

Global FDI inflows in 2015 increased for the first time after three consecutive years of decline reaching record levels since the financial crises. Total FDI inflows increased by 40% or almost USD 500 Bn to USD 1.76 Trillion primarily on the back of higher inflows in developed economies which accounted for more than 90% of the increase with a total inflow of USD 962 Bn. Moreover, the share of developed economies in FDI inflows also reached the highest level since the financial crisis recorded at 54.6% of total world FDI inflows in 2015 as compared to 40.9% in 2014. The surge was primarily on the back of an increase in cross-border M&As that increased by 68% year-on-year to reach USD 721 Bn. This was also the highest level of M&A transactions recorded since 2007.

Meanwhile, greenfield investments also contributed to the growth but with a relatively smaller increase of 8.4% to reach USD 765.7 Bn. Nevertheless, according to the report, corporate reconfigurations, which involves minimal increase in actual operations, accounted for the bulk of the increase in total FDI inflows globally and when we exclude such transactions, the increase was a much more moderate 15% during the year.

Within the developed economies, FDI inflows to the US more than doubled year-on-year to USD 380 Bn in 2015 after seeing a steep decline during the previous year. On the other hand, FDI inflows in developing economies increased at a much slower pace of 9.5% or by USD 66.2 Bn to reach USD 764.7 Bn. Europe also saw higher flows during 2015 witnessing an increase of 64.6% to reach USD 503.5 Bn in total FDI inflows.

In terms of source of FDI outflows, Europe topped the growth chart with an FDI outflow growth of USD 365 Bn or 85.3% to reach USD 576.2 Bn in 2015. On the other hand, North America witnessed a fall in FDI outflows primarily on the back of a fall in FDI investments arising out of the US. Asia and developing economies also witnessed a decline in FDI outflows during 2015 with a fall of 16.5% and 15.2%, respectively.

The GCC region continues to account for a miniscule portion of total global FDI inflows. The share of GCC in terms of FDI inflows has been declining over the years reaching a low of USD 19.8 Bn during 2015 with a 5-year CAGR of -15.3%. On the other hand, FDI emanating from the GCC has seen a great deal of volatility over the years reaching almost USD 25.6 Bn during 2015 after declining by almost 75% during 2014 as compared to the previous year.

FDI Flows by Region

FDI Inflows (USD Mn)	2010	2011	2012	2013	2014	2015	5-Y CAGR	Share in World FDI Inflows	
								2014	2015
World	1,388,821	1,566,839	1,510,918	1,427,181	1,276,999	1,762,155	4.9%		
Developed Economies	699,889	817,415	787,359	680,275	522,043	962,496	6.6%	40.9%	54.6%
Europe	431,688	478,063	483,195	323,366	305,988	503,569	3.1%	24.0%	28.6%
North America	226,449	269,531	231,538	283,254	165,120	428,537	13.6%	12.9%	24.3%
US	198,049	229,862	188,427	211,501	106,614	379,894	13.9%	8.3%	21.6%
Developing Economies	625,330	670,149	658,774	662,406	698,494	764,670	4.1%	54.7%	43.4%
Asia	412,407	426,702	409,553	431,412	467,935	540,722	5.6%	36.6%	30.7%
GCC	45,404	29,509	26,674	23,555	23,086	19,840	-15.3%	1.8%	1.1%

FDI Outflows (USD Mn)	2010	2011	2012	2013	2014	2015	5-Y CAGR	Share in World FDI Outflows	
								2014	2015
World	1,391,918	1,557,640	1,308,820	1,310,618	1,318,470	1,474,242	1.2%		
Developed Economies	983,405	1,128,047	917,783	825,948	800,727	1,065,192	1.6%	60.7%	72.3%
Europe	585,478	558,656	411,395	319,734	311,033	576,254	-0.3%	23.6%	39.1%
North America	312,502	448,717	374,061	362,806	372,237	367,151	3.3%	28.2%	24.9%
US	277,779	396,569	318,197	307,927	316,549	299,969	1.5%	24.0%	20.3%
Developing Economies	358,029	373,931	357,844	408,886	445,579	377,938	1.1%	33.8%	25.6%
Asia	291,487	318,613	302,354	358,862	397,568	331,825	2.6%	30.2%	22.5%
GCC	15,507	26,792	16,919	38,982	11,971	25,566	10.5%	0.9%	1.7%

