المؤسسة العربية لضمان
الاستثمار وائتمان الصادرات
The Arab Investment & Export
Credit Guarantee Corporation

Investment Climate in Arab Countries

Dhaman Investment Attractiveness Index

www.dhaman.org

2018

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Publisher

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The Arab Investment & Export Credit Guarantee Corporation

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المؤسسة العربية لضمان
الإستثمار وائتمان الصادرات
The Arab Investment & Export
Credit Guarantee Corporation

Establishment Date	1/4/1974
Director-General	Mr. Fahad Rashid Al Ibrahim
Paid-up Capital	USD 299.3 million
Reserves	USD 170.2 million
Credit Rating	"AA, Stable" by Standard & Poor's credit rating agency.
Accumulated Guarantee Contracts 31-12-2017	USD 16 billion
Dhaman's Organizational Structure	• Shareholder's Council • Board of Directors • Director-General
Member Countries	All Arab League member states except Comoros Islands.
Financial Institutions (Shareholders)	• Arab Fund for Economic and Social Development • Arab Monetary Fund • Arab Bank for Economic Development in Africa • Arab Authority for Agricultural Investment and Development

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Preface

The Arab Investment & Export Credit Guarantee Corporation (Dhaman) continues to play its role in disseminating knowledge and monitoring developments related to the investment climate in Arab countries in order to support the efforts of the region's governments, with a view to improving the attractiveness of the region's economies to foreign investments, which contribute the most to the achievement of social and economic development.

In this framework, the Arab Investment & Export Credit Guarantee Corporation is glad to present to its member States the thirty third annual report on the investment climate in Arab States for the year 2018, exposing and analyzing data and indices related to the performance of groups of Arab States in terms of foreign investment flows and their level of attractiveness to foreign investments according to a set of variables that explain the discrepancy between different countries of the world in this regard.

This year's report continues to monitor developments in the investment climate in 109 countries including 16 Arab countries through "Dhaman FDI Attractiveness Index", representing about 97% of the total inward FDI balances in the world and about 96% of the total inward FDI balances to the Arab region by the end of 2017.

The Corporation has alternatively relied on the most important international sources of data and information that have been published on international

foreign direct investment in Arab countries when timely access to needed data from national sources was not possible. This move was aimed at achieving the greatest level possible of comprehensiveness and geographical coverage as well as overcoming the obstacles represented by the lack of accurate and updated statistical information and data on investment, its components, sources and sectoral trends.

On this occasion, I would like to express my sincere gratitude and high appreciation to all the Arab entities that collaborated with Dhaman in the provision of data and information, which varied from one country to another in terms of comprehensiveness, updatedness and accuracy. I also invite all Arab stakeholders to reinforce their efforts to develop and update their data bases, according to international standards. And last but not least, I would like to extend my thanks to the research and studies administration team who prepared the report and to all other departments who contributed in a way or another to the provision of administrative and technical support for the completion of this report.

Dhaman hopes that the present report, along with national efforts and the rest of the corporation's activities will contribute to laying strong objective foundations for attracting further capital inflows. It welcomes any comments or opinions that would develop the content of the report and strengthen the role of the Corporation in supporting foreign and Intra-Arab trade and capital flows to the Arab region.

Finally, we hope that the present report conveys its message and that the work reaches its goal.

Part I:

Inward FDI to Arab Countries in the Context of Globalization

1-Foreign Direct Investment in the World in 2017

Foreign direct investment is that kind of international investment in which an entity (the direct investor) resident in a certain economy, has a permanent interest in a corporation (the direct investment corporation) based in another economy. It involves a long-term relationship and the investor has a significant degree of influence in the management of the corporation.

Statistically, direct investment capital transactions include those that result in the creation of investments (a positive number of flows), the cancellation of investments (a negative number of flows) and transactions that lead to the maintenance, expansion or liquidation of investment. In the event that a non-resident party, having no prior equity in an existing resident institution, purchased 10% or more of the Corporation's ownership or voting power, the market value of the acquired equity holdings, plus any additional investment capital, are recognized as a direct investment. In the case of non-resident ownership of a previous share of less than 10% of of the institution’s ownership as a portfolio investment, followed by the purchase of additional holdings so that the total holdings reach the threshold that qualifies for the change from the portfolio investment to direct investment status, which is 10% or more, only additional holdings are registered as direct investment.

FDI inflows witnessed a huge decline amounting to 438 billion dollars representing 23.4%, from 1868 billion dollars in 2016 to 1430 billion dollars in 2017, with the decline in cross-border mergers and acquisitions deals by 194 billion dollars, a percentage of 21.8%, reaching 694 billion dollars. In contrast, FDI inflows balances to the world countries increased by 14% to reach 31524 billion dollars by the end of 2017.

According to the latest statistics included in the 2018 World Investment Report, inward FDI flows in developing countries settled at around 671 billion dollars as their share of global flows rose to 46.9% in 2017 compared to a share of 35.9 in 2016. Inflows to Asian countries slightly increased to 476 billion dollars in 2017. Inflows to Latin America & the Caribbean also increased to 151 billion dollars while inflows to Africa decreased to 42 billion dollars.

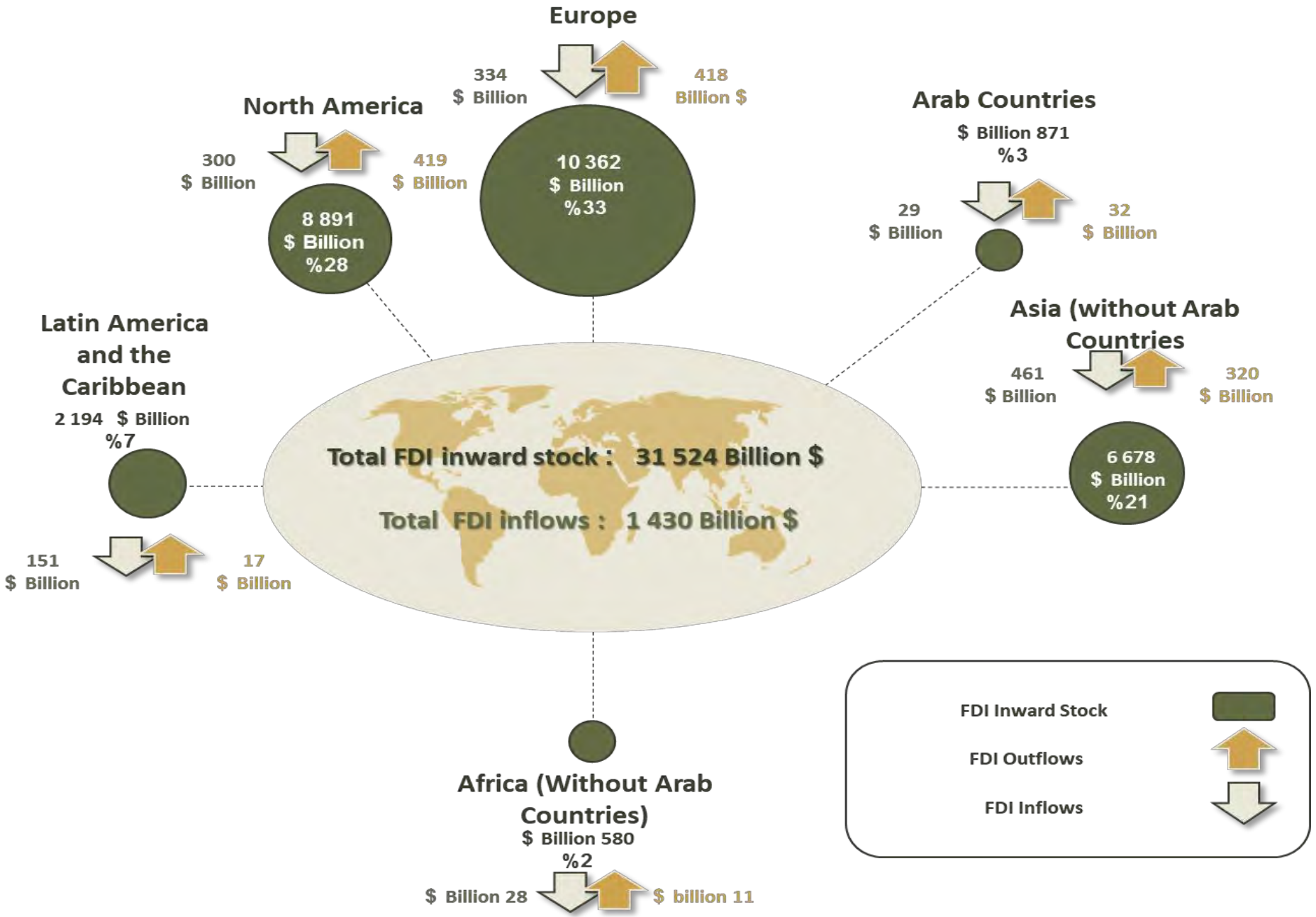
In contrast, inward FDI flows to developed countries fell sharply by 37.1%, reaching 712 billion dollars in 2017, representing 49.8% of the global inflows. The reason behind this decrease is that inflows to Northern America declined by 39.4% to reach 300 billion dollars in addition to a decline in inward FDI flows to the European Union by 42.1% to reach 304 billions during the same year.

As for transitional economies, they also witnessed a decrease in inward FDI flows by 27.1% reaching 47 billion dollars only, after experiencing the beginnings of a recovery the previous year.

Regarding the activity of multinationals and their role in investment, the report observed an increase of 4.7% in the assets value of the branches of foreign companies in the world, reaching 103.4 trillion dollars by the end of 2017. Their sales grew to 30.8 billion dollars while the workforce employed rose to 73.2 million workers.

Return on FDI declined by 17 billion dollars, a percentage of 41.1%, going down to 1581 billion dollars in 2017. The average return on FDI settled at 7% on investment balances for the same year..

Global FDI Flows & Stocks for 2017



Source: (UNCTAD)

2. New FDI projects in 2017

The FDI Markets Database, prepared by the Financial Times, indicates that in the year 2017, 10970 companies launched some 18859 new projects around the world with a total investment cost estimated at $ 811 billion, with an average of 43 million dollars per project. These projects have contributed over 2.4 million new jobs with an average of 128 jobs per project.

Compared with 2016, the year 2017 witnessed a slight decrease from the previous year in the indicator on the number of projects and the number of companies executing them. The indicators for the total investment cost of the projects and the jobs they provided also decreased.

As for the period between 2003 and 2017, the world saw some 86600 companies launch around 249 thousand new projects around the world, with a total investment cost of more than $ 13.3 trillion, averaging $ 53.5 million per project. These projects have contributed more than 37.5 million new jobs with an average of 150 jobs per project.

Overview of New Investment Projects in the World

Source: FDI Markets Database

3. Foreign Direct Investment in Arab Countries in 2017

Inward FDI flows in Arab countries decreased by 11.5%, going from 32.4 billion dollars in 2016 to 28.7 billion dollars in 2017.

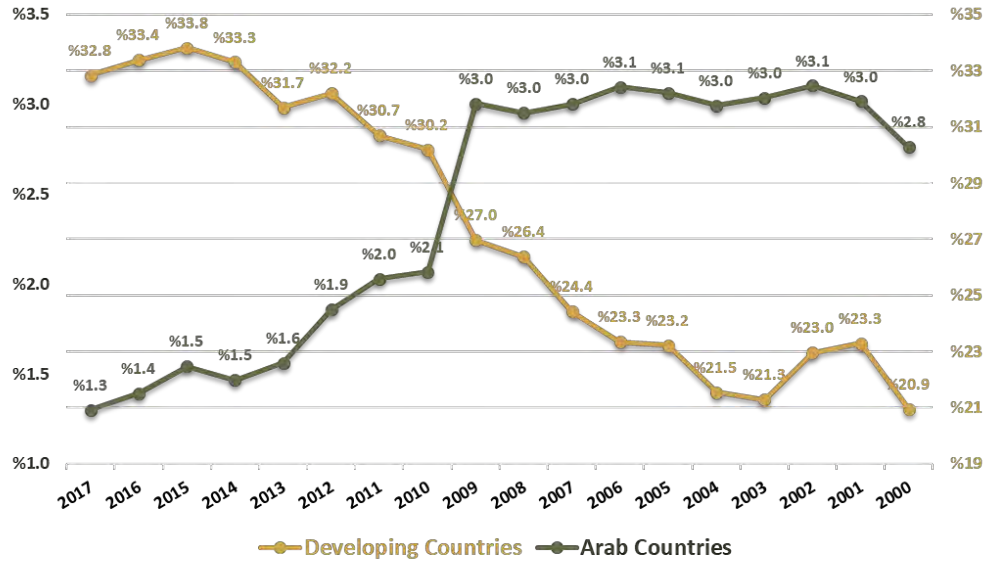
Inward investments in Arab countries represented 2% of the world total amount of 1430 billion dollars, and 4.3% of the developing countries' total amount of 671 billion dollars. The share of Arab countries of the total world flows had been stable at 3% from 2008 to 2016 before declining in 2017 to levels close to the ones they had reached during the period between 2005 and 2007.

Inward FDIs continued in 2017 to be concentrated in a limited number of Arab countries, as each of the United Arab Emirates and Egypt accounted for more than 61.8% of the total inward flows of Arab countries. The U.A.E. came in the first place with around 10.4 billion dollars, a share of 36.1%, followed by Egypt in the second place with a value of 7.4 billion dollars, a share of 25.7%. Morocco came in the third place with a value of 2.65 billion dollars and a percentage of 9.2% of the total Arab amount, and Lebanon in the fourth place with a value of 2.63 billion dollars, a share of 9.2%. Morocco came in the fifth place with a value of 2.3 billion dollars, a percentage of 9.2%.

Inward FDI balances flowing to the Arab world increased at a rate of 4.4% to reach 871.3 billion dollars in 2017. Inward balances to the Arab world represented 2.8% of the global total of 31.5 trillion dollars in 2017.

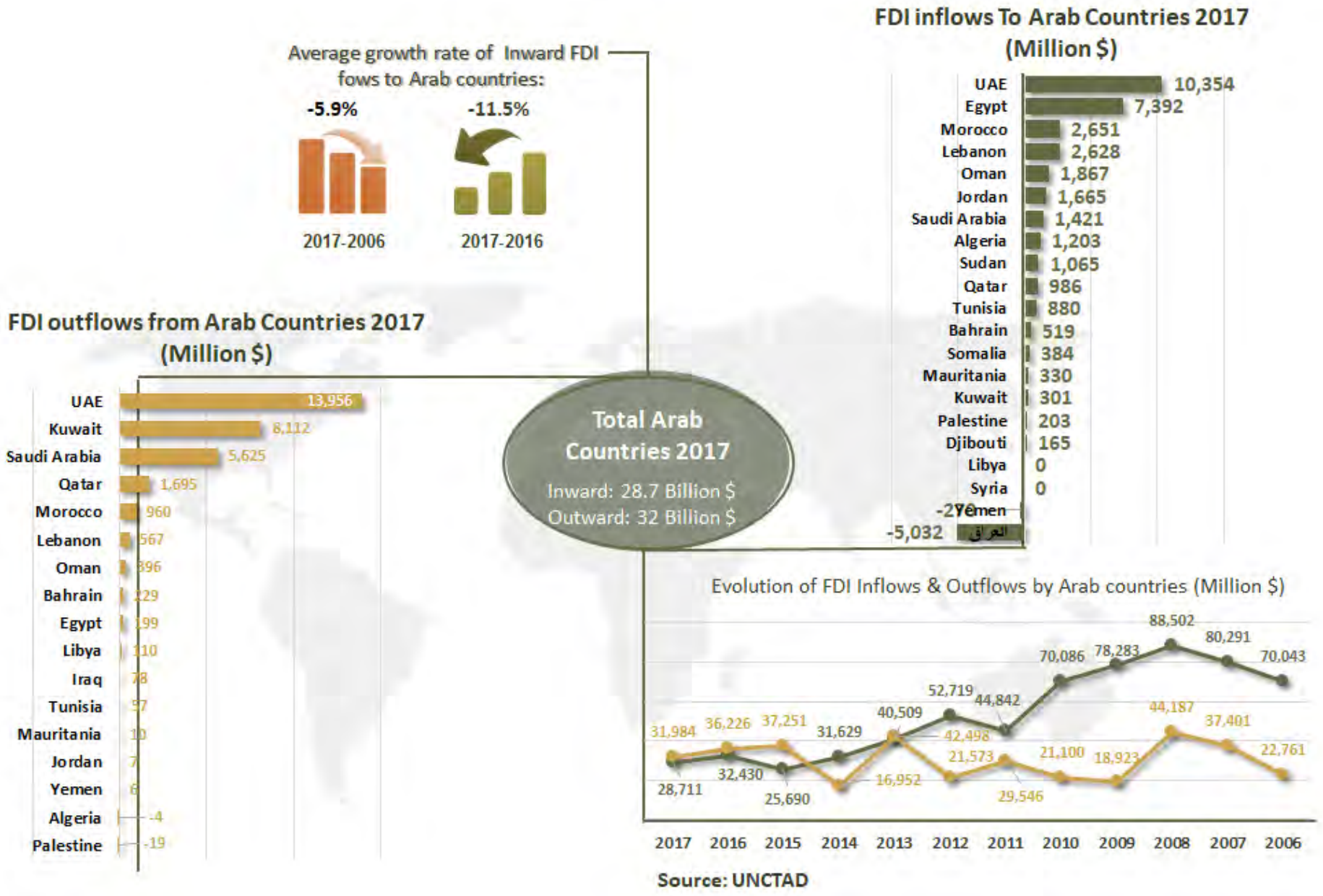
Similarly to FDI flows, FDI balances were concentrated in a limited number of countries. Saudi Arabia, the UAE and Egypt accounted for more than 54.2% of the overall inward balances to the Arab world. KSA ranked first with 232.2 billion dollars and a stake of 26.7% of the overall inward FDI balances in the Arab world, followed by the UAE in the second place with 129.9 billion dollars and a share of 14.9%, Egypt in the third place with 109.7 billion dollars and a share of 12.6% of the Arab total.

Arab Countries & Developing Countries' share of total FDI inflows to the world (%)



Source: (UNCTAD)

Overview of FDI inflows in Arab Countries 2017



Source: UNCTAD

4. FDI projects in Arab Countries in 2017

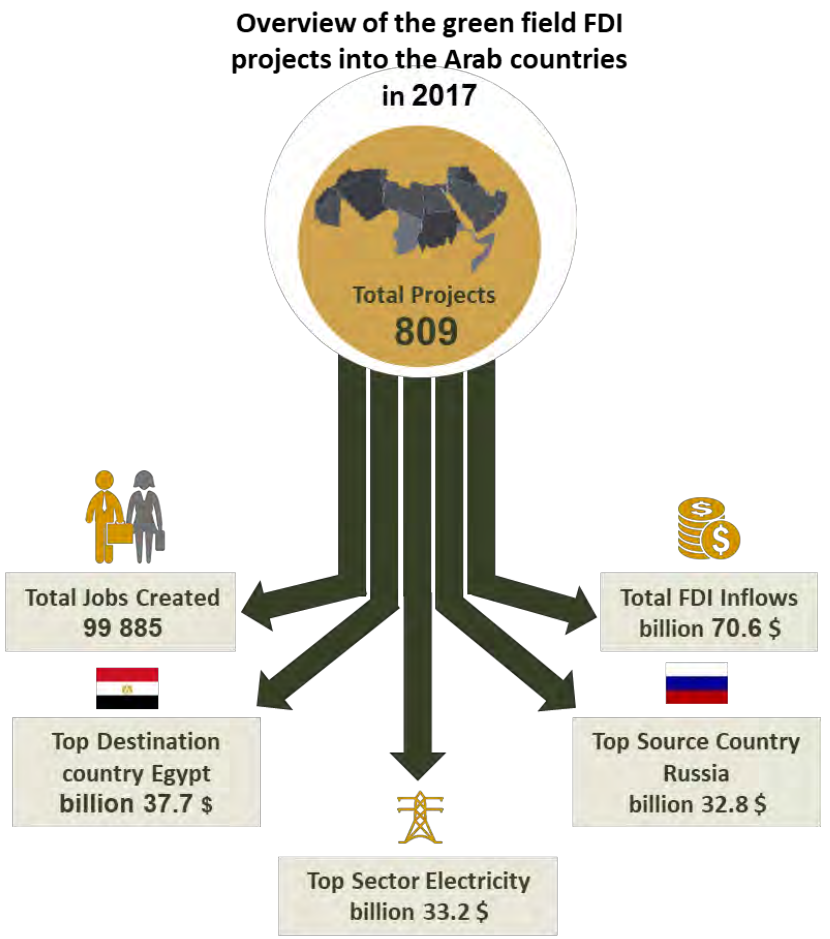
The year 2017 witnessed the establishment of 809 new foreign investment projects in the Arab countries, an increase of 35 more projects compared 2016, and these projects are related to 627 companies. Their investment cost was estimated at more than $ 70.6 billion, providing more than 100 thousand job opportunities.

The Gulf Cooperation Council (GCC) countries acquired 542 new investment projects in 2017 related to 443 companies at an investment cost of around 22.7 billion dollars. The projects provided more than 51 thousand new job opportunities. The UAE accounted for 60.5% of those projects.

Egypt topped the list of countries receiving foreign direct investment projects in 2017 with $ 37.7 billion representing 53.4% of the total, followed by the UAE with $ 9.2 billion, a share of 13%, and KSA with $ 7 billion, a share of 10%.

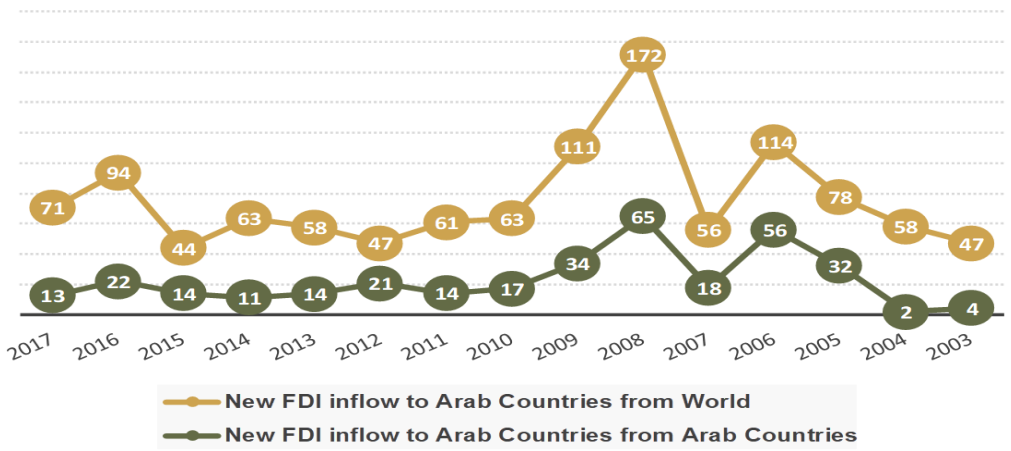
Russia topped the list of the most important investors in the region for 2017 with a value of 32.8 billion dollars, representing 46.4% of the total, followed by Saudi Arabia with 4.8 billion dollars representing 6.7%, and the UAE with some 4 billion dollars, a share of 5.6%.

Historically, the number of foreign direct investment projects in the Arab countries increased from 460 projects in 2003 to 1324 projects in 2008 and then witnessed a general trend of decline with the repercussions of the global financial crisis as of 2009 until it fell again to 769 projects in 2015. The number climbed back to 809 projects in 2017.



Source: FDI Markets

Evolution of Greenfield FDI Projects into Arab Countries



Source: FDI Markets

Distribution of Total inflow Greenfield FDI Projects into Arab Countries for 2017

Destination	Cost (million $)	%
Egypt	37,669	53.4
UAE	9,198	13.0
Saudi	7,028	10.0
Oman	4,509	6.4
Morocco	3,961	5.6
Iraq	2,838	4.0
Algeria	1,390	2.0
Bahrain	1,276	1.8
Jordan	1,085	1.5
Tunisia	787	1.1
Qatar	438	0.6
Kuwait	266	0.4
Lebanon	86	0.1
Syria	46	0.1
Mauritania	18	0.0
Djibouti	11	0.0
Total	70,604	100

Source: FDI Markets

Between 2003 and 2017, the number of foreign companies operating in the Arab countries was estimated at 7350 companies, a percentage of 8.5% of the total number of companies investing outside their borders in the world, roughly estimated at 86600 thousand companies, which invest in more than 13 thousand projects in the Arab region, a percentage of 5.2% approximately of the total number of foreign projects in the world estimated at 249 thousand projects. Between 2003 and 2017, Foreign direct investment companies in the region were concentrated in a limited number of countries, the first of which was the UAE, which had 3959 companies, representing 53.9% of the Arab total, followed by Saudi Arabia with 1035 companies, representing 14.1% of the Arab total. Morocco ranked third with 761 foreign companies accounting for 10.4% of the total.

The total investment cost or expenditure of FDI projects in Arab countries between 2003 and 2017 was estimated at more than $ 1.1 trillion, a percentage of 8.5% of the world total of $ 13.3 trillion. The total employment opportunities provided by these projects was estimated at more than 1.9 million job opportunities representing 5.9% of the world total amounting to 37.5 million jobs.

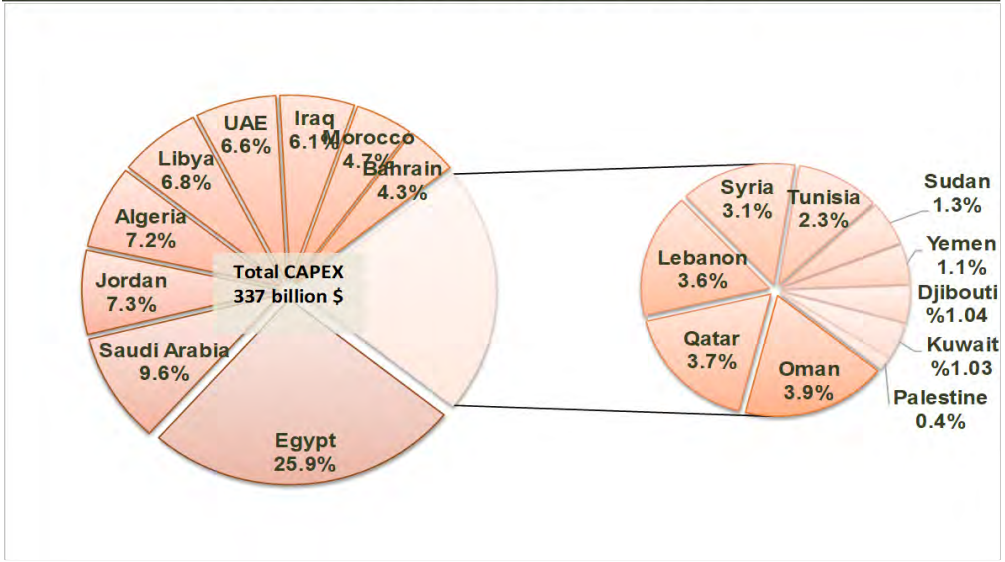
5. New Intra-Arab Investment Projects in 2017

5.1 The Cost of New Intra-Arab Projects in 2017

According to the FDI Markets database developed by the Financial Times, considered as one of the most inclusive databases that cover the overall new FDI projects all over the world and in all sectors as of 2003, the following can be drawn:

- In 2017, 92 Arab companies established 172 new projects in the region beyond their country's borders. The investment cost of these projects has been estimated at around 12.6 billion dollars, creating 29400 new job opportunities.
- In terms of countries receiving Intra-Arab investment inflows in 2017, Egypt topped the list of Arab States with 41% of the total investments, followed by the UAE with 24.3% and KSA with 14.3%.
- Regarding countries with Intra-Arab investment outflows in 2017, Saudi Arabia topped the list with a share of 37.9% of the total, followed by the UAE in the second place with a share of 31.5% and Kuwait in the third place with 17.1%.
- The real estate sector is considered the most important in attracting Intra-Arab projects in 2017, with investments amounting to 7.4 billion dollars with a share of about 59% of the total cost of projects followed by the food and tobacco sector of US $ 1 billion and 8.2%, the renewable energy sector of 939 million dollars and 4.2%. The chemicals sector ranked fourth with a value of $ 676 million and a 5.4% share.
- The total cost of Intra-Arab investment projects between 2003 and 2017 was estimated at more than $ 337 billion with an increase of $ 13 billion, which is 4%, compared with $ 324 billion at the end of April 2016.
- Regarding the countries receiving the Intra-Arab investment flows during the period between 2003 and 2017, Egypt topped the list of Arab countries by acquiring projects worth 86.9 billion dollars and 25.9% of the total investments during the period followed by Saudi Arabia with 32.2 billion dollars and 9.6% of the total, and Jordan in the third position with $ 24.6 billion and 7.3%.
- Concerning countries with Intra-Arab investment outflows between 2003 and 2017, the UAE topped the list with $ 164.8 billion, or 48.9% of the total, followed by Kuwait with $ 40.2 billion and 11.9%. Bahrain ranked third with $ 38.8 billion and a share of 11.5%.

Destribution of inter-Arab Greenfield FDI Projects (Capital Expenditures CAPEX) between 2003 and 2016 (by destination)



Source: FDI Markets

5.2 Number of New Intra-Arab Projects in 2017

The real estate sector is considered the most remarkable in attracting Intra-Arab projects in 2017 with 59% of the investment cost. The financial services sector came in the first place in terms of the number of projects with 25 projects, a share of 14.9% of the total number of 168 projects, followed by the consumer goods industry with 24 projects each and 14.3%.

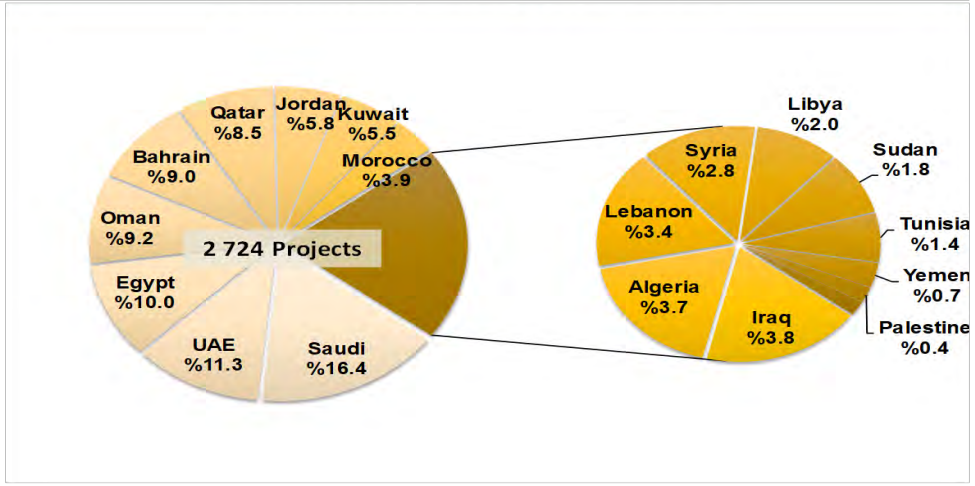
As for countries receiving Intra-Arab investment flows during 2017, Saudi Arabia topped the list of Arab countries by acquiring 48 projects representing 27.9% of the total number of projects, followed by Egypt with 14% and the UAE with less than 13.4%.

In term of countries exporting Intra-Arab investments in 2017, the UAE came in the first position with 44.1% of the total number of projects, followed by Kuwait with 16.9% and Saudi Arabia with 12.8%.

The number of Intra-Arab investment projects during the period between 2003 and 2017 was estimated at 2724 projects. As for countries receiving Intra-Arab investment projects during the same period, Saudi Arabia topped the list with 444 projects representing 16.4% of the Arab total, followed by the UAE in the second position with 306 projects and a share of 11.3%. Egypt ranked third with 271 projects representing 10%.

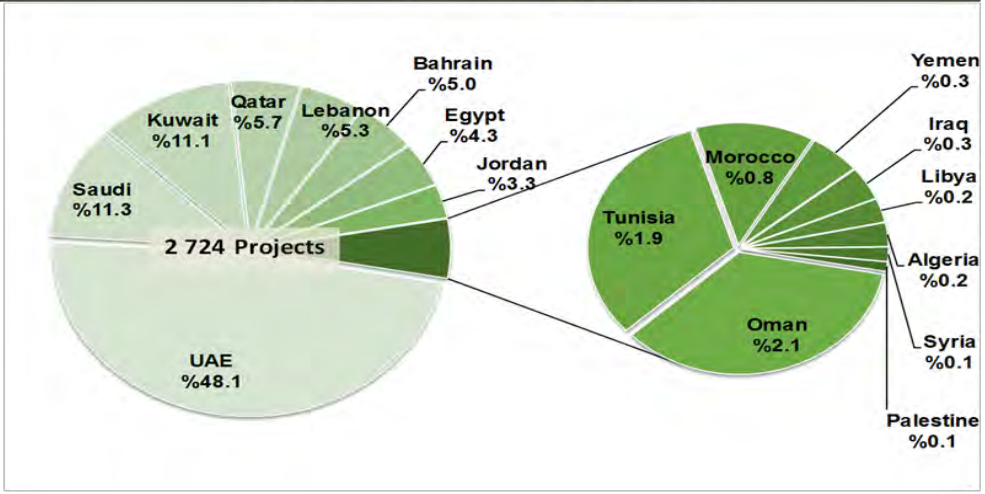
Regarding countries with outward investment projects for the same period, the UAE ranked first with 1308 projects representing 48.1% of the Arab total, followed by Saudi Arabia in the second place with 306 projects accounting for 11.3% and Kuwait in the third place with 303 projects and a stake of 11.1%.

Destribution of inter-Arab Greenfield FDI Projects (number of projects) between 2003 and 2017 (by destination)



Source: FDI Markets

Distribution of inter-Arab Greenfield FDI Projects (number of projects) between 2003 and 2017 (by source)



Source: FDI Markets

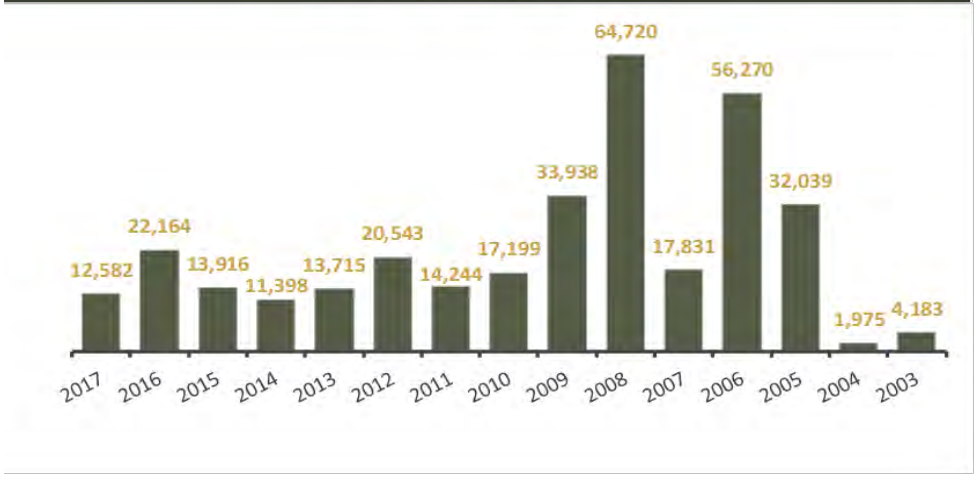
5.3 Intra-Arab Investment Projects Progress

During the period between 2003 and 2017, the indicators for Intra-Arab investments witnessed a clear fluctuation. The indicators for the number of companies, projects and Intra-Arab investment costs increased from 2003 to 2006 before declining again in 2007.

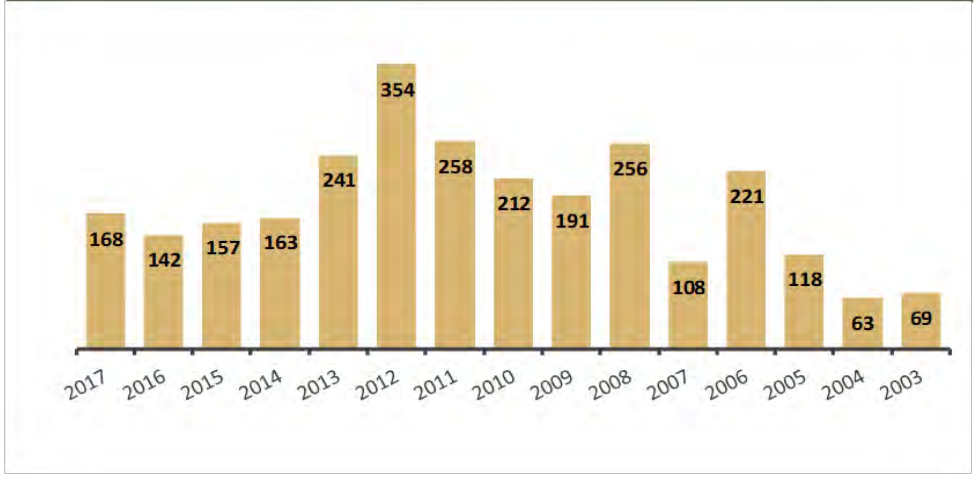
During the year 2008, before the repercussions of the global financial crisis appeared, the various Intra-Arab investment indicators rose before declining again in 2009 and then continued to grow until 2012, after which repercussions of political developments hit the region and their implications began to unfold as of 2013 until the downward trend stopped as of 2017.

Between 2003 and 2017, the increase in the investment cost of Intra-Arab projects coincided to some extent with the increase in the number of projects, which went from 4.2 billion dollars in 2003 to about 12.6 billion dollars in 2017 with a cumulative value during that period estimated at around 337 billion dollars.

Evolution of Inter-Arab Greenfield FDI Projects (CAPEX) from 2003 to 2017



Evolution of Inter-Arab Greenfield FDI Projects (No. of Projects) from 2003 to 2017



Source: FDI Markets

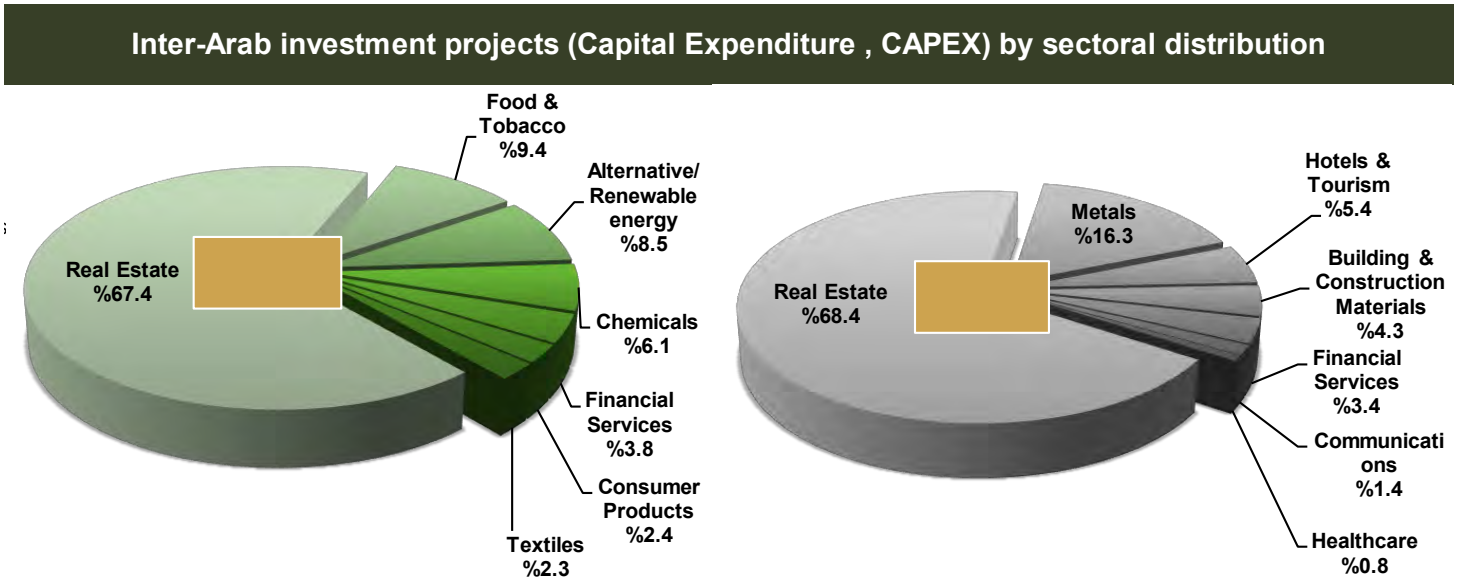
5.4 Changes in the Sectoral Distribution

The sectoral distribution witnessed some changes during the last decade, between 2007 and 2017. The number of projects shows a clear rise in the relative importance of the textile sector from 5.4% to 16.9% thus becoming the most important sector, while the financial services sector witnessed a great decline from 23.5% to less than 11.3%.

In terms of the investment cost of the projects, the sectoral distribution of Intra-Arab projects also witnessed a change between 2007 and 2017. The relative importance of the real estate sector stabilized significantly at around 67% against a significant decline in the relative importance of the metal sector from 16.3% to less than 1%. The hotel and tourism sector also declined from 5.4% to less than 1 as well.

Between 2003 and 2017, the Bahraini Al Khaleej Development Company (Tameer) was the most important investor in Intra-Arab investment projects with an investment cost of $ 21.6 billion, followed by the Emirati company Emaar with $ 18 billion, Majid Al Futtaim Group with $ 14 billion, the Emirati company Al Maabar with $ 11.6 billion and the Qatari Barwa Real Estate Company with $ 10.9 billion. The 10 largest companies in terms of investments contributed about 35.2% of the Intra-Arab investments during that period.

In terms of number of projects between 2003 and 2017, the Bahraini Al Khaleej Development Company (Tameer) also came first with 87 projects, followed by the the Emirati company Emaar with 79 projects, the Emirati Majid Al Futtaim Group with 52 projects and the Emirati company Al Maabar with 34 projects. The 10 largest companies in terms of number of projects contributed about 14.3% of the number of Intra-Arab projects during that period.



Source: FDI Markets

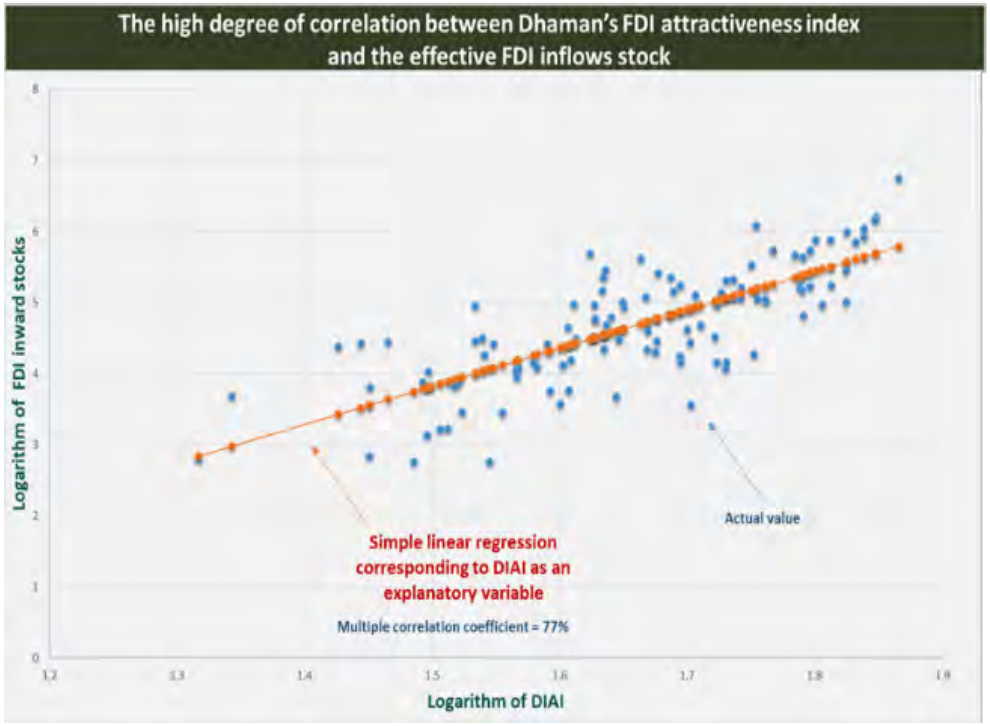
Part II:

FDI Attractiveness of Arab Countries

1. Dhaman FDI Attractiveness Index

According to the specialized economic literature, FDi countries attractiveness is closely linked to three major sets of determinants. Each group consists of a number of sub-indicators that contribute to the total overall and institutional factors and criteria considered by multinational corporations, which are the engine and the key player in foreign investment, when evaluating the potential host country for investment.

Therefore, Dhaman FDI attractiveness Index consists of three main groups with 11 sub-indicators, which in turn are divided into 57 quantitative variables, the vast majority of which is the average value of the variable over the three available years (in this version from 2015 to 2017). This is aimed at enhancing the strength of the results and red ucing the impact of fluctuations in the data resulting from external and internal shocks, which may temporarily keep some variable s away from their normal level. The variables have been compiled from international, regional and local sources and databases, and collectively measure the ability of States to attract foreign investment.

