



**OECD-MENA Investment Steering Group Meeting
*In partnership with the Jordan Investment Board***

30 June – 1 July 2004
Amman, Jordan

**REGULATORY ENVIRONMENT FOR INTERNATIONAL
INVESTMENT IN MENA COUNTRIES**

**Draft Overview and Preliminary Inventory of Available
Information**

This document, prepared by the OECD Secretariat, is intended as a contribution to an initial stocktaking phase of the proposed OECD-MENA investment initiative and as an evolving working tool for possible peer discussion among governments as increasing the level of openness and transparency of regulations towards international investment is considered in MENA countries. It attempts to register available information from MENA countries and from the IMF, WB, UNCTAD and other established sources as well as to signal knowledge gaps that future dialogue may fill.

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PART 1

DRAFT OVERVIEW

1. This document is intended as a contribution to an initial stocktaking phase of the proposed OECD-MENA investment initiative and as an evolving working tool for possible peer discussion among governments as increasing the level of openness of regulations towards international investment is considered in MENA countries. The paper attempts to register information available in one of the two official languages of the OECD (English and French) from MENA countries and the IMF, WB, UNCTAD and other established sources as well as to signal knowledge gaps that future dialogue may fill.

2. The countries of the Middle East and North Africa (MENA)¹ have in recent years *adopted policies aimed at attracting foreign investment* in line with the international tendency to move away from relatively closed and dirigiste economic strategies and to reap the benefits of the increasing globalisation of production. Foreign investment is also seen as essential in helping to diversify energy-rich MENA economies away from dependence on oil exports, which renders them vulnerable to fluctuations in global energy demand. In some cases, countries are reversing their perspective after attempting in earlier decades to finance development at home by investing their trade surpluses abroad. All MENA countries now find themselves engaging in a competition for investment capital with other developing regions – and with each other – which is constantly stimulating them to improve their investment environment.

3. *Barriers to the establishment and operation of partly or wholly foreign-owned enterprises have been steadily lowered.* Restrictions on foreign ownership of enterprises have been relaxed, as have those on foreign ownership of land and real estate and on foreign purchases of shares on local stock markets. In some MENA countries, foreigners may participate in the privatisation of state-owned enterprises. Investment screening and approval procedures have been simplified. Foreign exchange regimes have been liberalised to some extent; in particular, all the MENA countries in this survey except Egypt and Syria have obtained IMF Article VIII status, indicating that they have removed restrictions on payments and transfers relating to current transactions, including repatriation of profits. Several MENA countries also allow unhindered repatriation of capital without restriction. The willingness of most MENA countries to commit themselves to protecting foreign investments is demonstrated by the increasing number of investment treaties they have signed in recent years. A number of the countries in this report have made serious efforts to increase the transparency of their foreign investment regimes.

4. However, *MENA countries remain generally less open to foreign investment than OECD Member countries.* While foreign investment is welcomed, many sectors remain closed to foreign investment or are subject to foreign purchases of domestic shares. Some stock markets in the region are effectively closed to foreign participation. MENA countries vary in the degree to which foreign

1. This report covers the following countries in the region: Algeria, Bahrain, Djibouti, Egypt, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates (UAE) and Yemen.

investors may freely repatriate capital. Despite improvements, screening procedures for proposed investment projects remain in place in a number of countries, often unduly complex and time-consuming. Even in those MENA countries where foreigners may now acquire land and real estate for business purposes, the process is often more circuitous for foreigners than for local residents. Investment incentives in several MENA countries involve performance requirements such as export minima. Limitations on market access and national treatment related to mode 3 of GATS (the supply of a service through the commercial presence of the foreign supplier in the territory of another WTO member) appear to be extensive in the 10 WTO members in MENA by comparison with other world regions (see Annex 7). Transparency of foreign investment regimes varies widely between MENA countries: one indication of this is the relative paucity of information made available to outsiders by some of the countries in this report, as shown in the accompanying matrix.

