

DUBAI DEVELOPMENT
AND INVESTMENT
AUTHORITY



هيئة دبي
للاستثمار
والتنطوير

Government of Dubai

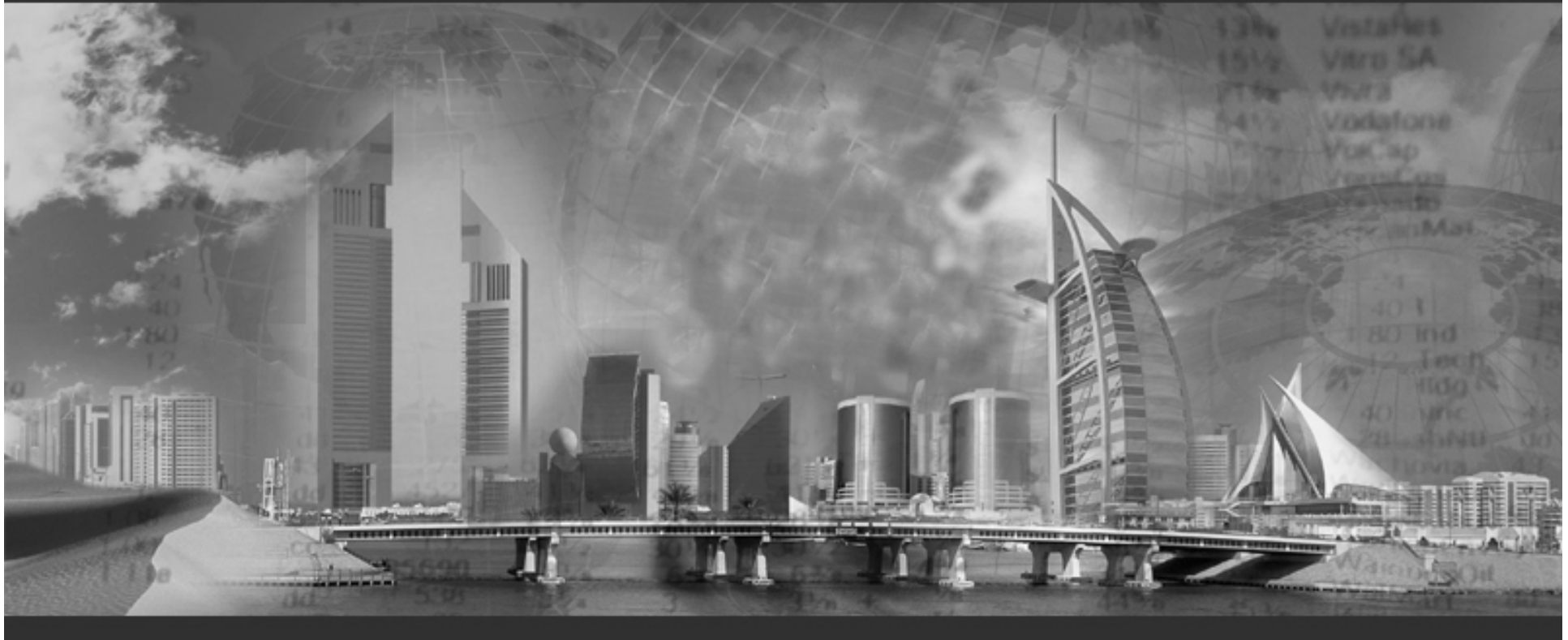
حكومة دبي

FDI and the Arab World

OECD Meeting in Istanbul

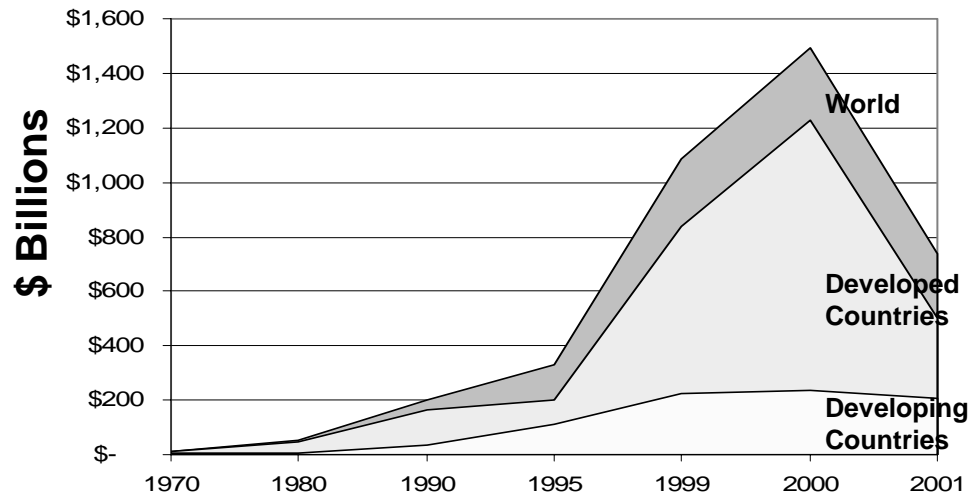
