UAE gets over $73bn in foreign direct investment

Only Qatar bucks the trend as economic crisis hits FDI flow into other GCC countries

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The UAE economy remains robust thanks to diversification (FILE)

The UAE has attracted more than $73 billion in foreign direct investment (FDI) since it was created nearly four decades ago to emerge as the second top capital recipient in the region, according to UN statistics.

Saudi Arabia, the world's oil basin, remained the largest Arab destination of FDI, attracting nearly $147.1 billion, showed the figures by the United Nations Conference on Trade and Development (UNCTAD).

Cumulative FDI flow into the UAE totaled around $73.4 billion, nearly 26 per cent of the combined foreign capital received by the six-nation Gulf Cooperation Council (GCC), which controls over 45 per cent of the world's oil.

Taken together, FDI by the UAE and Saudi Arabia accounted for around 80 per cent of the total FDI of nearly $278 billion received by the 29-year-old GCC.

Qatar, the world's top LNG exporter, emerged as the third largest FDI target within the GCC, receiving nearly $28.1 billion. It was followed by Bahrain, with cumulative FDI of about $14.9 billion, according to UNCTAD.

FDI flow into Oman stood at around $13.2 billion while Kuwait emerged as one of the least attractive investment destination in the region, with only $986 million.

Outside the GCC, Egypt was the largest FDI recipient and the third in the whole Arab world, with cumulative FDI of about $66.7 billion.

It was followed by Morocco with around $40.7 billion, Lebanon, with $32 billion, Tunisia with nearly $31.8 billion, Jordan with $18.7 billion and Algeria with $17.3 billion.

Conflict-battered Iraq has received around $5.06 billion while the occupied Palestinian territories emerged with one of the lowest levels of FDI, which totaled around $1.2 billion due to persistent tensions and Israeli restrictions.

The report showed FDI flow into the GCC declined in 2009 for the first time in many years because of the 2008 global fiscal crisis. From around $60 billion during 2008, FDI into GCC dropped to nearly $50 billion last year.

A breakdown showed the UAE was the main victim of the downturn, with FDI inflow tumbling from around $13.7 billion in 2008 to nearly $four billion in 2009, one of its lowest levels over the past 15 years.

FDI flow into Saudi Arabia slumped from a record high of around $38.1 billion to nearly $35.5 billion in the same period. There was a decline in Bahrain and Oman while Kuwait recorded a net inflow of $145 million in 2009 compared with a negative net flow of nearly $51 million.

Qatar was an exception in the Arab region, with FDI inflow more than doubling from around 4.1 billion to $8.7 billion in the same period. Experts attributed the surge to investments by the country's foreign partners in gas projects, which have turned Qatar into the top LNG supplier in the world, with its current production exceeding 40 million tonnes per year.

Despite the sharp rise in FDI flow into the GCC over the past 10 years, it remained a tiny fraction of the global FDI of nearly $17.74 trillion, not exceeding 1.5 per cent. Compared with FDI flow into developing nations, the GCC also accounted for only around 5.6 per cent of the total capital of $4.89 trillion.

As for the UAE it accounted for around 0.4 per cent of the world's total, 1.5 per cent of the FDI in developing countries and over 10 per cent of the Arab FDI.