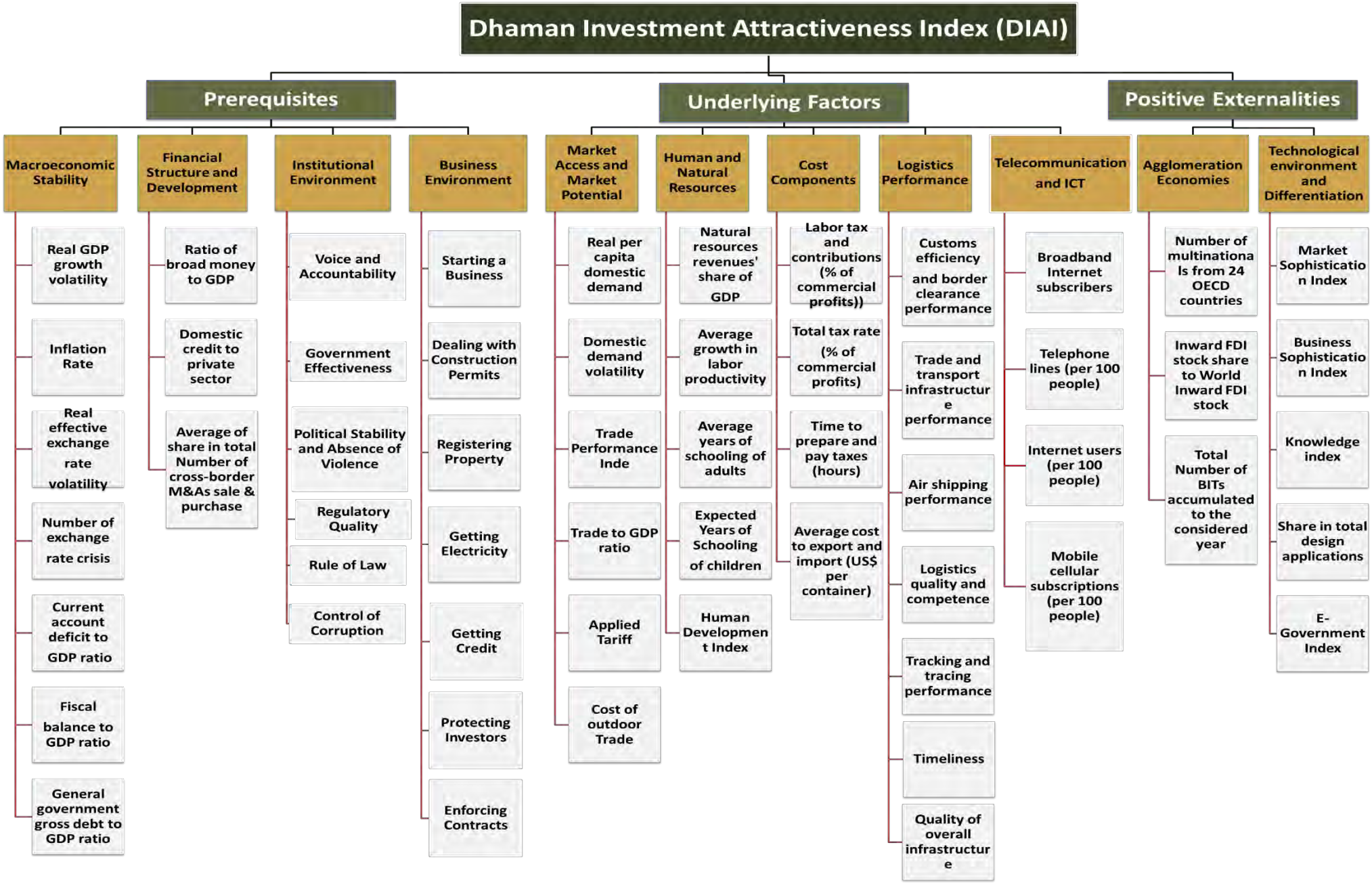


The 2018 index witnessed two major changes in its components:

1- In the financial intermediation & financing capacities sub-indicator, the market value of companies listed in the capital market as a percentage of the GDP has been substituted with another component, which is the Government's share of the total mergers and acquisitions in the world.

2- In the logistics performance sub-indicator, two components have been replaced: the quality of roads and the quality of air transport. These have been replaced with the quality of infrastructure component. Therefore, the number of the general index's components has been reduced from 58 to 57 sub-indicators.

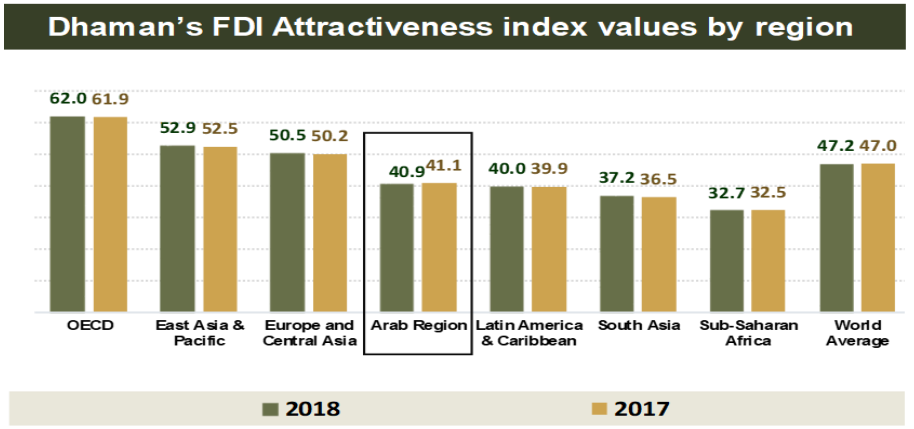
Moreover, several criteria have been taken into consideration in building the Index to ensure that it can explain investment changes in different countries and groups that have been included in it. The high values of the correlation coefficient between Dhaman FDI attractiveness Index and the inward FDI balance show the strong relation between the two on the one hand and the superior methodology used to build the index on the other hand. (See Investment Climate Report No. 28).

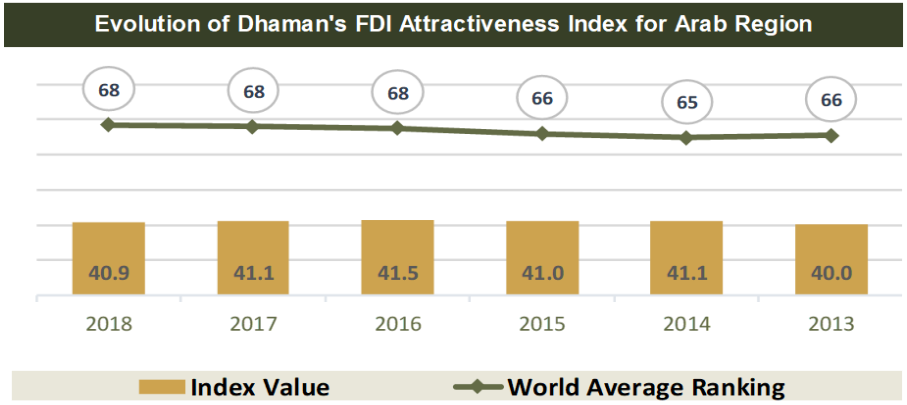

Dhaman Investment Attractiveness Index (DIAI)
Prerequisites
Underlying Factors
Positive Externalities
Macroeconomic Stability
Financial Structure and Development
Institutional Environment
Business Environment
Market Access and Market Potential
Human and Natural Resources
Cost Components
Logistics Performance
Telecommunication and ICT
Agglomeration Economies
Technological environment and Differentiation
Real GDP growth volatility
Inflation Rate
Real effective exchange rate volatility
Number of exchange rate crisis
Current account deficit to GDP ratio
Fiscal balance to GDP ratio
General government gross debt to GDP ratio
Ratio of broad money to GDP
Domestic credit to private sector
Average of share in total Number of cross-border M&As sale & purchase
Voice and Accountability
Government Effectiveness
Political Stability and Absence of Violence
Regulatory Quality
Rule of Law
Control of Corruption
Starting a Business
Dealing with Construction Permits
Registering Property
Getting Electricity
Getting Credit
Protecting Investors
Enforcing Contracts
Real per capita domestic demand
Domestic demand volatility
Trade Performance Inde
Trade to GDP ratio
Applied Tariff
Cost of outdoor Trade
Natural resources revenues' share of GDP
Average growth in labor productivity
Average years of schooling of adults
Expected Years of Schooling of children
Human Development Index
Labor tax and contributions (% of commercial profits))
Total tax rate (% of commercial profits)
Time to prepare and pay taxes (hours)
Average cost to export and import (US$ per container)
Customs efficiency and border clearance performance
Trade and transport infrastructure performance
Air shipping performance
Logistics quality and competence
Tracking and tracing performance
Timeliness
Quality of overall infrastructure
Broadband Internet subscribers
Telephone lines (per 100 people)
Internet users (per 100 people)
Mobile cellular subscriptions (per 100 people)
Number of multinationals from 24 OECD countries
Inward FDI stock share to World Inward FDI stock
Total Number of BITs accumulated to the considered year
Market Sophistication Index
Business Sophistication Index
Knowledge index
Share in total design applications
E-Government Index

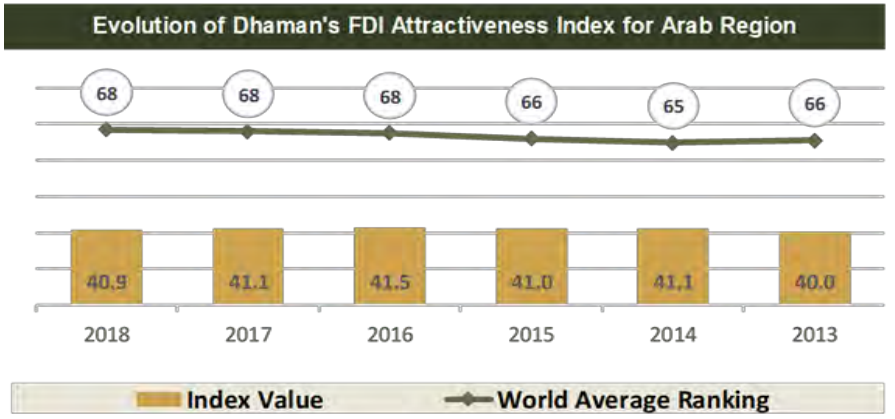
2. The Overall Arab Attractiveness Status

The calculated FDI attractiveness general index for 2018 show that Arab countries came in the fourth place among 7 geographic groups, with an average index of 40.9 points and average ranking of 68. The OECD countries claimed the first place, followed by East Asia and the Pacific countries in the second place. European and Central Asian countries came in the third place, while Latin American and Caribbean countries ranked after Arab countries in the fifth place, followed by South Asian countries in the sixth place and, finally, African countries in the seventh place.

In comparison with 2017 report, the attractiveness of Arab countries to FDI slightly decreased similarly to the index in Arab States.On the level of Arab groups, the results of the FDI attractiveness index show that the GCC countries (Saudi Arabia, United Arab Emirates, Kuwait, Qatar, the Sultanate of Oman and Bahrain) in general outperformed other Arab sub-regions with a score of 52.3 points out of 100 points in 2018, as they occupied the first position despite the decline in their performance compared to 2017. Levant states (Egypt, Lebanon and Jordan) ranked second with 42 points with an improvement in their performance compared to 2017. Maghreb states (Libya, Tunisia, Algeria and Morocco) ranked third on the Arab level with 39.2 points. In the last place came the low performance countries







2.1 The Set of Prerequisites

Undoubtedly, the set of prerequisites or the necessary conditions that allow the host country to attract investments are considered indispensable conditions to attract investments. The set of prerequisites includes four out of the eleven sub-indicators that constitute the FDI attractiveness index: macroeconomic performance, financial intermediation & financing capacities, institutional environment and the business environment indicator.

Arab countries claimed the 4th place globally among 7 geographical groups on the index of set of prerequisites for FDI attractiveness in 2018, with an average of 51.7 points on the index for Arab countries group, and average ranking of countries within the group of 70.

OECD countries claimed the first place, followed by East Asia and the Pacific countries in the second place, European and Central Asian countries in the third place, Latin American and Caribbean countries in the fifth place, South Asian countries in the sixth place, and finally African countries in the seventh place.

In comparison with 2017, the index value in Arab countries increased and the Performance on the set of prerequisites also improved in other geographic groups covered by the index, except for GCC countries, knowing that the Arab performance is slightly lower than the global performance average on the set of prerequisites.

The index data also reveal a relative superiority of GCC countries compared to other Arab countries with 60.3 points, followed by the Maghreb countries in the second place on the Arab level with 52.8 points. The Levant countries came in the third place and in the fourth and last place came the low performance countries.

Maghreb countries stood out on the macroeconomic stability indicator, followed by GCC countries with a slight difference. The Levant countries registered a good performance on the financial intermediation & financing capacities indicator. On the institutional and business performance environment indicators, GCC countries had the best performance with a big difference compared to the rest of Arab countries.

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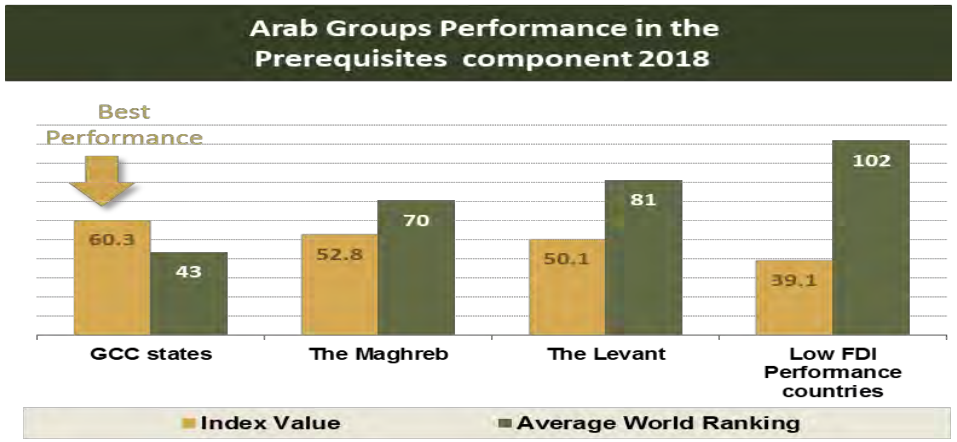
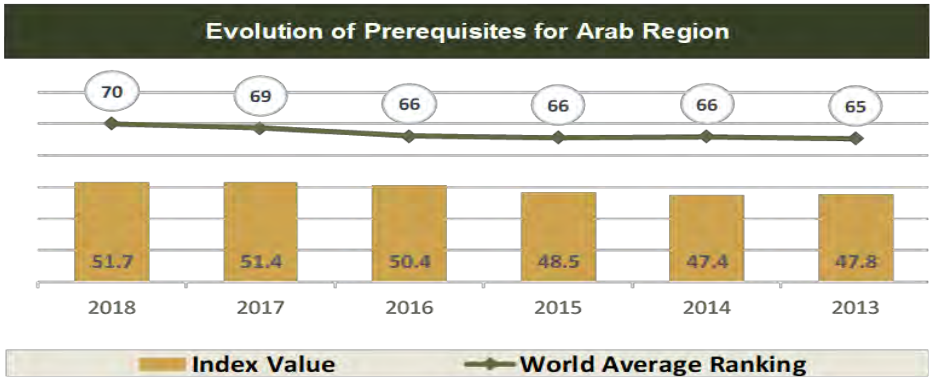




2.2 The Set of Underlying Factors

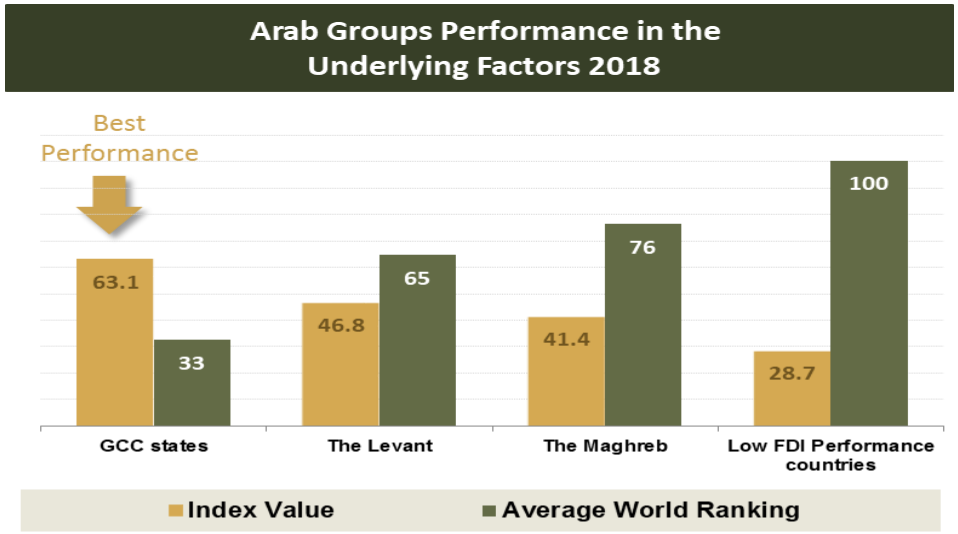
The set of underlying factors refers to the main factors on which major investors base their decisions, particularly multinational corporations to invest or not in a specific country especially that these corporations are one of the most important channels of international financing and FDI. Moreover, their presence is an incentive for more enterprises and investments, due to their huge capacities that allow them to control an important share of the world investment movement. The set includes five out of the eleven FDI sub-indicators: market access and market potential, human and natural resources, cost components, logistics performance and telecommunications and IT.

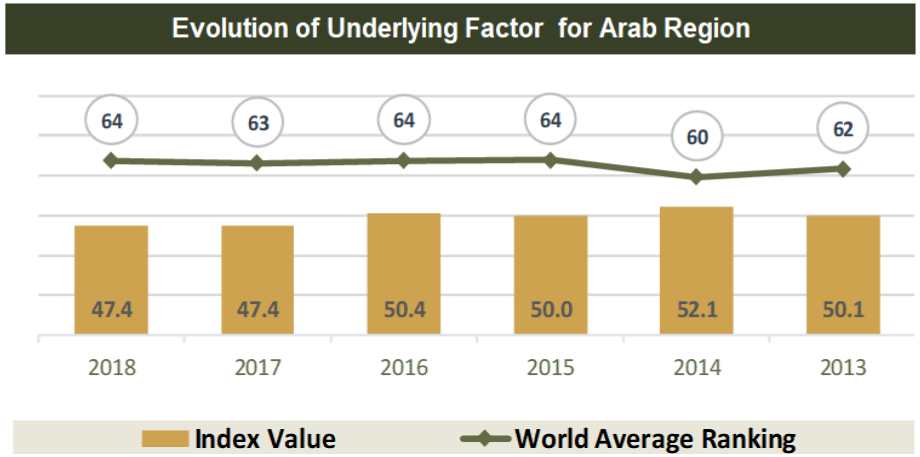
Arab countries claimed the fourth place globally among seven geographical groups on the set of underlying factors index for the year 2018, with an average of 47.4 points on the index for Arab countries group, and average ranking of countries within the group of 64 points. OECD countries came in the first place, followed by European and Central Asian countries in the second place, East Asia and the Pacific countries in the third place, while Latin American and Caribbean countries came after the Arab countries in the fifth place, South Asian countries in the sixth place and African countries in the seventh place.

In comparison with 2017, the performance of Arab countries as well as that of other geographic groups improved on the set of underlying factors.

It is also noticeable that GCC states continued to outperform other Arab sub-regions in general, as results show that GCC states are on top of the list on the Arab level with a score of 63.1 points, an average performance above the global average of 51.4 points. Levant States came in the second position with a big difference, followed by Maghreb states and the low performance states.

GCC countries registered a performance that is better than that of the rest of Arab groups and global averages on the five sub-indicators in the set of underlying factors. The performance of Levant States on the indicators of cost components, logistics performance, telecommunications and IT sub-indicators was much better than that of Maghreb States and low performance States





2.3 The Set of Positive Externalities

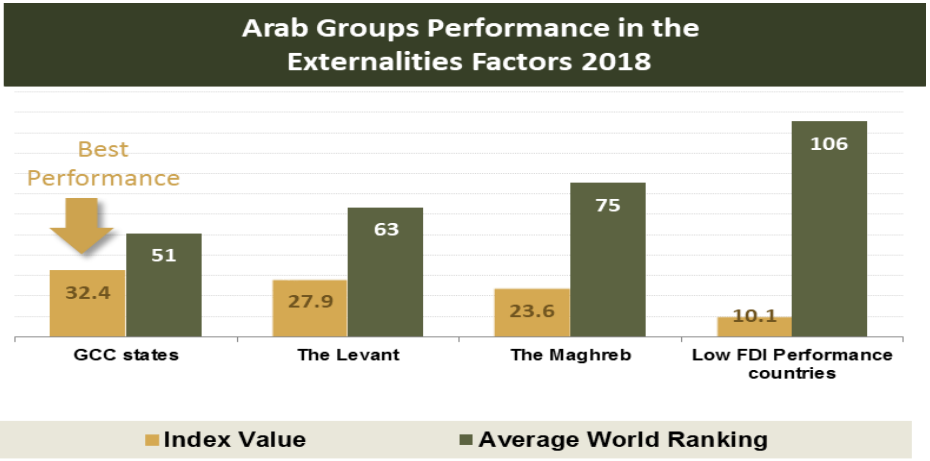
The set of positive externalities refers to the different factors that enhance a country's assets for its integration with the global economy, its possession of technological advancement potential as well as other factors that distinguish it from other states. It includes two out of the eleven sub-indicators: agglomeration economies and excellence & technological advancement.

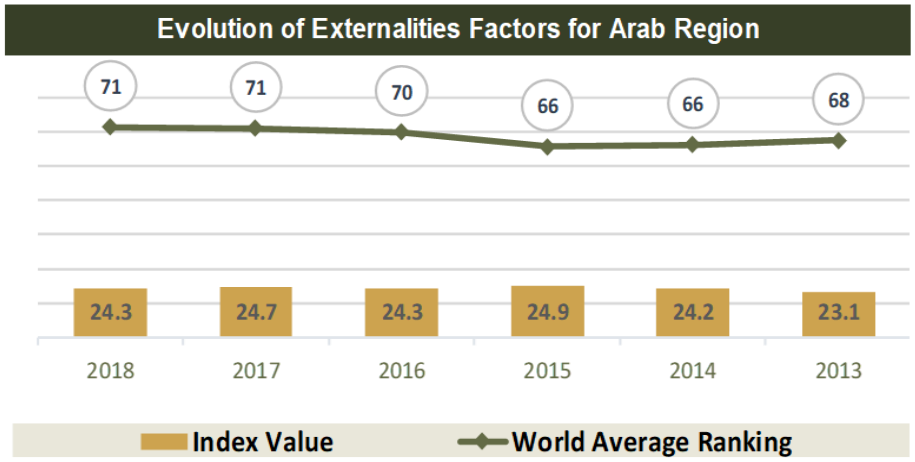
Globally, Arab countries claimed the fifth place among seven geographic groups with an average of 24.3 points on the set of positive externalities for FDI attractiveness for the year 2018, and with an average ranking of 71 points within the group of countries. OECD countries came in the first place with an average of 47.8 points and average ranking of 22 points, followed by East Asia and the Pacific countries in the second place, European and Central Asian countries in the third place, while Latin American and Caribbean countries came in the fourth place, South Asian countries in the sixth (Should be fifth) place and finally African countries in the seventh (sixth) place.

In comparison with 2017, the performance of Arab countries declined as well as the performance of the other world groups in which the performance of half of the countries declined and that of the other half remained stable.

Data shows once again that GCC countries occupied the first place, with a score of 32.4 points, an average performance, in comparison with the global average of 32.6 points, whereas the Levant countries ranked second followed by Maghreb countries, which came in the third place and finally low performance countries came in the fourth place with a big gap between them and other groups.

Data also shows that Levant and Maghreb countries both registered an outstanding performance on the agglomeration economies indicator while the performance of Arab geographical groups on the excellence & technological advancement indicator was poor, in comparison with the global average.





3. Arab World's Position on Eleven Key Drivers

It is possible to measure countries' attractiveness to foreign direct investment through the main FDI attractiveness index, which is based on 11 sub-indicators, each of them monitors one of the main factors that determine a country's capacity to attract capital flows, such as: macroeconomic stability, financing capacities index, institutional environment, market access & market potential, human and natural resources, cost components, logistics performance, telecommunication & IT, agglomeration economies and innovation & differentiation.

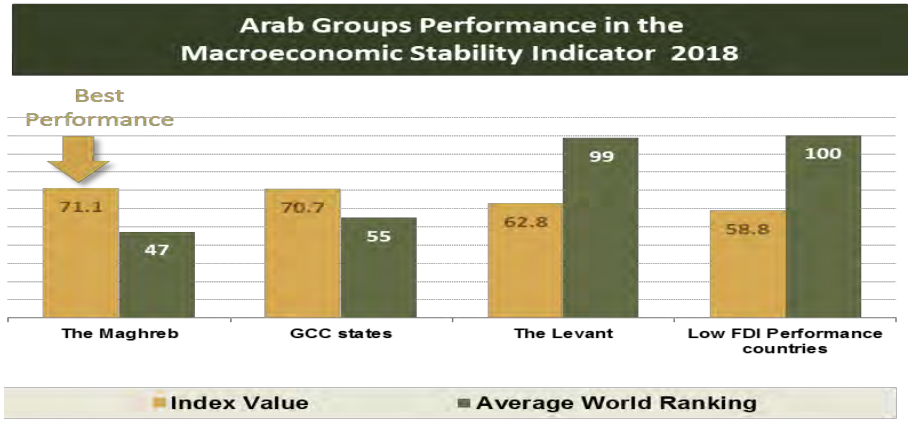
These sub-indicators include approximately 57 variables that monitor in detail the factors that determine a country's capacity to attract investments and accurately determine its position on the attractiveness index. The details are as follows:

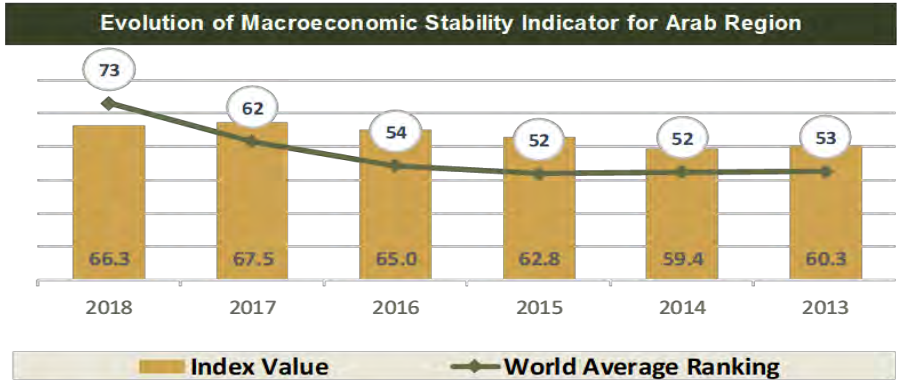
3.1 Macroeconomic stability indicator

The macroeconomic stability is one of the important elements for attracting investments. The degree of this stability is measured with seven main variables: Real GDP growth volatility, inflation rate, real effective exchange rate volatility, number of exchange rate crisis, current account deficit to GDP ratio, fiscal balance to GDP ratio and gross public debt to GDP ratio.

According to the results, the following observations can be drawn:

- The Arab performance average of 66.3 points is close to the global average of 69.4 points.
- Maghreb countries occupied the first place on the Arab level with an outstanding performance in the real GDP growth rate volatility and the ratio of government budget deficit or surplus to GDP.
- GCC ranked second and their performance was remarkable on the indicators related to inflation the GDP growth rate fluctuation and the ratio of current account deficit or surplus to GDP.
- Levant states ranked third with a poor performance on the sub-variables.
- Low performance countries came in the fourth and last place despite their good performance on the two variables concerning the number of exchange rate crises.
- In comparison with 2017, the performance of all Arab groups on the macroeconomic stability index declined, except for Levant states.





3.2 Financial Intermediation and Financing Capacities Indicator

The financial intermediation and financing capacities indicator measures the necessary financial components to attract investments. It surveys three main variables: Ratio of broad money to GDP (M2 to GDP), domestic credit to private sector as a percentage of GDP and the state's share of the total mergers and acquisitions in the world instead of the variable related to the market value of companies listed in the capital market as a percentage of the GDP.

In this context, a number of results can be drawn to clarify the performance of Arab countries in this domain:

In the context of the modest global performance on the financial intermediation & financing capacities indicator with an average of 16.4 points, the Arab performance was close at 14.4 points.

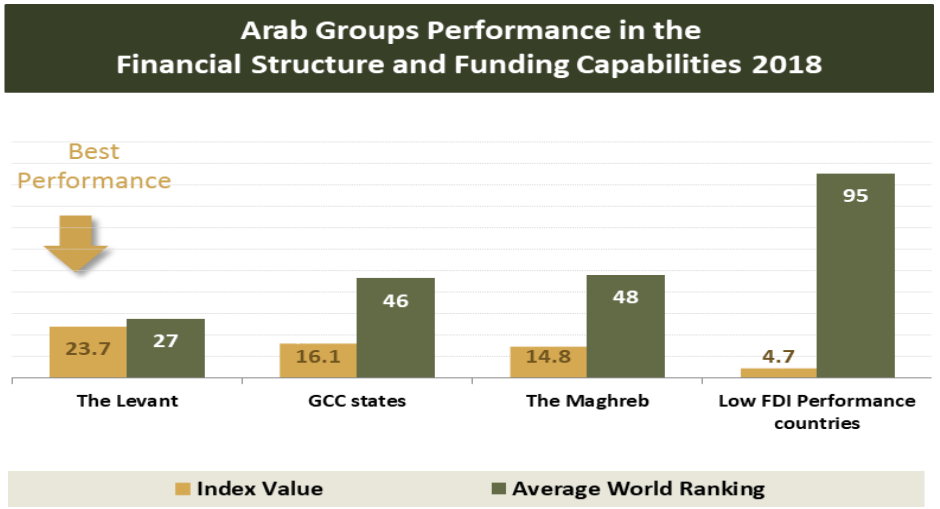
The Arab performance was poor in terms of the share of the total mergers and acquisitions in the world, while the performance on the variables of broad money and local credit given to the private sector as a percentage of the GDP was closer to global averages.

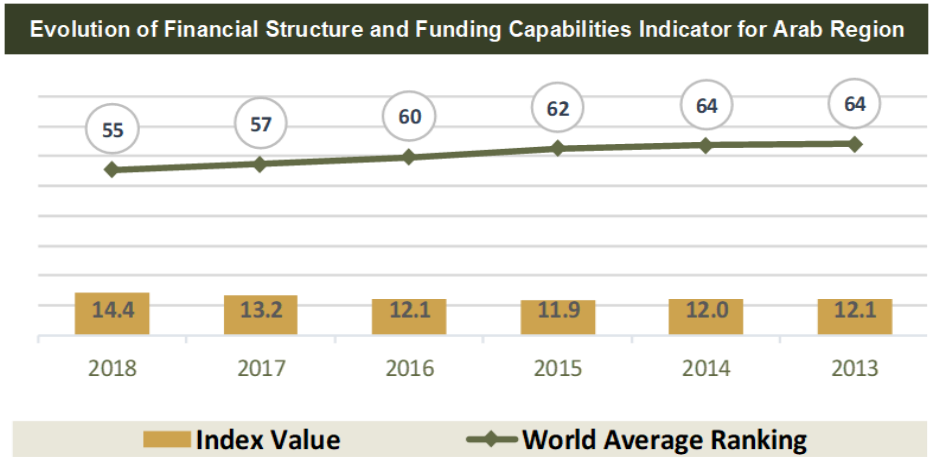
Levant States outperformed other Arab subgroups, with a score of 23.7 points, which is above the global average of 16.4 points.

GCC countries claimed the second place, followed by Maghreb states in the third place. Finally, low FDI performance countries came in the fourth and last place.

On the level of the indicator's main variables, Levant states ranked best in the Arab region on the financial liquidity represented by the ratio of broad money to GDP. The performance of GCC countries was outstanding in the indicator related to the share of the total mergers and acquisitions in the world. All the groups registered an average performance in terms of local credit given to the private sector as a percentage of the GDP except for the low-performance states that registered a very poor performance.

In comparison with 2017, the performance of all Arab subgroups improved in the 2018 indicator.





3.3 Institutional Environment Indicator

It is certain that the investment climate is strongly affected by the institutional and organizational situation, especially laws and legislations and their implementation, continuity, stability and consistence with international laws as well as the overall monetary and financial policies. Legal and institutional structural reform inspires confidence to the foreign investor during the assessment of the investment's targeted geographical choices. The eventual risks and costs decrease in the presence of clear laws and targeted investment climate work strategies, which also allows to minimize the doubts that the foreign investor might face concerning regulatory or legal obstacles that might affect the continuity and course of the investment process.

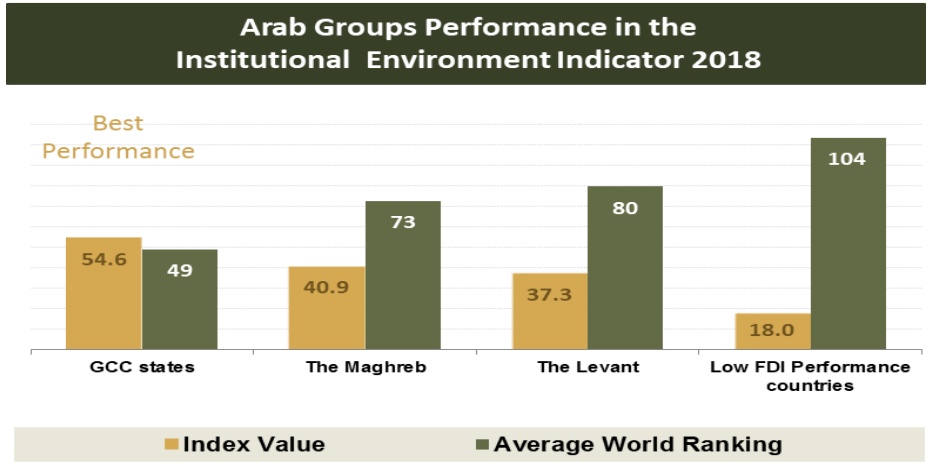
In this context, the institutional climate in the host country is one of the main factors that influence the state's attractiveness to investment. This is confirmed by previous experiences in the world, and is considered by financial and development institutions as one of the main challenges that the Arab spring countries will face, with regards to stabilizing and restoring foreign investors' trust.

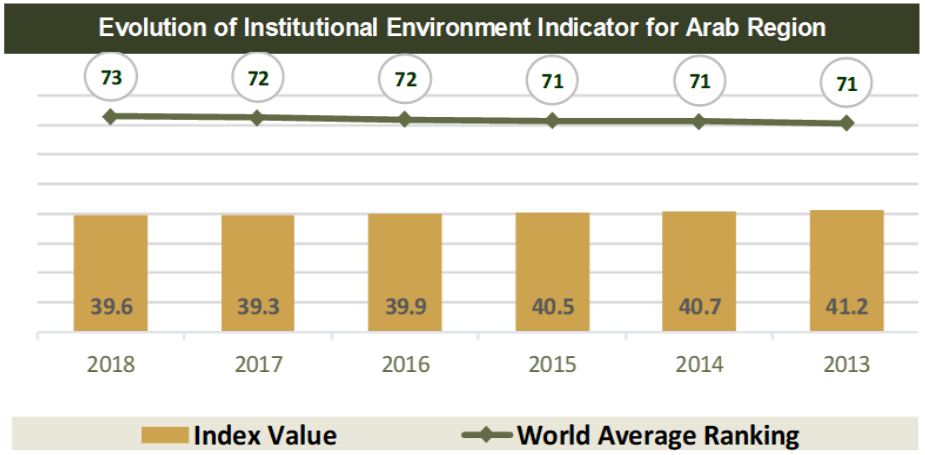
A large set of relevant variables or sub-indicators were monitored, especially those that survey the performance of states. They include some variables such as voice and accountability, political stability and absence of violence, government effectiveness, and regulatory quality, control of corruption and rule of law. The performance of Arab states was very moderate on the institutional environment. The region's countries registered an average score of 39.6 points in comparison with the global average 53.8 points, with large discrepancies among the surveyed Arab groups in the indicator.

On the level of Arab groups, GCC states came in the first place with a score of 54.6 points, a performance above the world average performance, followed by Maghreb States in the second place with a big gap, Levant states in the third place with a small gap, and low FDI performance countries occupied the fourth and last place.

Remarkably, GCC states achieved a good performance on the variables of political stability and non-violence, effectiveness of governmental policies and procedures, the quality of regulatory frameworks, the rule of law and control of corruption.

In comparison with 2017, the performance of all Arab groups improved on the present indicator and the performance of GCC countries remained stable.



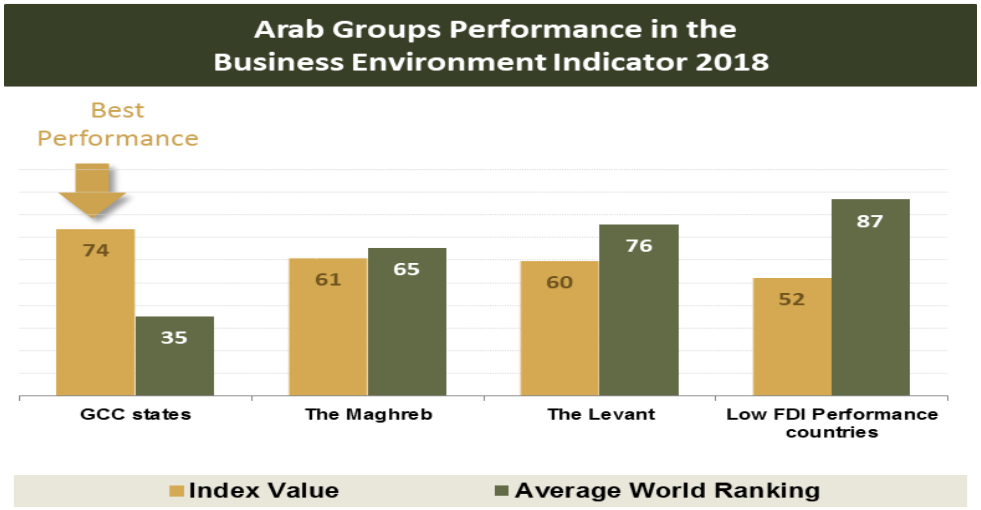


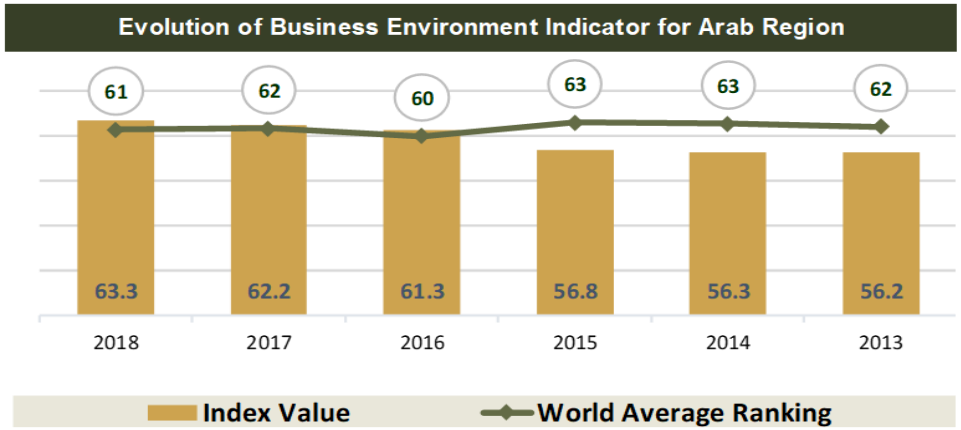
3.4 Business Environment Indicator

The business environment is considered one of the factors that determine a country's attractiveness to foreign investment. It is measured based on seven main chosen variables: starting a business, dealing with construction permits, registering property, access to electricity, access to credit, investors' protection and contracts execution.

It is worth mentioning that the business environment indicator that is included in the DI general indicator is inherently different from the general business environment indicator that is published on a yearly basis by the World Bank, although both indicators use the same data source. Therefore, it is natural that their results are different on the international and Arab level especially with regard to the position and classification of the world and the region's states. In the context of the analysis of the indicator's results, a set of main observations can be drawn:

- -Arab countries came in the fourth place globally, with a slight gap between them and the group of Latin America and the Caribbean with 63.3 points (below the world average of 65.6 points).
- -Arab countries registered a performance better than the global average on the variables of registering property and executing contracts, while their performance was below the global average on the rest of the components.
- -GCC countries occupied the first place on the Arab level with a score of 73.8 points, with a performance better than the world average, followed by Maghreb states in the second place, Levant countries in third place and low performance countries in the last place.
- -GCC countries registered a remarkable performance in all components, while low FDI performance countries registered an outstanding performance on the variables related to starting a business and executing contracts.
- -The indicator reveals the urge for most Arab subgroups to undertake reforms in the variables related to registering property, obtaining credit and protecting investors.
- -In comparison with 2017, all Arab groups witnessed an improvement in performance on the business environment indicator and the performance of Maghreb states remained stable.



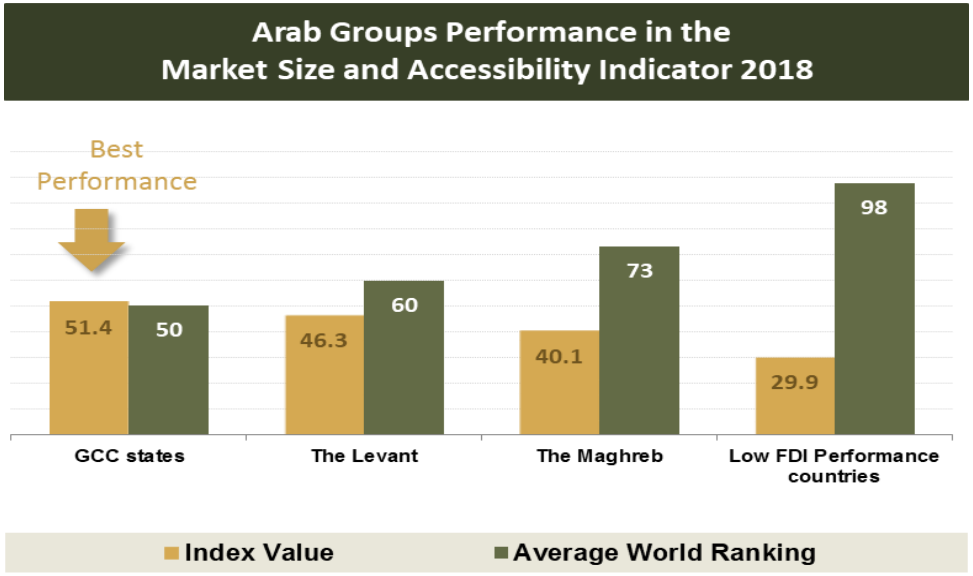


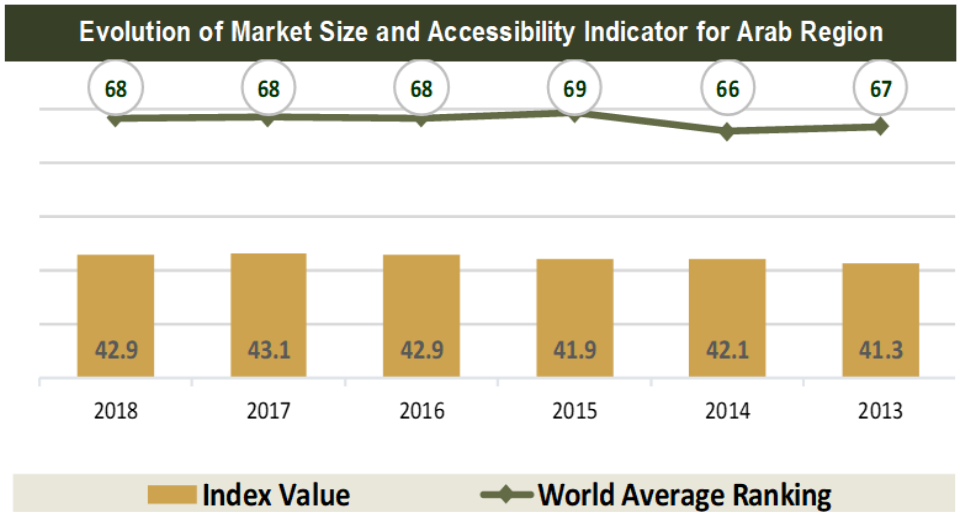
3.5 Market Size, Potential and Ease of Access Indicator

Market size, potential and ease of access are considered the main factors of FDI attractiveness. This indicator was designed in order to survey these factors through 6 decisive variables: real per capita domestic demand, domestic demand volatility, trade performance index, trade to GDP ratio, applied tariff and openness to the outside world.

The survey results show the following:

- Arab states were close to the global average on the market access, size and potential indicator.
- Arab states scored lower than the global average on all variables.
- GCC countries topped the list of Arab countries with an average performance and an average slightly higher than the world average. Levant states ranked second, followed by Maghreb states in the third place, and finally low FDI performance countries came in the fourth place with a big gap.
- GCC countries' performance stood out on the real per capita domestic demand variable, as well as on the indicators related to the trade to GDP ratio, the application of customs tariffs and the openness to the outside world. Levant states had an outstanding performance on the indicator related to trade performance while Maghreb states excelled on the level of fluctuations in domestic demand.
- The market size reveals the dire need for Maghreb States to undertake urgent reforms on the applied tariff index and for low FDI performance countries to do the same for the indices of applying tariff and openness to the outside world.
- In comparison with 2017, the performance of Levant and Maghreb States improved while the performance of GCC and low performance states regressed.