5. Probably partly as a result of this limited openness to foreign investment, ***FDI has increased in recent years, but not as rapidly as in some other developing regions***. Net FDI inflows in those MENA countries for which relevant figures are available grew to US\$7.4 billion in 1998, but subsequently fell to only US\$2 billion in 2003, while in the latter year all other developing world regions received far more FDI, according to the World Bank (see Table A.3). The proportion of FDI inflows (measured gross) to GDP in an overlapping sample of MENA countries has fluctuated without growing appreciably, and in the case of some countries has exhibited a downward trend (see Table A.2). FDI inflows per capita in MENA countries in the period 1998-2000 averaged US\$21 per year, far lower than the comparable figure of US\$1,321 for OECD countries in 2000.² During this time a wide variation was displayed between MENA countries, where FDI inflows ranged from US\$0.2 per year per capita in Algeria to US\$155.2 in Saudi Arabia, with Yemen experiencing an outflow averaging US\$12. Moreover, FDI inflows played a relatively modest role in MENA economies in 1998-2000, when the average MENA FDI:GDP ratio was only 0.9 per cent, the same as for Sub-Saharan African countries, and markedly below the 3 per cent recorded in Latin America and East Asia.

6. This relatively poor FDI attraction performance is likely to be the result of a number of factors, many of which – such as market size, macroeconomic stability, location, labour costs, infrastructure provision or security issues – lie beyond the scope of this survey. However, a major contributory factor may well be the ***high cost of entry resulting from the complex procedures involved in setting up a foreign-owned enterprise*** in MENA countries. One recent study (Annex 6) shows that while the number of such procedures is on a par with those in other developing regions and their duration is towards the lower end of the global range, their total cost is far higher (76.1 per cent of per capita gross national income, compared with 16.1 per cent in five countries in East Asia, 34 per cent in four countries in Europe and Central Asia and 14.2 per cent in four countries in Latin America and the Caribbean).³ Restrictions on investment on nationality grounds rank highly in business surveys on investment constraints (Box 1).

2. Calculated from IMF, *International Financial Statistics* FDI inflow and population figures.

3. The World Bank (2003b).

Box 1. Investment constraints

In one recent survey on intra-regional investment barriers,⁴ potential investors listed the following constraints on investment in MENA countries (in order of importance):

1. Legal system enforcement.
2. Laws restricting business to nationals
3. Prohibited foreign ownership of real estate.
4. Limitation on foreign ownership.
5. Government corruption and red tape.
6. Tax system and fees.

7. ***Lack of transparency*** constitutes an additional obstacle to inward investment in MENA countries, which vary widely in the availability of up-to-date, accurate and relevant information. For example, while some countries provide detailed reports in response to a survey on investment restrictions by the IMF,⁵ others supply cursory responses – frequently just one word – devoid of usable content. Similarly, the range of national government web sites providing information of use to foreign investors extends from sophisticated sites containing relevant laws and regulations, details of establishment procedures, contact information and other useful content (usually in English or French as well as in Arabic) to sites with no relevant information.