February 11th, 2004

Dr. Martin Berlin – Chief Strategy Officer

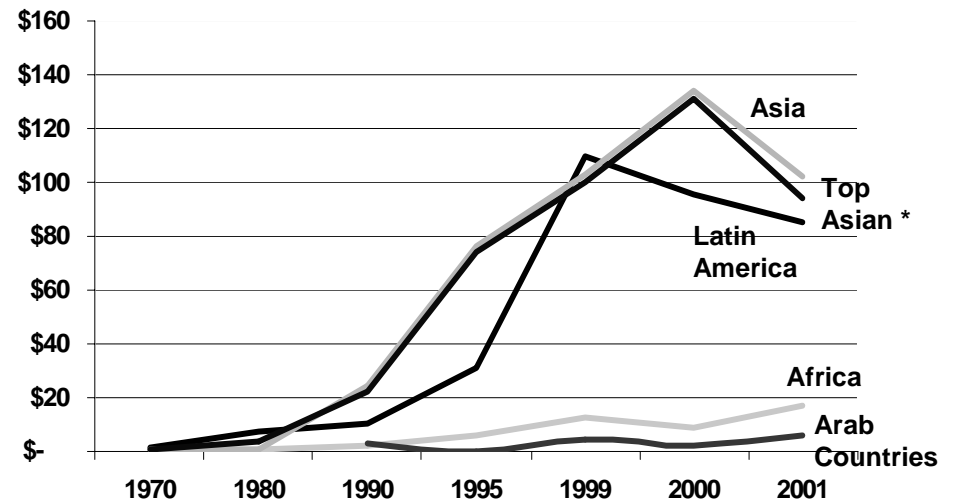


Why Investment Promotion – Current status of FDI

While Global FDI flows have increased at a dramatic rate over the past 15 years...