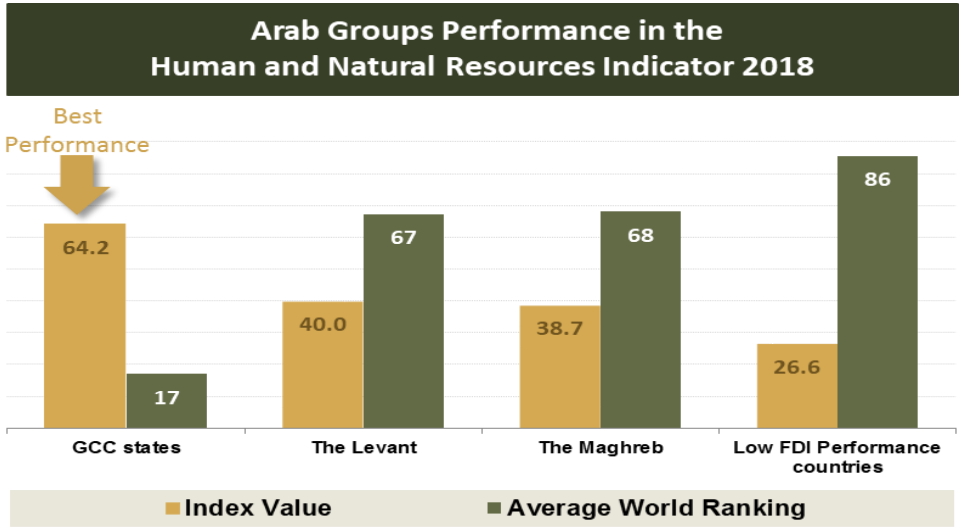


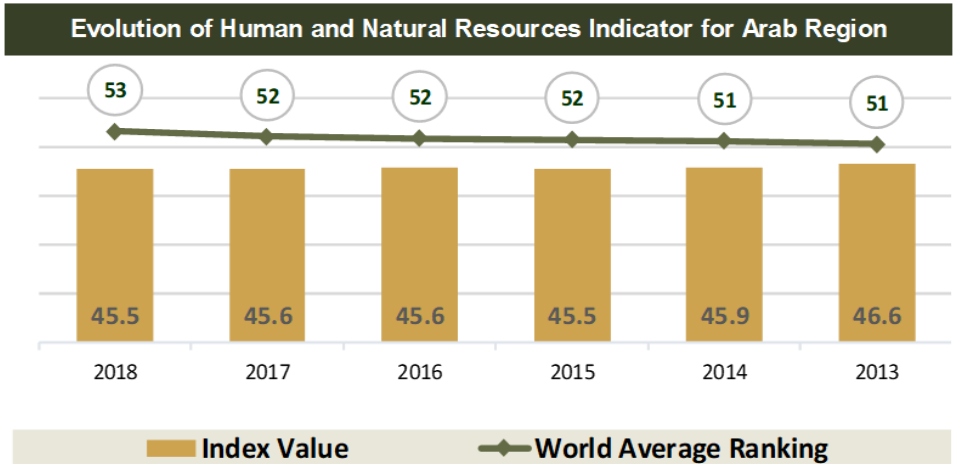
3.6 Human & Natural Resources Indicator

International experience reveals that there are many investment patterns in the world that target natural resources and give priority to the availability of qualified and trained human resources in the investment targeted country. In this context, a human & natural resources indicator was included and that measures these factors through six quantitative and qualitative variables: Natural resources revenues' share of the GDP, average growth in labor productivity, average years of schooling for adults, expected years of schooling for children and Human Development Index.

In this context, a number of results can be drawn, regarding the performance of Arab countries:

- The Arab performance on this indicator was very close to the global one, around 45 points each.
- The Arab performance was better than the global average on the variable of natural resources revenues' share of the GDP, which is more than the double. This is due to the presence of oil and other mineral resources in a number of countries. The Arab performance was also above the world average on the work productivity rate variable.
- Arab performance was close to the global performance on human development indicator, while it was clearly lower than the global level on the education variables.
- GCC countries came in the first place on this indicator with a big gap compared to the global average. Levant states came second and Maghreb countries ranked third with a slight difference while low FDI performance countries came in the fourth place with a very poor performance.
- The indicator reveals the need for Maghreb, Levant and Low performance countries to undertake reforms on the growth in labor productivity index and for low FDI performance countries to do the same for all sub-indicators, except for the share of natural resources revenues from the GDP.
- In comparison with 2017, the performance of all Arab groups decreased on the present index except for Low performance and Levant States, which performance remained stable.



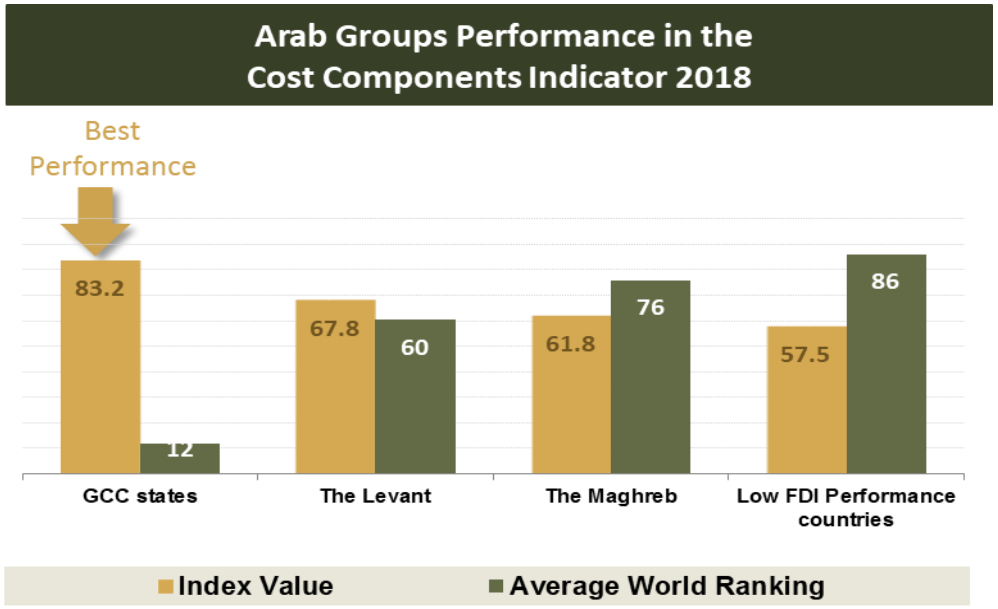


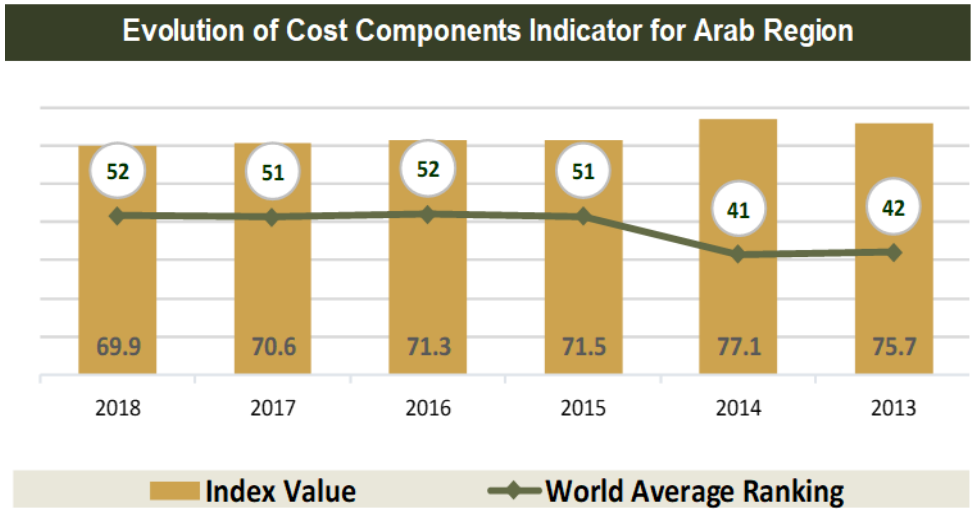
3.7 Cost Components Indicator

The production cost of any investment project and the cost differences between countries constitute a decisive indicator in attracting FDI, especially that there are large discrepancies in the world on this level. This indicator measures cost components through four variables: Labor tax and contributions as a ratio of commercial profits, total tax rate as a ratio of commercial profits, time to prepare and pay taxes (hours) and average cost of export and import.

After analyzing the relative situation of Arab countries on this indicator, the following results can be drawn:- Arab performance on this index was below the already high global average, with 76 points.

- GCC countries occupied the first place and surpassed the global average with 83.2 points. Levant states ranked second and Maghreb states ranked third while low FDI performance countries ranked fourth.
- GCC countries registered an outstanding performance on the majority of sub-indicators except for the export cost, in comparison with the global average. Levant states registered a good performance and Maghreb states registered a poor performance on the tax rate indicator.
- Low-performance and Maghreb countries need to speed up decision making on reforms related to taxes and export cost.
- In comparison with 2017, the performance of all Arab groups declined while that of low-performance countries improved.





3.8 Logistics Performance Indicator

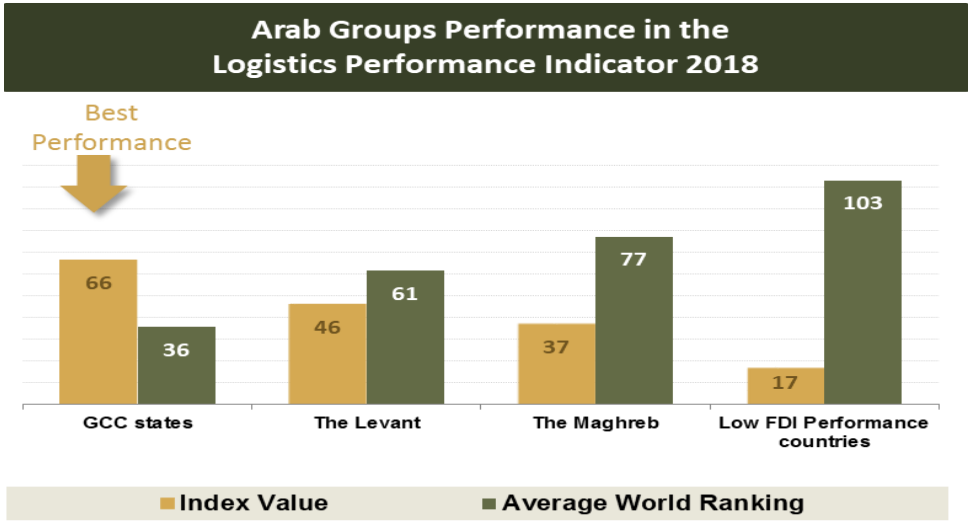
The quality of infrastructure and utilities, especially in transport and logistics services represent a decisive element in starting all sorts of investment projects and increasing the competitiveness of those projects internally and externally.

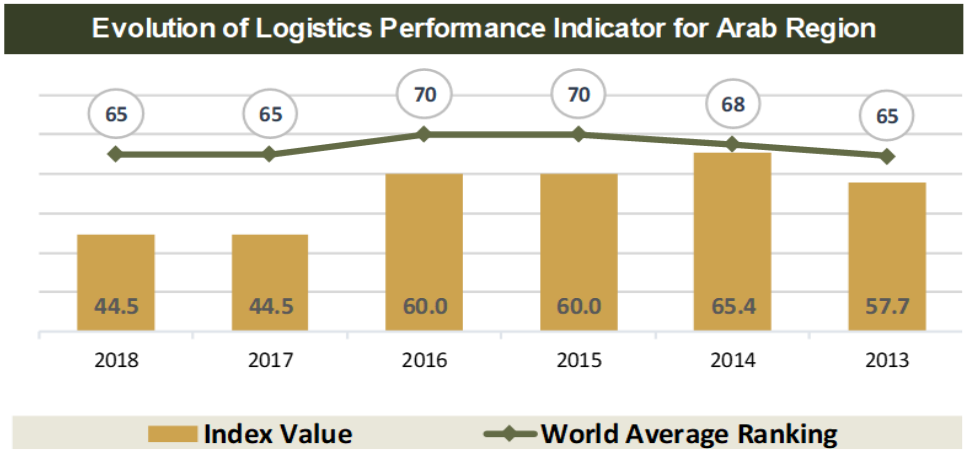
In this sense, the logistics performance indicator has been included. It is composed of seven sub-variables: efficiency of custom clearance services, trade and transport infrastructure performance, air shipping performance, logistics quality, tracking and tracing performance, time of completion of transactions, and finally, infrastructure quality, the variable which was introduced instead of road quality and air transport indicators.

It is noticeable that the data for this year's indicator are compatible with the data for the year 2017. That is because the source of data, which is the World Bank, has not updated the figures for any country for the period examined by the general attractiveness index.

An analysis of the Arab countries' situation on this index allows us to extract the following results:

- In general, the average Arab performance on this indicator was lower than the global average of 52.5 points.
- The Arab performance was lower than the global average on all variables, but with uneven differences.
- GCC countries topped the Arab groups and surpassed the global average. Levant countries ranked second with a big gap, followed by Maghreb states then by low FI performance states in the fourth and last place.
- The GCC countries registered an outstanding performance on all sub-variables in comparison with global averages, and the rest of Arab groups registered contrasting performances, except for the low FDI performance countries that recorded a very poor performance on most of the variables.
- The indicator shows that low FDI performance countries must urgently implement reforms covering all the indicator's variables.
- In comparison with 2017, the performance of all Arab groups remained stable.



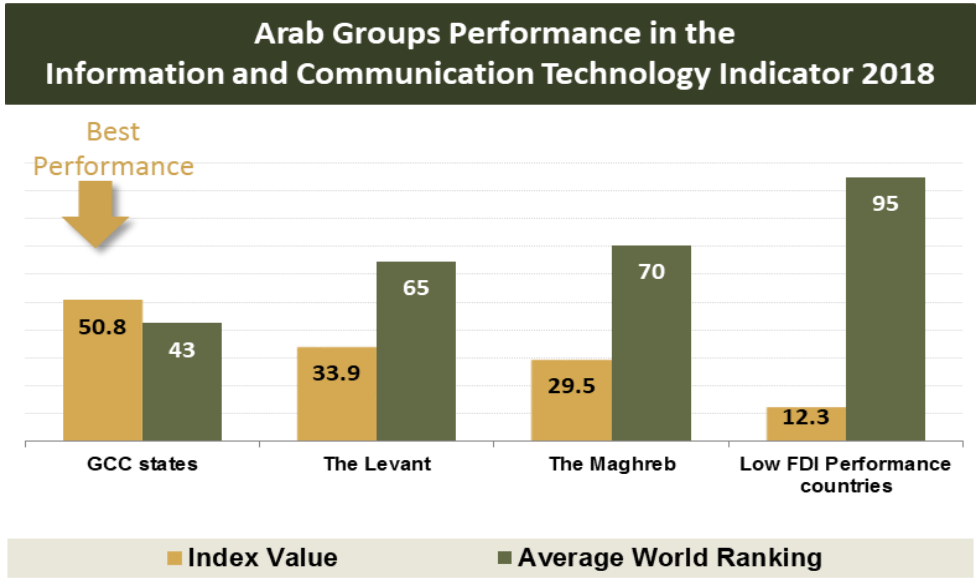


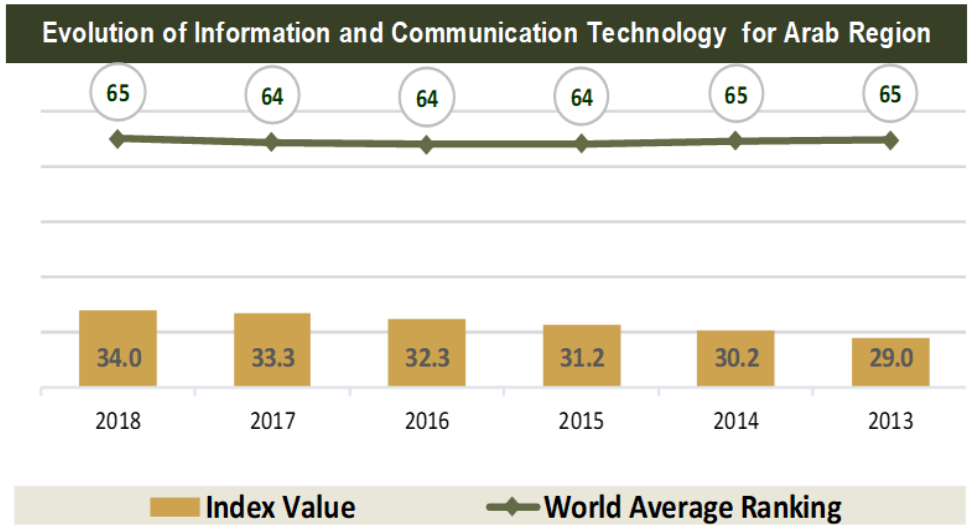
3.9 Telecommunications & Information Technology Indicator

The telecommunications and information technology sector plays a pivotal role in the growth and development of all service and production sectors in any economy. Therefore it has become one of the important factors influencing FDI attractiveness. Accordingly, a sub-indicator has been included to measure the performance of telecommunications and information technology by monitoring four main variables: Telephone lines (per 100 people), internet users (per 100 people), mobile subscriptions (per 100 people) and broadband services subscribers.

An analysis of the Arab countries' situation on this indicator allows us to draw the following results:

- The average Arab performance recorded 34 points and was lower than the global average of 40.9 points.
- Arab performance remained higher than the global average on the variables related to internet users and mobile subscriptions.
- GCC countries came in the first place on the Arab level and surpassed the global average with a big gap. Levant states ranked second with a big gap compared with GCC countries, followed by Maghreb countries and Low FDI performance countries.
- GCC countries registered an outstanding performance on most of the variables, while the performance of Levant countries was close to the global average on the percentage of internet users. Maghreb states outperformed all other countries in terms of mobile subscriptions.
- Data reveals the necessity for low FDI performance countries to improve their status on all variables.
- In comparison with 2017, the performance of all Arab groups improved by similar ratios.





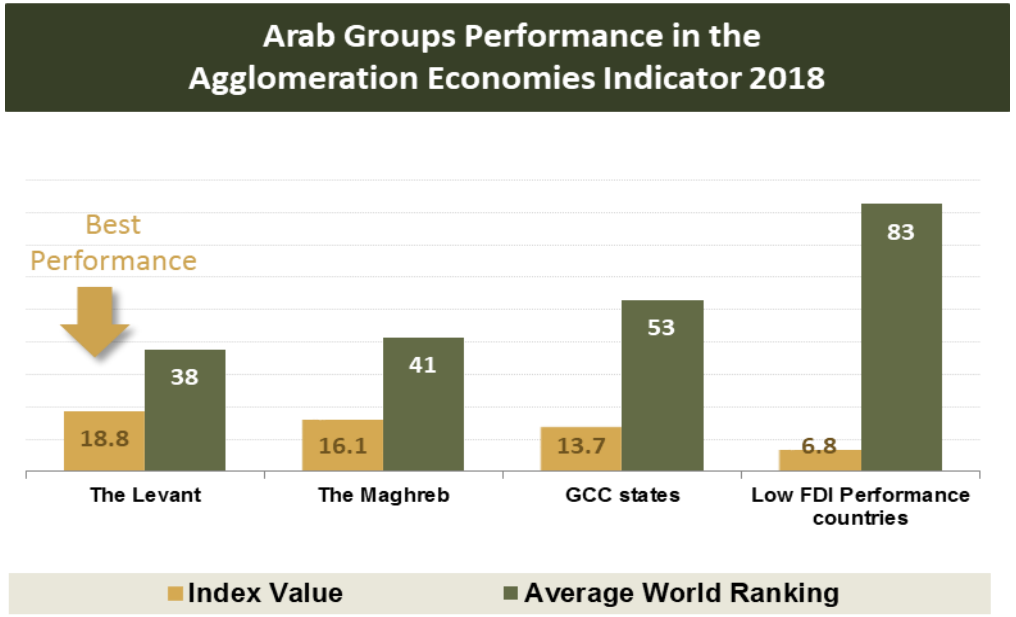
3.10 Economies of Agglomeration Indicator

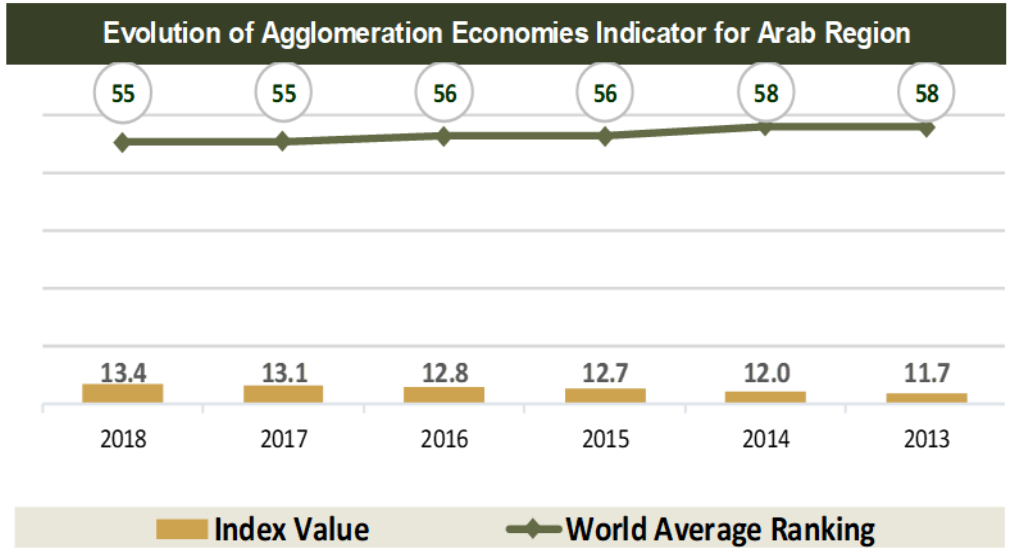
Multinationals are considered the main driver for FDI movement in the world. The association of countries with them is also an important element in their ability to attract investments. In this context, economies of agglomeration indicator was included, based on three main variables: Number of multinationals operating in the country, inward FDI balance percentage of the world inward FDI balance and the total number of investment promotion agreements sealed by the country.

According to the findings based on the performance of Arab countries on this indicator and its three variables, we conclude the following:

- Arab performance was lower than the already low global performance, with an average of 13.4 points, compared to the global average of 16 points.
- The performance of Arab countries was better than the global average on the cumulative balance of Investment Promotion Agreements sealed by the State.
- Levant states came in the first place on the Arab and global levels, followed by Maghreb and GCC countries respectively, while low performance countries came in the fourth and last position.
- The data reveals the need for low FDI performance countries to improve their attractiveness to multinational corporations. The same applies to Maghreb and GCC countries but to a lesser extent.

In comparison with 2017, the performance of all geographic groups improved on this indicator except for Maghreb countries whose performance remained stable.





3.11 Excellence and Technological Advancement Indicator

Excellence and technological advancement play an important role in attracting investments seeking competitiveness in addition to product diversity and excellence as a tool to maximize profit. Therefore, the excellence and technological advancement indicator has been tailored. It includes five main variables: Market sophistication indicator, business sophistication indicator, knowledge indicator, share in total design requests (direct and via the Hague system) and e-Government indicator.

From monitoring the performance of Arab countries on this indicator and its five main variables, we conclude the following:

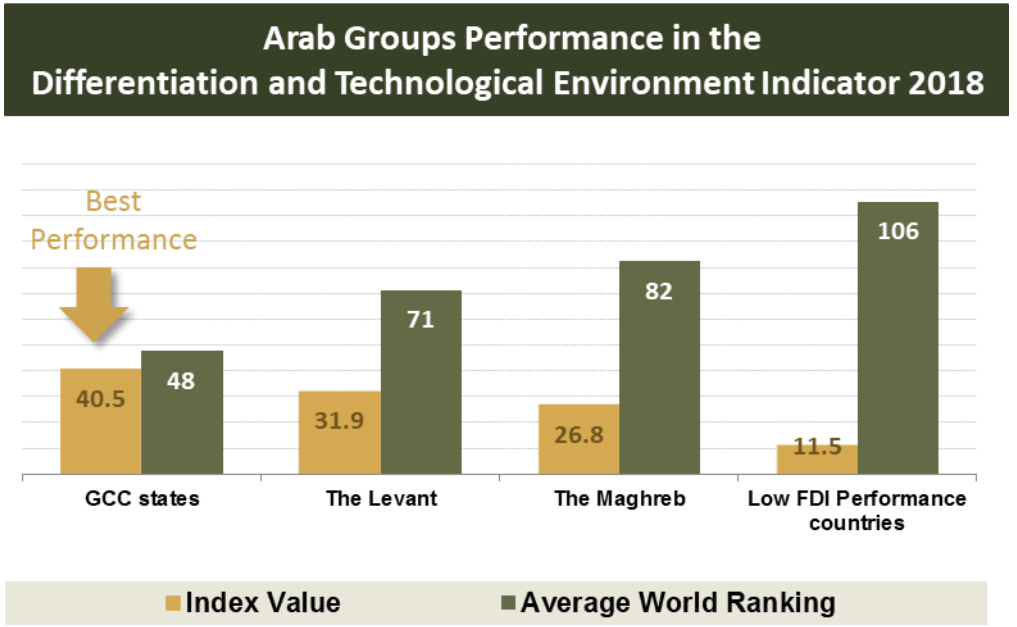
The average Arab performance on this indicator scored 29 points and was significantly lower than the global performance of 39.7 points.

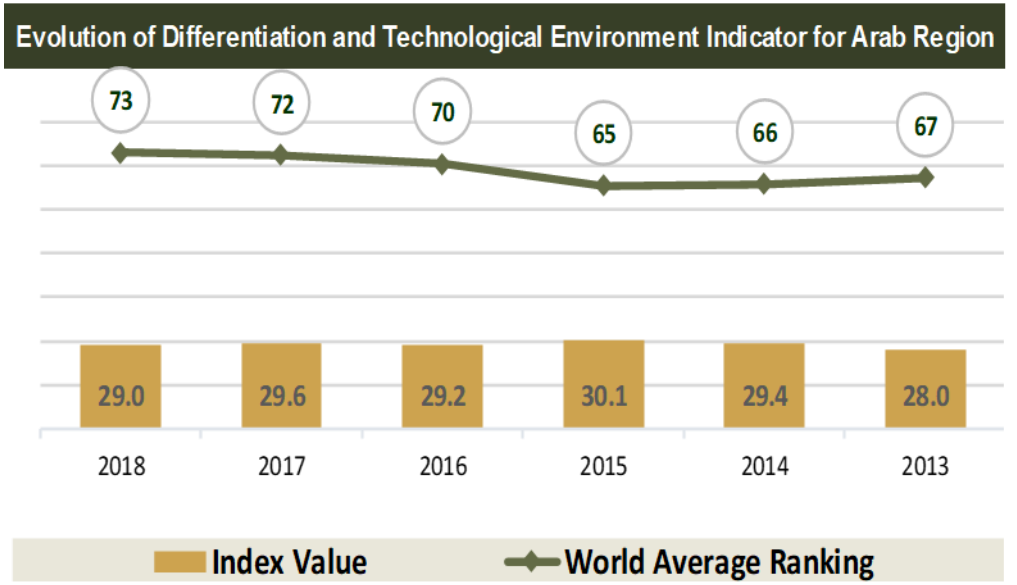
The performance of Arab countries was lower than the global average on all variables composing the indicator, except for the e-Government indicator on which it was close to the global level.

GCC countries topped Arab countries and slightly surpassed the global average. Levant states came in the second place while Maghreb countries ranked third and low FDI performance countries came in the last place with a very poor performance.

By observing the main variables composing the indicator, it is noticeable that GCC countries outperformed other countries in terms of e-Government development, while the performance of Maghreb countries declined on the business sophistication indicator and that of low FDI performance countries also declined on all the main variables of the present indicator.

In comparison with 2017, the performance of all Arab groups declined in varying proportions.





4. Arab Countries Attractiveness Gap

The attractiveness gap reflects the challenge faced by Arab countries in order to improve their competitive position in attracting foreign investments. The gap is calculated as a percentage that measures the difference between the performance of Arab countries in terms of FDI attractiveness level expressed by the average value obtained in the Dhaman FDI attractiveness index of investment with the average value obtained by the OECD countries on the same index due to the performance of the OECD countries.

It is important to compare the performance of Arab countries on the attractiveness index with developed countries represented by the OECD countries so that we can draw an approximate picture of the fundamental differences between the two groups in terms of FDI attractiveness, and infer the strengths and weaknesses on the various sub-indicators of FDI attractiveness and their main variables. In this framework, we can measure those differences using the attractiveness gap that measures the gap or difference in the availability of elements that attract FDIs. The most important elements and components are the ones included in the general attractiveness index. They are divided into 3 main groups: the set of prerequisites, the underlying factors and the set of positive externalities.

Therefore, the attractiveness gap of the Arab region is calculated by subtracting the value of the general attractiveness index of Arab countries, which is 40.9 points for the year 2018 from its value for the OECD countries, which reached 62 points for the same year relative to its value for the OECD group according to the following equation: (62-40.9) / 62, or 34.0%.

This means that Arab countries have lower capacities and potential for attracting investment than OECD countries, by 34% according to the general index. The gap between Arab and developed countries can also be measured at the level of the three components of the index as well as the sub-indicators and each component or variable of the sub-indicators.

In this context, it is possible to review the status of the gap in Arab countries at the level of the three groups, the largest of which is the set of positive externalities, which reached 49.1% in 2018. The second one is the underlying factors gap of 30.9% in 2018 and the set of pre-requisites gap of 23.7% in 2018, which clearly shows the challenges faced by Arab economies in attracting more capital flows.

Regional Gap on the Overall Attractiveness in Comparison to the OECD (%)

Geographical Group	Prerequisites		Underlying Factors		Positive Externalities		DIAI	
	2017	2018	2017	2018	2017	2018	2017	2018
Africa	29.92	28.82	50.81	50.66	61.09	61.62	43.11	41.74
South Asia	27.56	25.79	44.56	43.90	51.63	51.59	38.66	36.05
Latin America & Caribbean	24.39	23.94	38.05	38.11	45.62	46.02	33.51	32.39
Arab Region	23.45	23.66	30.75	30.95	48.35	49.08	31.33	30.59
Low FDI Performance co	*42.33*	*42.25*	*58.11*	*58.22*	*78.33*	*78.94*	*53.95*	*53.71*
The Maghreb states	*21.71*	*22.04*	*39.61*	*39.67*	*49.96*	*50.65*	*33.52*	*32.81*
The Levant	*27.07*	*25.99*	*31.93*	*31.81*	*40.56*	*41.52*	*30.63*	*29.08*
GCC states	*9.92*	*10.90*	*7.50*	*7.97*	*31.44*	*32.17*	*15.49*	*14.83*
Europe and Central Asia	14.18	13.29	18.23	18.00	26.82	27.02	19.33	18.45
East Asia & Pacific	8.46	7.51	19.89	19.55	15.81	15.68	14.43	13.60

The attractiveness gap in the Arab countries is the challenge faced by the countries of the region to improve their competitive position in attracting foreign investment and is calculated by measuring the difference in performance between the Arab countries and the OECD countries due to the performance of the OECD countries.

5. Strengths & Weaknesses in Attracting FDI

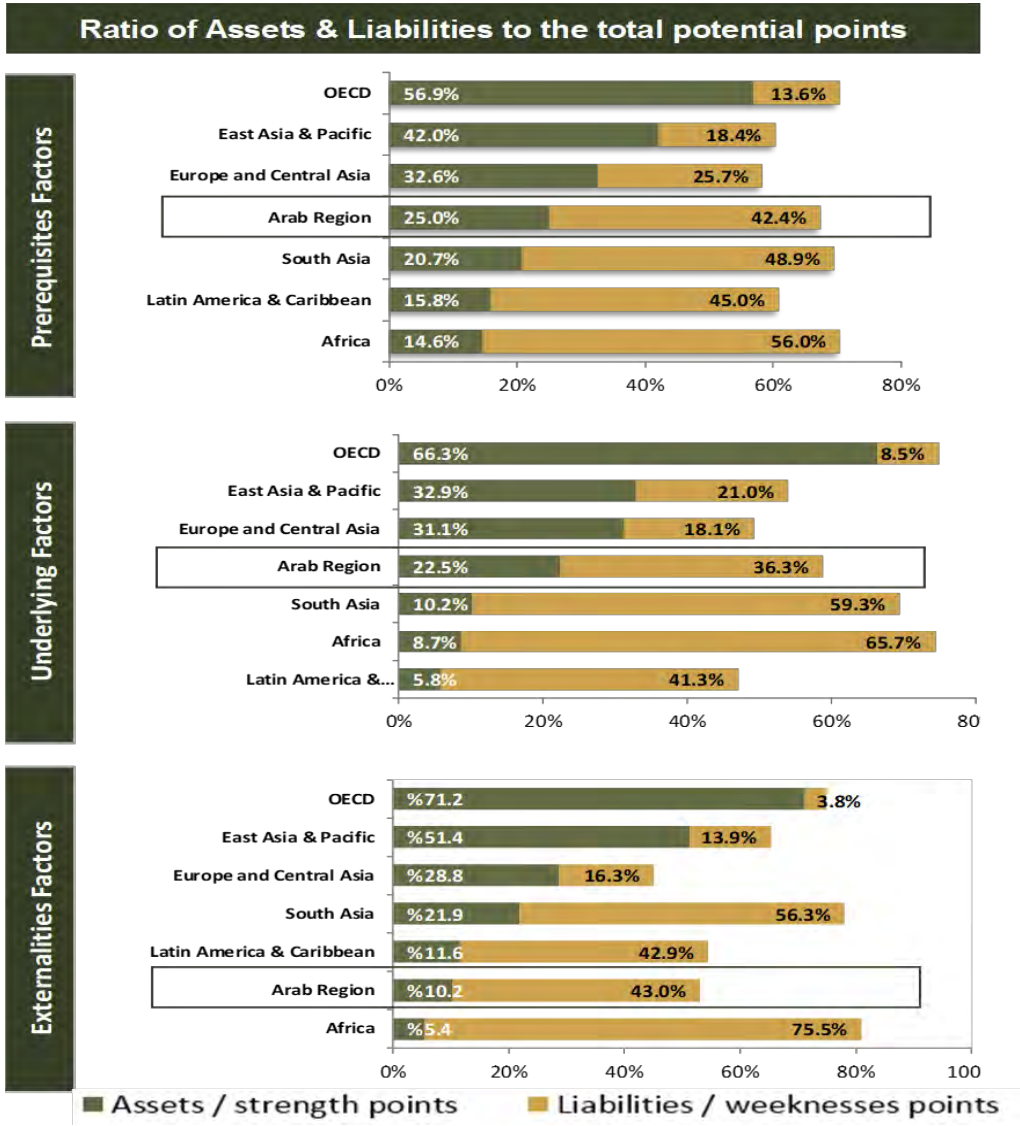
It is possible to determine the strengths and weaknesses of each country or geographic group in terms of FDI attractiveness, based on the sub-indicators or components of the general FDI attractiveness index. This is called the attractiveness balance.

In this context, the performance of a given country is termed as strength if its ranking falls on the top third as for the parameter included in the attractiveness sub-index, and weakness if its ranking falls on the bottom third of the values of parameter in question. Based on the results of total scale measured by subtracting the total weaknesses from the total strengths, countries may be ranked according to this scale, which constitutes an information system that may serve as guide to reduce liabilities of weaknesses and turn them into assets or strengths.

Analysis results show that the highest percentage of assets i.e. strengths out of the total possible points, in other words, the total points of data, which are equal to the number of countries in the geographical group multiplied by the number of the main variables, was achieved by OECD countries in the three main components of the general index, with 59.9%, 66.3% and 70.5% on the sets of prerequisites, underlying factors and external factors respectively. The group of East Asia and the Pacific countries came in the second place in terms of assets, followed by the group of European and Central Asian countries.

Results showed that Arab countries came in the fourth place on the attractiveness balance with asset percentages of 25% and 22.5% for the sets of prerequisites and underlying factors. They also came in the fifth position on the differentiation & technological advancement with 11.7%.

The adopted methodology in the report allows us to determine accurately the most important strengths or assets and weaknesses or liabilities that are surveyed based on the analysis of the relative situation of FDI attractiveness of Arab countries.



By observing and assessing all the sub-indices included in the general FDI attractiveness index for 2018 and the previous years, it appears that the majority of Arab countries suffer from weaknesses that reside in the following areas:

- **Real GDP growth rate**: It is witnessing fluctuations due to the continued over-dependence on oil and oil derivatives revenues in GDP in the GCC countries, Iraq, Libya, Algeria in a direct way, as well as other Arab countries associated to them through cooperation in the areas of trade, investment, employment, assistance and others, which makes growth in the majority of Arab countries linked to fluctuations in oil prices in global markets.
- **Inflation rate**: The significant increase in inflation rates in the majority of Arab countries, especially the non-oil ones is also considered a barrier to attracting foreign investors, especially that it leads to a decline in the purchasing power of money and reduces in turn the real value of foreign investment in the country, which consequently raises the level of uncertainty for investors about the value of their investments and the returns expected from them in the future.
- **Ratio of budget deficit to GDP**: The high ratio of budget deficit to GDP is one of the indirect factors impeding investment. It is clearly manifested in many non-oil Arab countries and contributes to the increase of inflation rates, creating an atmosphere of uncertainty towards the economic situation in general, especially when this high ratio coincides with social convulsions, which might exacerbate the budget deficit and its negative impact in the future.
- **Institutional environment**: Despite the efforts that have been exerted by some Arab countries in order to develop the institutional environment, these countries are still lagging behind many other competitors in terms of FDI attractiveness, in addition to big discrepancies in this context among the region's countries, which explains the poor performance and negative situation of the attractiveness balance with regard to the factors related to it. From here stems the urgent need for intensive institutional reforms in different forms and in various domains.
- **Business performance environment**: These factors still represent a main challenge in the Arab region, except for a limited number of countries. Therefore, the region's countries as a group were not able to achieve a positive attractiveness balance in many axes related to this domain, despite the reforms undertaken in the various variable related to the business environment, especially in the recent years.
- **Market size, potential and access**: A great number of Arab countries still suffer from a negative balance for the openness to the outside world indicator despite the relatively competitive position of Arab countries in general, and GCC countries specifically in this regard.
- **Human resources**: Most of the region's countries don't suffer from quantitative shortages in terms of human resources but are rather facing qualitative problems related to the level of education and skills of the labor force, which leads to lower level of productivity compared to many other countries of the world due to numerous factors, including the lack of improvement in quality of education in all its cycles, especially in the primary one. This situation confirms the negative attractiveness balance with regard to the number of average years of schooling for adults and expected years of schooling for children.
- **Logistics performance**: Many Arab countries suffer from a negative attractiveness balance on the level of the indicators related to the efficiency of customs clearance, trade and transport infrastructure performance, logistics quality and competence, tracking and tracing logistics operations and infrastructure quality. All of these factors have a negative impact on a country's FDI attractiveness, especially with the strong correlation between trade and investment. This is particularly true for export-oriented investments, or those relying on imported production requirements.
- **Technological advancement** level: Arab states have a negative attractiveness balance in terms of technological advancement and variables linked to it. This is due to low expenditures on human and technological development, and on scientific research in general. It is also a result of the lack of research and development plans and programs, which are supposed to be linked to the production and service sectors, and the growing gap between Arab countries and emerging and developed countries in this field.

Conclusion

By studying the progress of the Arab countries group and the four Arab subgroups in Dhaman FDI Attractiveness Index and its sub-indicators, since its launch in 2013 and until its sixth version of 2018, we can draw a number of remarks that reveal the status and progress of each group in each of the sub-indicators over the six past years, according to the following:

The Group of GCC Countries:

- They maintained their position as the best Arab performance with an average ranking higher than the world average throughout the period from 2013 to 2018, but with a slight general downward trend in their average ranking in the general FDI index as they fell in the 41st position out of 109 countries listed in the index from the 39th position in 2013.
- GCC countries continued to have an outstanding performance in comparison with other Arab groups and the world on 3 sub-indicators in varying degrees, topped by the cost components sub-indicator, ranking in the 12th position worldwide, followed by the human and natural resources indicator ranking 17th globally and the business environment indicator, ranking 35th globally.
- In terms of performance progress on the sub-indicators during the period from 2013 to 2018, the developments can be summarized as follows:

  - A general trend of improvement in performance on the financial intermediation & financing capacities sub-indicator (14 ranks), followed by the business environment (5 ranks), telecommunication & IT, agglomeration economies and excellence & technological advancement (2 ranks) and finally market size, potential and ease of access (one rank).

  - A general trend of decline in the performance on the indicator for macroeconomic stability (44 positions), cost components (7 positions), logistics performance (3 positions), institutional environment and human and natural resources (2 positions) during the same period.

The Group of Levant Countries:

- These countries maintained their position as the second best Arab performance with a ranking below the global average between 2013 and 2018 but with a general downward trend (6 positions) in its ranking in the general FDI attractiveness index to fall in the 68th position worldwide.
- Levant countries continued to have an outstanding performance compared to the rest of Arab groups and the world in two main indicators, which are financial intermediation and financial capacities, ranking in the 27th position and agglomeration economies, falling in the 38th position worldwide.
- Regarding performance progress on the sub-indicators during the period from 2013 to 2018, the developments can be summarized as follows:

  - A general trend of improvement in performance on the financial intermediation & financing capacities sub-indicator (7 ranks), followed by telecommunication & IT, agglomeration economies and excellence & technological advancement (3 ranks).

  - A general trend of decline in the performance on the indicators for cost components (14 ranks), business environment (7 ranks), institutional environment (6 ranks), logistics performance, market size, potential and ease of access, human and natural resources (3 ranks) and finally the macroeconomic stability indicator (1 rank).

The group of Maghreb Countries:

- These countries maintained their position as the third best Arab performance, with a ranking below the global average throughout the period from 2013 to 2018 but with a general downward trend (3 positions) in their ranking on the general FDI attractiveness index, falling in the 75th position worldwide.
- The relatively good performance of Maghreb countries compared to other Arab groups continued in uneven proportions on 3 indicators: agglomeration economies with the 41st position globally, followed by macroeconomic stability with the 47th position worldwide, financial intermediation and financial capacities with the 48th position globally.
- Regarding performance progress on the sub-indicators during the period from 2013 to 2018, the developments can be summarized as follows:

  - A general trend of improvement in performance on the financial intermediation & financing capacities sub-indicator (11 ranks), followed by logistics performance (7 ranks), business environment (6 ranks), market size, potential and ease of access (4 ranks), natural and human resources (one rank).

  - A general trend of decline in the performance on the indicators for macroeconomic stability (23 ranks), cost components (7 ranks), institutional environment, telecommunication & IT, agglomeration economies and excellence & technological advancement (2 ranks).

The Group of Low Performance Countries:

- These countries remained in the fourth and last position with a rank way below the global average throughout the period from 2013 and 2018 but with a general downward trend (3 positions) in its ranking on the general FDI attractiveness index, falling in the 106th position worldwide.
- In general, these countries have witnessed a poor performance on all of the 11 sub-indicators.
- The performance on the indicators related to the business environment, human and natural resources, cost components, agglomeration economies was relatively better than the performance on the rest of the indicators.
- All the sub-indicators are witnessing a general trend of decline in the performance except for the macroeconomic stability indicator that is witnessing a slight improvement. The financial intermediation and financing capacities indicator has also witnessed some stability between 2013 and 2018.

Part III:

FDI Attractiveness of Arab Countries – Country Profiles

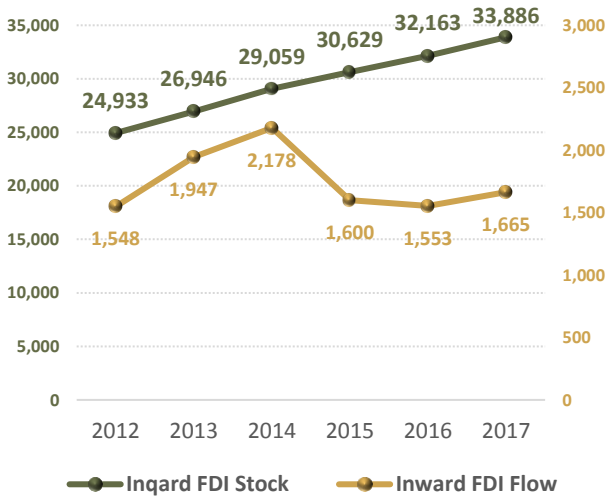
Overall Performance and Position in DIAI 2018

Jordan

Economic Indicator	2018
Nominal GDP (Billions $)	42.6
Real GDP Growth (%)	2.5
GDP per Capita ($)	6,011.0
Inflation (average consumer prices)	1.5
Gov.Total Exp. Net Lending (% of GDP)	30.7
Current Account Balance (Billions $)	-3.6
Current Account Balance (% of GDP)	-8.5
Exports of Goods & Services (Billions $)	14.8
Imports of Goods & Services (Billions $)	22.9
Gross Official Reserves (Billions $)	16.8
Total reserves in months of imports	8.8
Total Gross External Debt (% of GDP)	70.3
Population (Millions $)	7.3
Unemployment (% of total labor force)	...