4. Zarrouk (2003).

5. Cf. IMF (2003), *passim*.

PART 2

PRELIMINARY INVENTORY OF AVAILABLE INFORMATION

1. What follows is an inventory, still a work in progress, which measures the regulatory treatment of international investment in the MENA countries, against international benchmarks such as the OECD Codes of Liberalisation of Capital Movements and Current Invisible Operations and the OECD National Treatment instrument [www.oecd.org/daf/investment/instruments], in accordance with a matrix developed for this purpose. Some boxes in the matrix are marked “ND” (no data) because the OECD has so far been unable to locate the relevant information, or has found that it can probably only locate it after spending more time and encountering more difficulties than a prospective investor of average skill and diligence could be expected to tolerate.
2. The information sources used to compile this inventory include publications (largely on the World Wide Web) of MENA country governments, multilateral organisations such as the IMF, World Bank and UNCTAD and surveys conducted by governments outside the MENA region.
3. Governments concerned could be invited to help complete the picture by supplying appropriate information. Where data readily available on, for example, the web sites of international organisations is out of date, governments are encouraged to provide updates and to build the necessary capacity to ensure that such updates are provided whenever there is new information to add and/or out-of-date information to remove.
4. Following the incorporation of such inputs, this inventory could function as a template that can be used in the policy dialogue among MENA countries and with OECD countries to document the progress of MENA countries in providing a business environment conducive to investment and indicate where measures may need to be taken to enhance that environment further.
5. Annex 1 summarises information currently available in one of the two official languages of the OECD (English and French) on inward investment restrictions in MENA countries in matrix form. The same information appears in fuller, textual form in Annex 2. Annex 3 lists the bilateral investment treaties and treaties for the avoidance of double taxation for each of the MENA countries covered by this report. Partial inward FDI statistics appear in Annex 5. Annex 6 is a comparative table showing the cost and duration of establishment procedures in MENA and other regions. Finally, Annex 7 gives a comparison of GATS market access and national treatment commitments in MENA countries and other world regions at different stages of development.

Glossary of abbreviations

ANDI	National Investment Development Agency [Algeria]
BDL	Banque du Liban [Lebanon's central bank]
GCC	Gulf Co-operation Council
HIC	High Investment Commission [Tunisia]
IDAL	Investment Development Authority of Lebanon
JD	Jordan Dinars
MENA	Middle East and North Africa
PCB	Popular Credit Bank [Syria]
SR	Saudi Riyals
UAE	United Arab Emirates

ANNEX 1

PROVISIONAL MATRIX SHOWING REGULATORY TREATMENT OF FDI IN MENA COUNTRIES¹

	Algeria	Bahrain	Djibouti	Egypt	Jordan	Kuwait	Lebanon	Morocco	Oman	Qatar	Saudi A.	Syria	Tunisia	UAE	Yemen
X=restriction, ND=no data, " " = no restriction															
1. All-sector limitations to entry of FDI															
2. Limitations on foreign purchase of domestic shares	X	X			X	X			X		X	no	X	X	
3. IMF Article VIII status	X	ND		no				X				X			?
4. Liquidation proceeds transfer abroad															
5. Sectoral limitations to establishment of an FDI															
a. financial services		X	ND		X	ND			ND	X	X	ND	ND	ND	X
b. other services					X	X			ND	ND	X	ND	X	ND	ND
c. primary sectors					X	X			ND	ND	X	ND	X	ND	X
d. manufacturing					X	X			ND	ND	X	ND	X	ND	X
6. Acquisition of real estate for FDI purposes	X				X	ND		X	X	X	X	X	X	X	
7. Exceptions to national treatment of established foreign-controlled enterprises															
a. access to local finance															
b. access to subsidies															
c. access to privatisation	X	X				X									
d. access to public procurement	ND	X		X	X	ND									
e. taxation	ND	ND		ND	ND	X									
f. discriminatory licensing in public utilities	ND	ND		ND	ND	ND									

Provisional matrix showing regulatory treatment of FDI in MENA countries¹ (cont)

	Algeria	Bahrain	Djibouti	Egypt	Jordan	Kuwait	Lebanon	Morocco	Oman	Qatar	Saudi A.	Syria	Tunisia	UAE	Yemen
X=restriction, ND=no data, " = no restriction	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
8 Other discriminatory practices	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
a. nationality-based restrictions on boards	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
b. discriminatory private practices	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
c. entry of key personnel	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
9 Performance requirements	X	ND	ND	X	ND	ND	ND	ND	ND	ND	X	X	X	ND	ND
10 FDI-targeted tax and other incentives	yes	ND	ND	yes	yes	yes	ND	ND	ND	yes	yes	yes	yes	ND	yes
11 Bilateral investment treaties (with OECD countries) ²	18(8)	11(1)	3(1)	78(25)	30(12)	33(12)	36(16)	47(20)	17(8)	16(6)	8(6)	15(3)	42(20)	19(9)	27(7)
12 Bilateral tax treaties (with OECD countries)	12(3)	9(1)	0(0)	13(3)	5(1)	10(3)	17(2)	10(3)	9(2)	3(0)	8(6)	17(1)	11(3)	8(3)	3(0)
13 Measures to enhance policy transparency	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
a. publication of regulations	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
b. notification prior to regulatory changes	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
c. negative lists of restricted sectors	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
d. "silent and consent" authorisation	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
14 Measures at sub-national level	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
15 Investment promotion agency (member of WAIPA)	yes	yes	yes	yes	yes	yes	yes	yes	yes	no	yes	no	yes	yes	yes