Source: UNCTAD World Investment Report-2016, KAMCO Research

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FDI in the GCC

FDI Inflows	2010	2011	2012	2013	2014	2015	5-Y CAGR	Share in GCC FDI Inflows	
GCC	45,404	29,509	26,674	23,555	23,086	19,840	-15.3%	2014	2015
Saudi Arabia	29,233	16,308	12,182	8,865	8,012	8,141	-22.6%	34.7%	41.0%
UAE	8,797	7,152	8,828	9,491	10,823	10,976	4.5%	46.9%	55.3%
Qatar	4,670	939	396	-840	1,040	1,071	-25.5%	4.5%	5.4%
Kuwait	1,305	3,259	2,873	1,434	953	293	-25.8%	4.1%	1.5%
Oman	1,243	1,753	850	876	739	822	-7.9%	3.2%	4.1%
Bahrain	156	98	1,545	3,729	1,519	-1,463	-256.5%	6.6%	-7.4%

FDI Outflows	2010	2011	2012	2013	2014	2015	5-Y CAGR	Share in GCC FDI Outflows	
GCC	15,507	26,792	16,919	38,982	11,971	25,566	10.5%	2014	2015
Saudi Arabia	3,907	3,430	4,402	4,943	5,396	5,520	7.2%	45.1%	21.6%
UAE	2,015	2,178	2,536	8,828	9,019	9,264	35.7%	75.3%	36.2%
Qatar	1,863	10,109	1,840	8,021	6,748	4,023	16.6%	56.4%	15.7%
Kuwait	5,890	10,773	6,741	16,648	-10,468	5,407	-1.7%	-87.4%	21.1%
Oman	1,498	1,222	884	10	1,670	855	-10.6%	14.0%	3.3%
Bahrain	334	-920	516	532	-394	497	8.3%	-3.3%	1.9%

It's a long journey for the GCC...

Amid volatile flow of funds in and out of the GCC, the share of the region in the total global FDI flows has remained minimal. FDI inflows in the GCC reached a new low in 2015, as the slowdown in economic growth rate due to the fall in oil prices affected investor perception of the region. Moreover, the ongoing geo-political situation also contributed to the decline.

In terms of individual country contribution, the absolute growth in FDI inflows was led by UAE which recorded an increase of USD 153 Mn in total inflows closely followed by Saudi Arabia with an increase of USD 129 Mn. Qatar and Oman also recorded small increase in inflows. On the other hand, Bahrain recorded net outflow of FDI reflecting major foreign divestment, whereas FDI in Kuwait saw a steep decline of USD 660 Mn in 2015. UAE also topped the list in terms of FDI outflows from the GCC in 2015 recording a total flow of USD 9.2 Bn followed by Saudi Arabia and Kuwait with outflows of USD 5.5 Bn and 5.4 Bn, respectively.

In terms of FDI inward stock in the GCC, Saudi Arabia tops the chart with a total stock of USD 224 Bn followed by UAE at USD 111.1 Bn. On the other hand, UAE is a major investor abroad with the highest FDI outward stock of USE 87 Bn followed by Saudi Arabia at USD 63.3 Bn.

FDI stock in the GCC

FDI Inward Stock (USD Mn)	2010	2011	2012	2013	2014	2015	Share in GCC	
GCC	312,836	344,438	371,677	402,603	416,314	430,649	2014	2015
Saudi Arabia	176,378	186,850	199,032	208,330	215,909	224,050	51.9%	52.0%
UAE	63,869	85,406	95,008	105,496	115,561	111,139	27.8%	25.8%
Qatar	30,564	30,477	30,804	29,964	31,004	33,169	7.4%	7.7%
Kuwait	11,884	10,765	12,767	21,242	15,362	14,604	3.7%	3.4%
Oman	14,987	15,005	17,240	19,756	19,707	20,027	4.7%	4.7%
Bahrain	15,154	15,935	16,826	17,815	18,771	27,660	4.5%	6.4%

FDI Outward Stock (USD Mn)	2010	2011	2012	2013	2014	2015	Share in GCC	
GCC	133,501	140,622	154,634	188,203	200,835	247,564	2014	2015
Saudi Arabia	26,528	29,970	34,360	39,303	44,699	63,251	22.3%	25.5%
UAE	55,560	57,738	60,274	63,179	66,298	87,386	33.0%	35.3%
Qatar	12,545	18,572	20,413	28,434	35,182	43,287	17.5%	17.5%
Kuwait	28,189	22,059	24,501	40,247	36,531	31,577	18.2%	12.8%
Oman	2,796	3,507	5,387	6,289	7,453	7,438	3.7%	3.0%
Bahrain	7,883	8,776	9,699	10,751	10,672	14,625	5.3%	5.9%