Source: International Monetary Fund (IMF-May2018)

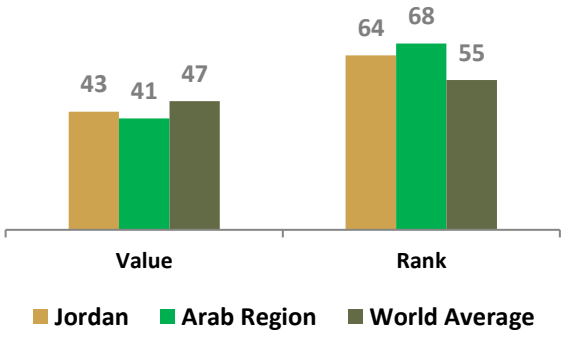
FDI Stock ($ Milion)



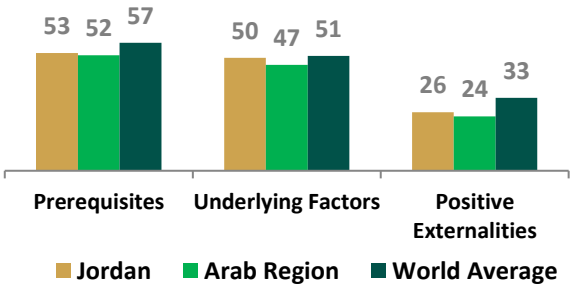
Source: UNCTAD (WIR2018)

Performance in (DIAI) 2018

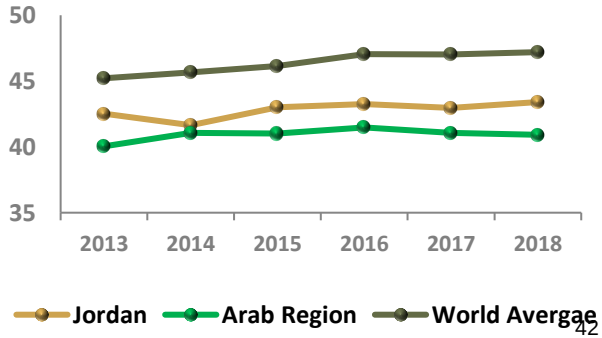
Performance in DIAI



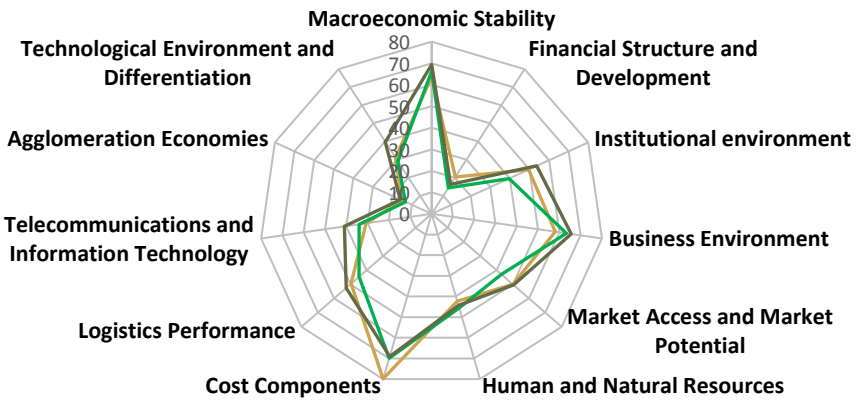
Performance in DIAI's three main Axies



DIAI Evolution



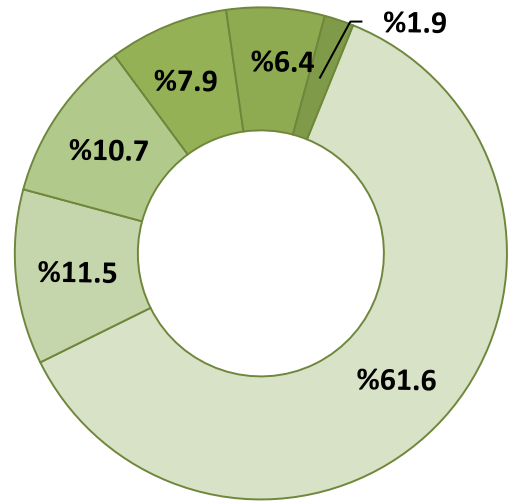
Performance in Dhaman Investment Attractiveness Index (DIAI) 2018



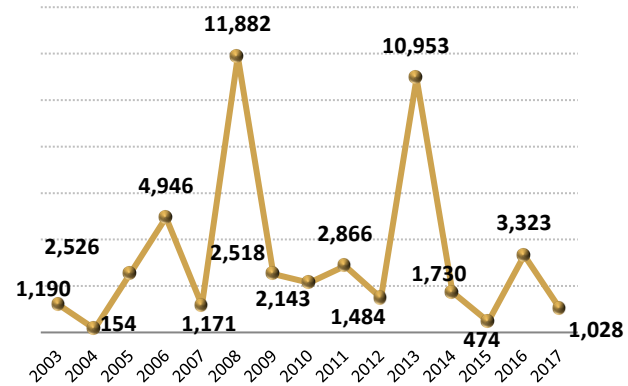
Top countries investing in Jordan between Jan 2013 and Dec 2017

Source Country	Capex ($ million)	No. of Projects	No. of Companies
Russia	10,032	3	3
Malaysia	1,600	1	1
Egypt	1,129	1	1
UAE	1,039	18	13
Estonia	750	1	1
Saudi Arabia	749	4	2
Italy	443	3	3
Portugal	439	2	1
United States	288	13	13
Japan	220	1	1
Others	820	30	25
Total	17,507	77	64

Regional destribution of inward investment Capex in Jordan between Jan 2013 and Dec 2017



Inward Investment Capex to Jordan ($ million)

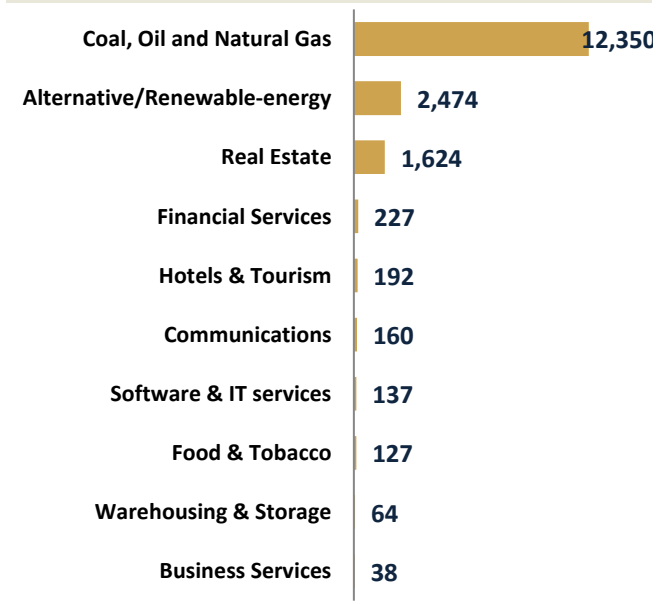


Top 5 companies investing in Jordan between Jan 2013 and Dec 2017

Parent company	Country	Capex ($ million)
Rosatom	Russia	10,000
YTL	Malaysia	1,600
Amer Group	Egypt	1,129
Eesti Energia	Estonia	750
ACWA Power International	Saudi Arabia	439

Regions	Capex ($ million)	%
Emerging Europe	10,781.8	61.6
Asia-Pacific	2,013.0	11.5
Middle East	1,869.9	10.7
Western Europe	1,377.4	7.9
Africa	1,129.0	6.4
North America	335.9	1.9

Sectorial distribution of inward investment Capex in Jordan between Jan 2013 and Dec 2017



Source:FDI Markets

Imports & Exports of Goods

Jordan

Top goods (products) exported by Jordan Year 2017

	Exported Goods	Value ($ millions)	% Exports
1	Articles of apparel and clothing accessories	1,498	20.1
2	Pharmaceutical products	668	8.9
3	Fertilisers	657	8.8
4	Salt; sulphur; earths and stone	446	6.0
5	Inorganic chemicals; organic or inorganic cor	385	5.1
6	Edible vegetables and certain roots	380	5.1
7	Electrical machinery and equipment	362	4.8
8	Plastics and articles thereof	270	3.6
9	Aircraft, spacecraft, and parts thereof	253	3.4
10	Machinery, mechanical appliances, nuclear	223	3.0

Top countries importing goods from Jordan Year 2017

	Importing Country	Value ($ millions)	% Imports
1	United States of America	1,729	31.4
2	Saudi Arabia	825	15.0
3	India	690	12.5
4	Indonesia	349	6.3
5	China	279	5.1
6	Kuwait	188	3.4
7	Turkey	113	2.0
8	Algeria	105	1.9
9	Egypt	103	1.9
10	Canada	78	1.4

Top goods (products) imported by Jordan Year 2017

	Imported Goods	Value ($ millions)	% Imports
1	Mineral fuels, mineral oils	3,407	16.7
2	Vehicles other than railway or tramway	2,074	10.2
3	Machinery, mechanical appliances, nuclear	2,017	9.9
4	Electrical machinery and equipment	1,226	6.0
5	Plastics and articles thereof	708	3.5
6	Cereals	689	3.4
7	Natural or cultured pearls, precious	646	3.2
8	Pharmaceutical products	557	2.7
9	Knitted or crocheted fabrics	515	2.5
10	Iron and steel	423	2.1

Top countries exporting goods to Jordan Year 2017

	Exporting Country	Value ($ millions)	% Exports
1	China	2,811	16.9
2	United States of America	1,963	11.8
3	Saudi Arabia	1,232	7.4
4	Germany	863	5.2
5	Italy	789	4.7
6	Turkey	683	4.1
7	Korea, Republic of	648	3.9
8	Japan	547	3.3
9	Netherlands	546	3.3
10	Switzerland	513	3.1

Source: International Trade Center-TradeMap

Overall Performance and Position in DIAI 2018

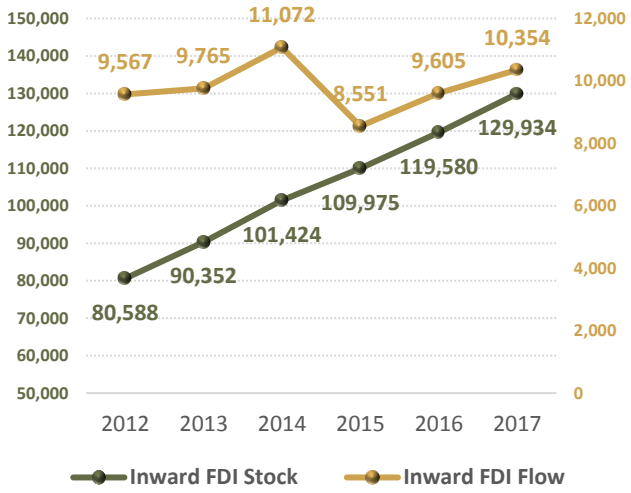
UAE

Economic Indicator

Economic Indicator	2018
Nominal GDP (Billions $)	411.8
Real GDP Growth (%)	2.0
GDP per Capita ($)	39,801.9
Inflation (average consumer prices)	4.2
Gov.Total Exp. Net Lending (% of GDP	31.0
Current Account Balance (Billions $)	21.8
Current Account Balance (% of GDP)	5.3
Exports of Goods & Services (Billions	414.2
Imports of Goods & Services (Billions	351.6
Gross Official Reserves (Billions $)	104.5
Total reserves in months of imports	3.6
Total Gross External Debt (% of GDP)	56.0
Population (Millions $)	10.4
Unemployment (% of total labor force)	…

Source: International Monetary Fund (IMF-May2018)

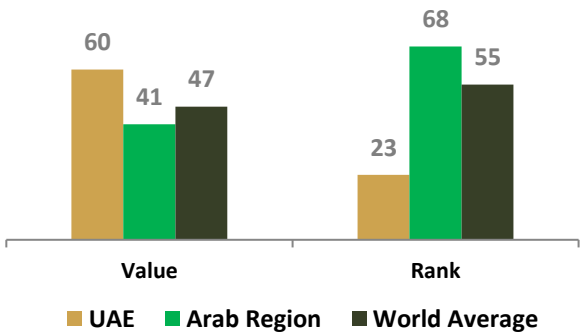
FDI Stock ($ Milion)



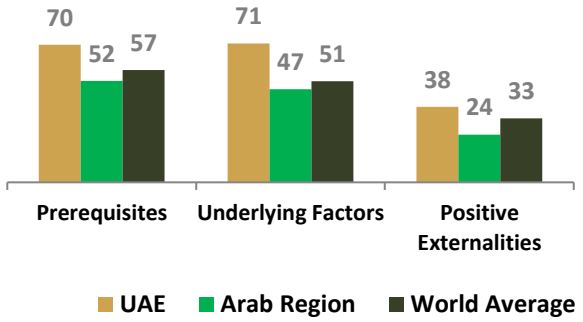
Source: UNCTAD (WIR2018)

Performance in (DIAI) 2018

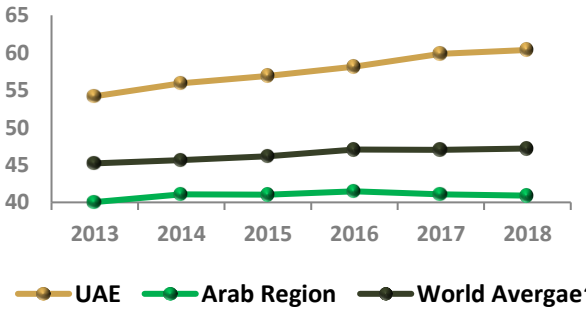
Performance in DIAI



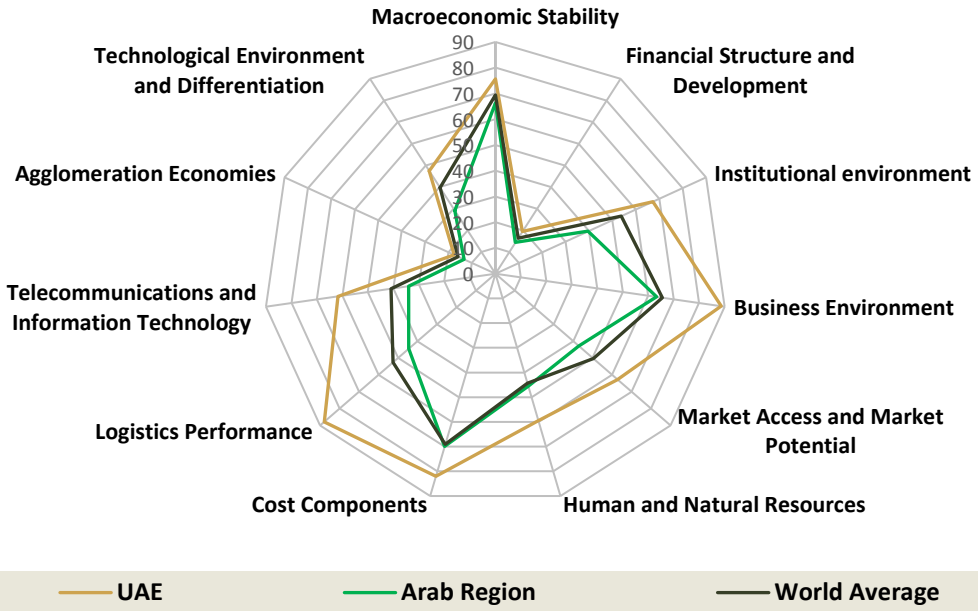
Performance in DIAI's three main Axies



DIAI Evolution



Performance in Dhaman Investment Attractiveness Index (DIAI) 2018



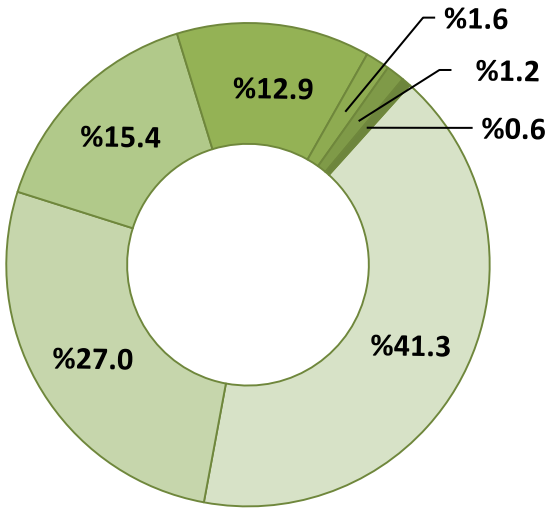
FDI Greenfield Projects

UAE

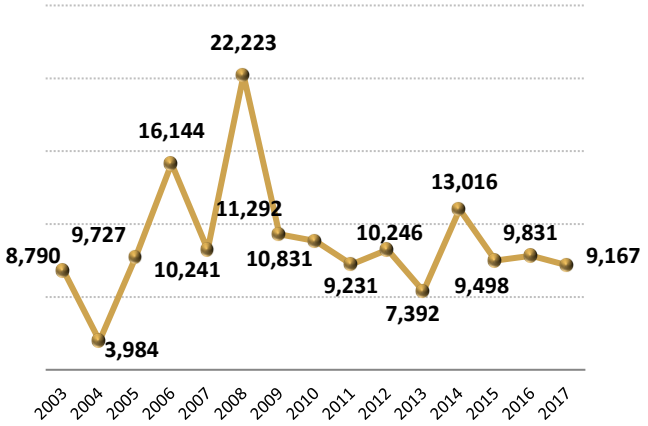
Top countries investing in UAE between Jan 2013 and Dec 2017

Source Country	Capex ($ million)	No. of Projects	No. of Companies
India	9,893	130	117
United States	6,277	362	333
UK	3,840	288	268
Japan	3,680	49	46
China	2,889	36	28
Saudi Arabia	2,864	21	20
Germany	2,037	94	78
Kuwait	1,975	23	12
France	1,740	90	83
Netherlands	1,670	40	38
Others	12,040	524	485
Total	**48,905**	**1,657**	**1,508**

Regional destribution of inward investment Capex in UAE between Jan 2013 and Dec 2017



Inward Investment Capex to UAE ($ million)

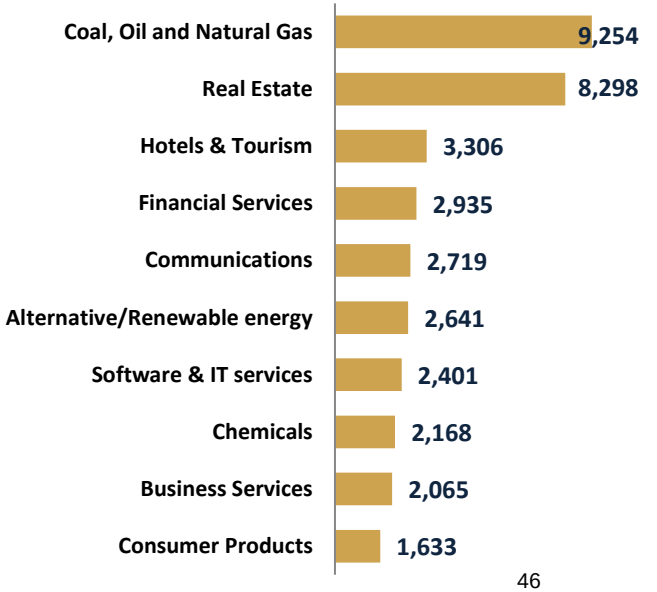


Top 5 companies investing in UAE between Jan 2013 and Dec 2017

Parent company	Country	Capex ($ million)
Sobha (Sobha Developers)	India	4,000
Apar Industries	India	2,617
ACWA Power International	Saudi Arabia	1,800
Harbin Electric	China	1,444
Agility	Kuwait	1,389

Regions	Capex ($ million)	%
Asia-Pacific	20,176.5	41.3
Western Europe	13,181.9	27.0
North America	7,520.7	15.4
Middle East	6,331.1	12.9
Emerging Europe	797.6	1.6
Africa	603.4	1.2
Latin America & Caribbean	293.5	0.6

Sectorial distribution of inward investment Capex in UAE between Jan 2013 and Dec 2017



Source:FDI Markets

Imports & Exports of Goods

UAE

Top goods (products) exported by UAE Year 2017

	Exported Goods	Value ($ millions)	% Exports
1	Mineral fuels, mineral oils and products	82,951	51.6
2	Natural or cultured pearls, precious	35,503	22.1
3	Aluminium and articles thereof	6,456	4.0
4	Plastics and articles thereof	5,657	3.5
5	Electrical machinery and equipment and parts th	3,197	2.0
6	Machinery, mechanical appliances	2,888	1.8
7	Copper and articles thereof	2,024	1.3
8	Iron and steel	1,938	1.2
9	Articles of iron or steel	1,797	1.1
10	Salt; sulphur; earths and stone; plastering	1,402	0.9

Top countries importing goods from UAE Year 2017

	Importing Country	Value ($ millions)	% Imports
1	Japan	20,750	12.9
2	India	16,678	10.4
3	China	12,224	7.6
4	Switzerland	10,011	6.2
5	Korea, Republic of	9,545	5.9
6	Singapore	8,825	5.5
7	Saudi Arabia	8,216	5.1
8	Oman	7,944	4.9
9	Thailand	7,857	4.9
10	Pakistan	7,524	4.7

Top goods (products) imported by UAE Year 2017

	Imported Goods	Value ($ millions)	% Imports
1	Natural or cultured pearls, precious	34,074	17.8
2	Machinery, mechanical appliances, nuclear	23,590	12.3
3	Electrical machinery and equipment and parts th	22,941	12.0
4	Vehicles other than railway or tramway rolling st	13,744	7.2
5	Aircraft, spacecraft, and parts thereof	10,350	5.4
6	Mineral fuels, mineral oils and products	8,423	4.4
7	Plastics and articles thereof	4,410	2.3
8	Articles of iron or steel	3,736	2.0
9	Articles of apparel and accessories, knitted	3,703	1.9
10	Articles of apparel and accessories, not knitted	3,313	1.7

Top countries exporting goods to Emirates Year 2017

	Exporting Country	Value ($ millions)	% Exports
1	China	28,842	15.1
2	India	20,780	10.9
3	United States of America	20,005	10.5
4	Germany	12,702	6.6
5	United Kingdom	9,613	5.0
6	Turkey	9,184	4.8
7	Hong Kong, China	7,738	4.0
8	Saudi Arabia	7,687	4.0
9	Japan	7,214	3.8
10	Italy	6,003	3.1

Source: International Trade Center-TradeMap

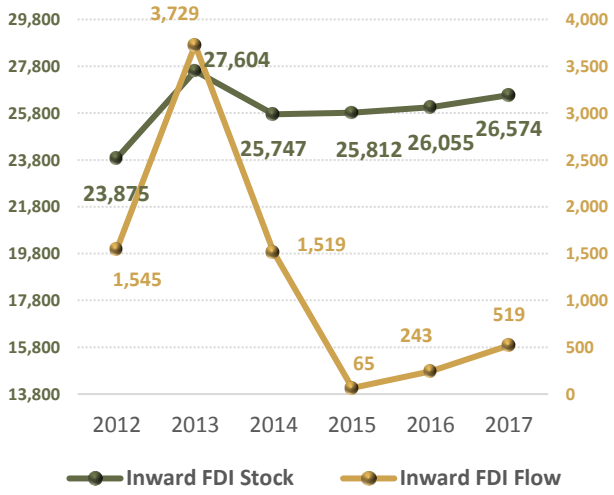
Overall Performance and Position in DIAI 2018

Bahrain

Economic Indicator	2018
Nominal GDP (Billions $)	37.8
Real GDP Growth (%)	3.0
GDP per Capita ($)	26,275.7
Inflation (average consumer prices)	2.9
Gov.Total Exp. Net Lending (% of GDP)	16.4
Current Account Balance (Billions $)	-1.2
Current Account Balance (% of GDP)	-3.2
Exports of Goods & Services (Billions $)	29.8
Imports of Goods & Services (Billions $)	25.9
Gross Official Reserves (Billions $)	2.5
Total reserves in months of imports	1.2
Total Gross External Debt (% of GDP)	179.4
Population (Millions $)	1.5
Unemployment (% of total labor force)	3.7

Source: International Monetary Fund (IMF-May2018)

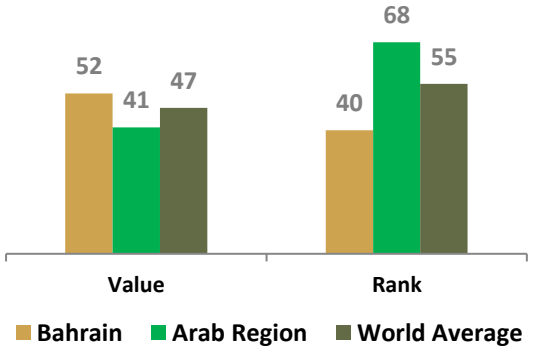
FDI Stock ($ Milion)



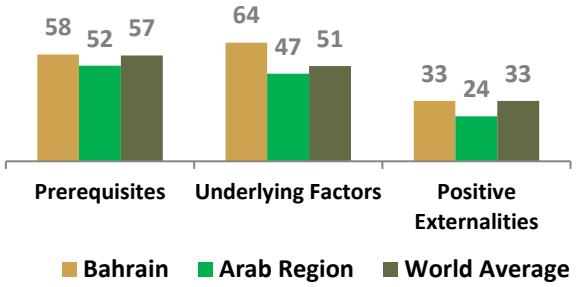
Source: UNCTAD (WIR2018)

Performance in (DIAI) 2018

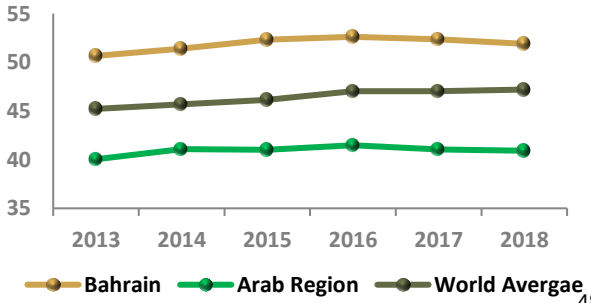
Performance in DIAI



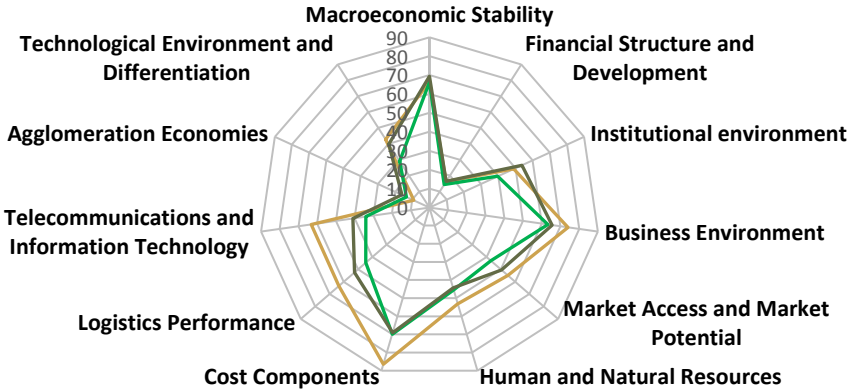
Performance in DIAI's three main Axies



DIAI Evolution



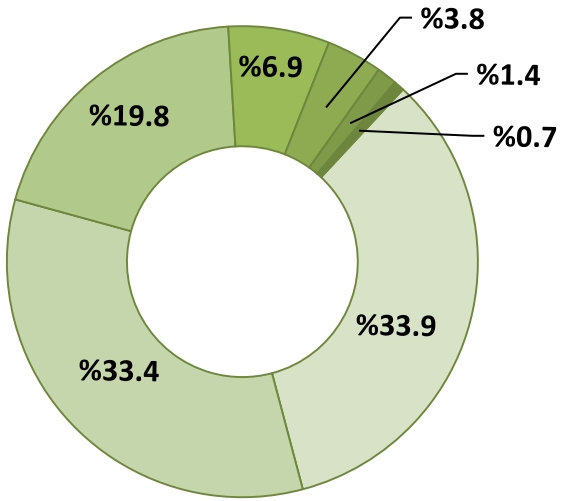
Performance in Dhaman Investment Attractiveness Index (DIAI) 2018



Top countries investing in Bahrain between Jan 2013 and Dec 2017

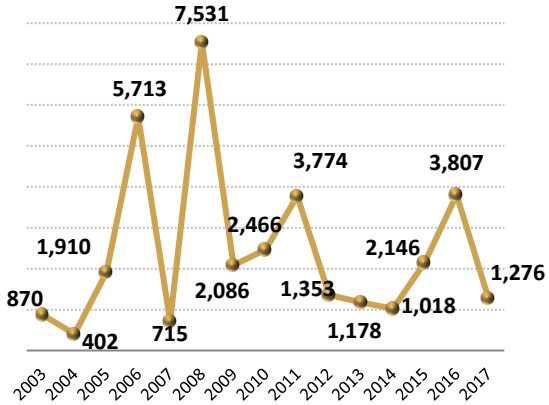
Source Country	Capex ($ million)	No. of Projects	No. of Companies
UK	2,745	17	17
UAE	1,810	46	30
India	957	19	16
Kuwait	897	15	12
Bermuda	655	1	1
China	586	5	5
United States	354	15	14
Hong Kong	230	2	2
Saudi Arabia	218	9	8
Oman	192	12	3
Others	780	54	53
Total	9,425	195	161

Regional destribution of inward investment Capex in Bahrain between Jan 2013 and Dec 2017



Regions	Capex ($ million)	%
Western Europe	3,197.4	33.9
Middle East	3,146.9	33.4
Asia-Pacific	1,864.7	19.8
Latin America & Caribbean	655.0	6.9
North America	362.7	3.8
Africa	131.0	1.4
Emerging Europe	67.4	0.7

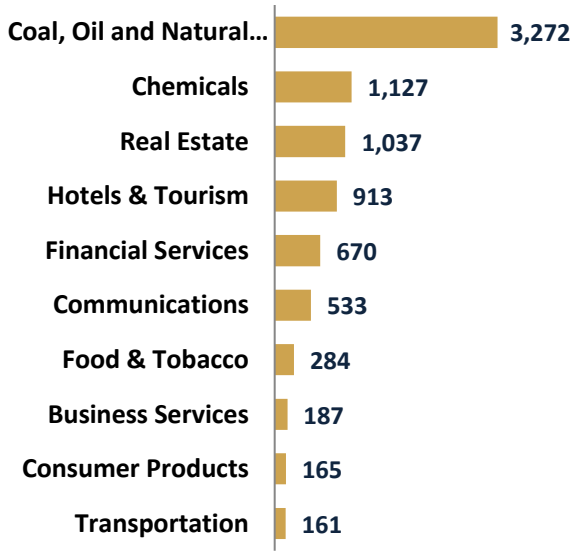
Inward Investment Capex to Bahrain ($ million)



Top 5 companies investing in Bahrain between Jan 2013 and Dec 2017

Parent company	Country	Capex ($ million)
Greenergy	UK	2,617
Teekay Corporation	Bermuda	655
Kuwait Petroleum (KPC)	Kuwait	558
Ion Exchange India	India	558
Rotana Hotels	UAE	456

Sectorial distribution of inward investment Capex in Bahrain between Jan 2013 and Dec 2017



Source:FDI Markets

Top goods (products) exported by Bahrain Year 2017

	Exported Goods	Value ($ millions)	% Exports
1	Mineral fuels, mineral oils	2,374	32.0
2	Aluminium and articles thereof	2,333	31.5
3	Iron and steel	315	4.3
4	Articles of iron or steel	261	3.5
5	Ores, slag and ash	173	2.3
6	Plastics and articles thereof	172	2.3
7	Machinery, mechanical appliances, nuclear re	156	2.1
8	Fertilisers	152	2.1
9	Natural or cultured pearls	137	1.8
10	Organic chemicals	120	1.6

Top countries importing goods from Bahrain Year 2017

	Importing Country	Value ($ millions)	% Imports
1	Saudi Arabia	1,308	17.6
2	United States of America	1,034	13.9
3	Korea, Republic of	394	5.3
4	Japan	378	5.1
5	South Africa	371	5.0
6	India	306	4.1
7	Kuwait	304	4.1
8	Singapore	260	3.5
9	France	230	3.1
10	Netherlands	211	2.9

Top goods (products) imported by Bahrain Year 2017

	Imported Goods	Value ($ millions)	% Imports
1	Machinery, mechanical appliances, nuclear	1,507	16.0
2	Vehicles other than railway or tramway	1,115	11.8
3	Electrical machinery and equipment	872	9.3
4	Ships, boats and floating structures	483	5.1
5	Ores, slag and ash	338	3.6
6	Aluminium and articles thereof	304	3.2
7	Articles of iron or steel	268	2.8
8	Aircraft, spacecraft, and parts thereof	247	2.6
9	Plastics and articles thereof	244	2.6
10	Commodities not elsewhere specified	233	2.5

Top countries exporting goods to Bahrain Year 2017

	Exporting Country	Value ($ millions)	% Exports
1	Saudi Arabia	1,576	16.7
2	United States of America	907	9.6
3	China	904	9.6
4	Japan	679	7.2
5	United Kingdom	636	6.8
6	Germany	508	5.4
7	India	396	4.2
8	Brazil	339	3.6
9	France	308	3.3
10	Korea, Republic of	290	3.1

Source: International Trade Center-TradeMap

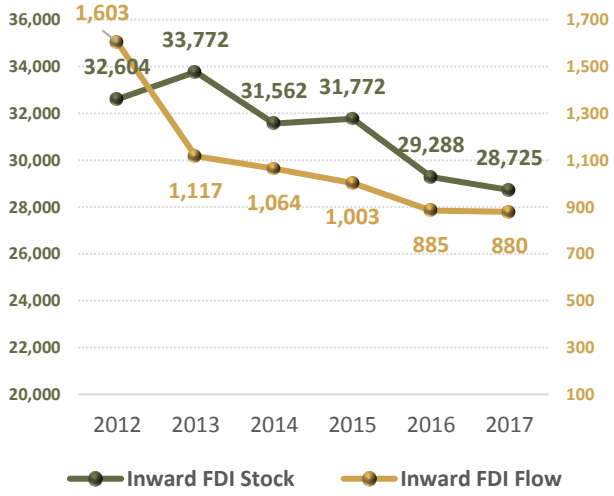
Overall Performance and Position in DIAI 2018

Tunisia

Economic Indicator	2018
Nominal GDP (Billions $)	40.3
Real GDP Growth (%)	2.4
GDP per Capita ($)	3,568.9
Inflation (average consumer prices)	7.0
Gov.Total Exp. Net Lending (% of GDP)	30.1
Current Account Balance (Billions $)	-3.7
Current Account Balance (% of GDP)	-9.2
Exports of Goods & Services (Billions $)	17.3
Imports of Goods & Services (Billions $)	22.0
Gross Official Reserves (Billions $)	6.3
Total reserves in months of imports	3.5
Total Gross External Debt (% of GDP)	79.7
Population (Millions $)	11.6
Unemployment (% of total labor force)	15.0

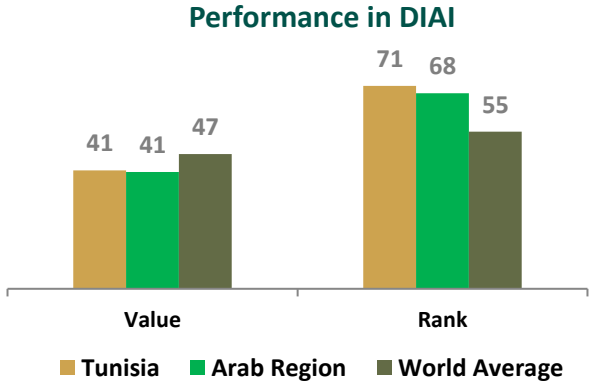
Source: International Monetary Fund (IMF-May2018)

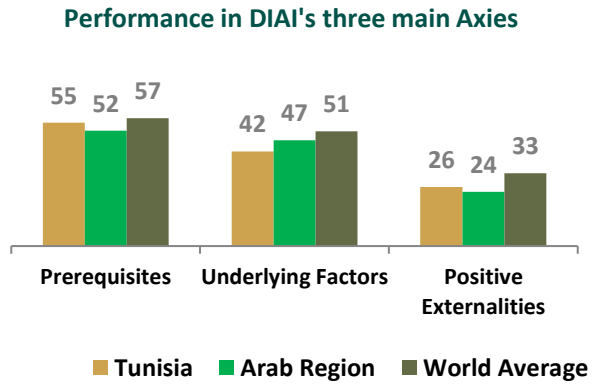
FDI Stock ($ Milion)



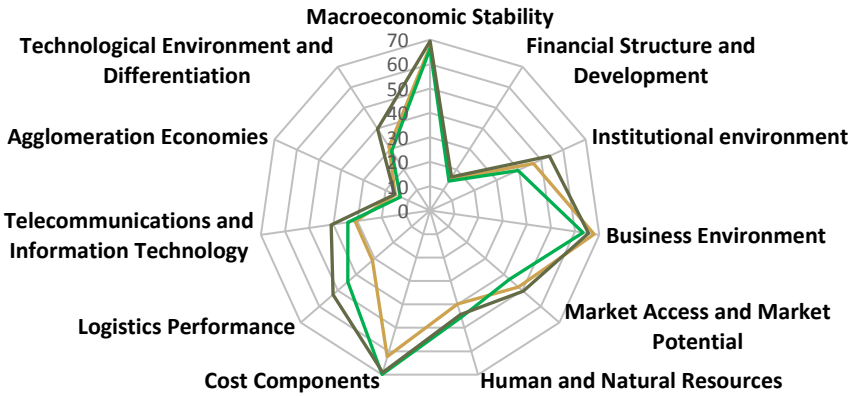
Source: UNCTAD (WIR2018)

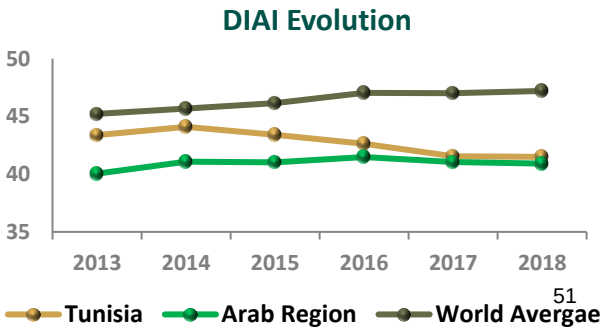
Performance in (DIAI) 2018





Performance in Dhaman Investment Attractiveness Index (DIAI) 2018

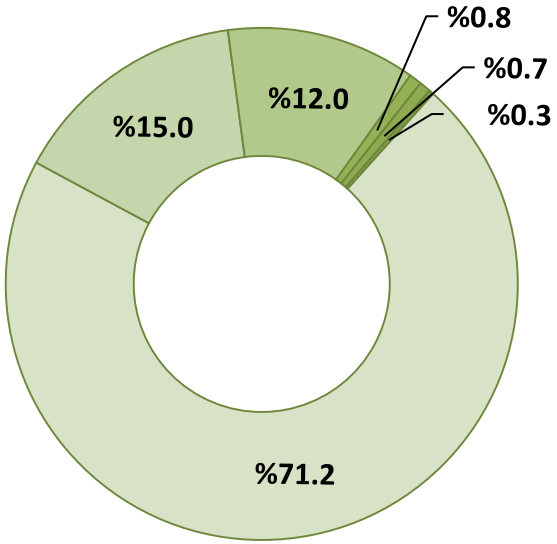




Top countries investing in Tunisia between Jan 2013 and Dec 2017

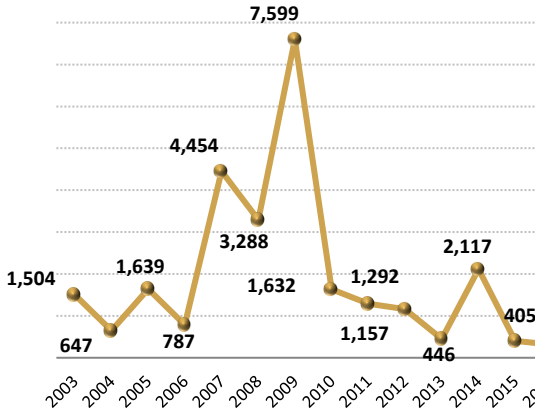
Source Country	Capex ($ million)	No. of Projects	No. of Companies
Austria	976	2	2
France	962	19	17
United States	417	8	8
Spain	369	7	7
Belgium	305	4	1
Japan	228	1	1
China	223	3	3
Thailand	130	1	1
Switzerland	92	4	4
Sweden	88	3	3
Others	278	27	27
Total	4,067	79	74

Regional destribution of inward investment Capex in Tunisia between Jan 2013 and Dec 2017



Regions	Capex ($ million)	%
Western Europe	2,895.3	71.2
Asia-Pacific	611.1	15.0
North America	487.0	12.0
Middle East	32.4	0.8
Africa	29.2	0.7
Emerging Europe	11.9	0.3

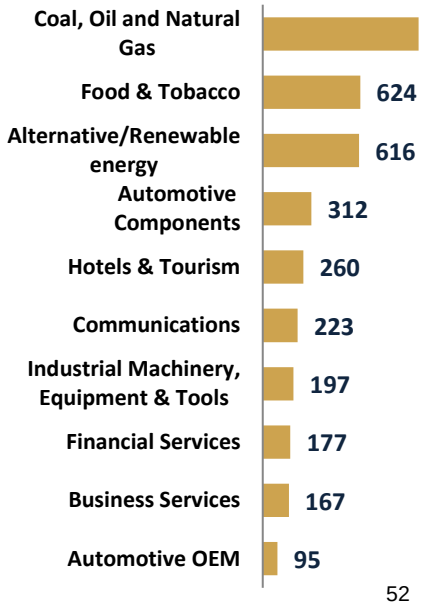
Inward Investment Capex to Tunis ($ million)



Top 5 companies investing in Tunisia between Jan 2013 and Dec 2017

Parent company	Country	Capex ($ million)
OMV	Austria	976
Auchan Group	France	636
WindVision	Belgium	305
Yazaki Group	Japan	228
China National Building Material Group Corporation	China	156

Sectorial distribution of inward investment C Tunisia between Jan 2013 and Dec 20



Source:FDI Markets

Imports & Exports of Goods

Tunisia

Top goods (products) exported by Tunisia Year 2017

	Exported Goods	Value ($ millions)	% Exports
1	Electrical machinery and equipment	3,974	28.4
2	Articles of apparel and clothing accessories	2,168	15.5
3	Articles of apparel and clothing accessories	890	6.4
4	Mineral fuels, mineral oils and products	688	4.9
5	Footwear, gaiters and the like; parts articles	608	4.3
6	Machinery, mechanical appliances, nuclear	542	3.9
7	Vehicles other than railway or tramway rolling	524	3.7
8	Optical, photographic, cinematographic	471	3.4
9	Animal or vegetable fats and oils	413	2.9
10	Plastics and articles thereof	383	2.7

Top countries importing goods from Tunisia Year 2017

	Importing Country	Value ($ millions)	% Imports
1	France	4,740	33.9
2	Italy	2,501	17.9
3	Germany	1,995	14.3
4	Spain	488	3.5
5	United States of America	478	3.4
6	Algeria	330	2.4
7	Belgium	273	2.0
8	Morocco	213	1.5
9	Turkey	206	1.5
10	Switzerland	204	1.5

Top goods (products) imported by Tunisia Year 2017

	Imported Goods	Value ($ millions)	% Imports
1	Mineral fuels, mineral oils and products	2,720	14.2
2	Electrical machinery and equipment	2,696	14.1
3	Machinery, mechanical appliances	1,788	9.3
4	Vehicles other than railway or tramway rolling	1,320	6.9
5	Plastics and articles thereof	1,131	5.9
6	Cereals	664	3.5
7	Iron and steel	606	3.2
8	Optical, photographic, cinematographic	456	2.4
9	Pharmaceutical products	437	2.3
10	Cotton	421	2.2

Top countries exporting goods to Tunisia Year 2017

	Exporting Country	Value ($ millions)	% Exports
1	France	3,668	19.1
2	Italy	3,602	18.8
3	Germany	1,819	9.5
4	China	1,327	6.9
5	Spain	971	5.1
6	Turkey	915	4.8
7	Algeria	753	3.9
8	United States of America	551	2.9
9	Egypt	433	2.3
10	Belgium	421	2.2

Source: International Trade Center-TradeMap

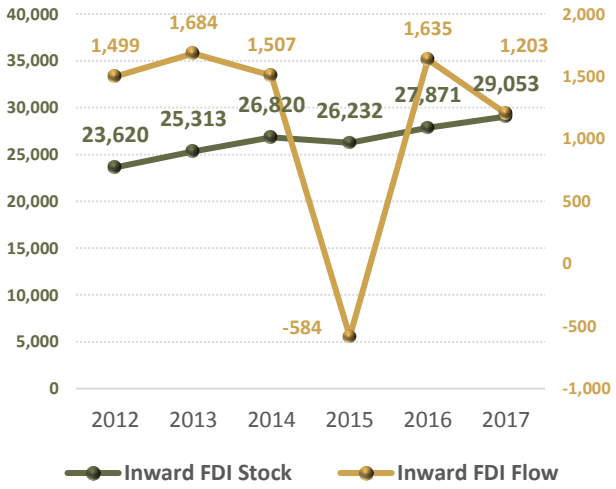
Overall Performance and Position in DIAI 2018

Algeria

Economic Indicator	2018
Nominal GDP (Billions $)	197.6
Real GDP Growth (%)	3.0
GDP per Capita ($)	4,845.3
Inflation (average consumer prices)	7.4
Gov.Total Exp. Net Lending (% of GDP)	36.9
Current Account Balance (Billions $)	-18.4
Current Account Balance (% of GDP)	-9.3
Exports of Goods & Services (Billions $)	43.0
Imports of Goods & Services (Billions $)	60.5
Gross Official Reserves (Billions $)	82.6
Total reserves in months of imports	16.4
Total Gross External Debt (% of GDP)	2.0
Population (Millions $)	42.3
Unemployment (% of total labor force)	11.2

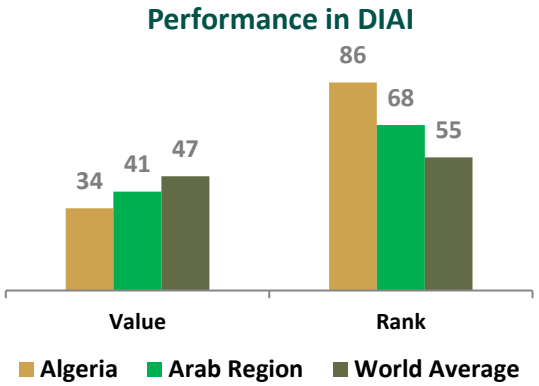
Source: International Monetary Fund (IMF-May2018)

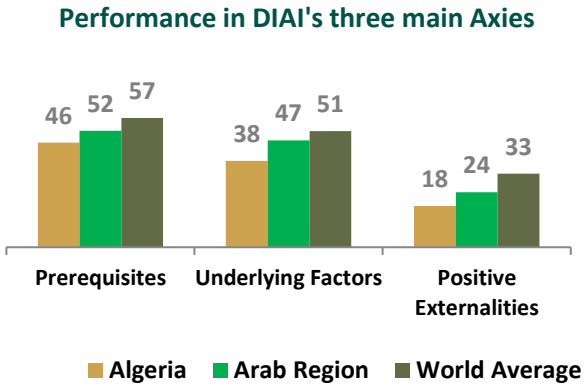
FDI Stock ($ Milion)



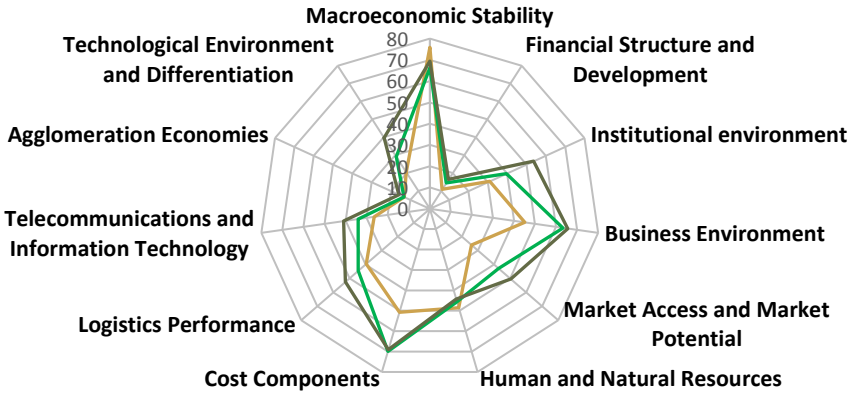
Source: UNCTAD (WIR2018)