Notes:

1. The headings in this matrix correspond to the section headings in Annex 2, which contains explanations of box entries.
2. This list does not include the investment chapters of free trade agreements, for example those between United States and Bahrain and Jordan or agreements on the development of trade and investment relations such as those between the United States and Kuwait, Qatar, Saudi Arabia, UAE and Yemen. In each case, the first figure includes all treaties, including those renegotiated with the same country; for the figure in brackets, countries are counted only once.

Main sources: IMF, The World Bank, UNCTAD, United States Commercial Service.

ANNEX 2

REGULATORY TREATMENT OF FDI

(Preliminary country-specific information)

This inventory is provisional

1. The inventory summarised in the above matrix is detailed in this annex. The information in both sections is provisional and will be amplified in subsequent drafts as new material is incorporated. Some boxes in the matrix remain empty because information is not available, or is only available after conducting more research than a potential foreign investor is likely to devote to such a task.

2. Governments of MENA countries are invited to help complete the matrix by providing up-to-date, relevant and complete information. They are also encouraged to build capacity to enable them to provide subsequent updates when necessary. Following the incorporation of such inputs, this inventory will document the progress of MENA countries in providing a business environment conducive to investment and indicate where measures may need to be taken to enhance that environment further.

Openness to foreign investment

1. All-sector limitations on the entry of foreign direct investment including discriminatory screening and prior approval procedures

3. While some MENA countries are largely open to foreign investment, others impose a variety of restrictions, including sectoral limitations, foreign ownership ceilings, prior government approval and minimum capital requirements. In a recent survey, potential investors ranked limitation on foreign ownership fourth in a list of investment constraints (see Table 1).⁶

4. In *Algeria*, foreign direct investment is permitted freely except in certain specified sectors, provided that it conforms to the laws and regulations governing regulated activities and providing that prior declaration is made to the authorities.⁷ Before 1990, foreign investment was permitted in oil and gas extraction; since then it has been allowed in most sectors of the economy. In 1993 the government created an investment code that provides for freedom of investing and equal and non-discriminatory treatment for all investors, in joint ventures, direct investments and portfolio investment. The investment code guarantees the stability of the laws applied at the time of the initial investment. There is no discrimination against foreign investors.⁸ The framework was further modernised by “ordonnance 2001”, which introduced the fundamental principle of freedom of investment, as well as MFN and national treatment. Privatisation of key sectors was permitted, except for hydrocarbons, where foreign investments are limited to joint ventures with the state-owned public company Sonatrach.⁹ The Algerian government passed a new

6. Zarrouk (2003).

7. IMF (2003).

8. United States Commercial Service.

9. UNCTAD (2003).

law in August 2001 creating the National Investment Development Agency (ANDI), which is intended to simplify investment procedures and incentives structures. ANDI has five decentralised centres in Algiers, Blida, Oran, Anaba and Ouergla.