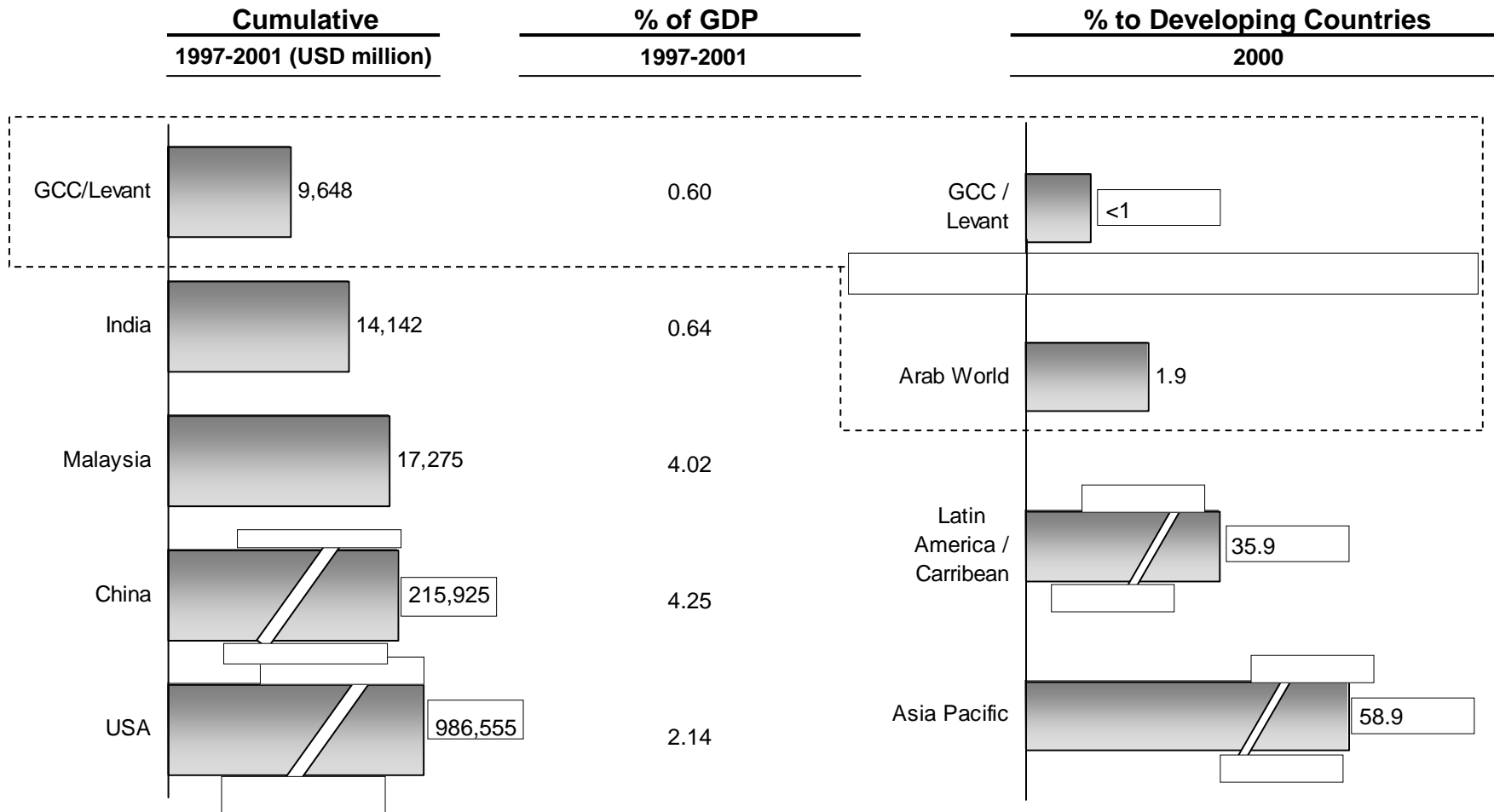


...FDI into the Arab world has been minimal and stagnant, representing less than 1% of Global FDI flows



The Arab region's share of the FDI is significantly lower than other developing countries/ regions of the world.

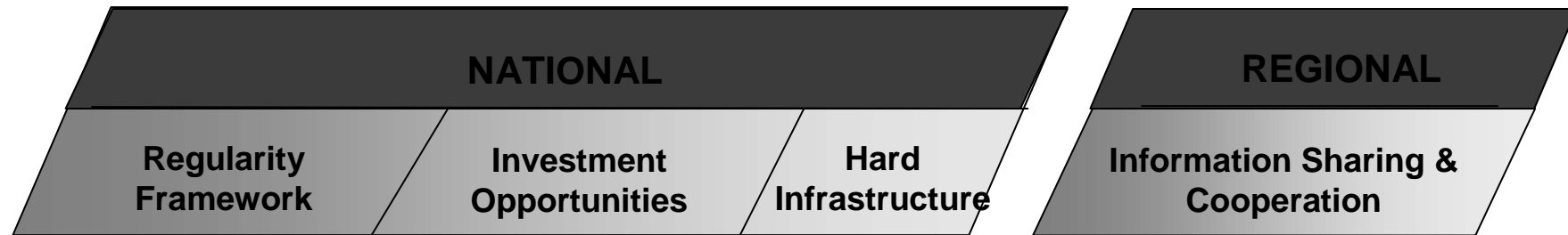
Foreign Direct Investment (Inflows)



Source: UNCTAD World Investment Report, WDI (World Bank)

Hurdles to FDI in the Arab Region

A blend of tangible and intangible factors, both at the national and regional level, have impeded the flow of FDI to the Arab region.



- ¶ Except in some cases of free zones, most countries do not provide 100% ownership to foreign investors;
- ¶ Most countries do not subscribe to international mechanisms for dispute settlement;
- ¶ Strict labor laws, especially the in GCC countries, restrict the mobility of highly talented human capital;
- ¶ Weak enforcement of IPR laws provide inadequate protection to foreign investors.