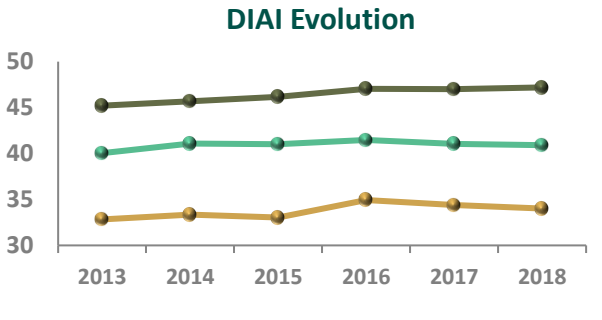
Performance in (DIAI) 2018





Performance in Dhaman Investment Attractiveness Index (DIAI) 2018





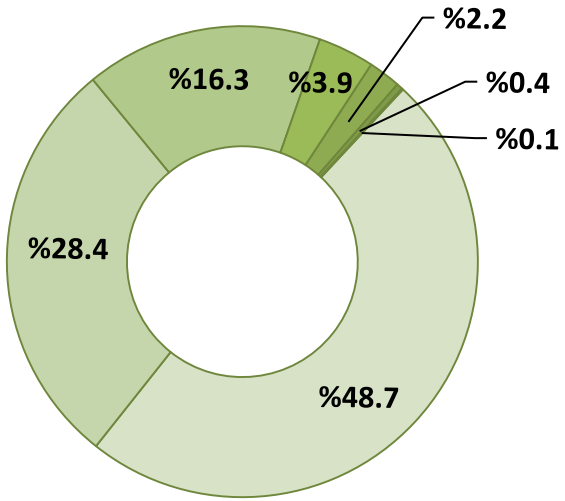
Top countries investing in Algeria between Jan 2013 and Dec 2017

Source Country	Capex ($ million)	No. of Projects	No. of Companies
China	3,539	10	5
Singapore	3,151	3	1
Spain	2,565	10	6
Turkey	2,313	4	4
Germany	380	7	7
South Africa	350	1	1
France	330	12	10
Switzerland	330	4	4
Italy	232	1	1
UK	212	2	2
Others	892	28	28
Total	14,293	82	69

Top 5 companies investing in Algeria between Jan 2013 and Dec 2017

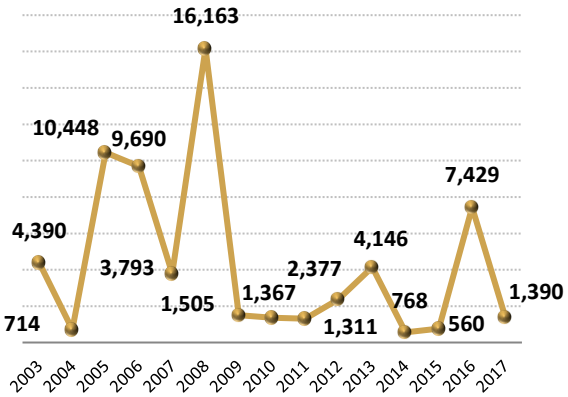
Parent company	Country	Capex ($ million)
China State Construction Engineering Corporation	China	3,300
Indorama	Singapore	3,151
Grupo Ortiz Construccion y Servicios Del Mediterraneo	Spain	2,209
Tosyali Holding	Turkey	1,397
Taypa Tekstil	Turkey	900

Regional destribution of inward investment Capex in Algeria between Jan 2013 and Dec 2017

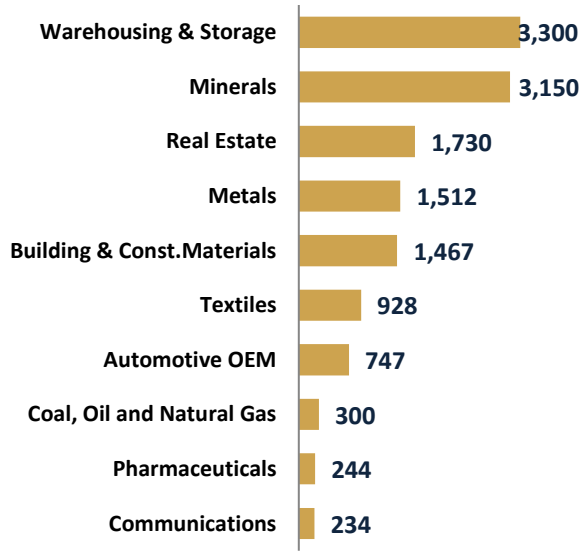


Regions	Capex ($ million)	%
Asia-Pacific	6,964.9	48.7
Western Europe	4,056.1	28.4
Emerging Europe	2,327.9	16.3
Africa	554.3	3.9
Middle East	317.1	2.2
North America	59.4	0.4
Latin America & Caribbean	12.7	0.1

Inward Investment Capex to Algeria ($ million)



Sectorial distribution of inward investment Capex in Algeria between Jan 2013 and Dec 2017



Source:FDI Markets

Top goods (products) exported by Algeria Year 2017

	Exported Goods	Value ($ millions)	% Exports
1	Mineral fuels, mineral oils and products	33,823	96.1
2	Inorganic chemicals; organic or inorganic com	383	1.1
3	Fertilisers	327	0.9
4	Sugars and sugar confectionery	228	0.6
5	Organic chemicals	56	0.2
6	Salt; sulphur; earths and stone lime cement	56	0.2
7	Edible fruit and nuts; peel of citrus fruit melons	53	0.1
8	Machinery, mechanical appliances	42	0.1
9	Glass and glassware	31	0.1
10	Ships, boats and floating structures	19	0.1

Top countries importing goods from Algeria Year 2017

	Importing Country	Value ($ millions)	% Imports
1	Italy	5,599	18.8
2	Spain	5,169	17.3
3	United States of America	3,989	13.4
4	France	3,833	12.9
5	Brazil	2,313	7.8
6	United Kingdom	1,739	5.8
7	Germany	1,318	4.4
8	Belgium	1,229	4.1
9	India	932	3.1
10	Netherlands	901	3.0

Top goods (products) imported by Algeria Year 2017

	Imported Goods	Value ($ millions)	% Imports
1	Machinery, mechanical appliances, nuclea	801	17.4
2	Electrical machinery and equipment	398	8.6
3	Vehicles other than railway or tramway ro	344	7.5
4	Articles of iron or steel	292	6.3
5	Cereals	275	6.0
6	Iron and steel	241	5.2
7	Plastics and articles thereof	204	4.4
8	Mineral fuels, mineral oils and products o	194	4.2
9	Pharmaceutical products	189	4.1
10	Dairy produce; birds' eggs; honey	141	3.1

Top countries exporting goods to Algeria Year 2017

	Exporting Country	Value ($ millions)	% Exports
1	China	6,789	14.5
2	France	5,631	12.1
3	Russian Federation	4,621	9.9
4	Germany	3,570	7.6
5	Italy	3,442	7.4
6	Spain	3,014	6.5
7	Turkey	1,713	3.7
8	Argentina	1,471	3.1
9	Korea, Republic of	1,238	2.7
10	Belgium	1,210	2.6

Source: International Trade Center-TradeMap

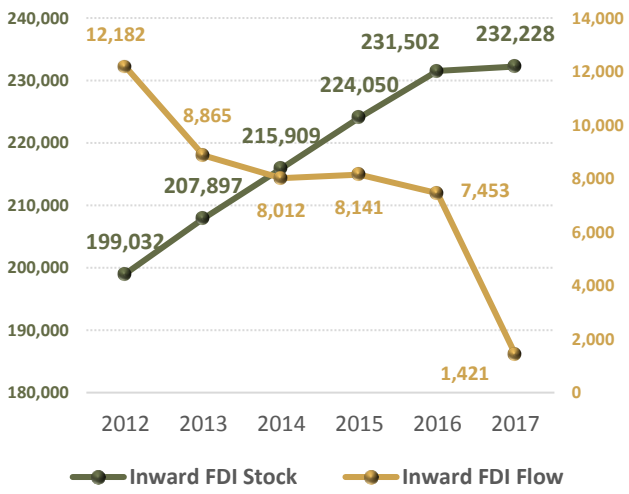
Overall Performance and Position in DIAI 2018

Saudi Arabia

Economic Indicator	2018
Nominal GDP (Billions $)	748.0
Real GDP Growth (%)	1.7
GDP per Capita ($)	22,538.8
Inflation (average consumer prices)	3.7
Gov.Total Exp. Net Lending (% of GDP)	36.4
Current Account Balance (Billions $)	40.4
Current Account Balance (% of GDP)	5.4
Exports of Goods & Services (Billions $)	267.3
Imports of Goods & Services (Billions $)	203.9
Gross Official Reserves (Billions $)	495.0
Total reserves in months of imports	29.1
Total Gross External Debt (% of GDP)	23.6
Population (Millions $)	33.0
Unemployment (% of total labor force)	...

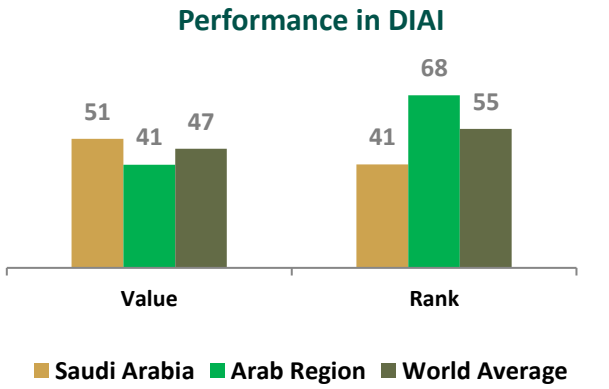
Source: International Monetary Fund (IMF-May2018)

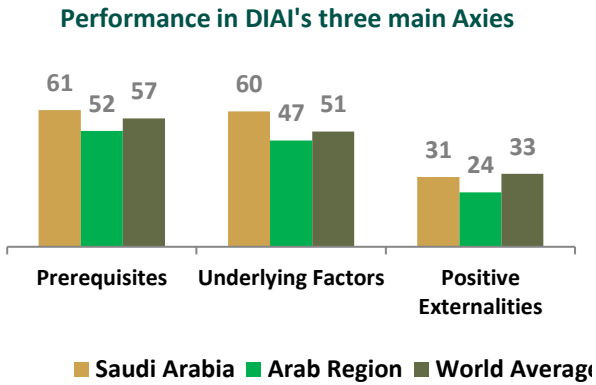
FDI Stock ($ Milion)



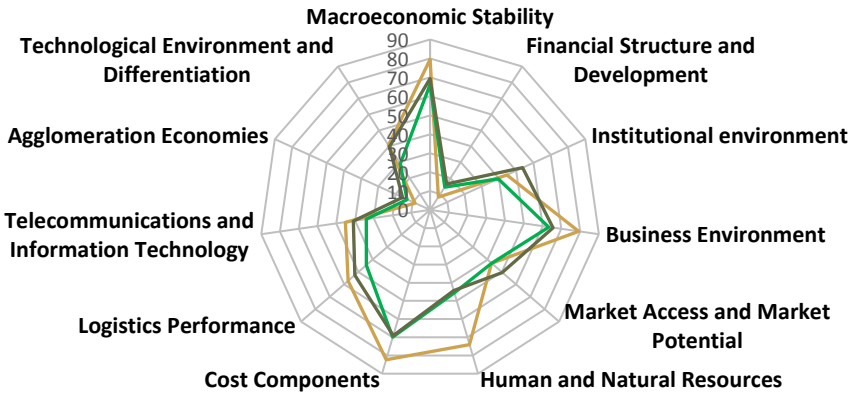
Source: UNCTAD (WIR2018)

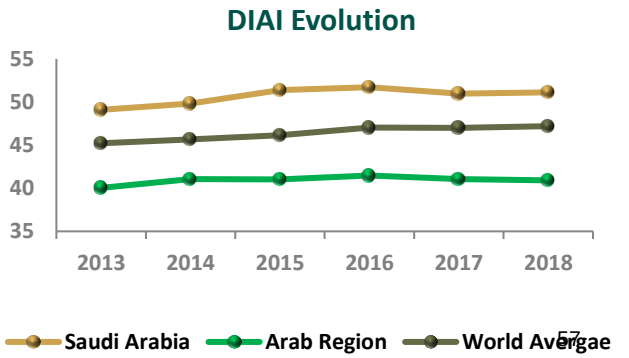
Performance in (DIAI) 2018





Performance in Dhaman Investment Attractiveness Index (DIAI) 2018



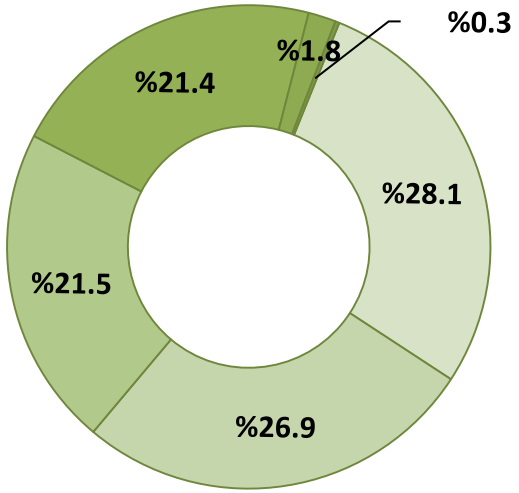


Saudi Arabia Arab Region World Average

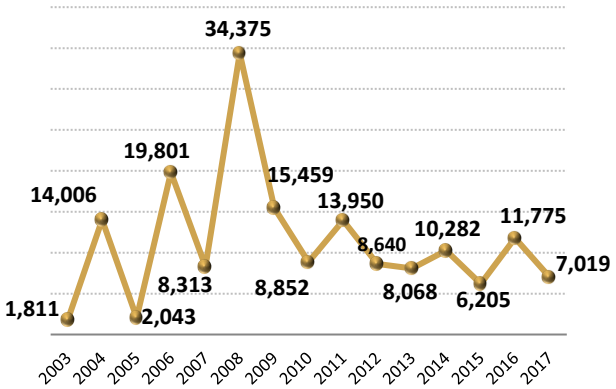
Top countries investing in Saudi Arabia between Jan 2013 and Dec 2017

Source Country	Capex ($ million)	No. of Projects	No. of Companies
UAE	9,496	122	65
United States	8,816	84	71
France	3,958	23	16
Singapore	2,981	17	8
Japan	2,407	23	20
Kuwait	2,012	15	9
Malaysia	2,000	1	1
Hong Kong	1,646	2	2
UK	1,484	45	35
South Korea	1,347	8	6
Others	7,202	153	128
Total	43,349	493	361

Regional destribution of inward investment Capex in Saudi Arabia between Jan 2013 and Dec 2017



Inward Investment Capex to Saudi Arabia ($ million)

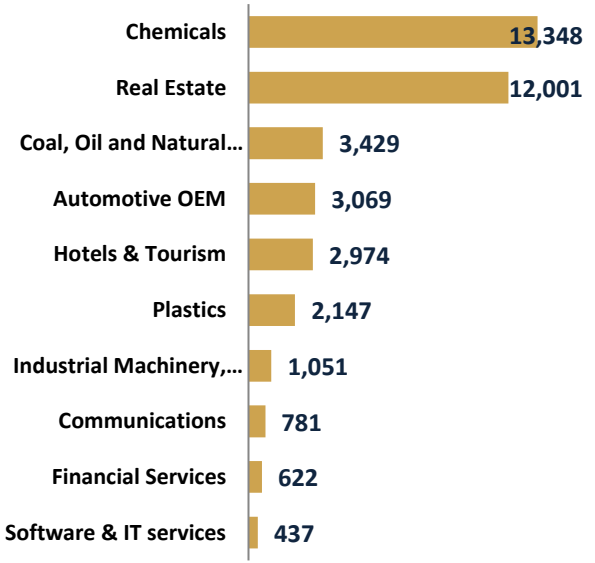


Top 5 companies investing in Saudi Arabia between Jan 2013 and Dec 2017

الشركة	البلد	القيمة (بالمليون دولار)
Majid Al Futtaim Group (MAF Group)	UAE	3,741
ExxonMobil	United States	3,400
Total	France	2,617
EMKE Group	UAE	2,410
Shahed International	Malaysia	2,000

Regions	Capex ($ million)	%
Middle East	12,186.3	28.1
Asia-Pacific	11,661.0	26.9
Western Europe	9,305.5	21.5
North America	9,278.5	21.4
Africa	800.6	1.8
Emerging Europe	116.9	0.3

Sectorial distribution of inward investment Capex in Saudi Arabia between Jan 2013 and Dec 2017



Source:FDI Markets

Imports & Exports of Goods

Saudi Arabia

Top goods (products) exported by Saudi arabia Year 2017

	Exported Goods	Value ($ millions)	% Exports
1	Mineral fuels, mineral oils and products	170,245	77.4
2	Plastics and articles thereof	16,992	7.7
3	Organic chemicals	9,763	4.4
4	Ships, boats and floating structures	2,223	1.0
5	Aluminium and articles thereof	2,143	1.0
6	Vehicles other than railway or tramway	1,641	0.7
7	Machinery, mechanical appliances, nuclear	1,627	0.7
8	Dairy produce; birds' eggs; natural honey	1,120	0.5
9	Electrical machinery and equipment	1,057	0.5
10	Natural or cultured pearls, precious	935	0.4

Top countries importing goods from Saudi arabia Year 2017

	Importing Country	Value ($ millions)	% Imports
1	China	31,752	16.2
2	Japan	27,745	14.2
3	United States of America	19,611	10.0
4	Korea, Republic of	19,561	10.0
5	India	15,442	7.9
6	Singapore	9,156	4.7
7	Taipei, Chinese	6,876	3.5
8	Thailand	6,259	3.2
9	France	4,657	2.4
10	Spain	4,158	2.1

Top goods (products) imported by Saudi arabia Year 2017

	Imported Goods	Value ($ millions)	% Imports
1	Machinery, mechanical appliances, nuclear	16,479	13.0
2	Electrical machinery and equipment	14,216	11.2
3	Vehicles other than railway or tramway	12,895	10.2
4	Commodities not elsewhere specified	5,600	4.4
5	Pharmaceutical products	5,195	4.1
6	Articles of iron or steel	4,100	3.2
7	Natural or cultured pearls, precious	3,473	2.7
8	Plastics and articles thereof	2,902	2.3
9	Optical, photographic, cinematographic	2,901	2.3
10	Mineral fuels, mineral oils and products	2,745	2.2

Top countries exporting goods to Saudi arabia Year 2017

	Exporting Country	Value ($ millions)	% Exports
1	China	18,321	16.9
2	United States of America	16,261	15.0
3	Germany	7,505	6.9
4	United Kingdom	5,401	5.0
5	Korea, Republic of	5,160	4.8
6	France	5,092	4.7
7	Italy	4,393	4.1
8	India	3,777	3.5
9	Japan	3,735	3.4
10	Netherlands	3,140	2.9

Source: International Trade Center-TradeMap

Overall Performance and Position in DIAI 2018

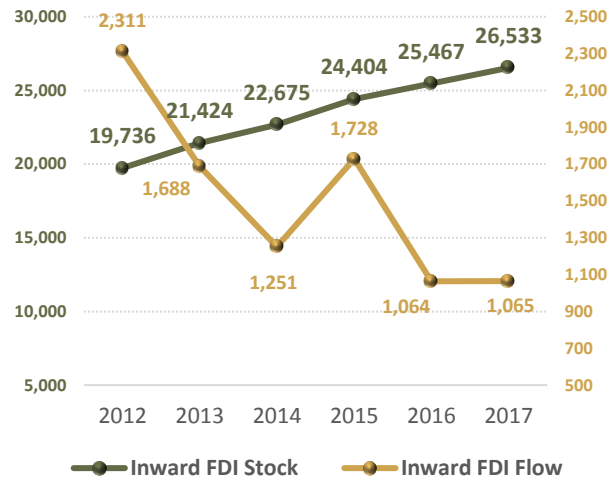
Sudan

Economic Indicator

Economic Indicator	2018
Nominal GDP (Billions $)	41.7
Real GDP Growth (%)	3.7
GDP per Capita ($)	998.6
Inflation (average consumer prices)	43.5
Gov.Total Exp. Net Lending (% of GDP)	11.2
Current Account Balance (Billions $)	-2.6
Current Account Balance (% of GDP)	-6.2
Exports of Goods & Services (Billions $)	6.0
Imports of Goods & Services (Billions $)	7.4
Gross Official Reserves (Billions $)	1.0
Total reserves in months of imports	1.6
Total Gross External Debt (% of GDP)	132.9
Population (Millions $)	42.0
Unemployment (% of total labor force)	18.6

Source: International Monetary Fund (IMF-May2018)

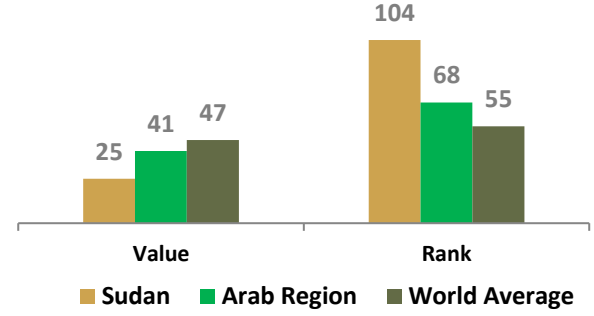
FDI Stock ($ Milion)



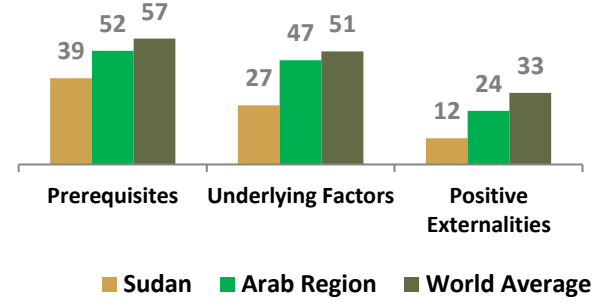
Source: UNCTAD (WIR2018)

Performance in (DIAI) 2018

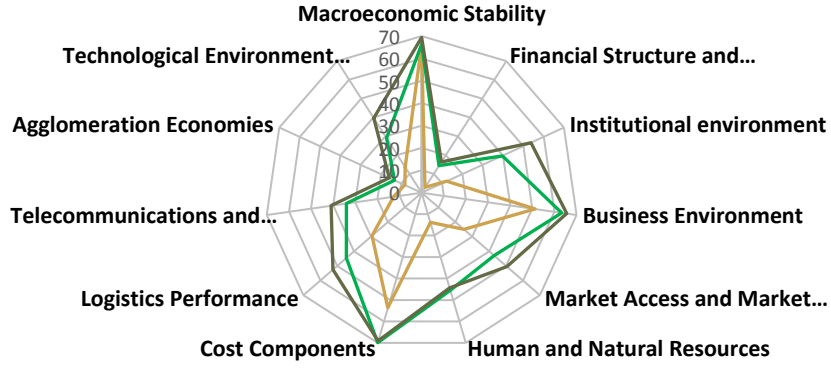
Performance in DIAI



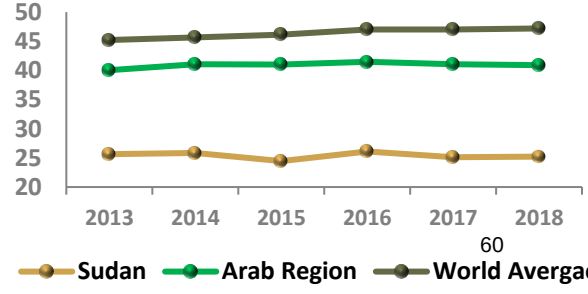
Performance in DIAI's three main Axies



Performance in Dhaman Investment Attractiveness Index (DIAI) 2018



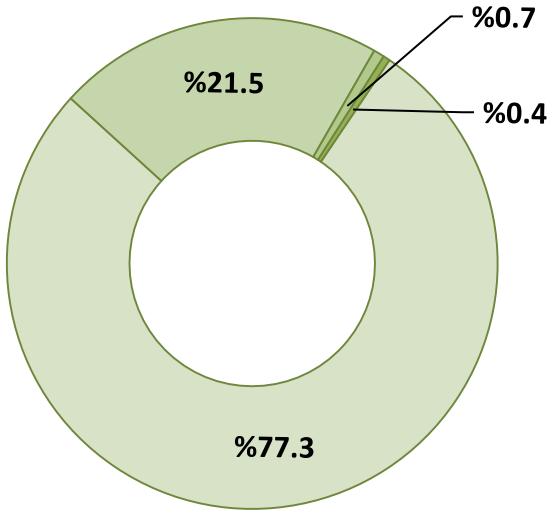
DIAI Evolution



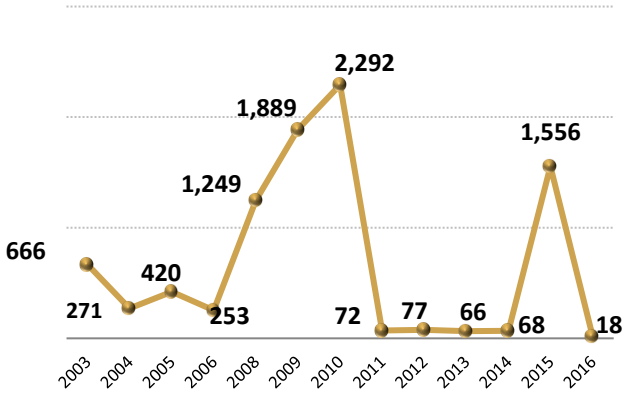
Top countries investing in Sudan between Jan 2013 and Dec 2017

Source Country	Capex ($ million)	No. of Projects	No. of Companies
Egypt	1,264	5	4
UAE	192	3	3
Bahrain	150	1	1
Nigeria	45	1	1
Saudi Arabia	15	1	1
South Korea	12	1	1
Qatar	11	1	1
Ethiopia	11	1	1
Turkey	8	1	1
Total	**1,708**	**15**	**14**

Regional destribution of inward investment Capex in Sudan between Jan 2013 and Dec 2017



Inward Investment Capex to Sudan ($ million)

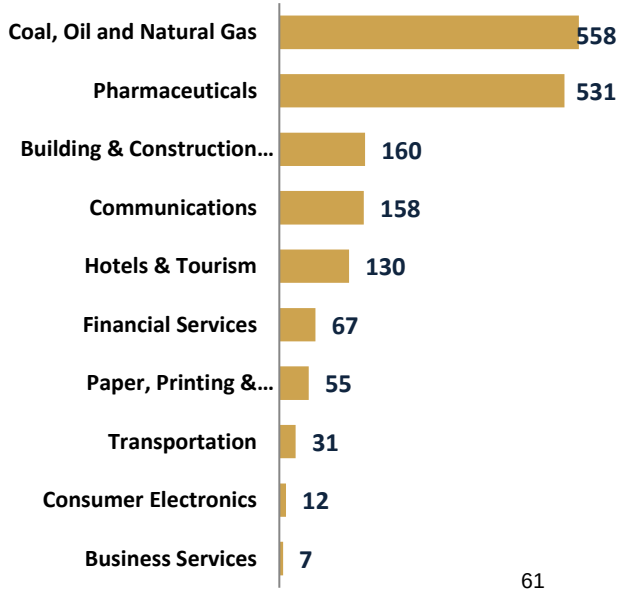


Top 5 companies investing in Sudan between Jan 2013 and Dec 2017

Parent company	Country	Capex ($ million)
Pharmaoverseas	UAE	1,058
Arab Swiss Engineering Company (ASEC)	Egypt	160
Zain (Mobile Telecommunications	Bahrain	150
Hospitality Management Holdings	UAE	130
Delta Group of Companies	UAE	55

Regions	Capex ($ million)	%
Africa	1,320.3	77.3
Middle East	367.8	21.5
Asia-Pacific	12.3	0.7
Emerging Europe	7.5	0.4

Sectorial distribution of inward investment Capex in Sudan between Jan 2013 and Dec 2017



Source:FDI Markets

Imports & Exports of Goods

Sudan

Top goods (products) exported by Sudan Year 2016

	Exported Goods	Value ($ millions)	% Exports
1	Mineral fuels, mineral oils and products	660	29.2
2	Live animals	591	26.1
3	Oil seeds and oleaginous fruits; miscellaneous	429	19.0
4	Lac; gums, resins and other vegetable	112	4.9
5	Cotton	105	4.6
6	Animal or vegetable fats and oils	63	2.8
7	Edible vegetables and certain roots	54	2.4
8	Residues and waste from the food industries;	39	1.7
9	Cereals	27	1.2
10	Wood and articles of wood; wood charcoal	22	1.0

Top countries importing goods from Sudan Year 2016

	Importing Country	Value ($ millions)	% Imports
1	Saudi Arabia	631	27.9
2	China	580	25.7
3	India	339	15.0
4	Egypt	104	4.6
5	Indonesia	102	4.5
6	Turkey	86	3.8
7	Ethiopia	84	3.7
8	France	62	2.8
9	Jordan	34	1.5
10	Italy	27	1.2

Top goods (products) imported by Sudan Year 2016

	Imported Goods	Value ($ millions)	% Imports
1	Machinery, mechanical appliances	849	11.4
2	Vehicles other than railway or tramway rolling	625	8.4
3	Cereals	554	7.4
4	Electrical machinery and equipment	480	6.5
5	Pharmaceutical products	431	5.8
6	Plastics and articles thereof	406	5.5
7	Sugars and sugar confectionery	387	5.2
8	Iron and steel	256	3.4
9	Articles of iron or steel	194	2.6
10	Articles of apparel and clothing accessories	183	2.5

Top countries exporting goods to Sudan Year 2016

	Exporting Country	Value ($ millions)	% Exports
1	China	2,227	30.0
2	India	640	8.6
3	Saudi Arabia	619	8.3
4	Egypt	447	6.0
5	Russian Federation	438	5.9
6	Turkey	395	5.3
7	Uganda	378	5.1
8	Germany	264	3.6
9	Korea, Republic of	164	2.2
10	Italy	156	2.1

Source: International Trade Center-TradeMap

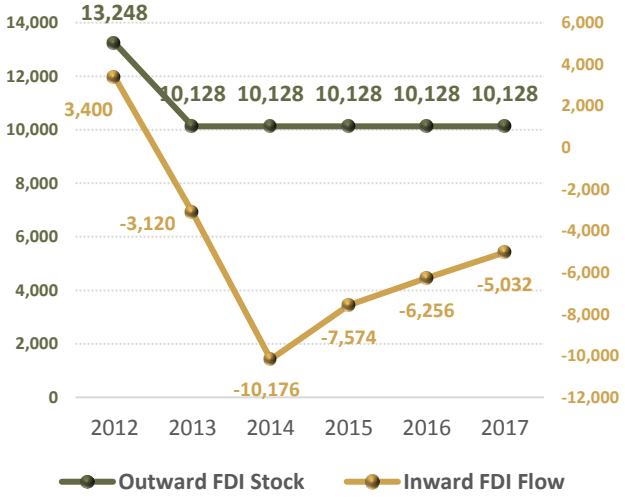
Overall Performance and Position in DIAI 2018

Iraq

Economic Indicator	2018
Nominal GDP (Billions $)	223.3
Real GDP Growth (%)	3.1
GDP per Capita ($)	5,709.2
Inflation (average consumer prices)	2.0
Gov.Total Exp. Net Lending (% of GDP)	38.6
Current Account Balance (Billions $)	0.4
Current Account Balance (% of GDP)	0.2
Exports of Goods & Services (Billions $)	87.7
Imports of Goods & Services (Billions $)	85.6
Gross Official Reserves (Billions $)	59.4
Total reserves in months of imports	8.3
Total Gross External Debt (% of GDP)	34.7
Population (Millions $)	39.9
Unemployment (% of total labor force)	...

Source: International Monetary Fund (IMF-May2018)

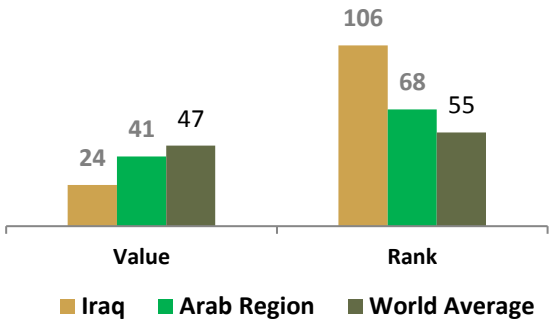
FDI Stock ($ Milion)



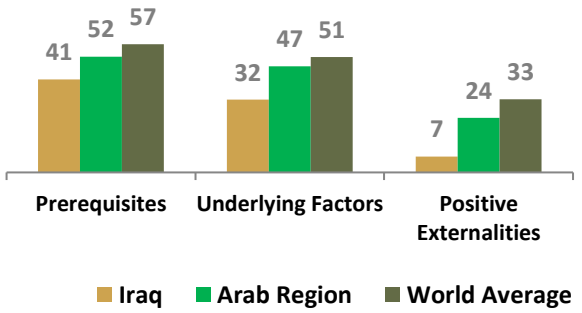
Source: UNCTAD (WIR2018)

Performance in (DIAI) 2018

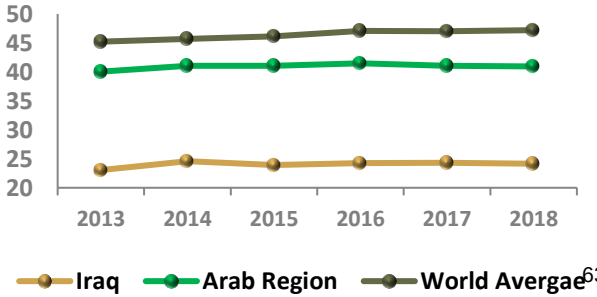
Performance in DIAI



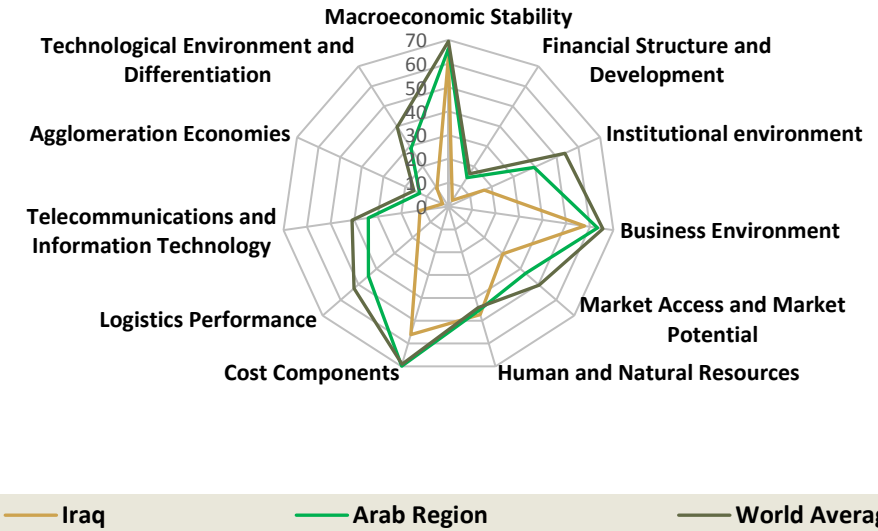
Performance in DIAI's three main Axies



DIAI Evolution



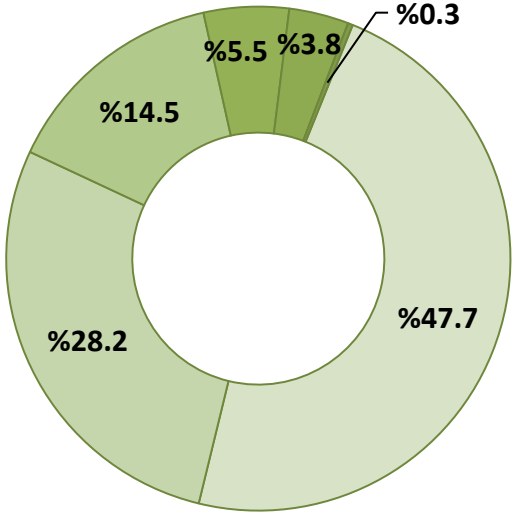
Performance in Dhaman Investment Attractiveness Index (DIAI) 2018



Top countries investing in Iraq between Jan 2013 and Dec 2017

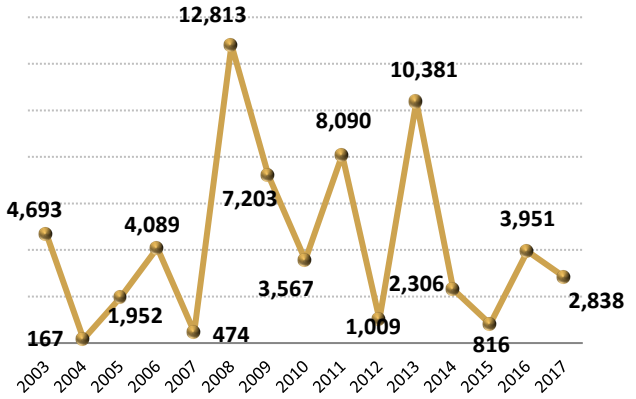
Source Country	Capex ($ million)	No. of Projects	No. of Companies
Russia	8,966	7	4
UAE	4,865	18	14
United States	2,102	13	11
Netherlands	850	1	1
Canada	850	1	1
India	457	2	2
Czech Republic	450	1	1
Jordan	282	8	6
Philippines	230	2	2
Kuwait	205	2	2
Others	1,035	60	52
Total	20,291	115	96

Regional destribution of inward investment Capex in Iraq between Jan 2013 and Dec 2017



Regions	Capex	%
Emerging Europe	9,677.1	47.7
Middle East	5,713.3	28.2
North America	2,951.7	14.5
Western Europe	1,108.7	5.5
Asia-Pacific	777.0	3.8
Africa	63.6	0.3

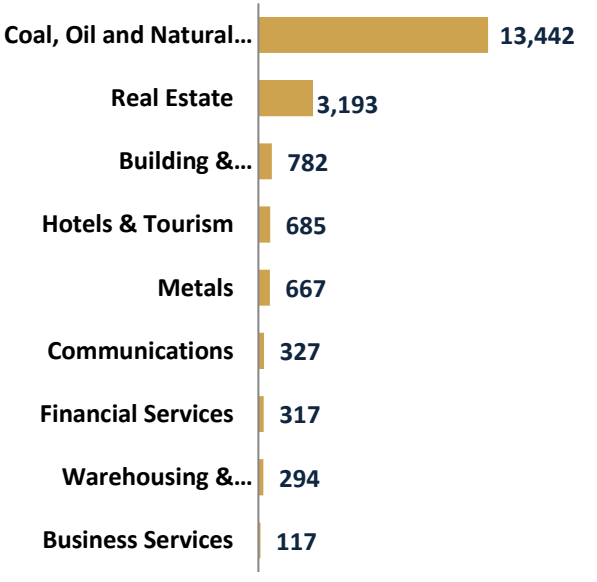
Inward Investment Capex to Iraq ($ million)



Top 5 companies investing in Iraq between Jan 2013 and Dec 2017

Parent company	Country	Capex ($ million)
Gazprom	Russia	8,094
Emaar Properties	UAE	3,000
ExxonMobil	USA	1,650
Abu Dhabi Water and Electricity Authority (ADWEA)	UAE	872
Royal Dutch Shell Plc	Netherland	850

Sectorial distribution of inward investment Capex in Iraq between Jan 2013 and Dec 2017



Source:FDI Markets

Imports & Exports of Goods

Iraq

Top goods (products) exported by Iraq Year 2017

	Exported Goods	Value ($ millions)	% Exports
1	Mineral fuels, mineral oils	63,037	97.53
2	Natural or cultured pearls, precious	1,409	2.18
3	Edible fruit and nuts; peel of citrus fruit	43	0.07
4	Pulp of wood or of other fibrous cellulosic	33	0.05
5	Raw hides and skins (other than furskins)	26	0.04
6	Machinery, mechanical appliances, nuclear r	15	0.02
7	Plastics and articles thereof	11	0.02
8	Commodities not elsewhere specified	8	0.01
9	Aluminium and articles thereof	6	0.01
10	Electrical machinery and equipment	6	0.01

Top countries importing goods from Iraq Year 2017

	Importing Country	Value ($ millions)	% Imports
1	China	13,789	21.3
2	India	11,512	17.8
3	United States of America	11,151	17.3
4	Korea, Republic of	6,372	9.9
5	Greece	3,553	5.5
6	Netherlands	3,312	5.1
7	Italy	3,186	4.9
8	Singapore	1,647	2.5
9	Turkey	1,528	2.4
10	Spain	1,434	2.2

Top goods (products) imported by Iraq Year 2017

	Imported Goods	Value ($ millions)	% Imports
1	Machinery, mechanical appliances, nuclear r	3,353	10.5
2	Electrical machinery and equipment	2,829	8.8
3	Vehicles other than railway or tramway	1,811	5.7
4	Natural or cultured pearls, precious	1,613	5.0
5	Commodities not elsewhere specified	1,263	3.9
6	Articles of iron or steel	1,229	3.8
7	Plastics and articles thereof	1,166	3.6
8	Articles of apparel and clothing accessories,	1,114	3.5
9	Pharmaceutical products	1,081	3.4
10	Furniture; bedding, mattresses	968	3.0

Top countries exporting goods to Iraq Year 2017

	Exporting Country	Value ($ millions)	% Exports
1	Turkey	9,057	28.3
2	China	8,349	26.1
3	Korea, Republic of	1,462	4.6
4	Russian Federation	1,403	4.4
5	United States of America	1,198	3.7
6	India	967	3.0
7	Brazil	811	2.5
8	Germany	773	2.4
9	Italy	642	2.0
10	Jordan	542	1.7

Source: International Trade Center-TradeMap

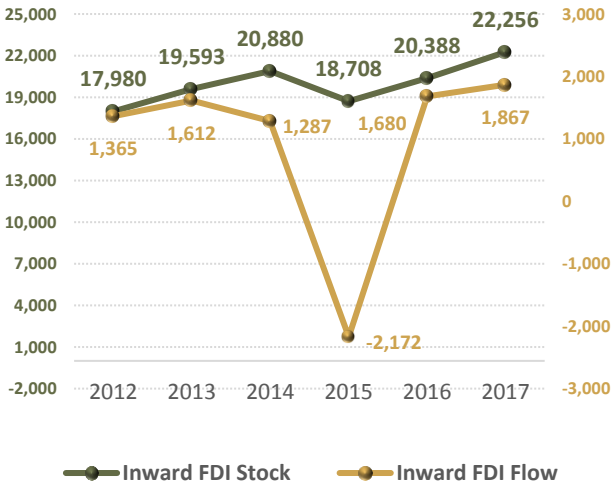
Overall Performance and Position in DIAI 2018

Oman

Economic Indicator	2018
Nominal GDP (Billions $)	82.6
Real GDP Growth (%)	2.1
GDP per Capita ($)	19,489.4
Inflation (average consumer prices)	2.5
Gov.Total Exp. Net Lending (% of GDP)	40.0
Current Account Balance (Billions $)	-5.1
Current Account Balance (% of GDP)	-6.2
Exports of Goods & Services (Billions $)	41.7
Imports of Goods & Services (Billions $)	33.3
Gross Official Reserves (Billions $)	15.6
Total reserves in months of imports	5.6
Total Gross External Debt (% of GDP)	81.3
Population (Millions $)	4.3
Unemployment (% of total labor force)	…

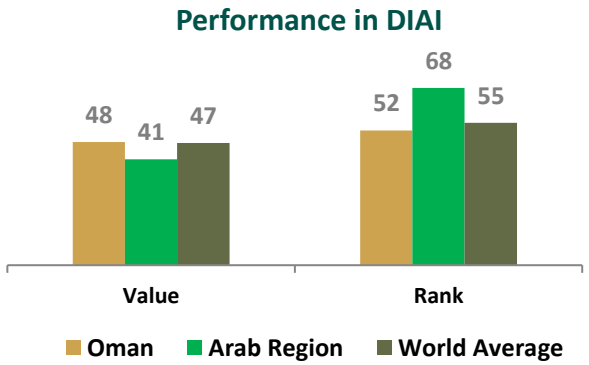
Source: International Monetary Fund (IMF-May2018)

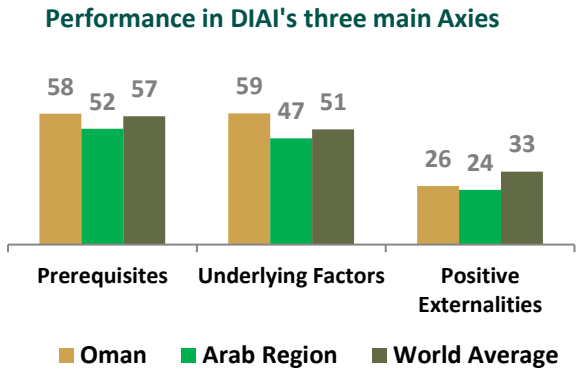
FDI Stock ($ Milion)



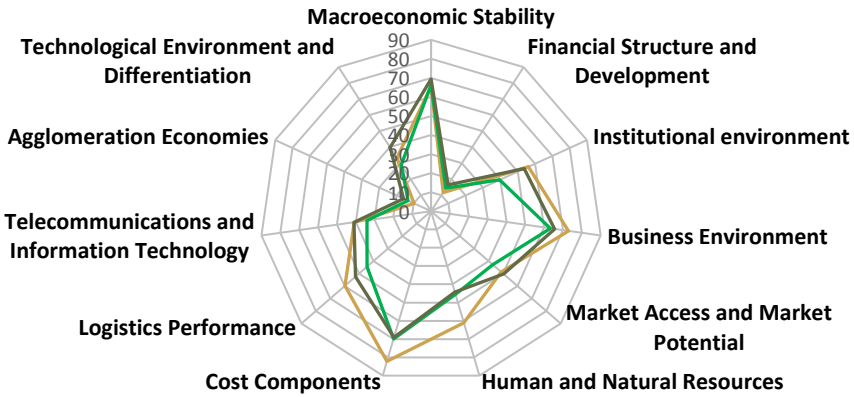
Source: UNCTAD (WIR2018)