5. Time-consuming procedures characterise the incorporation of foreign companies in Algeria. Despite some improvements, entrepreneurs currently need 121 days on average to complete the procedures required for incorporating a company. This is mainly due to a lack of efficiency of regional one-stop shops, which were created in order to facilitate and accelerate the incorporation of companies. So far they have not fulfilled this task.¹⁰

6. *Bahrain* permits 100 per cent foreign ownership of new industrial and services companies that establish representative offices or branches in Bahrain, without requiring local sponsors. Completely foreign-owned companies may be set up for regional distribution services (i.e. involving Bahrain plus a minimum of one other GCC country) and such companies may operate within the domestic market and offshore so long as they are not set up for the exclusive purpose of engaging in commercial sales in Bahrain. Joint ventures are permitted with Bahraini companies, but a 100 per cent purchase of an existing company would require Ministry of Commerce approval.¹¹ Up to 49 per cent foreign ownership is permitted for public joint stock companies incorporated for the duration of a specific project; permission to form such a company must be obtained from the Ministry of Commerce and the Council of Ministers, following which a decree must be issued by the Amir to allow foreign ownership in such a company. The minimum capital stock of such a company is BD 500,000 (approximately US\$1.3 million at the current exchange rate).¹²

7. *Djibouti* reports that there are unspecified controls on direct investment.¹³

8. There are no general controls on inward direct investment in *Egypt*, but non-bank companies of foreign exchange dealers must be owned entirely by Egyptians.¹⁴ Within the scope of Law 8 of 1997 and Law 3 of 1998, the two key laws governing investment in Egypt, foreign investors may own up to 100 per cent of businesses categorised in a positive list guaranteeing automatic approval (see Sectoral Limitations, below). Law 8 of 1997 is designed to allocate investment to targeted economic sectors and promote decentralisation of industry from the Nile Valley. The WTO noted in its 1999 trade policy review that FDI had been liberalised since its previous report and that, with a few exceptions, granted national treatment. The “negative list” of sectors where foreign investment was actively discouraged was reduced in 1994 to the Sinai, military equipment and tobacco and replaced in 1998 by a positive list of sectors where investment is encouraged through the Law of Investment Guarantees and Incentives.¹⁵

9. In *Jordan*, non-resident investments are limited to a maximum of 49 per cent ownership or 50 per cent subscription in certain sectors (see Sectoral Limitations, below),¹⁶ otherwise there is no restriction on the percentage of foreign ownership or shareholding. The amount of investment in any one project must total at least JD 50,000 (approximately US\$70,500 at the current exchange rate).

10. UNCTAD (2003).

11. United States Commercial Service.

12. WTO (2000).

13. IMF (2003).

14. IMF (2003).

15. WTO (1999).

16. IMF (2003).

10. In *Kuwait*, government approval is necessary for the participation of non-resident capital in resident corporations. Foreigners are allowed to own up to 100 per cent of Kuwaiti companies, subject to conditions determined by the Council of Ministers.¹⁷ Implementing regulations for the March 2001 Direct Foreign Capital Investment Law allow majority foreign ownership.

11. In *Lebanon*, foreign direct investments in some sectors are subject to specified ceilings and, in some cases, to prior authorisation.

12. Investment in business firms in *Oman* by non-residents requires prior approval. Foreign ownership is generally limited to 49 per cent, but it may be raised to 100 per cent in certain cases.¹⁸

13. In *Qatar*, non-citizens may engage in simple crafts as well as in commerce, industry and agriculture. The foreign direct investment law of October 2000 allows up to 100 per cent foreign ownership in the agriculture, industry, health and tourism sectors,¹⁹ though this may be subject to performance requirements. Law No. 19 for 1995 on industrial regulations allows non-Qatari nationals to invest in the commercial, industrial, agriculture and services sectors provided that Qatari nationals hold not less than 51 per cent of the total capital. When the invested foreign capital is wholly owned by a non-Qatari party, it is mandatory to appoint a Qatari services agent. GCC business people are subject to the same provisions of the law that applies to Qatari nationals.²⁰

14. Approved foreign investments in *Saudi Arabia* enjoy the same privileges as domestic capital. The foreign investment law allows foreign investors to make direct investments in most of the country's economic sectors, with or without local participation. The Foreign Investment Act specifies that such investments may be in projects owned by a national investor and a foreign investor or may be in projects wholly owned by a foreign investor. The Supreme Economic Council has issued a list of economic sectors that remain off limits to foreign investors (see Sectoral Limitations, below). In addition, Article 5 of the Regulation of Foreign Investment Act stipulates that the amount of capital invested must be not less than SR 25 million (approximately US\$6.5 million at the current exchange rate) for agricultural projects, SR 5 million for industrial projects and SR 2 million for other projects.