Value of announced greenfield FDI projects in the GCC

World as Destination (USD Mn)	2010	2011	2012	2013	2014	2015	Share in GCC	
GCC	24,145	36,001	29,568	33,378	24,104	44,877	2014	2015
Saudi Arabia	1,435	5,627	2,033	2,948	1,926	13,531	8.0%	30.2%
UAE	17,744	15,088	17,177	18,018	20,715	22,092	85.9%	49.2%
Qatar	1,583	11,508	7,514	1,507	297	676	1.2%	1.5%
Kuwait	2,479	2,824	1,215	9,806	430	3,877	1.8%	8.6%
Oman	107	220	99	466	269	538	1.1%	1.2%
Bahrain	797	734	1,530	633	467	4,163	1.9%	9.3%

World as Investors (USD Mn)	2010	2011	2012	2013	2014	2015	Share in GCC	
GCC	29,799	37,363	30,670	21,392	26,985	22,798	2014	2015
Saudi Arabia	8,315	16,152	9,443	6,642	9,988	9,855	37.0%	43.2%
UAE	10,881	9,090	10,263	7,336	12,976	8,959	48.1%	39.3%
Qatar	4,089	3,796	2,089	1,625	1,219	934	4.5%	4.1%
Kuwait	572	811	614	2,176	249	158	0.9%	0.7%
Oman	3,534	3,664	4,311	2,435	1,535	881	5.7%	3.9%
Bahrain	2,408	3,850	3,950	1,178	1,018	2,011	3.8%	8.8%

UAE continues to remain the most vibrant market tapping greenfield FDIs...

Total value of greenfield FDI projects abroad by GCC countries almost doubled to USD 44.8 Bn during 2015 as compared to USD 24.1 Bn during 2014. The growth was primarily on the back of Saudi Arabia which added almost USD 12.0 Bn in new greenfield FDI projects outside the country with a total value of USD 13.5 Bn. Nevertheless, UAE continues to top the chart with a total value of USD 22.1 Bn followed by Saudi Arabia. Greenfield projects announced within the GCC in 2015 with world as the investor was topped by Saudi Arabia with a total value of USD 9.9 Bn, almost at the same level as last year, closely followed by UAE that saw a decline of USD 4 Bn to reach USD 9.0 Bn.

Qatar continues on the buying spree with highest M&A purchases abroad...

Total cross-border M&A transactions in the GCC saw a huge jump in 2015 with net sale transactions pegged at USD 2.2 Bn, a more than three-fold increase from USD 676 Mn in 2014, whereas value of net cross-border purchase transactions increased by almost 60% to USD 16.4 Bn in 2015 as compared to USD 10.6 Bn in 2014. Qatar continues to remain one of the biggest in terms of net M&A purchases abroad with the highest value in cross border purchase transactions in 2015 recorded at USD 8.8 Bn followed by UAE at USD 5.2 Bn.

Value of cross-border M&As in the GCC

M&A Net Sales (USD Mn)	2010	2011	2012	2013	2014	2015	Share in GCC	
GCC	2,364	1,287	3,420	950	676	2,183	2014	2015
Saudi Arabia	297	657	1,429	305	235	753	34.8%	34.5%
UAE	755	556	366	342	-188	450	-27.8%	20.6%
Qatar	12	28	169	0	0	0	0.0%	0.0%
Kuwait	460	16	2,230	414	629	868	93.0%	39.8%
Oman	388	0	-774	0	0	110	0.0%	5.0%
Bahrain	452	30	0	-111	0	2	0.0%	0.1%

M&A Net Purchases (USD Mn)	2010	2011	2012	2013	2014	2015	Share in GCC	
GCC	-13,938	4,790	9,315	6,785	10,585	16,392	2014	2015
Saudi Arabia	2,165	107	294	520	-674	3,333	-6.4%	20.3%
UAE	-1,732	5,896	-207	2,102	7,984	5,183	75.4%	31.6%
Qatar	626	-790	7,971	3,594	3,966	8,838	37.5%	53.9%
Kuwait	-10,793	2,078	376	258	1,414	731	13.4%	4.5%
Oman	-530	222	354	-6	26	-1,044	0.2%	-6.4%
Bahrain	-3,674	-2,723	527	317	-2,131	-649	-20.1%	-4.0%

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