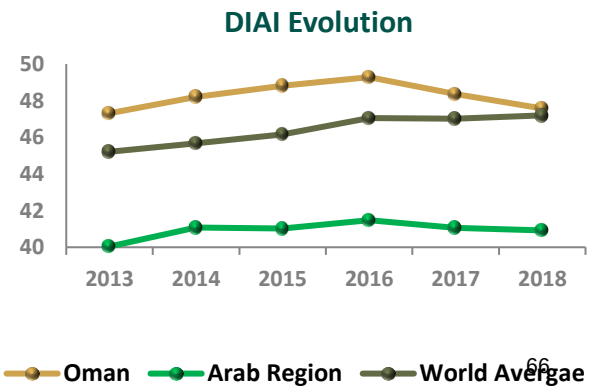
Performance in (DIAI) 2018





Performance in Dhaman Investment Attractiveness Index (DIAI) 2018

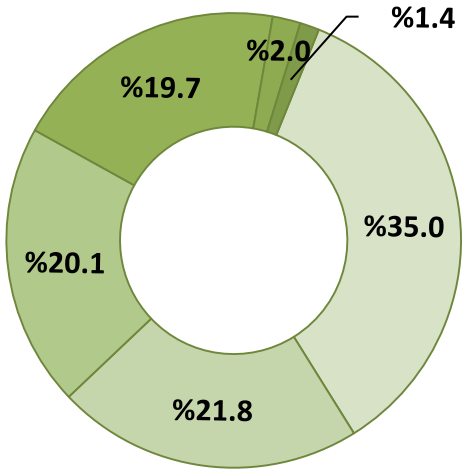




Top countries investing in Oman between Jan 2013 and Dec 2017

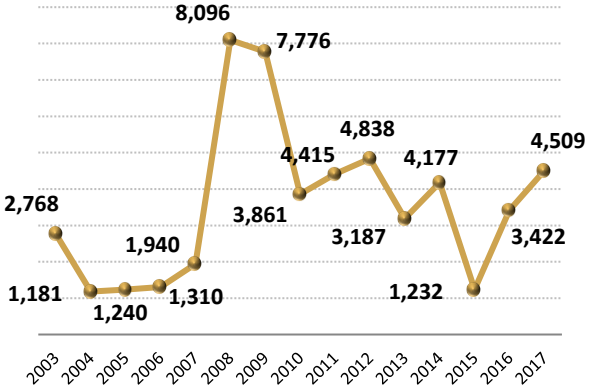
Source Country	Capex ($ million)	No. of Projects	No. of Companies
United States	3,222	17	13
China	2,557	7	7
UAE	2,326	68	37
India	1,466	34	19
Norway	1,286	3	3
Spain	1,208	3	3
Singapore	952	7	6
Qatar	517	9	8
UK	516	17	16
Kuwait	442	4	4
Others	2,036	48	39
Total	**16,527**	**217**	**155**

Regional destribution of inward investment Capex in Oman between Jan 2013 and Dec 2017



Regions	Capex ($ million)	%
Asia-Pacific	5,787.0	35.0
Middle East	3,602.4	21.8
Western Europe	3,327.2	20.1
North America	3,255.4	19.7
Africa	328.7	2.0
Emerging Europe	226.6	1.4

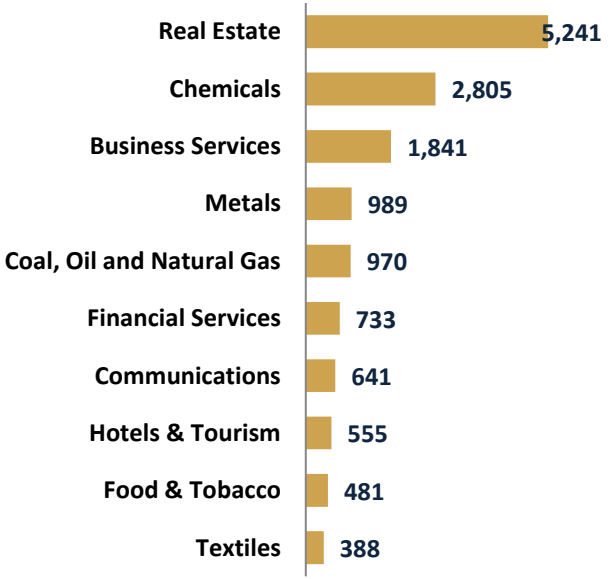
Inward Investment Capex to Oman ($ million)



Top 5 companies investing in Oman between Jan 2013 and Dec 2017

Parent company	Country	Capex ($ million)
Omagine	United States	2,500
Mingyuan Holdings Group	China	2,300
Sacyr Vallehermoso	Spain	1,200
Majid Al Futtaim Group	UAE	1,058
Det Norske Oljeselskap	Norway	850

Sectorial distribution of inward investment Capex in Oman between Jan 2013 and Dec 2017



Source:FDI Markets

Imports & Exports of Goods

Oman

Top goods (products) exported by Oman Year 2016

	Exported Goods	Value ($ millions)	% Exports
1	Mineral fuels, mineral oils and products	20,963	72.4
2	Vehicles other than railway or tramway	1,046	3.6
3	Organic chemicals	984	3.4
4	Ores, slag and ash	800	2.8
5	Iron and steel	589	2.0
6	Aluminium and articles thereof	475	1.6
7	Fertilisers	467	1.6
8	Plastics and articles thereof	402	1.4
9	Electrical machinery and equipment	346	1.2
10	Machinery, mechanical appliances	304	1.0

Top countries importing goods from Oman Year 2016

	Importing Country	Value ($ millions)	% Imports
1	China	13,170	46.9
2	India	2,760	9.8
3	Korea, Republic of	2,333	8.3
4	Japan	1,876	6.7
5	Taipei, Chinese	1,423	5.1
6	Saudi Arabia	1,299	4.6
7	United States of America	1,130	4.0
8	Pakistan	656	2.3
9	South Africa	612	2.2
10	Indonesia	346	1.2

Top goods (products) imported by Oman Year 2016

	Imported Goods	Value ($ millions)	% Imports
1	Machinery, mechanical appliances	2,795	13.9
2	Vehicles other than railway or tramway	2,223	11.0
3	Electrical machinery and equipment	1,456	7.2
4	Aircraft, spacecraft, and parts thereof	1,182	5.9
5	Articles of iron or steel	1,075	5.3
6	Natural or cultured pearls, precious	1,033	5.1
7	Iron and steel	801	4.0
8	Mineral fuels, mineral oils and products	698	3.5
9	Ores, slag and ash	625	3.1
10	Plastics and articles thereof	573	2.8

Top countries exporting goods to Oman Year 2016

	Exporting Country	Value ($ millions)	% Exports
1	United Kingdom	2,380	11.4
2	Japan	2,331	11.2
3	China	2,325	11.1
4	United States of America	2,096	10.0
5	India	1,912	9.2
6	Germany	1,051	5.0
7	Saudi Arabia	961	4.6
8	Italy	738	3.5
9	Netherlands	698	3.3
10	Brazil	695	3.3

Source: International Trade Center-TradeMap

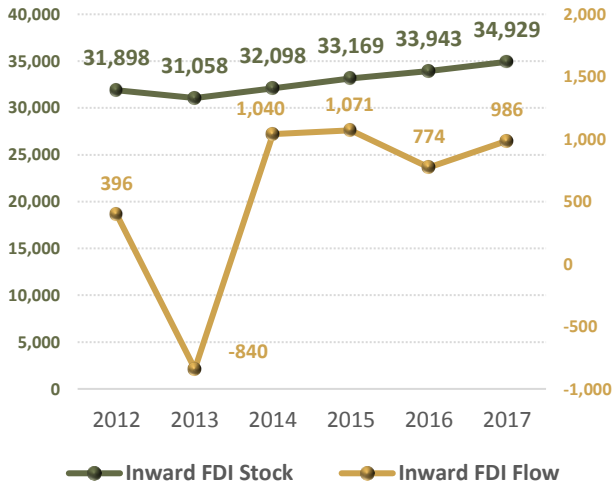
Overall Performance and Position in DIAI 2018

Qatar

Economic Indicator	2018
Nominal GDP (Billions $)	183.8
Real GDP Growth (%)	2.6
GDP per Capita ($)	68,981.1
Inflation (average consumer prices)	3.9
Gov.Total Exp. Net Lending (% of GDP)	30.4
Current Account Balance (Billions $)	4.7
Current Account Balance (% of GDP)	2.5
Exports of Goods & Services (Billions $)	94.8
Imports of Goods & Services (Billions $)	69.8
Gross Official Reserves (Billions $)	19.6
Total reserves in months of imports	3.4
Total Gross External Debt (% of GDP)	86.6
Population (Millions $)	2.8
Unemployment (% of total labor force)	…

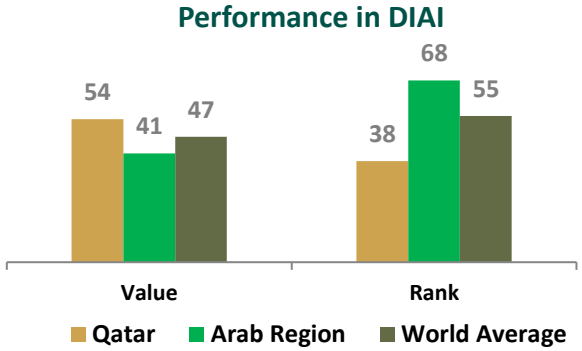
Source: International Monetary Fund (IMF-May2018)

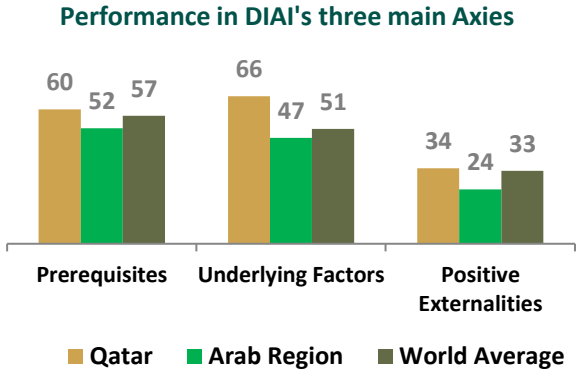
FDI Stock ($ Milion)



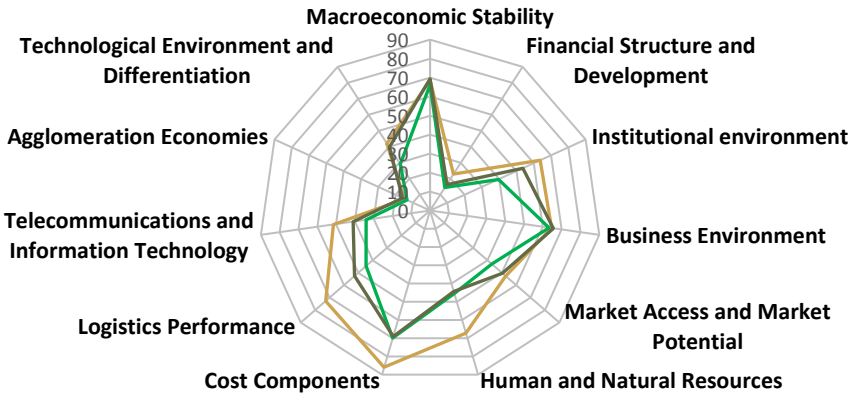
Source: UNCTAD (WIR2018)

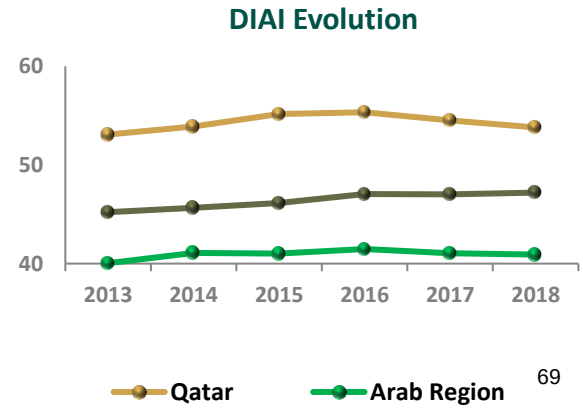
Performance in (DIAI) 2018





Performance in Dhaman Investment Attractiveness Index (DIAI) 2018

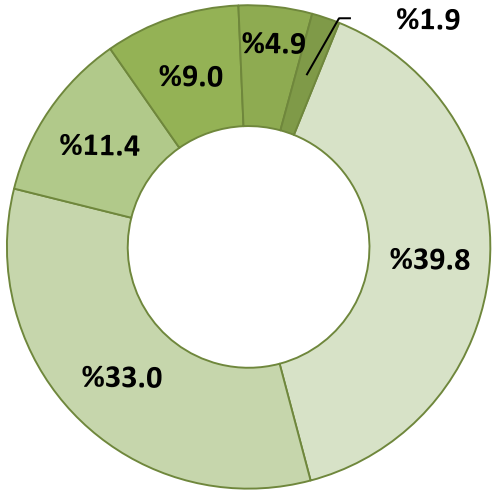




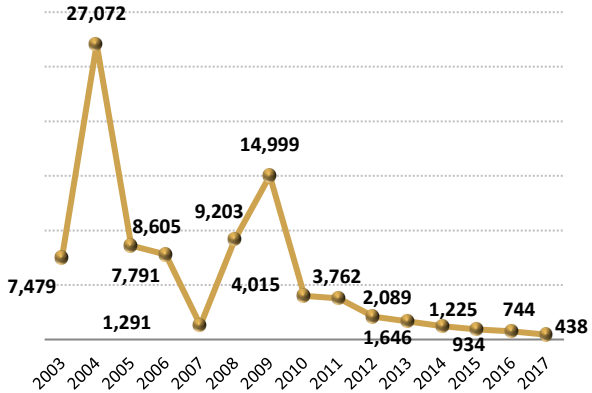
Top countries investing in Qatar between Jan 2013 and Dec 2017

Source Country	Capex ($ million)	No. of Projects	No. of Companies
UAE	1,447	51	41
United States	567	31	31
Spain	507	14	12
UK	393	33	23
Switzerland	297	6	6
Italy	286	7	7
Germany	223	11	8
Egypt	185	2	2
India	180	15	12
France	176	10	9
Others	727	53	49
Total	**4,988**	**233**	**200**

Regional destribution of inward investment Capex in Qatar between Jan 2013 and Dec 2017



Inward Investment Capex to Qatar ($ million)

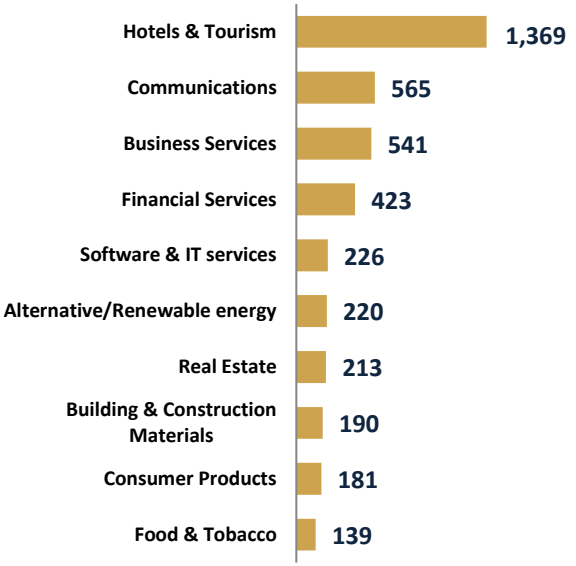


Top 5 companies investing in Qatar between Jan 2013 and Dec 2017

Parent company	Country	Capex ($ million)
Rotana Hotels	UAE	456
Landmark Group	UAE	293
Acciona	Spain	246
Melia Hotels International	Spain	228
Kempinski Hotels & Resorts	Switzerland	228

Regions	Capex ($ million)	%
Western Europe	1,983.0	39.8
Middle East	1,646.3	33.0
North America	569.4	11.4
Asia-Pacific	450.5	9.0
Africa	244.9	4.9
Emerging Europe	93.4	1.9

Sectorial distribution of inward investment Capex in Qatar between Jan 2013 and Dec 2017



Source:FDI Markets

Imports & Exports of Goods

Qatar

Top goods (products) exported by QatarYear 2017

	Exported Goods	Value ($ millions)	% Exports
1	Mineral fuels, mineral oils	51,997	85.7
2	Plastics and articles thereof	2,164	3.6
3	Aluminium and articles thereof	1,331	2.2
4	Fertilisers	1,261	2.1
5	Organic chemicals	1,137	1.9
6	Commodities not elsewhere specified	771	1.3
7	Inorganic chemicals; organic	545	0.9
8	Iron and steel	254	0.4
9	Natural or cultured pearls, precious	230	0.4
10	Salt; sulphur; earths and stone; plastering	222	0.4

Top countries importing goods from QatarYear 2017

	Importing Country	Value ($ millions)	% Imports
1	Korea, Republic of	11,264	18.6
2	Japan	10,983	18.1
3	China	6,387	10.5
4	India	5,941	9.8
5	Singapore	5,176	8.5
6	Taipei, Chinese	2,646	4.4
7	Thailand	2,544	4.2
8	Pakistan	1,608	2.7
9	United Kingdom	1,561	2.6
10	Egypt	1,372	2.3

Top goods (products) imported by QatarYear 2017

	Imported Goods	Value ($ millions)	% Imports
1	Machinery, mechanical appliances	3,738	14.7
2	Aircraft, spacecraft, and parts thereof	3,627	14.2
3	Electrical machinery and equipment	2,254	8.9
4	Vehicles other than railway or tramway	2,162	8.5
5	Natural or cultured pearls, precious or sem	1,335	5.2
6	Articles of iron or steel	792	3.1
7	Commodities not elsewhere specified	729	2.9
8	Furniture; bedding, mattresses	679	2.7
9	Ships, boats and floating structures	597	2.3
10	Optical, photographic, cinematographic	555	2.2

Top countries exporting goods to QatarYear 2017

	Exporting Country	Value ($ millions)	% Exports
1	United States of America	3,119	12.2
2	United Kingdom	3,113	12.2
3	Germany	2,487	9.8
4	France	2,278	8.9
5	China	1,684	6.6
6	Japan	1,190	4.7
7	Italy	1,043	4.1
8	India	977	3.8
9	Netherlands	916	3.6
10	Oman	827	3.2

Source: International Trade Center-TradeMap

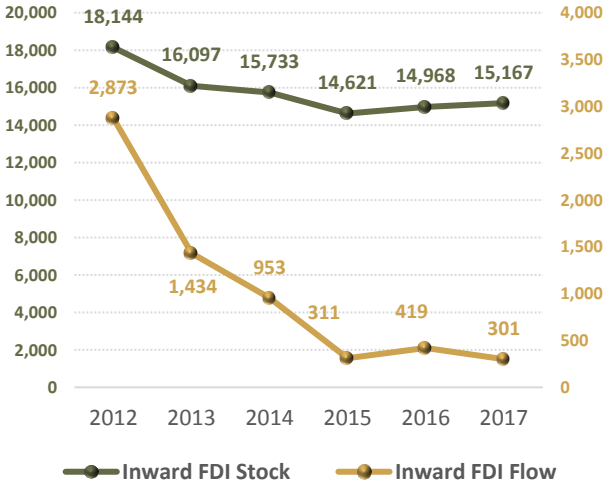
Overall Performance and Position in DIAI 2018

Kuwait

Economic Indicator	2018
Nominal GDP (Billions $)	135.3
Real GDP Growth (%)	1.3
GDP per Capita ($)	30,106.6
Inflation (average consumer prices)	2.5
Gov.Total Exp. Net Lending (% of GDP)	47.3
Current Account Balance (Billions $)	7.8
Current Account Balance (% of GDP)	5.8
Exports of Goods & Services (Billions $)	68.4
Imports of Goods & Services (Billions $)	58.1
Gross Official Reserves (Billions $)	35.1
Total reserves in months of imports	7.3
Total Gross External Debt (% of GDP)	50.1
Population (Millions $)	4.5
Unemployment (% of total labor force)	1.1

Source: International Monetary Fund (IMF-May2018)

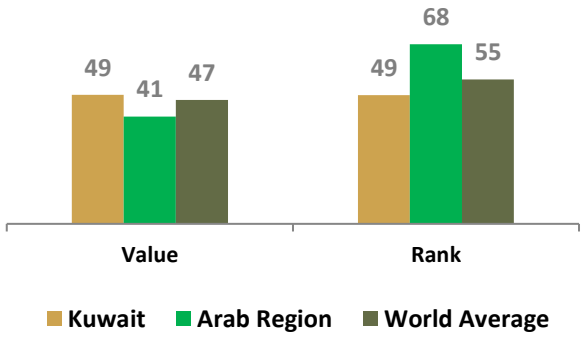
FDI Stock ($ Milion)



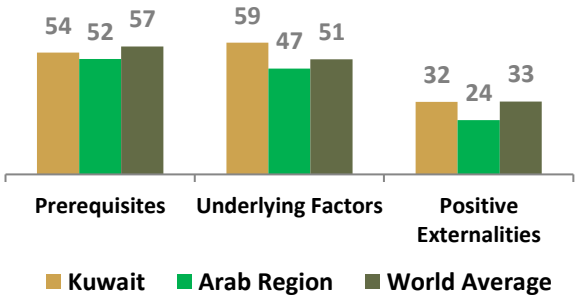
Source: UNCTAD (WIR2018)

Performance in (DIAI) 2018

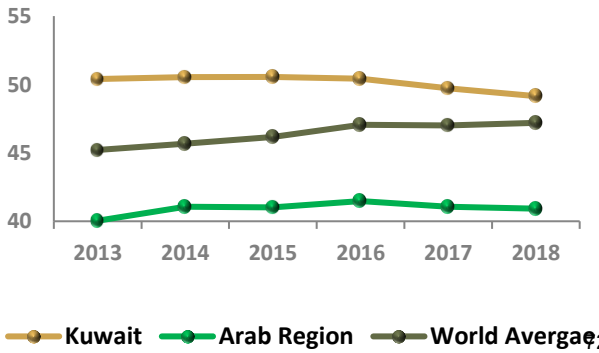
Performance in DIAI



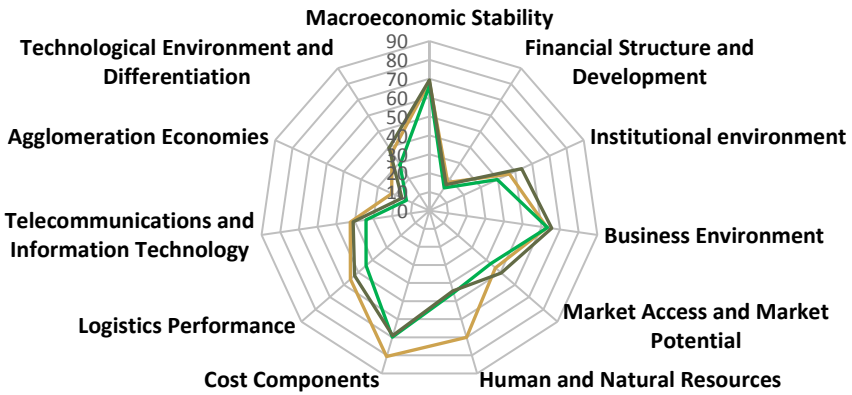
Performance in DIAI's three main Axies



DIAI Evolution



Performance in Dhaman Investment Attractiveness Index (DIAI) 2018



Imports & Exports of Goods

Kuwait

Top goods (products) exported by Kuwait Year 2017

	Exported Goods	Value ($ millions)	Exports %
1	Mineral fuels, mineral oils	49,605	90.5
2	Organic chemicals	1,229	2.2
3	Vehicles other than railway or tramway rolling	854	1.6
4	Plastics and articles thereof	661	1.2
5	Fertilisers	240	0.4
6	Machinery, mechanical appliances, nuclear	237	0.4
7	Commodities not elsewhere specified	194	0.4
8	Electrical machinery and equipment	143	0.3
9	Miscellaneous chemical products	105	0.2
10	Natural or cultured pearls, precious	105	0.2

Top countries importing goods from Kuwait Year 2017

	Importing Country	Value ($ millions)	% Imports
1	Korea, Republic of	9,606	18.8
2	China	8,931	17.5
3	Japan	5,911	11.6
4	India	4,722	9.2
5	Taipei, Chinese	3,588	7.0
6	Singapore	3,224	6.3
7	United States of America	3,013	5.9
8	Netherlands	1,633	3.2
9	Pakistan	1,468	2.9
10	Egypt	1,399	2.7

Top goods (products) imported by Kuwait Year 2017

	Imported Goods	Value ($ millions)	Imports %
1	Machinery, mechanical appliances	4,935	14.7
2	Electrical machinery and equipment	4,283	12.8
3	Vehicles other than railway or tramway rolling	3,809	11.3
4	Articles of iron or steel	1,940	5.8
5	Pharmaceutical products	1,366	4.1
6	Natural or cultured pearls, precious	1,201	3.6
7	Optical, photographic, cinematographic	985	2.9
8	Iron and steel	936	2.8
9	Plastics and articles thereof	802	2.4
10	Furniture; bedding, mattresses	745	2.2

Top countries exporting goods to Kuwait Year 2017

	Exporting Country	Value ($ millions)	% Exports
1	United States of America	5,167	20.3
2	China	3,115	12.2
3	Saudi Arabia	1,959	7.7
4	Germany	1,505	5.9
5	Japan	1,425	5.6
6	Italy	1,303	5.1
7	Korea, Republic of	1,163	4.6
8	India	992	3.9
9	United Kingdom	795	3.1
10	Netherlands	716	2.8

Source: International Trade Center-TradeMap

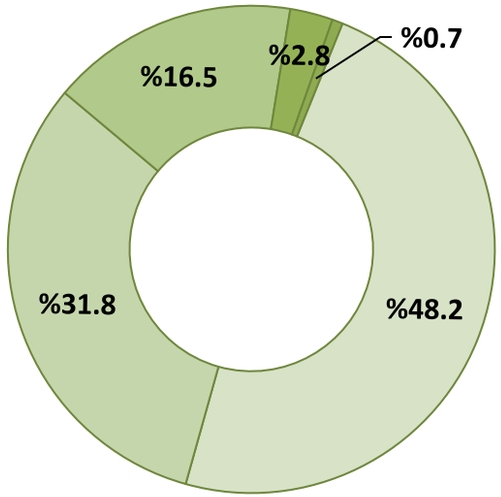
FDI Greenfield Projects

Kuwait

Top countries investing in Kuwait between Jan 2013 and Dec 2017

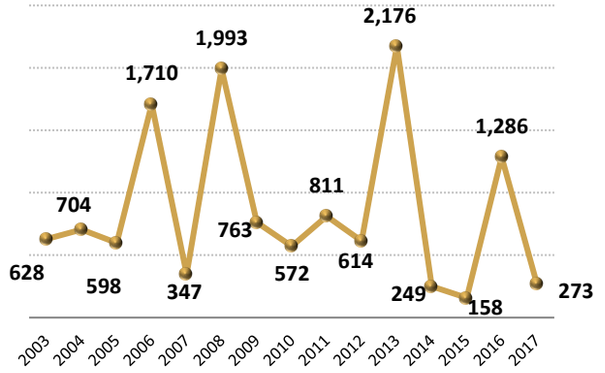
Source Country	Capex ($ million)	No. of Projects	No. of Companies
France	1,844	7	7
China	670	5	4
UAE	499	36	18
South Korea	387	1	1
Japan	134	1	1
India	125	12	8
United States	112	14	13
UK	60	10	10
Oman	49	2	2
Qatar	48	8	6
Others	215	32	27
Total	4,142	128	97

Regional destribution of inward investment Capex in Kuwait between Jan 2013 and Dec 2017



Regions	Capex ($ million)	%
Western Europe	1,997.7	48.2
Asia-Pacific	1,315.3	31.8
Middle East	681.6	16.5
North America	118.0	2.8
Emerging Europe	28.9	0.7

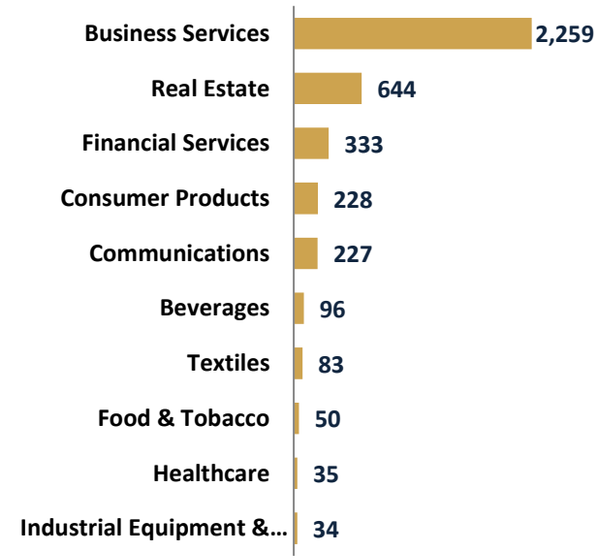
Inward Investment Capex to Kuwait ($ million)



Top 5 companies investing in Kuwait between Jan 2013 and Dec 2017

Parent company	Country	Capex ($ million)
Engie (GDF SUEZ) (Gaz de France)	Frannce	1,800
China State Construction Engineering Corporation	China	580
Doosan	South Korea	387
KDDI	Japan	134
Senaat (General Holding Corporation)	UAE	96

Sectorial distribution of inward investment Capex in Kuwait between Jan 2013 and Dec 2017



Source:FDI Markets

Imports & Exports of Goods

Lebanon

Top goods (products) exported by Lebanon Year 2017

	Exported Goods	Value ($ millions)	% Exports
1	Natural or cultured pearls, precious	427	20.4
2	Copper and articles thereof	177	8.5
3	Iron and steel	107	5.1
4	Edible fruit and nuts; peel of citrus fruit	102	4.9
5	Preparations of vegetables, fruit, nuts	95	4.5
6	Electrical machinery and equipment	88	4.2
7	Machinery, mechanical appliances, nuclear reacto	72	3.4
8	Products of the milling industry; malt; starches	70	3.4
9	Plastics and articles thereof	60	2.9
10	Aluminium and articles thereof	56	2.7

Top countries importing goods from Lebanon Year 2017

	Importing Country	Value ($ millions)	% Imports
1	Saudi Arabia	386	18.5
2	Switzerland	237	11.3
3	Kuwait	159	7.6
4	United States of America	132	6.3
5	Turkey	131	6.3
6	Egypt	89	4.2
7	Jordan	75	3.6
8	Netherlands	68	3.3
9	France	53	2.5
10	Bulgaria	50	2.4

Top goods (products) imported by Lebanon Year 2017

	Imported Goods	Value ($ millions)	% Imports
1	Mineral fuels, mineral oils	3,493	19.8
2	Vehicles other than railway or tramway rolling stoc	1,671	9.5
3	Machinery, mechanical appliances	1,135	6.4
4	Pharmaceutical products	906	5.1
5	Electrical machinery and equipment and parts thei	735	4.2
6	Natural or cultured pearls, precious or semi-precic	692	3.9
7	Plastics and articles thereof	615	3.5
8	Iron and steel	530	3.0
9	Cereals	487	2.8
10	Optical, photographic, cinematographic, measurin	338	1.9

Top countries exporting goods to Lebanon Year 2017

	Exporting Country	Value ($ millions)	% Exports
1	China	2,022	11.5
2	Italy	1,702	9.7
3	Greece	1,412	8.0
4	United States of America	1,249	7.1
5	Germany	948	5.4
6	Turkey	889	5.0
7	France	830	4.7
8	Egypt	668	3.8
9	Japan	639	3.6
10	Russian Federation	623	3.5

Source: International Trade Center-TradeMap

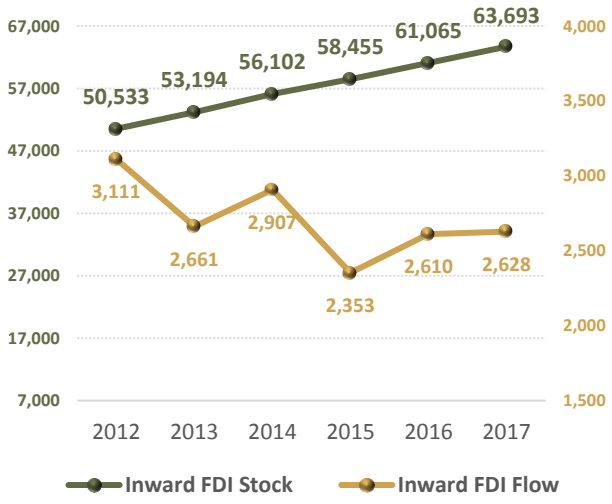
Overall Performance and Position in DIAI 2018

Lebanon

Economic Indicator	2018
Nominal GDP (Billions $)	53.6
Real GDP Growth (%)	1.5
GDP per Capita ($)	12,264.2
Inflation (average consumer prices)	4.3
Gov.Total Exp. Net Lending (% of GDP)	33.6
Current Account Balance (Billions $)	-13.9
Current Account Balance (% of GDP)	-25.8
Exports of Goods & Services (Billions $)	20.5
Imports of Goods & Services (Billions $)	35.2
Gross Official Reserves (Billions $)	37.5
Total reserves in months of imports	12.8
Total Gross External Debt (% of GDP)	202.3
Population (Millions $)	4.6
Unemployment (% of total labor force)	…

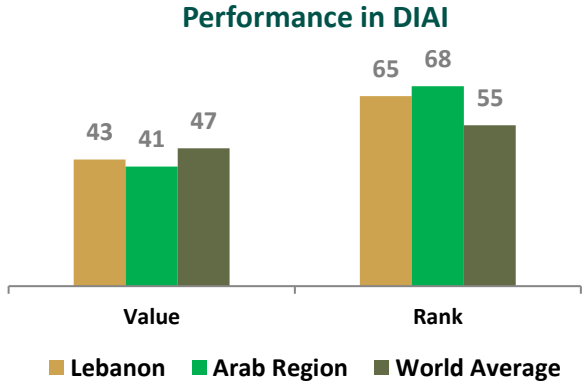
Source: International Monetary Fund (IMF-May2018)

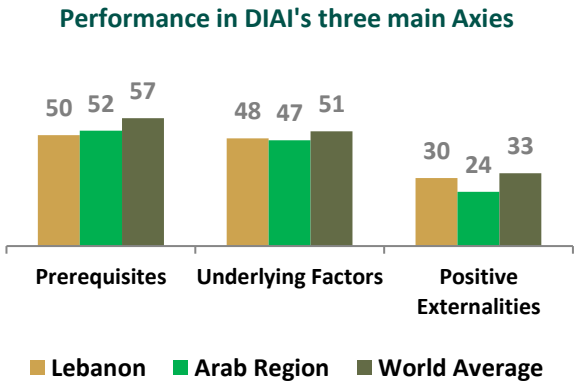
FDI Stock ($ Milion)

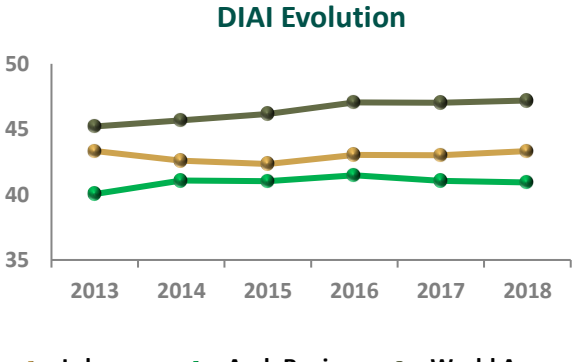


Source: UNCTAD (WIR2018)

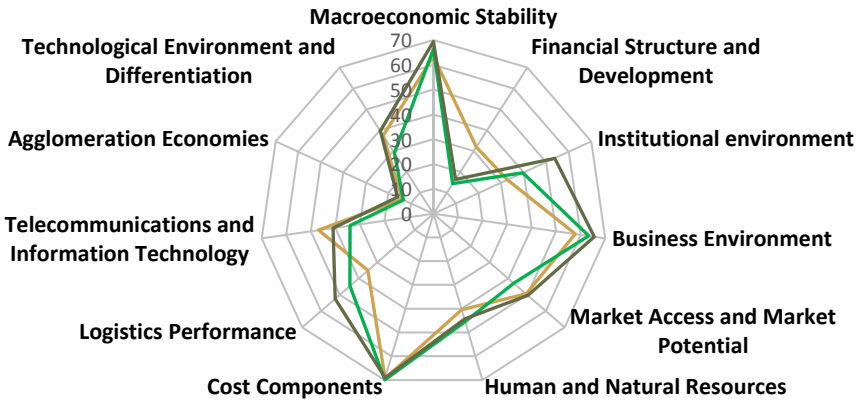
Performance in (DIAI) 2018







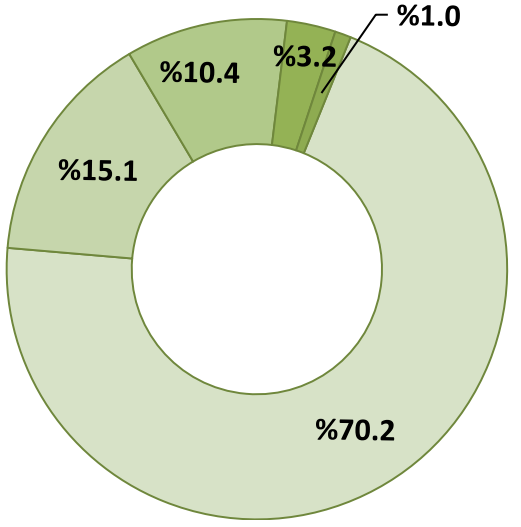
Performance in Dhaman Investment Attractiveness Index (DIAI) 2018



Top countries investing in Lebanon between Jan 2013 and Dec 2017

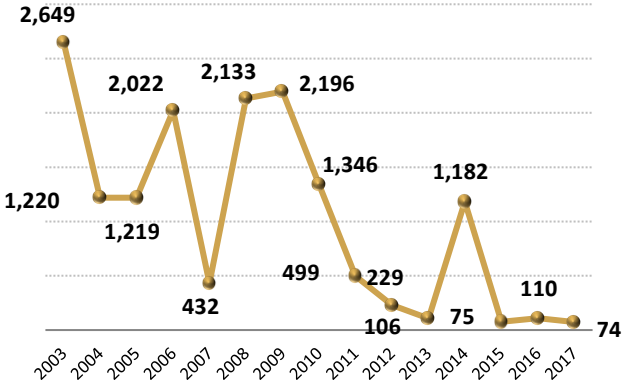
Source Country	Capex ($ million)	No. of Projects	No. of Companies
UAE	1,046	4	4
United States	225	10	10
UK	45	6	6
Australia	39	2	2
France	29	4	4
Germany	29	3	3
Spain	22	5	5
Kuwait	19	2	2
Jordan	15	1	1
Italy	14	4	4
Others	65	9	9
Total	**1,547**	**50**	**50**

Regional destribution of inward investment Capex in Lebanon between Jan 2013 and Dec 2017



Regions	Capex ($ million)	%
Middle East	1,086.8	70.2
North America	234.0	15.1
Western Europe	161.5	10.4
Asia-Pacific	48.8	3.2
Emerging Europe	16.0	1.0

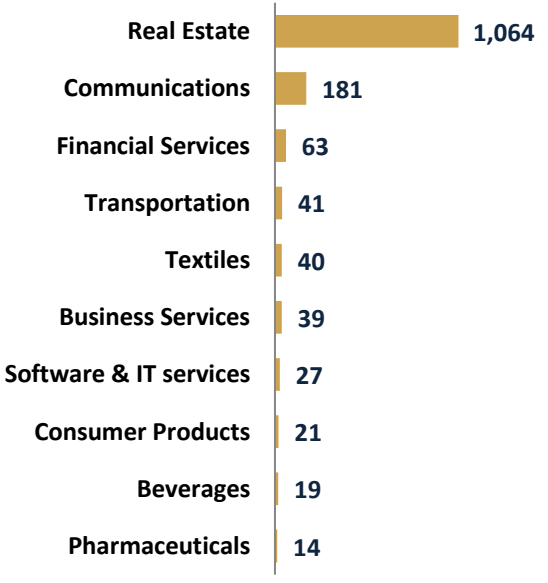
Inward Investment Capex to Lebanon ($ million)



Top 5 companies investing in Lebanon between Jan 2013 and Dec 2017

Parent company	Country	Capex ($ million)
Majid Al Futtaim Group (MAF Group)	UAE	1,000
Verizon Communications	United States	134
Servcorp	Australia	36
Omagine	United States	28
Avaline Holding	UAE	19

Sectorial distribution of inward investment Capex in Lebanon between Jan 2013 and Dec 2017



Source:FDI Markets

Overall Performance and Position in DIAI 2018

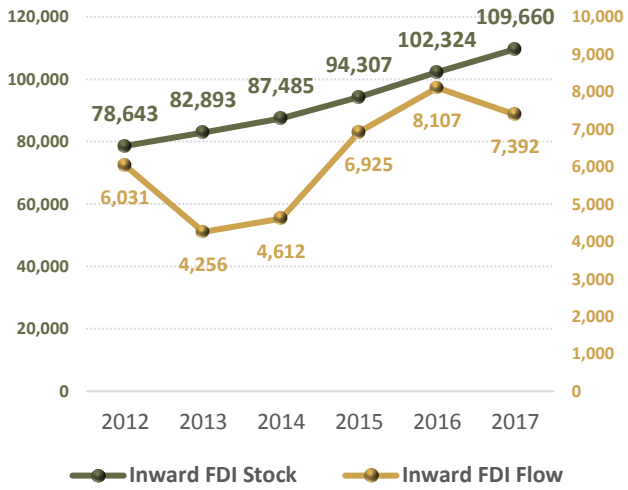
Egypt

Economic Indicator

Economic Indicator	2018
Nominal GDP (Billions $)	...
Real GDP Growth (%)	5.2
GDP per Capita ($)	...
Inflation (average consumer prices)	20.1
Gov.Total Exp. Net Lending (% of GDP)	30.2
Current Account Balance (Billions $)	...
Current Account Balance (% of GDP)	-4.4
Exports of Goods & Services (Billions $)	43.8
Imports of Goods & Services (Billions $)	68.2
Gross Official Reserves (Billions $)	35.5
Total reserves in months of imports	6.2
Total Gross External Debt (% of GDP)	34.5
Population (Millions $)	97.0
Unemployment (% of total labor force)	11.1

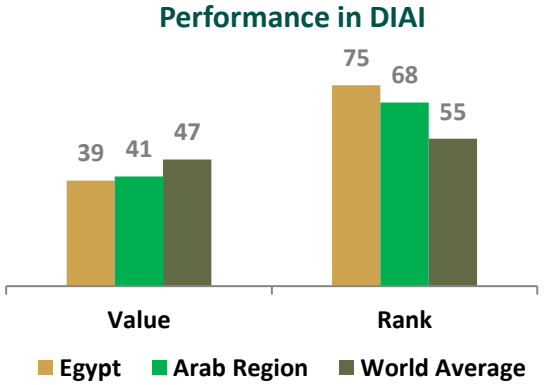
Source: International Monetary Fund (IMF-May2018)

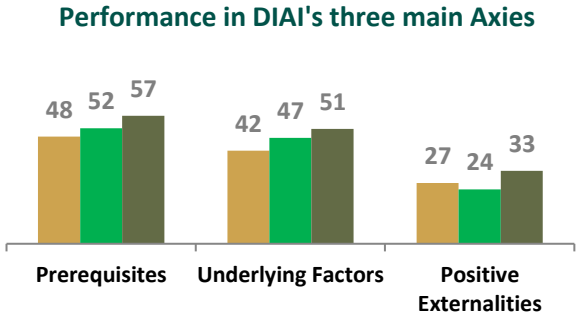
FDI Stock ($ Milion)

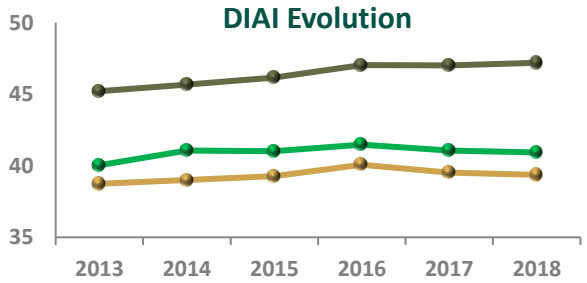


Source: UNCTAD (WIR2018)

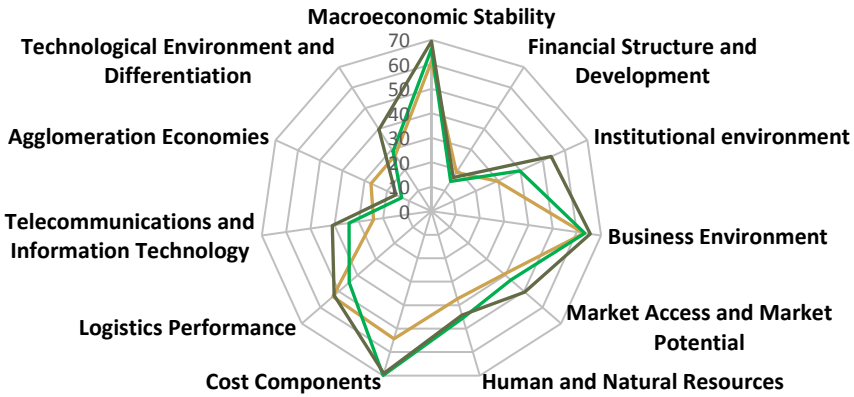
Performance in (DIAI) 2018







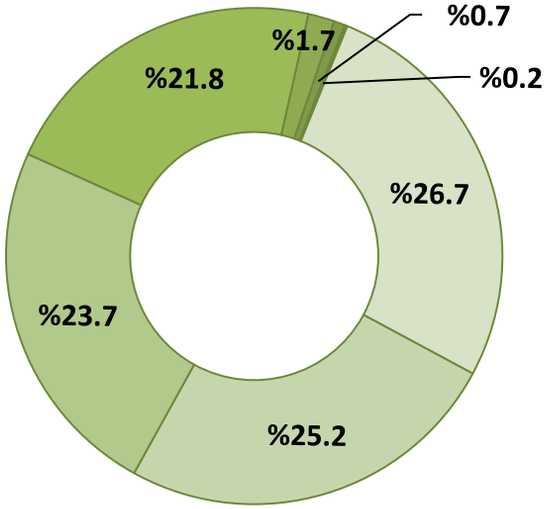
Performance in Dhaman Investment Attractiveness Index (DIAI) 2018



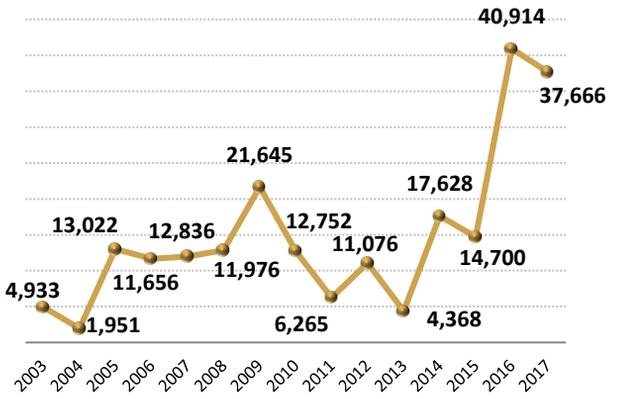
Top countries investing in Egypt between Jan 2013 and Dec 2017