15. In *Tunisia*, foreigners may invest freely in most economic sectors.

16. In the *United Arab Emirates*, at least 51 per cent of companies, other than branches of foreign companies, must be held by nationals of the UAE. GCC nationals are permitted to hold (1) up to 75 per cent of the equity of companies in the industrial, agricultural, fisheries and construction sectors; and (2) up to 100 per cent of the equity of companies in the hotel industry. GCC nationals are also permitted to engage in wholesale or retail trade activities, except in the form of companies, in which case they are subject to the Company Law. In free zones, foreign ownership is permitted up to 100 per cent.

17. Article 42 of *Yemen's* Investment Law states that non-Yemeni subscription to the capital of an investment company shall not exceed 45 per cent of paid in capital, except where the proportion is increased by decree of the council of Ministers according to "exigencies of the public interest" upon a proposal by the Board of Directors.²¹

17. IMF (2003).

18. IMF (2003).

19. IMF (2003).

20. State of Qatar Ministry of Foreign Affairs, <http://english.mofa.gov.qa>.

21. General Investment Authority of Yemen, <http://www.giay.org>.

2. *Restrictions on purchase of domestic shares by non-residents*

18. *Algeria* reports unspecified controls on equity purchases by non-residents. Non-residents may invest in bonds or other debt securities in Algeria; transfers abroad of proceeds from these investments are allowed, but they must be effected through an authorised intermediary.²²

19. In *Bahrain*, GCC nationals have since 1999 been allowed to own up to 100 per cent (previously 49 per cent) and non-GCC nationals up to 49 per cent (previously 24 per cent) of the listed shares of a Bahraini joint-stock company. The percentage of ownership by non-GCC nationals may be increased, subject to approval by special resolution from the Minister of Commerce and Industry. Previous conditions requiring foreign individuals to be resident in Bahrain for one year to be eligible to acquire shares in a Bahraini company and to own a maximum of 1 per cent of a company's issued shares were lifted in 1999.²³ Non-GCC nationals may purchase, sell, or own up to 100 per cent of the shares in the Arab Banking Corporation, the Bahrain International Bank, Investcorp Bank, the Bahrain Middle East Bank, Taib Bank, Shamil Islamic Bank and the Arab Insurance Group. Unspecified restrictions are reported on the issuance of bonds or other debt securities.²⁴

20. *Djibouti* reports no restrictions on capital and money market instruments;²⁵ however, the country does not appear to have an active capital market.²⁶

21. In *Egypt*, there are no controls under the Foreign Exchange Law and Regulations on the issuing of securities by non-residents. Trading in securities denominated in foreign currencies must be settled in foreign currencies. The foreign exchange market may be used for transferring proceeds associated with the sale of both Egyptian securities and foreign securities. Approval of the Capital Market Authority is required for issuing bonds.²⁷

22. *Jordan* reports no restrictions on capital and money market instruments.²⁸ However, the Amman Stock Exchange (one of the region's largest stock markets, with 42 per cent foreign share ownership) states that companies in the construction contracting, commercial and commercial services and mining sectors are subject to a ceiling of 50 per cent foreign ownership of the paid-up capital.²⁹

23. *Kuwait* reports unspecified restrictions on capital and money market transactions, including local sale or issue of shares and bonds by non-residents.³⁰ Since May 1988, GCC citizens have been permitted to purchase stocks on the Kuwaiti Stock Exchange (KSE). Cross trading with the Bahrain Stock Market began on 15 March 1998. The KSE also has similar agreements with Egyptian and Lebanese stock markets. Investors in these countries are now permitted to buy and sell shares listed on each other's exchanges through their brokers. In May 1999, an agreement of co-operation was signed between the KSE and the Jordanian Stocks Authority for stock issuing and circulation. This agreement encouraged

22. IMF (2003).

23. WTO (2000).

24. IMF (2003).

25. IMF (2003).

26. UNDP (2003).

27. IMF (2003).

28. IMF (2003).

29. <http://www.ammanstockex.com>.

