment Policies – available at http://unctad.org/en/PublicationsLibrary/wir2012_embargoed_en.pdf.