Source Country	Capex ($ million)	No. of Projects	No. of Companies
Russia	30,079	5	5
China	22,883	26	17
UAE	14,706	52	30
Greece	10,012	3	2
Italy	8,918	11	7
Saudi Arabia	8,803	29	20
Bahrain	3,522	3	2
UK	2,379	23	17
Germany	1,989	19	12
Lebanon	1,848	10	5
Others	10,137	163	129
Total	**115,275**	**344**	**246**

Regional destribution of inward investment Capex in Egypt between Jan 2013 and Dec 2017



Inward Investment Capex to Egypt ($ million)

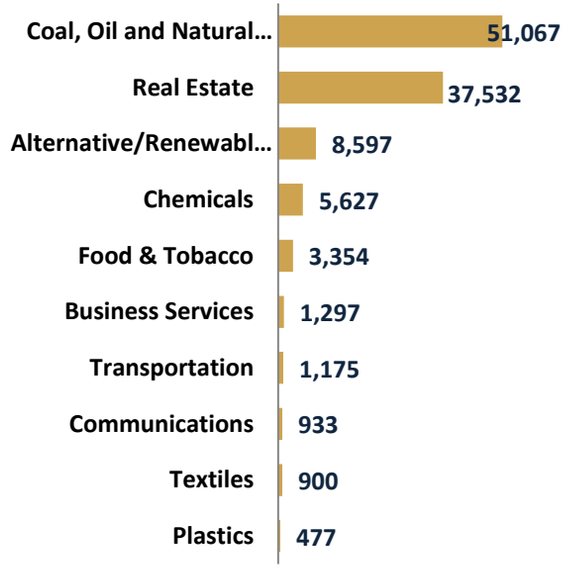


Top 5 companies investing in Egypt between Jan 2013 and Dec 2017

الشركة	البلد	القيمة (مليون دولار)
Rosatom	Russia	30,000
China Fortune Land Development (CFLD)	China	20,000
Mac Optic	Greece	10,000
Al Habtoor Group	UAE	8,500
Eni SpA (Eni)	Italy	8,099

%	القيمة (مليون دولار)	المناطق المستثمرة
26.7	30,829.2	الدول الأوروبية الناشئة
25.2	29,040.7	الشرق الأوسط
23.7	27,317.2	أوروبا الغربية
21.8	25,094.3	آسيا والمحيط الهادئ
1.7	1,976.9	أمريكا الشمالية
0.7	827.3	أفريقيا
0.2	189.8	أمريكا اللاتينية والبحر الكاريبي

Sectorial distribution of inward investment Capex in Egypt between Jan 2013 and Dec 2017



Source:FDI Markets

Imports & Exports of Goods

Egypt

Top goods (products) exported by Egypt Year 2017

	Exported Goods	Value ($ millions)	% Exports
1	Mineral fuels, mineral oils and products	5,064	19.5
2	Natural or cultured pearls	2,115	8.2
3	Electrical machinery and equipment	1,728	6.7
4	Plastics and articles thereof	1,507	5.8
5	Edible fruit and nuts	1,270	4.9
6	Edible vegetables and certain roots	1,066	4.1
7	Fertilisers	1,053	4.1
8	Articles of apparel and accessories, not knitted	911	3.5
9	Iron and steel	859	3.3
10	Essential oils and resinoids; perfumery	543	2.1

Top countries importing goods from Egypt Year 2017

	Importing Country	Value ($ millions)	% Imports
1	Italy	2,052	10.4
2	Turkey	1,998	10.1
3	United States of America	1,717	8.7
4	Germany	1,496	7.6
5	China	1,335	6.8
6	Spain	1,256	6.4
7	India	1,216	6.2
8	United Kingdom	811	4.1
9	Canada	766	3.9
10	France	696	3.5

Top goods (products) imported by Egypt Year 2017

	Imported Goods	Value ($ millions)	% Imports
1	Mineral fuels, mineral oils and products of their dis	11,523	17.4
2	Machinery, mechanical appliances, nuclear reactor	5,717	8.6
3	Electrical machinery and equipment	4,813	7.3
4	Cereals	4,408	6.6
5	Iron and steel	3,244	4.9
6	Plastics and articles thereof	3,202	4.8
7	Vehicles other than railway or tramway	3,140	4.7
8	Articles of iron or steel	2,755	4.2
9	Pharmaceutical products	2,188	3.3
10	Meat and edible meat offal	1,552	2.3

Top countries exporting goods to Egypt Year 2017

	Exporting Country	Value ($ millions)	% Exports
1	China	9,513	16.5
2	Russian Federation	6,217	10.8
3	Germany	4,978	8.6
4	United States of America	3,984	6.9
5	Italy	3,284	5.7
6	Brazil	2,418	4.2
7	Turkey	2,360	4.1
8	India	2,350	4.1
9	France	2,091	3.6
10	United Kingdom	1,543	2.7

Source: International Trade Center-TradeMap

Imports & Exports of Goods

Morocco

Top goods (products) exported by Morocco Year 2017

	Exported Goods	Value ($ millions)	% Exports
1	Electrical machinery and equipment	4,228	16.5
2	Vehicles other than railway or tramway	3,395	13.3
3	Fertilisers	2,584	10.1
4	Articles of apparel and clothing accessories	2,399	9.4
5	Fish and crustaceans	1,309	5.1
6	Inorganic chemicals	1,137	4.4
7	Edible vegetables and roots and tubers	1,123	4.4
8	Salt; sulphur; earths and stone	1,081	4.2
9	Edible fruit and nuts	917	3.6
10	Articles of apparel and clothing accessories	779	3.0

Top countries importing goods from Morocco Year 2017

	Importing Country	Value ($ millions)	Imports %
1	Spain	6,973	26.7
2	France	5,606	21.4
3	United States of America	1,284	4.9
4	Germany	1,161	4.4
5	Italy	1,131	4.3
6	Turkey	924	3.5
7	Brazil	868	3.3
8	United Kingdom	849	3.2
9	India	774	3.0
10	China	644	2.5

Top goods (products) imported by Morocco Year 2017

	Imported Goods	Value ($ millions)	% Imports
1	Mineral fuels, mineral oils and products	7,169	15.9
2	Machinery, mechanical appliances, nuclear rea	4,751	10.5
3	Electrical machinery and equipment	4,600	10.2
4	Vehicles other than railway or tramway	4,588	10.2
5	Plastics and articles thereof	1,879	4.2
6	Cereals	1,393	3.1
7	Iron and steel	1,263	2.8
8	Articles of iron or steel	854	1.9
9	Aircraft, spacecraft, and parts thereof	771	1.7
10	Inorganic chemicals; compounds of precious n	752	1.7

Top countries exporting goods to Morocco Year 2017

	Exporting Country	Value ($ millions)	Exports %
1	Spain	9,008	24.2
2	France	4,759	12.8
3	China	3,185	8.5
4	Germany	2,324	6.2
5	Italy	2,134	5.7
6	United States of America	2,116	5.7
7	Turkey	1,661	4.5
8	Netherlands	1,118	3.0
9	United Kingdom	995	2.7
10	Belgium	986	2.6

Source: International Trade Center-TradeMap

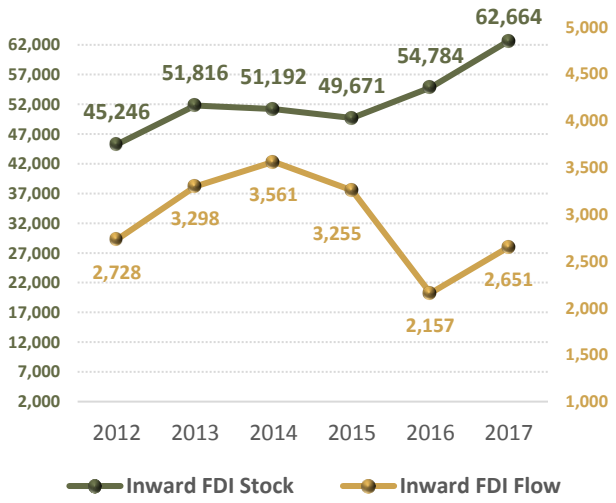
Overall Performance and Position in DIAI 2018

Morocco

Economic Indicator	2018
Nominal GDP (Billions $)	121.0
Real GDP Growth (%)	3.1
GDP per Capita ($)	3,625.8
Inflation (average consumer prices)	1.4
Gov.Total Exp. Net Lending (% of GDP)	29.6
Current Account Balance (Billions $)	-4.4
Current Account Balance (% of GDP)	-3.6
Exports of Goods & Services (Billions $)	41.3
Imports of Goods & Services (Billions $)	52.9
Gross Official Reserves (Billions $)	28.9
Total reserves in months of imports	6.6
Total Gross External Debt (% of GDP)	34.2
Population (Millions $)	35.2
Unemployment (% of total labor force)	9.5

Source: International Monetary Fund (IMF-May2018)

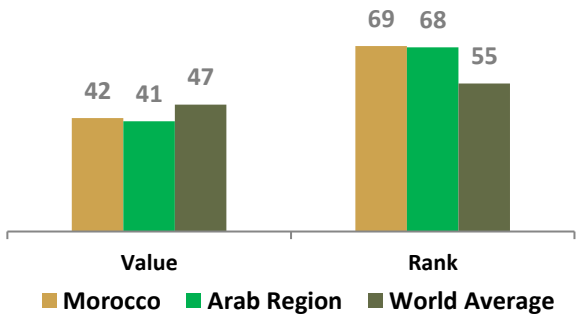
FDI Stock ($ Milion)



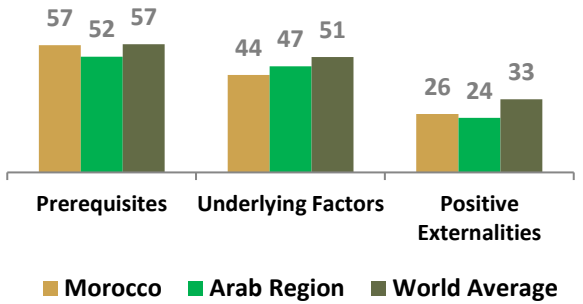
Source: UNCTAD (WIR2018)

Performance in (DIAI) 2018

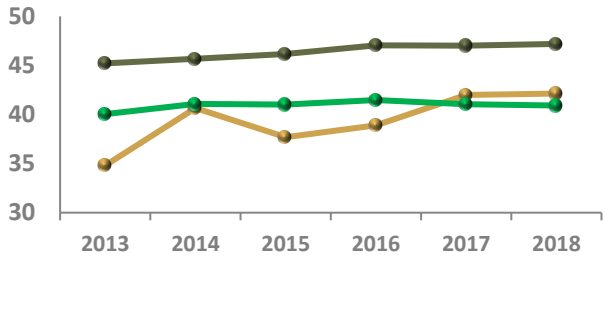
Performance in DIAI



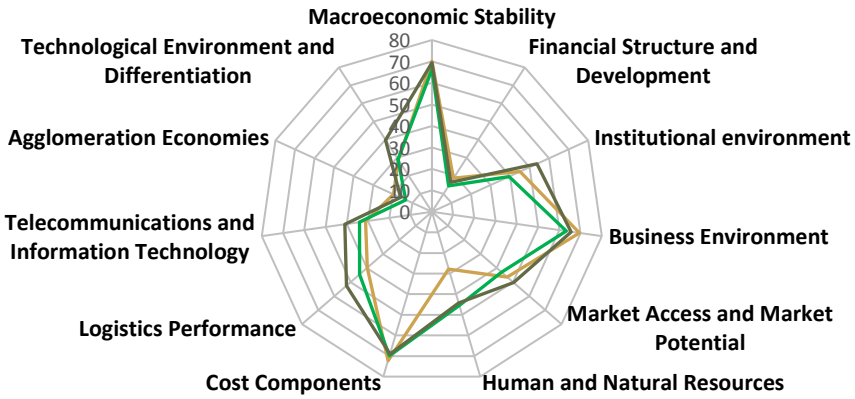
Performance in DIAI's three main Axies



DIAI Evolution



Performance in Dhaman Investment Attractiveness Index (DIAI) 2018



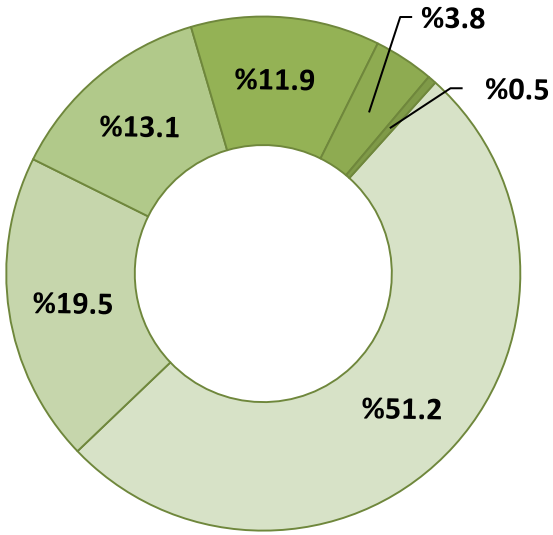
Top countries investing in Morocco between Jan 2013 and Dec 2017

Source Country	Capex ($ million)	No. of Projects	No. of Companies
France	3,676	88	78
China	3,307	15	12
UAE	2,598	32	19
Spain	2,068	51	44
United States	1,989	45	34
Italy	1,729	13	7
Switzerland	1,462	16	14
Japan	1,027	13	13
Denmark	910	3	3
Canada	712	6	5
Others	3,248	88	74
Total	**22,725**	**370**	**303**

Top 5 companies investing in Morocco between Jan 2013 and Dec 2017

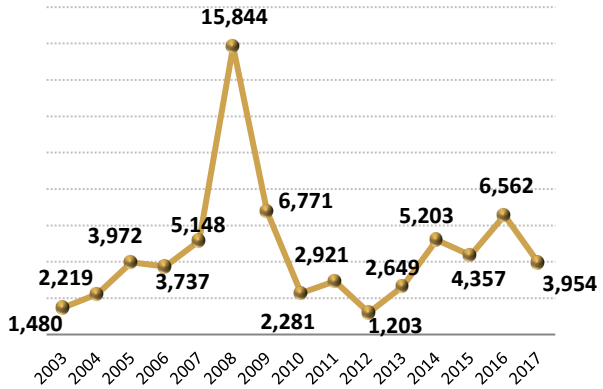
Parent company	Country	Capex ($ million)
Shanghai Electric	China	2,000
Enel	Italy	1,356
Groupe PSA (PSA Peugeot-Citroen)	France	1,288
LafargeHolcim	Switzerland	1,006
Middle East Development	UAE	1,000

Regional destribution of inward investment Capex in Morocco between Jan 2013 and Dec 2017

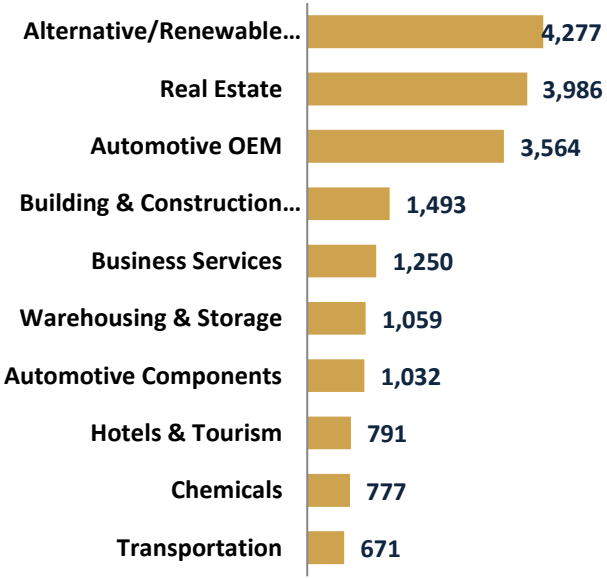


Regions	Capex ($ million)	%
Western Europe	11,633.5	51.2
Asia-Pacific	4,426.4	19.5
Middle East	2,982.5	13.1
North America	2,700.6	11.9
Emerging Europe	860.0	3.8
Africa	121.5	0.5

Inward Investment Capex to Morocco ($ million)



Sectorial distribution of inward investment Capex in Morocco between Jan 2013 and Dec 2017



Source:FDI Markets

Overall Performance and Position in DIAI 2018

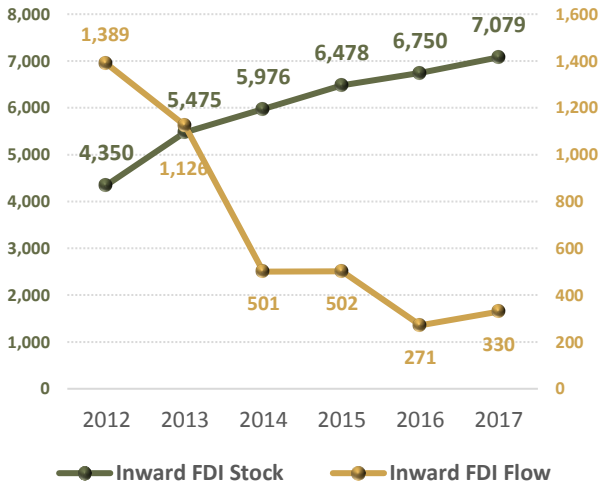
Mauritania

Economic Indicator

Economic Indicator	2018
Nominal GDP (Billions $)	5.4
Real GDP Growth (%)	2.7
GDP per Capita ($)	1,365.3
Inflation (average consumer prices)	3.7
Gov.Total Exp. Net Lending (% of GDP)	26.6
Current Account Balance (Billions $)	-0.5
Current Account Balance (% of GDP)	-9.9
Exports of Goods & Services (Billions $)	2.3
Imports of Goods & Services (Billions $)	2.9
Gross Official Reserves (Billions $)	1.0
Total reserves in months of imports	4.2
Total Gross External Debt (% of GDP)	78.3
Population (Millions $)	4.0
Unemployment (% of total labor force)	...

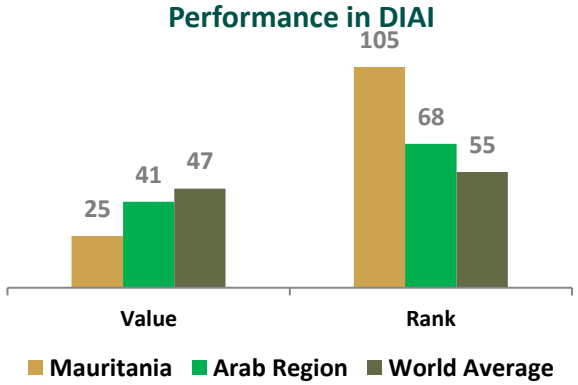
Source: International Monetary Fund (IMF-May2018)

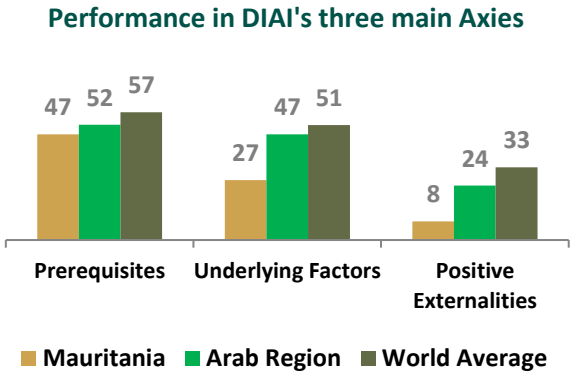
FDI Stock ($ Milion)



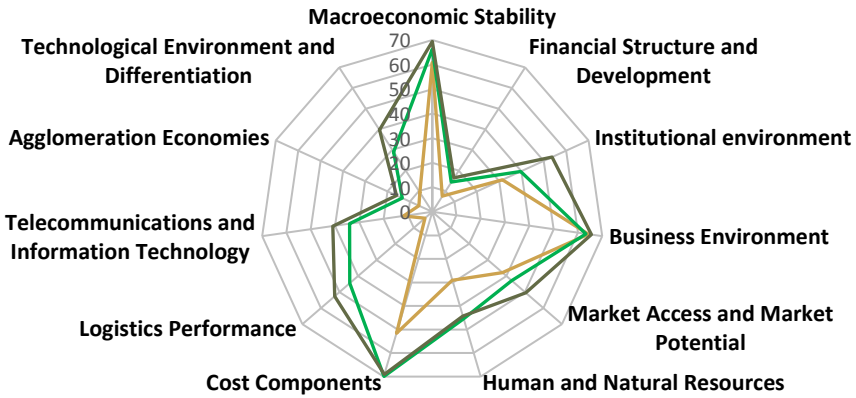
Source: UNCTAD (WIR2018)

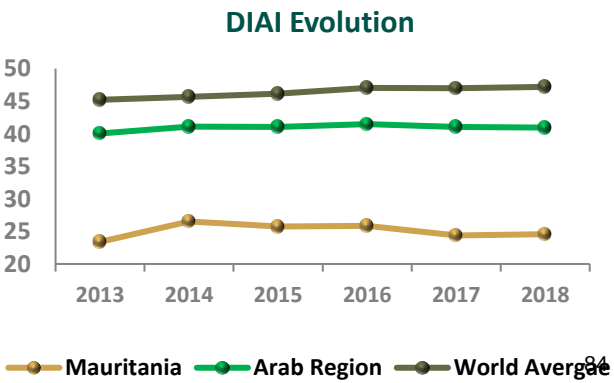
Performance in (DIAI) 2018





Performance in Dhaman Investment Attractiveness Index (DIAI) 2018





Imports & Exports of Goods

Mauritania

Top goods (products) exported by Mauritania Year 2017

	Exported Goods	Value ($ millions)	% Exports
1	Ores, slag and ash	815	39.6
2	Fish and crustaceans, molluscs	670	32.6
3	Natural or cultured pearls, precious stones	312	15.2
4	Residues and waste from the food industries	140	6.8
5	Mineral fuels, mineral oils and products	69	3.4
6	Animal or vegetable fats and oils	35	1.7
7	Inorganic chemicals; organic or inorganic compoun	5	0.2
8	Preparations of meat, of fish or of crustaceans	5	0.2
9	Salt; sulphur; earths and stone	2	0.1
10	Articles of iron or steel	1	0.1

Top countries importing goods from Mauritania Year 2017

	Importing Country	Value ($ millions)	% Imports
1	China	783	36.3
2	Switzerland	307	14.2
3	Spain	303	14.0
4	Japan	178	8.2
5	Italy	122	5.7
6	Germany	114	5.3
7	United States of America	63	2.9
8	Turkey	45	2.1
9	Nigeria	44	2.1
10	France	40	1.9

Top goods (products) imported by Mauritania Year 2017

	Imported Goods	Value ($ millions)	% Imports
1	Ships, boats and floating structures	1,249	35.4
2	Mineral fuels, mineral oils and products	646	18.3
3	Machinery, mechanical appliances	307	8.7
4	Vehicles other than railway or tramway rolling	153	4.3
5	Cereals	136	3.8
6	Electrical machinery and equipment	127	3.6
7	Dairy produce; birds' eggs; natural honey	79	2.2
8	Articles of iron or steel	72	2.1
9	Sugars and sugar confectionery	59	1.7
10	Animal or vegetable fats and oils	57	1.6

Top countries exporting goods to Mauritania Year 2017

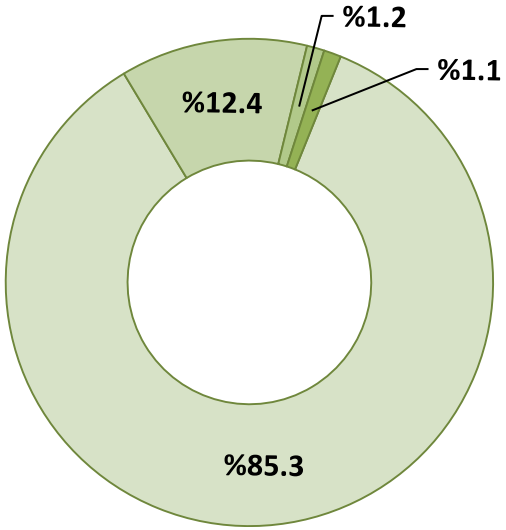
	Exporting Country	Value ($ millions)	% Exports
1	China	863	33.0
2	France	207	7.9
3	Morocco	184	7.1
4	Spain	173	6.6
5	Belgium	146	5.6
6	United States of America	128	4.9
7	Brazil	102	3.9
8	Indonesia	99	3.8
9	Netherlands	93	3.6
10	Turkey	87	3.3

Source: International Trade Center-TradeMap

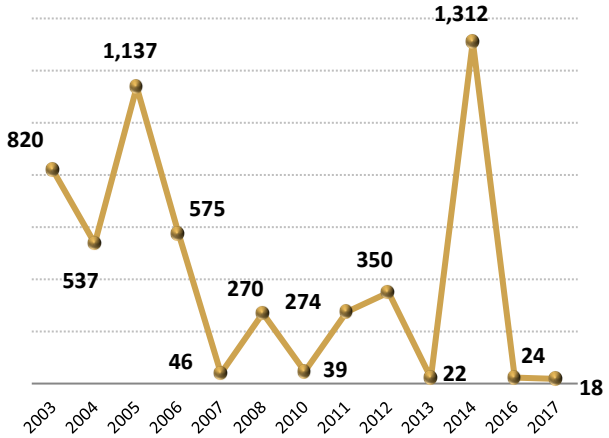
Top countries investing in Mauritania between Jan 2013 and Dec 2017

Source Country	Capex ($ million)	No. of Projects	No. of Companies
Switzerland	900	1	1
France	243	2	1
Nigeria	160	1	1
UK	30	2	2
Qatar	16	1	1
United States	16	2	2
Tunisia	11	1	1
Total	**1,375**	**10**	**9**

Regional destribution of inward investment Capex in Mauritania between Jan 2013 and Dec 2017



Inward Investment Capex to Mauritania ($ million)

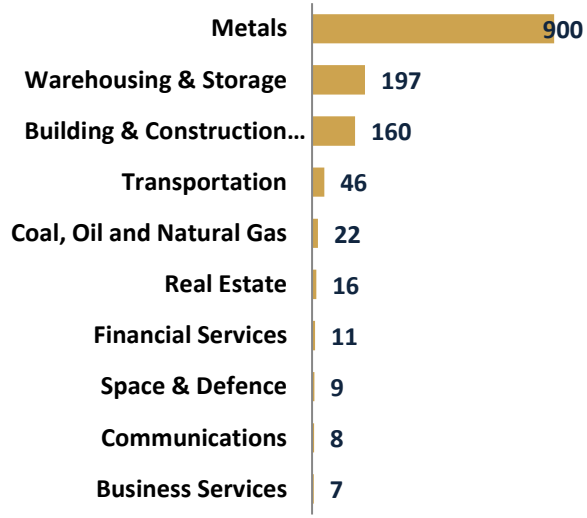


Top 5 companies investing in Mauritania between Jan 2013 and Dec 2017

Parent company	Country	Capex ($ million)
Glencore (Glencore Xstrata)	Switzerland	900
CMA CGM	France	243
Dangote Group	Nigeria	160
Tullow Oil	UK	22
A.Aziz Khalid Al-Ghanem Group	Qatar	16

Regions	Capex ($ million)	%
Western Europe	1,172.5	85.273
Africa	170.8	12.422
Middle East	16.0	1.1636
North America	15.7	1.1418

Sectorial distribution of inward investment Capex in Mauritania between Jan 2013 and Dec 2017



Source:FDI Markets

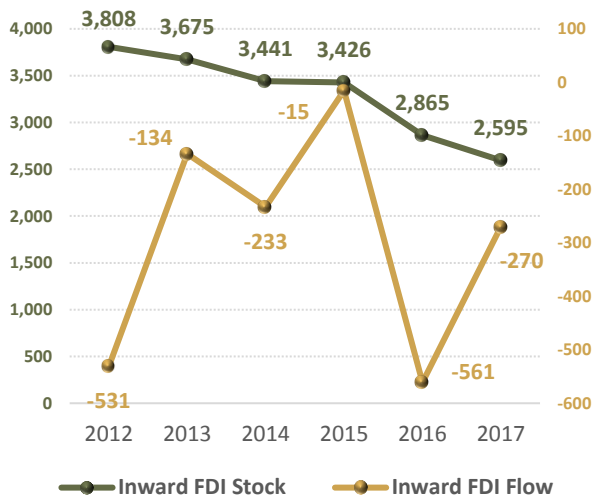
Overall Performance and Position in DIAI 2018

Yemen

Economic Indicator	2018
Nominal GDP (Billions $)	13.8
Real GDP Growth (%)	…
GDP per Capita ($)	551.5
Inflation (average consumer prices)	23.0
Gov.Total Exp. Net Lending (% of GD	29.5
Current Account Balance (Billions $)	-0.9
Current Account Balance (% of GDP)	-6.5
Exports of Goods & Services (Billion	2.5
Imports of Goods & Services (Billion	7.5
Gross Official Reserves (Billions $)	0.4
Total reserves in months of imports	0.7
Total Gross External Debt (% of GDP)	40.0
Population (Millions $)	30.8
Unemployment (% of total labor force	…

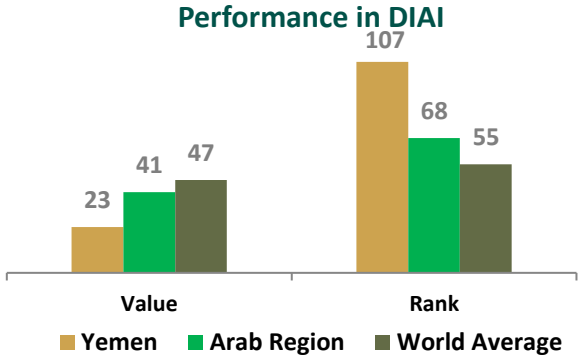
Source: International Monetary Fund (IMF-May2018)

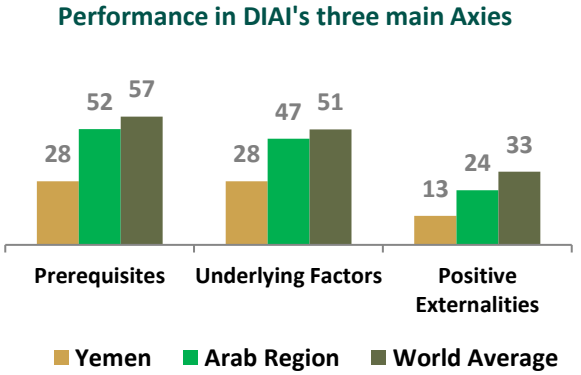
FDI Stock ($ Milion)

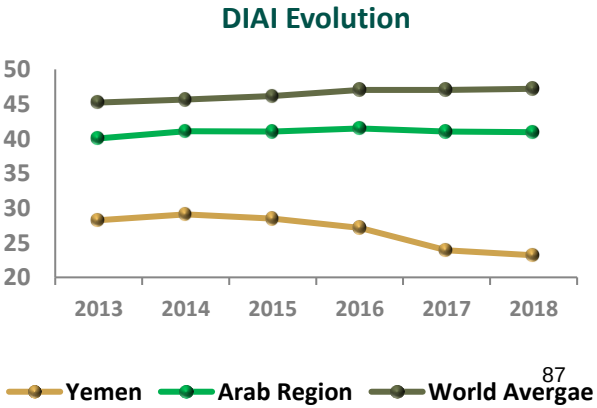


Source: UNCTAD (WIR2018)

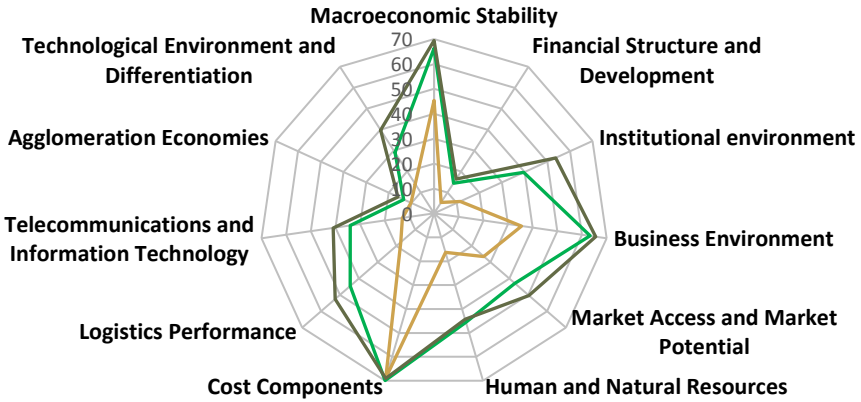
Performance in (DIAI) 2018







Performance in Dhaman Investment Attractiveness Index (DIAI) 2018



Imports & Exports of Goods

Yemen

Top goods (products) exported by Yemen Year 2017

	Exported Goods	Value ($ millions)	% Exports
1	Mineral fuels, mineral oils	868	51.8
2	Natural or cultured pearls, precious	427	25.5
3	Fish and crustaceans, molluscs	110	6.6
4	Edible fruit and nuts; peel of citrus fruit	53	3.2
5	Copper and articles thereof	27	1.6
6	Coffee, tea, maté and spices	25	1.5
7	Plastics and articles thereof	17	1.0
8	Iron and steel	16	1.0
9	Aluminium and articles thereof	16	0.9
10	Dairy produce; birds' eggs; natural honey	15	0.9

Top countries importing goods from Yemen Year 2017

	Importing Country	Value ($ millions)	% Imports
1	China	427	49.2
2	Oman	110	12.7
3	Thailand	53	6.1
4	Saudi Arabia	27	3.1
5	India	25	2.9
6	Korea, Republic of	17	1.9
7	Egypt	16	1.9
8	Pakistan	16	1.8
9	Hong Kong, China	15	1.7
10	Russian Federation	14	1.7

Top goods (products) imported by Yemen Year 2017

	Imported Goods	Value ($ millions)	% Imports
1	Cereals	948	14.7
2	Iron and steel	420	6.5
3	Sugars and sugar confectionery	397	6.2
4	Vehicles other than railway or tramway	326	5.1
5	Mineral fuels, mineral oils	288	4.5
6	Electrical machinery and equipment	279	4.3
7	Pharmaceutical products	257	4.0
8	Plastics and articles thereof	257	4.0
9	Machinery, mechanical appliances, nuclear re	230	3.6
10	Animal or vegetable fats and oils	198	3.1

Top countries exporting goods to Yemen Year 2017

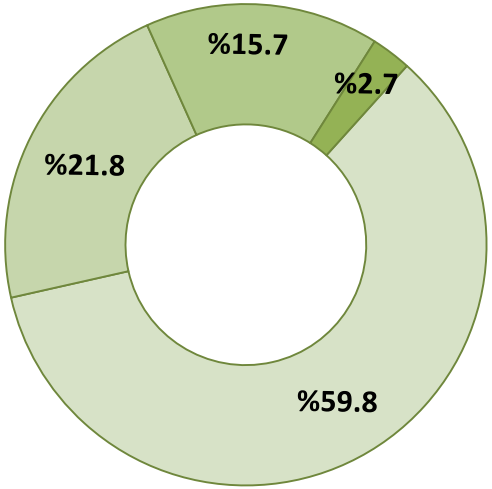
	Exporting Country	Value ($ millions)	% Exports
1	China	1,646	25.5
2	Turkey	573	8.9
3	Saudi Arabia	423	6.6
4	Brazil	404	6.3
5	India	370	5.7
6	Oman	327	5.1
7	Russian Federation	304	4.7
8	Egypt	254	3.9
9	Australia	208	3.2
10	United States of America	205	3.2

Source: International Trade Center-TradeMap

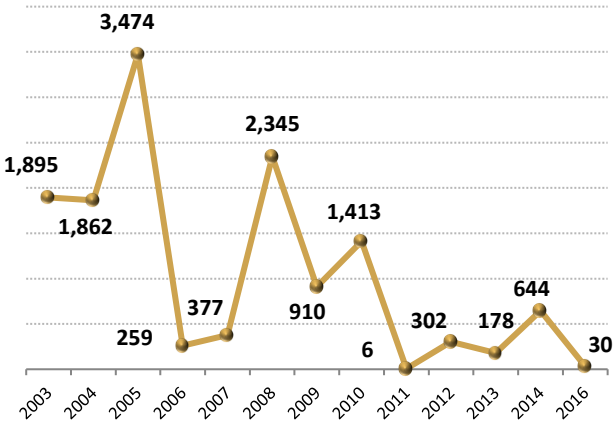
Top countries investing in Yemen between Jan 2013 and Dec 2017

Source Country	Capex ($ million)	No. of Projects	No. of Companies
India	220	1	1
Oman	178	1	1
China	134	1	1
Singapore	134	1	1
United States	134	1	1
France	23	1	1
Australia	22	1	1
UAE	8	1	1
Total	**852**	**8**	**8**

Regional destribution of inward investment Capex in Yemen between Jan 2013 and Dec 2017



Inward Investment Capex to Yemen ($ million)

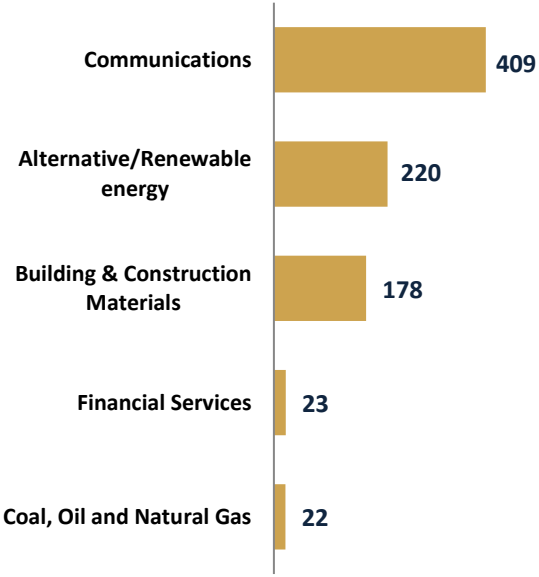


Top 5 companies investing in Yemen between Jan 2013 and Dec 2017

Parent company	Country	Capex ($ million)
Bharat Heavy Electricals (BHEL)	India	220
Raysut Cement	Oman	178
SEA-ME-WE 5	Singapore	134
AAE-1 Consortium	China	134
Verizon Communications	United States	134

Regions	Capex ($ million)	%
Asia-Pacific	509.3	59.8
Middle East	185.7	21.8
North America	133.8	15.7
Western Europe	22.8	2.7

Sectorial distribution of inward investment Capex in Yemen between Jan 2013 and Dec 2017



Source:FDI Markets

Part IV:

Financing Foreign Trade... Mechanisms, Challenges and Gap

The Conceptual Framework of Foreign Trade and its Financing

With new factors and techniques governing the format and volume of global trade, the world is witnessing today many fluctuations, which are mainly due to the growing importance of international economic relations and thus the phenomenon of economic interdependence, given the high trade-to-GDP ratio in countries' economies. The foreign trade sector plays a vital role in the economic activity as it is considered to reflect the most important image of economic relations, which enable the exchange of goods, services and other elements of production between countries in the form of exports, and imports so that parties to trade can achieve mutual benefits. Trade transactions involving foreign trade can be classified as follows:

- The exchange of physical goods, including consumer goods, commodities, raw materials, semi-manufactured goods and intermediate goods;
- The exchange of services, including transport, insurance, freight, tourism and other services;
- The exchange of labor and labor between countries in addition to migration.

Exports are defined as the activity that leads to the movement of goods and services from the producer to the consumer or from an exporting country to an importing country. They are divided into tangible exports, which are goods and intangible exports, which are services. As for imports, the process of introducing foreign goods and services into the national market can define them. They are also divided into tangible imports, which are goods, and intangible imports, which are services.

The reasons for the emergence of foreign trade between countries are rooted in the economic problem of relative scarcity. These reasons are as follows:

Inability to achieve self-sufficiency: No country can entirely rely on itself because of the unequal distribution of production elements among different countries.

International specialization: States cannot entirely rely on themselves to satisfy the needs of their members because of the disparity in the distribution of natural and acquired resources among the countries of the world. In this sense, it is preferable for each country to specialize in the production of some goods as their nature, circumstances and economic potential allow, in order to produce those goods at lower costs or with greater efficiency.

Different production costs: Differences in production costs across countries are considered a driver for trade between them. Countries that have economies of scale can expand the scope and volume of production and thus reduce the average total cost per unit. In contrast, countries that produce in less abundant quantities face a higher production cost, which gives the former a competitive advantage over the latter in terms of production.

Different conditions of production: Some areas with temperate climate are more suitable for growing bananas and coffee, for example, and thus are able to specialize in the production of this type of produce while importing other products such as oil, which is more available in countries with desert climate like Gulf countries.

Different tendencies and tastes: Many individuals tend to buy imported goods even if it's just for a change and this leads to increased foreign trade exchange.

The system of trade in goods and services has witnessed many developments over the last years. The volume of goods and services exports in the world increased significantly from $ 13.2 trillion in 2005 to about $ 20.9 trillion in 2016, albeit in a volatile pattern during that period. In contrast, despite the clear growth in the volume of global exchanges, the share of global exports of goods and services from the world GDP remained relatively stable during the aforementioned period by 27.6%. It is worth mentioning that commodity trade, whose exports for 2016 are valued at $ 16 trillion, represents 77% of the total global exports of goods and services.

At the level of the Arab countries, the volume of trade in goods and services for 2016 amounts to about $ 1930 billion, accounting for about 4.7% of the total world trade in goods and services. The volume of commodity trade in Arab countries amounts to $ 1482 billion, representing 4.6% of the world's total commodity trade.

The foreign trade finance sector, in general, and financial services in particular, play a key role in this growth. On average, trade in the financial services sector has grown by more than 10% annually over the past two decades, representing the second highest sector of business services after computer and information services. Financial services play a central role in the performance of markets and the economy and contribute to economic and social development. Financial services also facilitate domestic and international transactions, mobilize and direct local savings and expand the availability of credit to enterprises of all sizes, thanks to a variety of banking, securities trading, insurance and guarantee services. In fact, it is not enough to provide the most suitable environment for business to promote competitive advantage and to facilitate trade flows. The availability of specific financial products, most notably letters of credit and insurance, is equally important.

As financial services grow in size and importance and with the pronounced growth in international remittance flows, the lack of access to financial services becomes a major barrier to opportunities for trade, income generation and economic well-being. The lack of corporate finance is the biggest obstacle affecting SMEs, mini and microenterprises, new firms and emerging enterprises, especially in developing countries. Access to affordable finance is linked to innovation, growth and sustainable employment creation.

Foreign trade financing can be defined as a type of financial activity that consists of providing direct or indirect financial support to foreign trade. Direct financial funding relies on the role of central banks in providing adequate financial support to the foreign trade sector, given that it is part of Banks' general provisions. As for indirect financial funding, it is part of the contribution of general commercial banks and capitalists to financial support for foreign trade.

In the field of foreign trade, banking institutions (banks and financial institutions) play the role of mediator in the process of transferring goods and services from and to abroad by granting bank loans and modern means of payment for the benefit of economic traders. This is known as the foreign trade activities carried out by banking institutions and aimed at bringing foreign trade closer to transactors and putting an end to the risks of foreign trade that hinder the transport and safety of goods during international trade trips. Foreign trade financing techniques provided by banking institutions vary by maturity and are therefore divided into short, medium and long-term financing.

However, the financing of world trade has witnessed rapid developments and various challenges, exacerbated by the global financial crisis and resulting in a gap between the required funding and the executed funds of the Asian Development Bank (ADB) at about $ 1.5 trillion for 2016, which has significantly contributed to raising raising the degree of uncertainty in the completion of foreign trade exchanges around the world. This has stimulated various regional and international bodies to look into the causes and to accurately identify trade finance challenges that prevent bridging this gap or at least minimizing it.

In this context, and in recognition of the importance of the issue of trade finance and its impact on development in Arab countries, the Arab Investment & Export Credit Guarantee Corporation allocated for this topic a special axis in which it presented it over two main parts: The first part tackles foreign trade financing methods including foreign trade short, medium and long-term loans as well as the means of payment adopted in the financing of traditional and modern foreign trade in addition to the risks of trade finance. The second part deals with the trade finance gap, the guarantee industry and its role in reducing trade risk.

1. Mehods, Techniques and Risks of Foreign Trade Financing

Trade finance divisions vary according to different criteria. According to the source of funding, trade finance is divided into direct funding from governments, central banks of countries and indirect financing from commercial banks and specialized trade finance providers. According to modernity, there is often a distinction between traditional means of financing, such as bonds and sukuks, which are based on the existence of an intermediary and regulated international laws, and modern means of financing such as Documentary Payment Techniques that have been greatly developed and diversified. Moreover, trade finance is divided into short-term financing, which is the most common, and medium- and long-term financing.

1.1 Foreign Trade Financing Loans

1.1.1 Short-Term Financing

This type of financing is represented by short-term loans to finance inter-institutional repayments with a period ranging from 3 to 12 months and which can reach, in special cases, 18 months. We can distinguish two types loans:

- **Export loans:** These target all export development activities, including research loans intended to cover external market study, pre-financing loans to cover the costs resulting from the preparatory phase of the contract implementation, storage financing loans to cover all expenses related to the storage of goods exported abroad before selling and distributing them, and freight loans, granted to the exporter in order to cover transport and shipping expenses of sold goods**.**
- **Import loans: These include three main instruments, nameley,** documentary credit, which is one of the most popular methods used in the financing of imports, documentary collection, through which commercial **documents are exchanged for** payment or acceptance of payment, documentary bill discounting, which allows the seller to sell the bill drawn on the importer from their bank involved in the transaction with the buyer's bank at a future date at a discounted rate calculated according to criteria including the prevailing discount rate plus collection fees as a percentage of the value of the bill, with a minimum amount of fees. Interest and commissions are deducted at maturity, and this mechanism is used when there is a well-established relationship between the various parties.