30. IMF (2003).

registration of listed companies in the two bourses, and boosted cooperation and the exchange of expertise.³¹ The Indirect Foreign Investment Law passed in August 2000 allows foreigners to own 100 per cent of all listed shareholding companies, except banks, in which foreigners may hold no more than 49 per cent of the shares; foreign investors require central bank approval to own more than five per cent of a Kuwaiti bank.³²

24. In *Lebanon*, non-resident banks, financial institutions and money dealers must obtain approval from the Banque du Liban (BDL) when purchasing treasury securities denominated in Lebanese pounds or certificates of deposit from the BDL. Funds used to purchase treasury securities or certificates of deposit must originally have been Lebanese pounds that were converted from foreign exchange specifically for this purpose.³³

25. In *Morocco*, the issuing of capital market securities by non-residents is prohibited. There are no controls on the sale of Moroccan securities by non-residents. Proceeds from such sales may be transferred freely, provided that the relevant purchases are financed by foreign exchange inflows or other comparable means. In other cases, the proceeds must be deposited in a convertible dirham account and may be transferred abroad over a five-year period. The issue of bonds or other debt securities by non-residents in Morocco is prohibited.³⁴

26. Foreign ownership in *Omani* companies is generally limited to 49 per cent, but it may be raised to 100 per cent; this limit is set on a case-by-case basis. A non-resident portfolio investor may not hold more than 10 per cent of the shares in an Omani country.³⁵

27. *Qatar* reports no controls on capital and money market instruments.³⁶

28. Holding of shares of listed *Saudi Arabian* joint-stock companies is restricted to Saudi Arabian nationals, Saudi Arabian corporations and institutions, and citizens of the GCC. Indirect portfolio investment in shares issued by Saudi Arabian joint-stock companies is allowed for foreign investors through mutual funds managed by Saudi banks. There are no controls on portfolio investment in Saudi Arabian government securities. Non-residents must seek permission of the Minister of Commerce to sell or issue securities within Saudi Arabia. There are no controls on the repatriation of proceeds from the sale of securities issued by non-residents.³⁷

29. There is no market in medium- and long-term government bonds in *Syria*. Bonds are issued on an as-needed basis to government-owned banks to supplement their capital base. The only money-market instruments available in Syria are investment bonds issued by the Popular Credit Bank (PCB) as agent of the government. The bonds, which carry an interest rate of 9 per cent a year, were issued with a 10-year maturity but have a short-term effective holding period as they are redeemable after three to six months. They may be purchased only by non-bank Syrian residents and by the PCB itself.³⁸

31. Kuwait Information Office in the United States, <http://www.kuwait-info.org>.

32. United States Commercial Service.

33. IMF (2003).

34. IMF (2003).

35. IMF (2003).

36. IMF (2003).

37. IMF (2003).

38. IMF (2003).

30. Stocks may be acquired freely with foreign exchange transferred from abroad by foreign non-residents in companies established in *Tunisia*. However, for stocks with voting rights and for acquisitions that result in foreign ownership exceeding 50 per cent of capital shares listed in the stock exchange and for unlisted shares, the approval of the High Investment Commission (HIC) is required. Authorisation is not required from the HIC for acquisitions of Tunisian securities entailing voting rights or shares in companies established in Tunisia (1) between associates or shareholders in the same company who are foreign nationals; (2) by non-resident natural or juridical persons established in Tunisia, for securities and corporate shares that have already been acquired within the limit of 50 per cent or more; and (3) provided as a guarantee for management activities of foreign directors in these companies. Non-residents may freely sell shares of companies established in Tunisia. They may also transfer freely net real proceeds from the sale of shares that were purchased with foreign exchange transferred from abroad for an investment made in accordance with the legislation in force. The purchase by non-resident foreign nationals of debt securities issued by the state or by companies resident in Tunisia is subject to approval. Non-residents may freely acquire shares of Tunisian mutual funds with foreign exchange transferred from abroad. However, the approval of the HIC is required if the acquisition raises the foreign ownership to more than 50 per cent of the mutual fund's capital. Non-residents may freely transfer net real proceeds from sales of Tunisian mutual fund shares acquired with foreign exchange transferred from abroad.³⁹