- ¶ Governments have monopolies in most strategic sectors, energy, telecom etc, leaving very few opportunities for foreign investors
- ¶ Private sectors are generally small, largely dominated by family business groups, lack scale to attract any serious foreign investment.

- ¶ Most countries in the region have poor infrastructure indicators in terms of electricity per capita, telecom, & internet penetration rates,

- ¶ Arab markets are perceived as competitive 'fragmented markets' as opposed to a complementary single market for FDI by international investors;
- ¶ Lack of regulatory harmony, information sharing mechanisms and joint promotional exercises impede flow of FDI.

Dubai Development & Investment Authority (DDIA)

To overcome the hurdles that impede FDI flows to Dubai, Dubai Development & Investment Authority (DDIA) has been established.

Vision

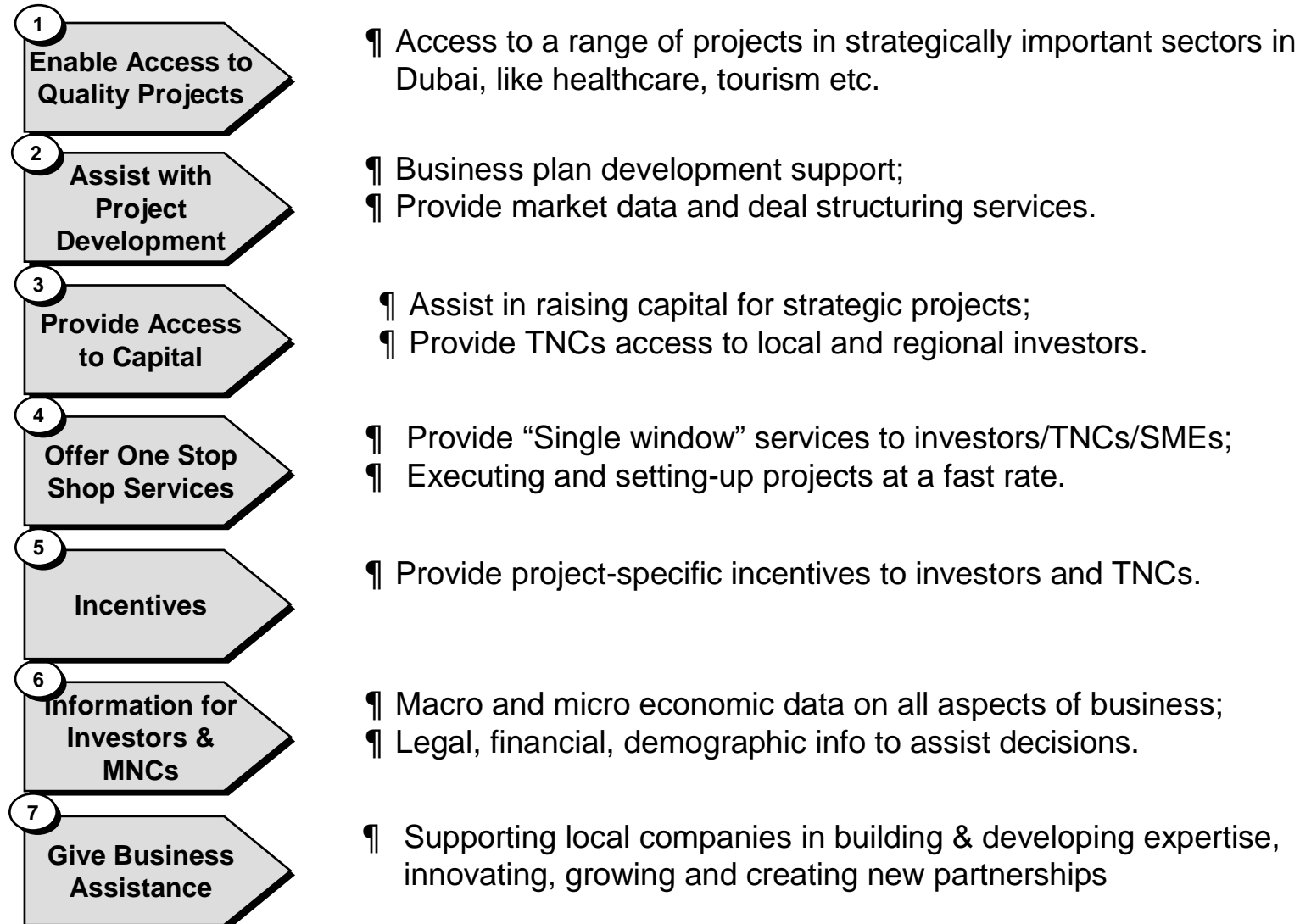
“We will make Dubai a regional economic hub; through developing and implementing world class policies, regulations and initiatives.”