1.1.2 Medium-Term Financing

This kind of financing includes loans with a repayment period ranging from 2 to 5 years and falling into four types:

- **Importer's loans:** A mechanism by which a particular bank or group of banks in the exporter’s country grants a loan to the importer so that the latter can pay the amount of the transaction in cash to the exporter. The buyer is given a period exceeding 18 months to settle the loan. The exporter may play the role of intermediary in the negotiations between the importer and the banks concerned with loan process. These loans are concluded through the signing of two independent contracts: The first is the commercial contract, indicating the type of the goods, their amounts, the terms of execution of the transaction, the conditions of the seller, the immediate payment procedures of the seller by the buyer. The second is the loan contract, which details the conditions for concluding the loans and executing it such as the loan period, the settlement methods and interest rates applied.
- **Exporter’s loans:** The bank grants a loan to the exporter to finance their exports, but this loan originally stems from the payment period granted by the exporter to the importer. In general, the exporter’s loan is a medium-term debt purchase by the Bank. The first difference between the exporter’s loan and the

importer's loan is the difference between the borrower or the beneficiary. The second one is that the exporter's loan requires the conclusion of a single contract that includes both the commercial and the financial sides. This loan is executed when goods are shipped through the commercial bill accepted by the importer and guaranteed by their bank.

- **Medium-term discounting:** It is the process by which medium-term commercial papers are discounted. In this financing, export debts can be covered for medium terms in general. It is the purchase of debt arising from export.
- **International Lease Loan: In this transaction,** the exporter sells their property to the international leasing company which in turn leases it to the foreign customer and maintains ownership of the leased property throughout the lease term. The lessee benefits from the right to use the property throughout this period in exchange for paying a series of annual installments as lease payments. When the total amount of lease payments equals the price of the leased property as agreed upon in the contract, the ownership is passed to the lessee.

1.1.3 Long-term financing

Long-term financing has a period that exceeds 5 years and is often used to finance time-consuming business transactions such as turnkey contracts for the supply of large-scale constructions or certain industries that require a long time for completion such as the sale of ships or aircrafts. This type of financing can be divided as follows:

- **Loans for purchase:** These loans are intented for the buyer. It is a mechanism whereby a particular bank or group of banks in the exporter's country grant a loan to the importer so that the latter can pay the amount of the transaction in cash to the exporter.
- **Loans for supply:** The bank provides a loan to the exporter to finance their exports.
- **Supply loans of a special nature:** They are aimed at financing exports through lease operations and lease guarantee.
- **Loans targeting investment financing**: to finance expansion and investment operations required for export such as machinery, hardware and production equipment in general. Long-term loans may also be used to finance a special type of investments such the procurement of real estate, land and buildings of various professional uses. They are often financed by specialized banks rather than by commercial banks.

1.2 Payement Methods Used In Foreign Trade Finance

It may be appropriate for the seller to agree with the buyer in international trade exchanges on the expected level of risks in the transaction and thus determine the appropriate payment and financing mechanisms. In exceptional cases, when risk levels are too low, open account is used and vice versa. When risk levels are too high, advance payment is used to finance the transaction. Banking trade finance instruments do not appear in such situations but show up with medium levels of safety or risk. The following are the main means of payment used in trade finance.

1.2.1 Traditional Methods

- **Open Account**

This is the least secure method of trading for the exporter, but the most attractive to buyers. Goods are shipped and documents are remitted directly to the buyer, with a request for payment immediately, or at an agreed future date. An exporter has little or no control over the process, except for imposing future trading terms and conditions on the buyer. This payment method is the most advantageous for the buyer and is used when an exporter is sufficiently confident that payment will be received. The financial risk can often be mitigated by obtaining a credit insurance policy to cover the potential insolvency of a customer that provides reimbursement up to an agreed financial limit.

- **Advance Payment**

Advance payment is the most secure method of trading for exporters and, consequently the least attractive for buyers. The exporter, in full, expects payment, prior to goods being shipped with the request of cash with order CWO or cash on delivery COD.

- **Bonds**

Bonds are securities for goods which provide legal proof under which the value of the financial bond is paid to the seller by the buyer, in the presence of an intermediary that ensures that the transaction is carried out correctly.

- **Sukuks**

Sukuks are securities that contain a payment order in favor of the seller and are based on a set of international trade laws, which must be adhered to until these instruments are proven to be legally valid for trading in international trade.

- **Bills of Exchange**

Bills of exchange are some of the oldest securities. They include an order from the drawer that requires the drawee to pay a fixed amount of cash to another party as of a predetermined date or on demand. Three entities may be involved with a bill of exchange transaction. They are: the drawer, who gives the payment order, the drawee who receives the request to pay the amount stated on the bill of exchange to a third party called the payee, in favor of whom the order is made.

- **Checks**

A check is a paper that includes a request made by the drawer to the drawee (a certain bank) to pay upon viewing this instrument a certain amount of cash to a third party, the payee or the bearer. A check is always payable on demand. However, a check may be informally post-dated. There are various types of checks traded in commercial transactions. The first one is the business check is issued by the buyer and withdrawn from their bank account, and the check issued by the bank on behalf of the buyer , which solves the problem of the check without balance.

- **Trade credit**

Trade credit is a form of barter used to carry out swap operations, stipulating that export documents must be delivered against import documents or that export proceeds must be put at the bank's disposal to be used for paying the value of imports. Trade credits have become scarce mainly because of specialization, division of labor and difficulty of matching products between exporters and importers.

1.2.2 New Methods

• Bills for Collection

More secure for an exporter than Open Account trading, as the exporter's documentation is sent from his bank to the buyer's bank. This invariably occurs after shipment and contains specific instructions that must be obeyed. Should the buyer fail to comply, the exporter does, in certain circumstances, retain title to the goods, which may be recoverable. The buyer's bank will act on instructions provided by the exporter, via their own bank, and often provides a useful communication route through which disputes are resolved. The Bills for Collection process is governed by a set of rules, published by the International Chamber of Commerce (ICC) called "Uniform Rules for Collections" document number 522 (URC522). Over 90% of the world's banks adhere to this document.

There are two types of Bills for Collection, which are usually determined by the payment terms agreed within a commercial contract. Each affords different benefits to exporters and they are covered separately below:

- Documents against Payment (D/P)

Usually used where payment is expected from the buyer immediately, otherwise known as "at sight". This process is often referred to as "Cash against Documents". The buyer's bank is instructed to release the exporter's goods only when payment has been made. Where goods have been shipped by sea freight, covered by a full set of Bills of Lading, the exporter retains title until these documents are properly released to the buyer. Unfortunately, for airfreight items, unless the goods are consigned to the buyer's bank no such control is available under an Air Waybill or Air Consignment Note, as these documents are merely "movement certificates" rather than "documents of title".

- Documents against Acceptance (D/A)

Used where a credit period of 60 or 90 days from 'sight of document' or from 'date of shipment' has been agreed between the exporter and the buyer. The buyer is able to collect the documents against their undertaking to pay on an agreed date in the future, rather than immediate payment. The exporter's documents are usually accompanied by a "Draft" or "Bill of Exchange" which looks something like a cheque, but is payable by (drawn on) the buyer. When a buyer (drawee) agrees to pay on a certain date, they sign (accept) the draft. It is against this acceptance that documents are released to the buyer. Up until the point of acceptance, the exporter may retain control of the goods, as in the D/P scenario above. However, after acceptance, the exporter is financially exposed until the buyer actually initiates payment through their bank.

• L/C Letters of Credit

Letters of credit are important tools used in foreign trade finance through the banks. It it a legal process that guarantees the rights of all parties involved in the transaction. A letter of credit is a written commitment of payment issued by the importer's bank in favour of the exporter's bank (the beneficiary), guaranteeing that payment will be made against certain documents that, on presentation, are found to be in compliance with terms set by the buyer (the applicant).

Like bills for collections, letters of credit are governed by a set of rules from the ICC. In short, the document is known as UCP600 and, again, over 90% of the world's banks adhere to this document. Usually there are four parties involved in the letter of credit:

- **The buyer** (the importer) that requests to open the credit, which comes in the form of a contract between them and the bank issuing the credit.
- **The issuing bank** (the importer's bank) that issues the credit for the importer based on certain conditions and sends it either directly to the beneficiary in the case of a simple credit, or to one of its correspondents in the seller's country in case a second bank is involved in the letter of credit process.
- **The beneficiary** (the exporter) that fulfills the credit conditions within the period for which the letter of credit is valid.
- **The correspondent bank** that notifies the beneficiary (the exporter) of the letter of credit issued for them by the issuing bank in the cases where more than one bank are involved in implementing the documentary credit process, as it is most often the case. This correspondent bank might add reinforcement to the credit, and becomes committed to the same exporter's bank commitment. It is called the reinforcement bank.

Letters of credit can be divided into different categories depending on the perspective:

- **Revocable letters of credits**: These can be revoked by the importer and do not include any commitment from the bank towards the exporter or their correspondent bank. This kind of L/Cs is rarely used nowadays.
- **Irrevocable**: The importer's bank guarantees payment unless all parties agree to the revocation. It is divided according to confirmation into two types:
  - **Unconfirmed irrevocable L/Cs** that require the guarantee of the exporter's bank to approve the debt incurring from exporting the goods without the confirmation of this approval by the seller's bank.
  - **Confirmed irrevocable L/Cs** that require the bank of the exporter (the seller) to guarantee confirmation of the credit approval for the debt incurring from goods export. It's currently commonly used, especially if the exporter has any concerns about the circumstances which may prevent payment being made from either the Issuing Bank or buyer's Country. The confirming or advising bank makes the confirmation which price depends upon the level of perceived risks to be covered. Banks can often provide indicative pricing for confirmations prior to the arrival of the DC, so that costs can be estimated.

In terms of the credit's form, it is possible to differentiate between:

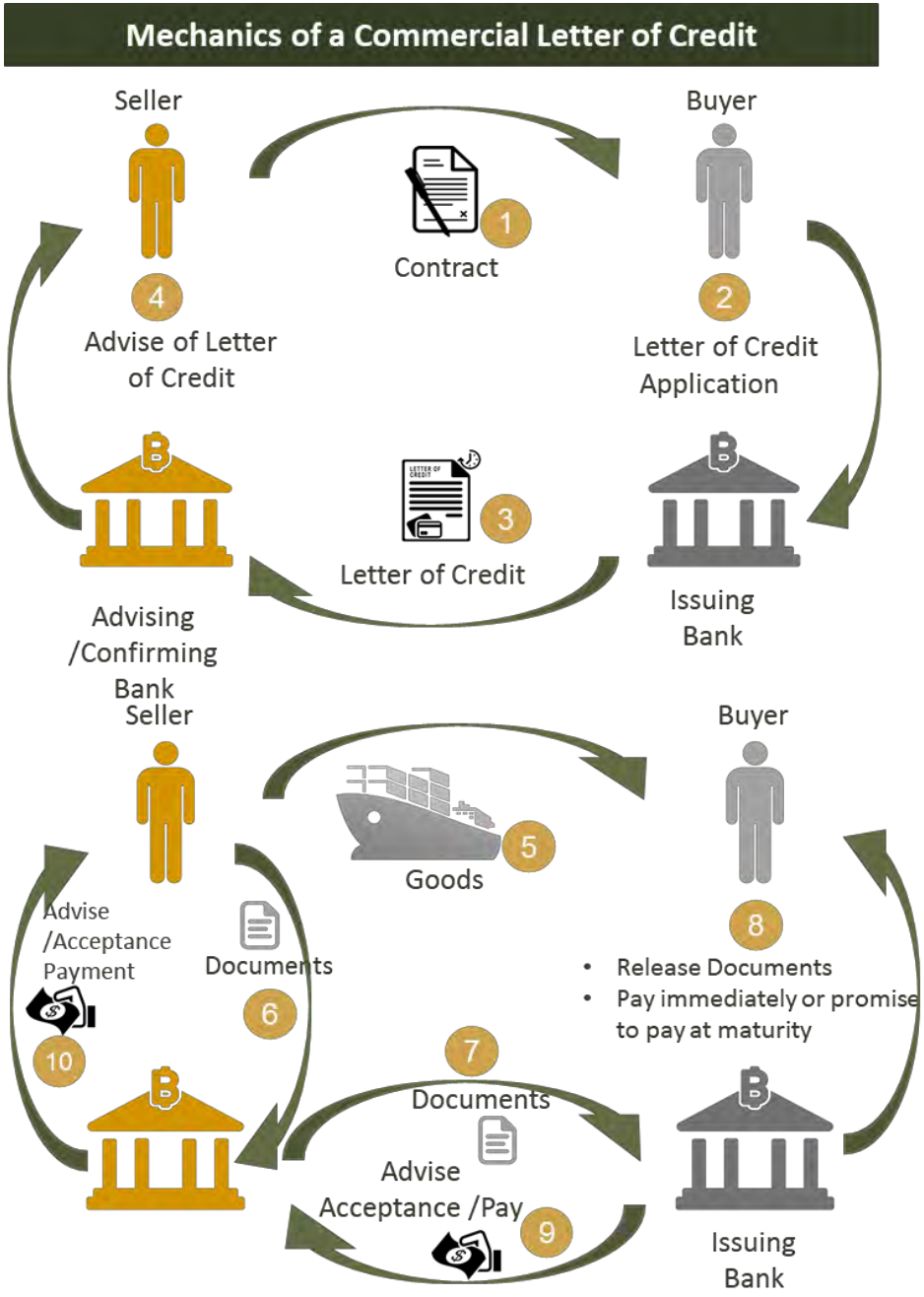
- **Transferrable L/Cs:** The beneficiary may transfer the credit in whole or part, to another beneficiary (secondary beneficiary). The first beneficiary is often the intermediary or the importer's agent in the exporter's country.
- **Non-transferrable L/Cs**: It cannot be used by any other beneficiary.
- Circular or revolving L/Cs: It's a single evergreen letter of credit that is periodically automatically renewed every time it expires, without the need to open a new documentary credit. This kind of credit is used in case of agreement on the delivery of the goods to the buyer in batches.

According to the implementation method we need to differentiate between:

- **Sight L/Cs**: The beneficiary can obtain the amount of the transaction from their bank upon presenting the L/C and after the bank has verified the beneficiary's data. The bank will then transfer the amount as soon as it receives the required documents.
- **Negotiation L/Cs**: The seller can deduct the bill drawn on the buyer according to certain conditions.
- **Deferred payment L/Cs**: The issuing bank or its correspondent bank in the case of reinforcement approves the bills enclosed with the documents presented by the exporter or commits to pay the value of documents when payment is due.

We also find in the list of instruments related to L/Cs another type called **Stand-By L/Cs or Bank Guarantees**. These are additional bank guarantees presented by the bank on behalf of the applicant for the benefit of the beneficiary in which the bank guarantees that in case the importer fails to meet their financial obligations or implement the agreement between the applicant and the beneficiary, the guarantor bank shall pay the guarantee amount to the beneficiary on behalf of the applicant upon receipt of the request or claim from the beneficiary.

Stand-by L/Cs can be considered bank guarantees as they are a guarantee of the process to be resorted to only if the buyer fails to pay in the normal course of business (often through the open account mechanism) and are often used specifically to hedge the underlying financial risks if multiple payments are made on different dates or according to an agreed timeline. However, they do not include control over the transaction documents and therefore they are an unconditional guarantee.



- **Electronic Payment Means**

Electronic payment means are an integrated system of programs provided by financial institutions and banks, in order to enable safe electronic payments. This system operates under a set of rules and laws that ensure the confidentiality, security and protection of procurement procedures and access to the service. Electronic payments are a modern payment method that emerged with the use of internet as a result of the information technology advancement in the fields of banking and money circulating in the general and foreign trade. They are divided into:

- **Bank transfers through the SWIFT system**

One the best payment means in foreign trade as it is a modern method for paying and exchanging messages and messages related to the various payment methods, be it cash payments, letters of credit or documentary collection made remotely by using a secure electronic communication system between some 10 thousand financial institutions in 212 countries around the world. SWIFT is the acronym for Society for the Worldwide Interbank Financial Telecommunication which was launched in 1977 to improve the international payment method by introducing standard measures for banking relations and addressing them. This system is an advanced alternative for telex and covers all correspondence related to financial and banking transactions between banks and financial institutions and can be applied to exchange messages in various transactions, such as matching and approving customer orders between the parties involved in the transaction, as well as in the process of cash transfers, settlement results and approval for the execution and settlement of transactions between the parties concerned.

The SWIFT network provides users with instantaneous and secure transaction processing, as well as being available throughout the day. Processes are performed only after messages are encrypted using advanced technologies, and user authentication procedures are strictly enforced.

The identity of the banks connected via the network is determined by a single code that is given to each bank and distinguishes it from others. This symbol consists of eight Latin characters, indicating the name of the bank (the first four characters), the country to which it belongs (the next two characters), and then the city (the last two characters).

The network witnessed a number of technological developments and adopted the internet protocol system IP and the XML programming language in 2001, then the SWIFTNet by 2004, which was considered a quantum leap that allowed for instant communication between banks and the launch of new services for new clients such as hedge funds, pension funds and money market brokers, as well as non-financial institutions.

By mid-2015, the network has become the carrier of millions of messages on a daily basis to complete all its international financial transactions, mainly money transfer, documentary credits, currency purchases and sales, capital market operations and others.

It should also be noted that there is a wide variety in SWIFT messages, which in short range form MT101 to MT999. The most renowned are those related to trade finance transactions such as cash transfers, documentary credits, collection bills, foreign guarantees and treasury operations.

Messages that carry the number 700 are related to letters of credit and bank guarantees for trade transactions. The most notable are two kinds:

- MT799 messages: These are free messages that are mostly used to show proof of funds or proof of deposits when dealing with bank guarantees and

letters of credit, and are often issued before signing the contract and / or before issuing a letter of credit or bank guarantee.

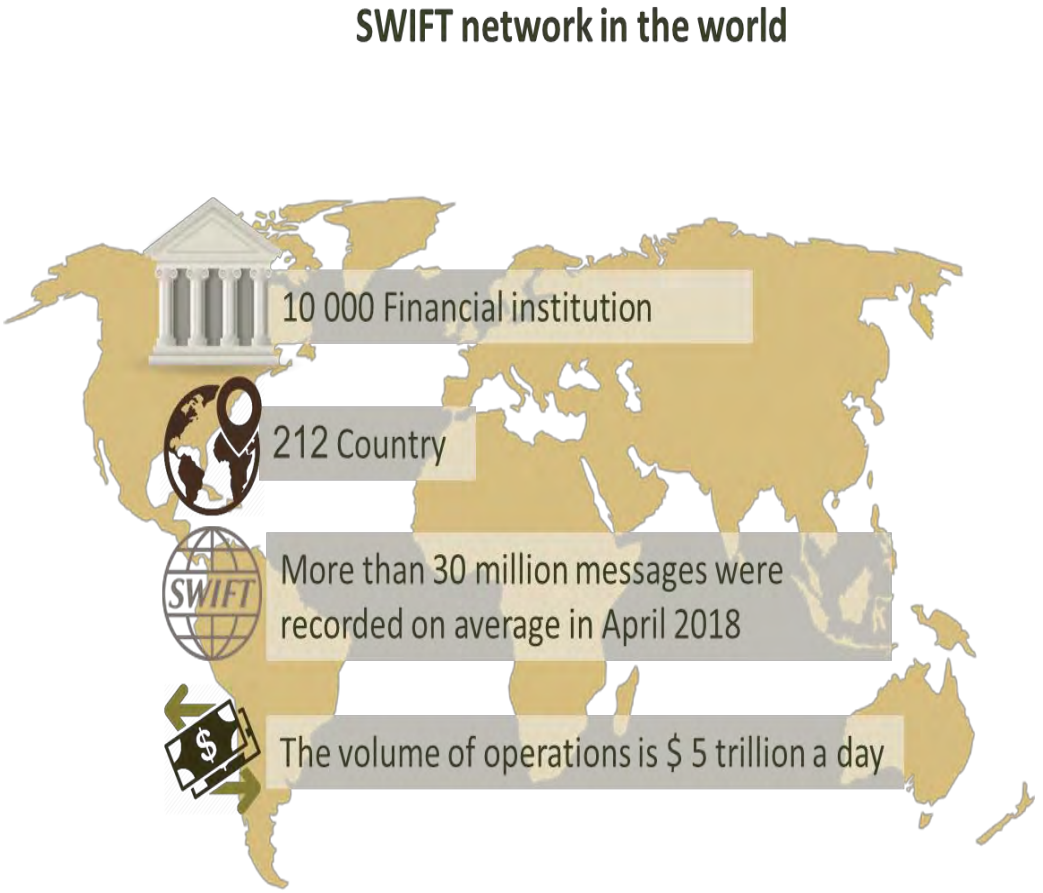
- MT760 messages: They are also know as SWIFTTFBIC and are usually sent from the bank issuing the letter of credit to the advisory bank, with the details of the Standby Letter of Credit **SBL/C** or the bank guarantee or by the party that issued a counter-guarantee to the beneficiary. Those messages are subject to international rules and numerous guarantees from the ICC.

- **Digital Payment Systems**

These systems are used in online trading, especially between B2B companies. The importance of this type of transactions has increased, especially with the rise in the volume of electronic commerce in the world, to reach about 25.3 trillion dollars in 2015, according to the report of the United Nations Conference on Trade and Development published in 2017.

These systems have seen a great development, especially with the emergence and spread of the concept of firm value webs networked business ecosystem that use the internet technology to coordinate value chains with a business company in a certain industry, or within a group of companies, and to develop close relationships with logistics partners. Companies coordinate with suppliers to produce special needs using the web based on the supply chain management system.

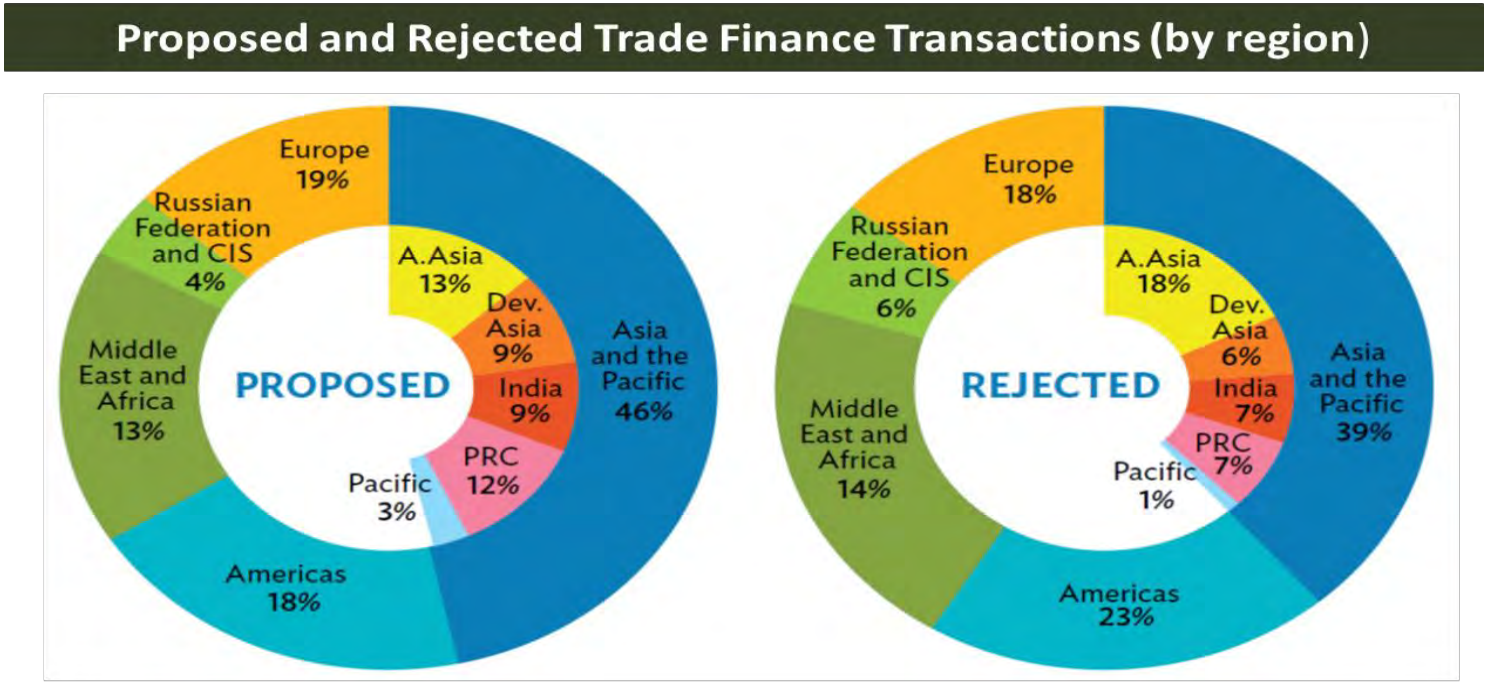
Many payment methods are used to settle transactions between companies or individuals, including credit cards issued by banks in cooperation with international companies such as Visa, Mastercard or other prepaid e-payment cards, which currently account for half the volume of electronic transactions, with forecasts that its share will fall to 46% as mobile payments grow and payments continue to be made on delivery, especially in developing countries, in addition to the spread of e-wallets such as PayPal and the emergence of encrypted virtual currencies such as Bitcoin and others.



2. Trade and Security Financing Gap

Financing plays an important role in promoting the growth of international trade and the achievement of cross-border transactions. The importance of the financing component in the wake of the global financial crisis and the emergence of a trade finance gap has increased with the research efforts in this field to find out the reasons and mechanism for dealing with them. Particularly, financial deepening efforts have not been accompanied by progress in the financial coverage of certain geographical regions and a certain group of establishments.

The trade finance gap can be defined as the difference between the total funding required to finance trade for valid financing operations and the actual available funding by different funding agencies. The gap is estimated using the rejected value of the proposed trade finance transactions reported by the banks participating in the survey, Weighted by the share of each bank within the country, then estimated the global gap as the sum of regional gaps. However, the measurement of this gap faces three problems, the first is the difficulty of collecting data by banks, and second, the lack of cooperation of the majority of banks in disclosure of transactions with customers, and the third is the inability to know the share of requests for funding valid from the total.



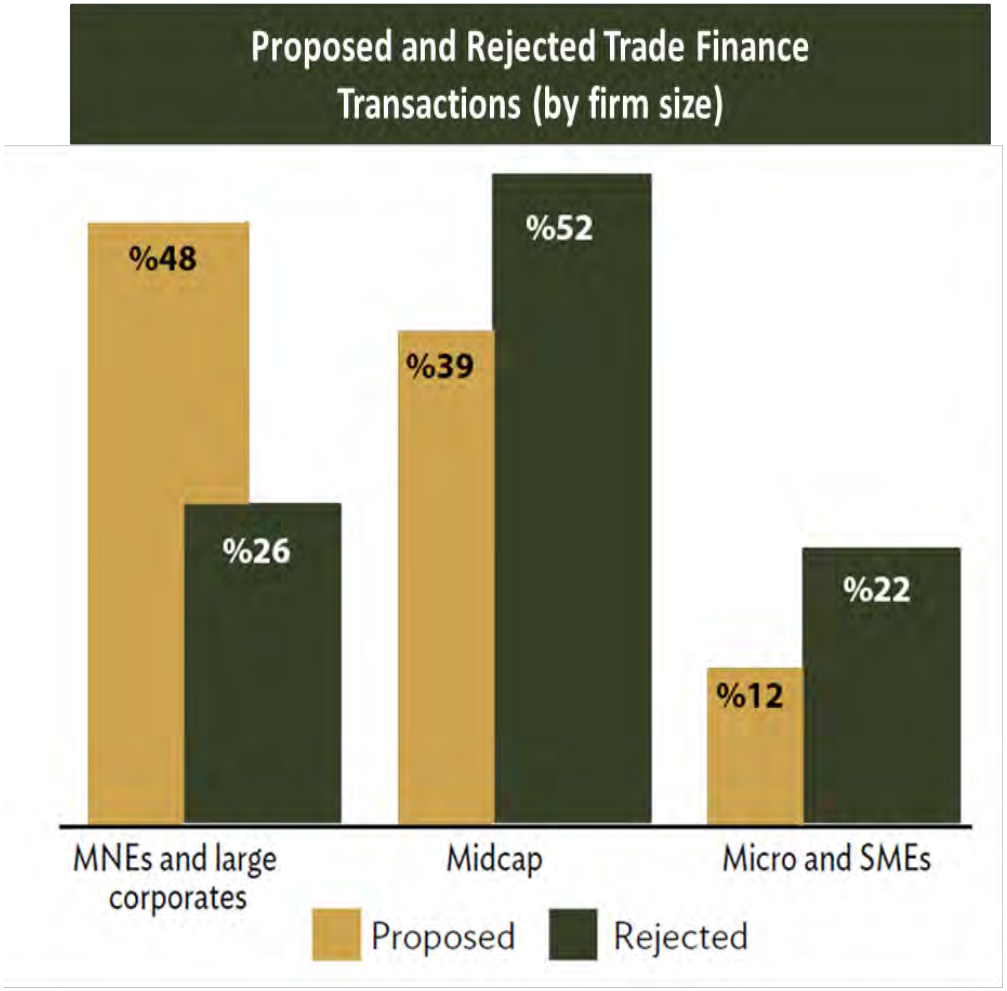
Source: The ADB 2017 Trade Finance Gaps, Growth, and Jobs Survey , ADB Briefs No. 83 September 2017

2.1 Features of Funding Gap

The Asian Development Bank (ADB) adopted a methodology that enabled it to estimate the global trade-financing gap in 2016 at $ 1.5 trillion, according to a survey conducted by the Bank in 2017 for the fifth consecutive year in cooperation with the ICC Banking Committee, with 515 banks from 100 countries and 1336 companies from 103 countries. The Bank concluded the importance of the role of trade finance in terms of job creation through a statistical analysis of the decline between any increase of 10% in trade finance resulting in an increase in employment by 1%, especially as 86% of companies participating in the survey have consistently confirmed that obtaining Additional commercial financing would enable them to grow further and generate more jobs.

The ADB methodology has also enabled the Asian Development Bank to derive key features of the global trade finance gap:

- The trade finance gap is not evenly distributed geographically. Developing countries that have the strongest potential for trade expansion are the most affected. The gap in Asian developing economies alone is estimated at 40% of the global gap.
- Africa and the Middle East account for about 7% of the trade finance gap. In 2015, the region was one of the worlds highest in terms of rejecting trade finance transactions before it improved in 2016. The proposed and rejected trade finance ratios were 13% and 14% respectively, compared to 14% And 24% respectively in 2015, taking into account that the results of the five surveys are not comparable to the difference of units participating in the survey from year to year.
- Asia and the Pacific accounted for 46% of the world's trade finance applications, one-third of which were from developing Asia, including China and India, while 39% of the funding was rejected, especially in developing Asia.



Source: The ADB 2017 Trade Finance Gaps, Growth, and Jobs Survey , ADB Briefs No. 83 September 2017

- Small and micro-enterprises in different regions of the world suffer from difficulties in financing their trade. The data indicate that small and micro-enterprises account for 12% of global funding requests, but in contrast, they account for 22% Medium-sized companies account for 39% of funding requests and 52% of rejection decisions. This means that 74% of the rejection decisions belong to medium-, small- and micro-enterprises. In contrast, multinational corporations and large companies account for 48% of funding requests and 26% only from the rejection decisions.
- 36% of the rejected corporate funding requests result either from the low profitability of the transaction (15%) or the lack of information and guarantees (21%) and are subsequently funded by other non-reputable financing entities indicating that these requests were eligible for funding In one form or another, and 29% of the rejection decisions are due to lack of sufficient information in the banks about customers, especially SMEs, and 20% of the total rejection due to the lack of validity of the process of financing from the point of view of the bank.
- 60% of SMEs participating in the survey reported that when their funding request is rejected by banks fail to carry out the business process because most of them do not seek alternative financing. The rest of the companies were able to complete the sale either without intermediary commercial financing or through a financially costly financing agreement or resorted to the informal sector, suggesting that lack of funding could hinder the completion of profitable trade exchanges. A greater proportion of responding companies in Africa and South America are referred to informal financial service providers if funding is rejected compared to companies in other regions of the world.
- Women-owned enterprises face repeated rejection of their trade finance proposals compared to male-owned companies, but their firms are almost half as likely to have access to alternatives in the formal financial sector, although they are more likely to seek such alternatives.
- 20% of all companies surveyed used digital finance platforms. Eighty percent of the participating banks believe that the development of finance technology and digital solutions will reduce costs. On the other hand, there is no statistical evidence that this decline inevitably leads to additional commercial financing, especially since digital solutions in banks do not reduce the rejection rates of SMEs.
- 38% of companies in Africa and the Middle East whose funding requests are rejected do not resort to alternative sources, 47% use non-formal financing, which is the highest in the world, while only 16% resort to alternative sources of funding.
- According to the 2016 survey of 337 financial institutions evaluating trade finance applications in Asia and the Pacific, the gap was 56% for small and medium enterprises and 44% for other companies.
- The 2016 survey showed, the prevalence of interbank rejection rates is wider across countries. The average rejection rate among countries also exceeds average rejection rates between regions, indicating that the impact of Bank behavior and country policies is more important than the impact of regions on the trade finance decision.

2.2 Trade Financing gap Reasons

The reason for the gap in trade finance can be attributed to a number of challenges that prevent the full financing of foreign trade between different countries of different geographical affiliations and different institutions of all sizes.

Several studies have pointed to the centrality of banks in the existence of this gap through their behavior with customers and trade finance applicants, which vary from one bank to another or from one country to another or from one geographic region to another. Trade finance challenges can be monitored according to four main divisions:

2.2.1 Challenges related to the nature of companies

- Some companies, especially SMEs, face challenges in obtaining financing for their trade for many reasons, including: Difficulty building a relationship with active banks in financing trade, documenting their information with the banking system, obtaining international recognition of their creditworthiness, inadequate guarantees and other factors related to their eligibility to obtain Finance.
- 2.2.2 Challenges related to funding agencies
- Although 60% of banks participating in the Asian Development Bank survey refer to decisions to reject trade finance for reasons of low ratings or inadequate safeguards, their behavior remains a major factor in the trade finance gap for a number of reasons,
- The rules of capital requirements and the safety and severity of financing transactions may sometimes preclude the acceptance of many eligible transactions.
- Lack of willingness to bear the risks of trade finance, especially as the credit risk of the importer will be a source of concern to the seller's bank issuing the letter of credit, and also a concern for the bank to strengthen the letter of credit.
- The percentage of banks, especially in developing countries, is small, low-skilled, knowledgeable, high-cost and does not have various tools and means of commercial finance
- Banks often tend to be selective and prefer to reorient their trade finance resources to less risky and higher-performing operations, with more experienced and superior clients in terms of capabilities and potential, and in markets where there are not necessarily new and promising clients and opportunities for commercial growth.
- Some banks periodically review their financial leverage and focus on safe and local financing, especially with a gap between the perception of banks and the level of actual risk of business transactions that increase in periods of crisis, although the payment record does not deteriorate much.
- Banks sometimes refuse to finance trade because of lack of knowledge about how to handle or weak client relationships, the absence or inefficiency of specialized trade finance programs, inability to establish relationships with correspondent banks worldwide and compliance with regulatory requirements of letters of credit banks.

Source: The ADB 2017 Trade Finance Gaps, Growth, and Jobs Survey , ADB Briefs No. 83 September 2017

3.2.2 Challenges of the local regulatory environment

These challenges relate to the nature of the countries in which companies or financial institutions deal, whether for export or importation, for a variety of reasons, such as the conditions of the overall political, economic and social situation, the nature of the regulatory restrictions on foreign trade transactions, their financing and the ability to use tools such as factoring and trade and other credit insurance. Some companies are able to circumvent local laws by paying imports from overseas bank accounts or by opening letters of credit in offshore centers.

4.2.2 Challenges of the international regulatory environment

These challenges stem mostly from international conventions and multilateral actions at the international and regional levels relevant to the financing process, most notably:

- Additional and renewed terms and conditions in the auditing of commercial transactions in accordance with the rules of safety of transactions and combating money laundering and the rules of Basel and other controls of new remittances, which increased the number of countries or regions or entities excluded from funding, which was evident from the increasing rates of cancellation of relations with correspondent banks in developing countries, Africa, Latin America and Asia, particularly with local banks that do not have regional or international spread. As well as the role of those measures in raising the cost compared to other financial transactions less risky and more profitable.
- Different laws, regulations and procedures between banks, which are not often coordinated between the judicial authorities between countries, and here proposes the establishment of a global regulatory body in this sector.
- Funding has been affected by growth rates, geographical trends, commodity structure, changing supply chains and the need for more time to build financing relationships with new parties.
- Financing markets in developing countries often suffer from the monopoly of limited banks to finance international trade and focus on the most trustworthy and international-oriented domestic companies, especially as the density of banks in developing countries is lower than the world average.

2.3 Trade Financing gap Reasons

Based on the results of the ADB Trade Finance Survey, a number of policies can be recommended to reduce the gap in the coming period, including:

- First, simplify the challenges for financial institutions in gathering customer information through the adoption of identity solutions at the international level, including the Global Identification System (LEI), which includes mechanisms to identify legal entities, major shareholders and property.
- Second, the development of credit risk assessment methods from relying on traditional methods that focus on financial statements and guarantees for the adoption of the supply chain financing (SCF) method, for example, which adopt a different approach to risk assessment that focuses on assessing the performance history. And the nature of relationships in the supply chain currently pursued by the multilateral development banks, including the Asian Development Bank.
- Third, the harmonization of digital standards in the financial and commercial sector at the regional level through regulators, banks, customs authorities, shipping companies, logistics and IT companies working together to develop new regulatory, legal and technical standards that enable all actors to use new sources of credit and risk schemes to meet Customers, which can help reduce funding gaps for small and medium-sized enterprises.
- Fourth, the establishment of unified databases for the global trade finance market to enable detailed data analysis, standard setting, trend analysis and leverage calculations, which would positively reflect the proposed policies on trade finance development and deepen understanding of the real economic implications of the trade finance deficit. .

2.4 Commercial Credit Guarantee

Commercial credit insurance is an essential service in the global economy today. It is mainly involved in expanding trade by playing an important role as a financial instrument to hedge and mitigate the credit risk that banks and economic institutions may have. Appropriate protection against credit defaults, bankruptcy, slow payments and late payments.

Risk transfer is one of the most important methods used in financial and economic institutions to cope with exposure to risks and to mitigate the value of losses resulting from the realization of risk. This means that the party exposed to the loss is able to obtain an alternative party to take the risk.

This is where insurers play their role by providing a commercial credit risk insurance policy where insurance companies take on the burden of these risks on behalf of the financier and provide them with the necessary protection to continue their role and ensure that there is real and guaranteed support that does not diminish over time. More credit, thus driving the trend to increase the volume of demand and stimulate the overall market.

In addition to securing losses from borrowers' insolvency, the insurer can provide the insurer with information on the financial strength of current and potential borrowers, financial information that may be of great value to the lender and a strong incentive to purchase credit insurance.

Based on the above, credit guarantees to the business process play an important role in reducing the gap in foreign trade financing worldwide, through its important role in reducing the risks associated with the trade finance process, which is one of the main reasons for the gap.

The insurance industry contributes to encouraging trade finance providers, especially banks, to operate and accept operations that may carry certain risk levels. Where specialized entities in cross-border risk insurance provide a security to collect the value of the debt bond generated by the business transaction and provide compensation in the event of the risk against which the insurance is insured against fees representing a percentage of the value covered by the collateral and vary according to the number and nature of the risks covered.

Slow payment/default	**Financing risk**	**Commercial risk**
Bankruptcy		
Contract repudiation	**Contract risk**	
Contract dispute		
Abusive bond drawing		
Foreign exchange control legislation	**Political risk**	**Country risk**
Discharge of debt legislation		
Government repudiation of debt		
Payment moratorium		
Insurrection/overthrow/domestic turmoil		
Non-payment due to war		
Non-payment due to natural disasters		
Currency inconvertibility	**Transfer/economic risk**	
Currency fluctuation/devaluation	**FX risk**	

2.4.1 Types of Insured Risks

The risks against which trade finance is secured are risks that may be the result of commercial, non-commercial factors or other factors as follows:

• Commercial Risks:

The risks of the buyer or the importer and lead to the failure of the exporter to receive the full amount of his dues within the agreed deadlines. The most important of these are the bankruptcy of the importer (buyer) or the insolvency or liquidation of the importer and the importer refraining from paying what he owed to the exporter, the buyer refused to receive the goods shipped.

• Non-commercial or political risks

It refers to risks that are beyond the importer's control and include all risks arising from an importer's inability to pay due to political factors originating from the authorities of the importing country or the authorities of the transit country, such as events such as wars, disturbances, etc., or legislation, decisions or procedures leading to default or delay in payment . Political risks can be classified as partial, as well as internal and external.

• Other risks

These include, but are not limited to, the risk of exhibitions, the search for new markets, the risk of volatile raw material prices and wages, and the risk of excessive production costs and risks to stocks established abroad.

2.4.2 Specialized agencies in providing security services

There are many specialized entities in the world that offer credit risk insurance in general and commercial credit in particular. According to the estimates of the International Federation of Export and Investment Credit Guarantee Agencies (the Berne Union), the number of these bodies exceeds 50, around the world, and varies between countries established by countries To support financing their foreign trade and securing their financing, as is the case in a number of Arab countries, including Algeria, Egypt, Lebanon, Saudi Arabia, Sudan, Tunisia, UAE and Qatar, as opposed to other multilateral bodies such as the Arab Institution for Investment Guarantee and Export Credit and the Islamic Corporation for Investment Guarantee and Export Credit.

The importance of these actors has increased in the light of the unpredictable political and military events and developments in the world Industry Protection and insurance accounted for more than 11% of all world merchandise trade per year, based on the latest available data Of the Berne Union.

During the year 2016, the global insurance market witnessed growth in the volume of operations of export credit insurance and guarantee institutions Investment to reach 1.88 trillion dollars, compared to 1.84 trillion dollars in 2015, of which 94% to secure export credit and represent short-term operations 87% for the same year.
In the area of security activity in the region, the value of the guarantees provided by AMAN members, comprising 17 Arab and Islamic institutions, increased by 22.6% to reach $ 32.6 billion in 2016, compared with $ 26.6 billion in 2015.

The latest statistics from the Berne Union indicate that Arab countries have continued to be on the list of the top 10 countries In the world in recent years in terms of indicators of utilization of export credit guarantee services during the year 2016. Where An Arab country ranked fifth in terms of the value of existing operations to ensure export credit in the medium and long term , And three Arab countries were included in the list of the most important countries in the world In terms of recoveries to ensure export credit in the medium and long term and another

Arab country ranked eighth Globally in terms of the value of recoveries to ensure export credit in the short term.

The Arab Investment & Export Credit Guarantee Corporation (Dhaman) manages the Arab Export Credit Guarantee System, which is designed to support and encourage the efforts of Arab exporters to develop their exports to Arab and non-Arab countries, and thus increase the volume of Intra-Arab trade and the volume of Arab exports destined for international markets.

For more than four decades, the Foundation has been the first international multilateral institution to offer warranty services in the development of the company Its performance to total cumulative operations by the end of 2017 about $ 16 billion, of which more than 75% of the export credit guarantee.

The Arab Export Credit Guarantee System provides the following advantages:

- Pre-emptive risk of non-payment.
- Increase competitiveness by providing importers with payment facilities and easy payment terms such as checks, bills of exchange or bank transfer without insisting on payment in cash or under enhanced letters of credit and without fear of non-payment.
- Access to financing on easier terms from banks as soon as the shipment is completed and without waiting for the date of payment of the value of the goods by deducting the commercial papers at one of the financed banks and transferring the right to receive compensation to that bank. Obtain compensation up to 100% of the loss value.

Insurance covers two sets of risks, both commercial and non-commercial, and can be combined or separate:

- Commercial risks: These are the risks that the importer is the direct source of bankruptcy and inability or failure to meet what he deserved.
- Non-commercial risks: These are the risks that are caused by a factor beyond the importer's discretion to prevent the authorities of the importing country from transferring the value of the imported goods, the occurrence of general civil disturbances or military actions, confiscation or nationalization of the importer's property.

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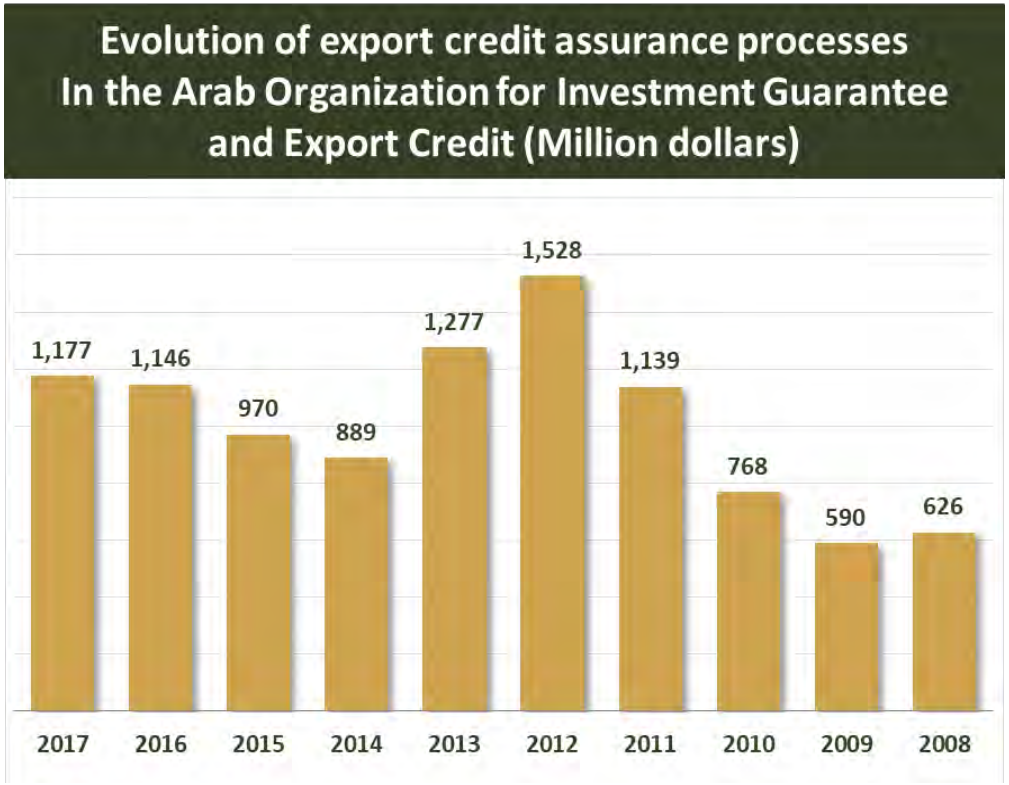

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