Mission

An organization responsible for promoting the economic growth and development of Dubai by encouraging the establishment of higher value added activities and private sector investments in Dubai



DDIA has adopted a unique approach of providing attractive investment opportunities, in addition to regulatory and infrastructure support, to attract FDI.



Arab Association for Investment & Promotion

To overcome FDI hurdles at the regional level, the Investment Promotion Agencies of Saudi Arabia, Bahrain and Dubai have jointly established the private initiative of the Arab Association of Investment Promotion (AAIP).



Arab Association for Investment Promotion (AAIP)

Purpose

- ¶ Create the infrastructure support system;
- ¶ Develop the business environment;
- ¶ Promote business opportunities.

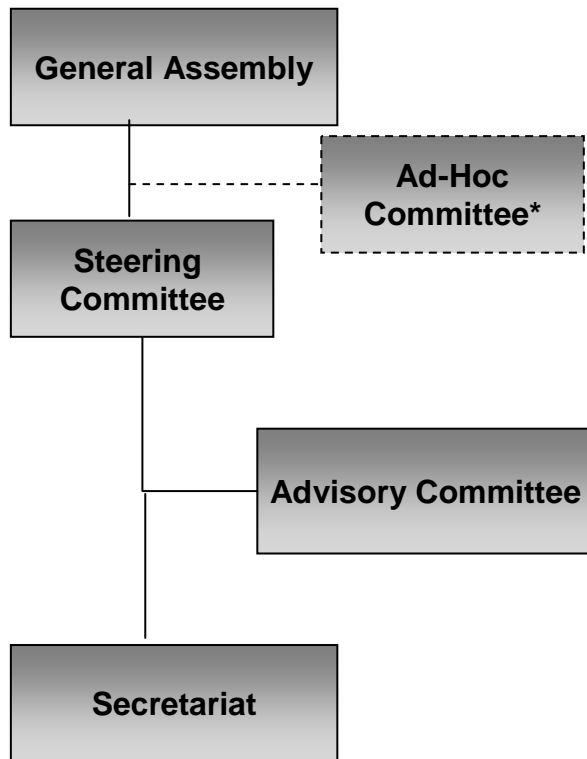
Structure

- ¶ Independent initiative of the investment agencies of the region that does not require explicit endorsement from the national government;
- ¶ Membership open to all investment and related entities/ organizations;
- ¶ Headquarters in Dubai and SAGIA will assign the first chairperson of AAIP

The Proposed Organizational Structure of AAIP

The General Assembly will play a lead role in setting the agenda and direction, aided by the Secretariat. The Steering Committee will perform these functions in the transitional phase.

High Level Organization Structure



Membership

- ▶ Open to all interested entities (e.g. investment promotion agencies, economic development board,...)
- ▶ Representation from both private and public sector elected by General Assembly
- ▶ Not more than 5-7 members
- ▶ International and regional org's. (OECD, UNIDO, UNCTAD etc)
- ▶ Leading businessmen /Experts
- ▶ 1 Secretary general
- ▶ 2 Support staff
- ▶ 1 Personal assistant

Key Responsibilities

- ▶ Sets policies and objectives of AAIP
- ▶ Approves annual budget
- ▶ Ensures the implementation of the General Assembly's decisions
- ▶ Sets budgets.
- ▶ Makes non executive recommendations to the Steering Committee
- ▶ Provide, when requested, advice, opinions, and know-how on specific issues
- ▶ Coordinate all activities of the association
- ▶ Implementation of resolutions adapted by General Assembly;
- ▶ Sets budgets

Permanent
 Transitional

*Performs the functions of the Secretariat and the Steering Committee till the time they are fully operational

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Thank You