31. At least 51 per cent of shares of *UAE* corporations must be held by UAE nationals or organisations. Companies domiciled in free zones are exempt from this requirement and may be up to 100 per cent foreign owned. Purchases of collective investment securities by GCC residents are exempt from controls.

32. *Yemen* reports no controls on capital and money market transactions.⁴⁰

3. *International Monetary Fund Article VIII status*

33. All the MENA economies, except for Egypt and Syria, have Article VIII status under the IMF Articles of Agreement. This means that they accept the general obligations of IMF members. In particular, they undertake to avoid imposing restrictions on payments and transfers for current international transactions or engaging in any discriminatory currency arrangements or multiple currency practices.⁴¹

4. *Restrictions on transfers abroad of the proceeds of the liquidation of a foreign direct investment*

34. Eleven of the MENA countries (*Bahrain, Djibouti, Egypt, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Tunisia* and *United Arab Emirates*) report that they allow repatriation of capital without restriction. The other four, *Algeria, Morocco, Syria* and *Yemen*, operate restrictions of varying depth.⁴²

35. In *Algeria*, the proceeds from disinvestment following the closing or transfer of a business operation may be transferred abroad through banks or authorised intermediaries, subject to prior approval.⁴³ It was reported by UNCTAD in December 2003 that repatriation of profit and dividends by

39. IMF (2003).

40. IMF (2003).

41. Articles of Agreement of the International Monetary Fund, <http://www.imf.org/external/pubs/ft/aa/index.htm>.

42. IMF (2003).

43. IMF (2003).

foreign investors was still characterised by legal and practical obstacles. Although the law allows repatriation, this is limited to profits and dividends made through investments in foreign currencies, therefore profits generated through loans accorded by Algerian banks can not be repatriated. The law does not allow the repatriation of payments arising from “immaterial assets”, such as royalties generated by licensing patents or trade marks, which may form a large part of the earnings of companies which rely on exploitation of their intellectual property assets. Even when allowed by law, repatriation of profits is subject to practical obstacles, such as long administrative procedures. Private companies can purchase only a limited amount of foreign currency each year from the Central Bank.⁴⁴

36. In *Morocco*, there are no controls on transfers made directly through the banking system of the proceeds of the liquidation or sale of foreign investment, including capital gains, when such investment is governed by the convertibility arrangement (financing by sale of foreign exchange or other comparable methods). For the liquidation of any investment not falling under this category, the relevant proceeds must be deposited in a convertible time deposit account denominated in dirhams. Funds placed therein may be transferred over a five-year period in equal annuities.⁴⁵

37. *Syria* imposes relatively heavy restrictions on the repatriation of capital and allows wide scope for official discretion. In accordance with Article 24 of Investment Law No. (10) of 4 May 1991, investors who are Syrian expatriates, or of Arab or foreign nationality, are allowed, after the elapse of 5 years from the investment of the project, to re-transfer abroad the net value of their share in the project in foreign currencies on the basis of the actual value of the project, provided that re-transfer of funds does not exceed the capital brought in by them in foreign currencies, and according to executive instructions issued by the council in this regard. External funds may be re-transferred abroad after six months from their entry and in the same way as they were brought in, should there be any difficulty arising from circumstances beyond the control of the investor. The council, in special cases, may approve the re-transfer abroad of external funds without waiting for the full 5 years. Profits and revenues realized annually by the investment of the external funds may be transferred abroad. The Central Bank of Syria may allow the transfer abroad of the external funds invested in the project, together with the profits and revenues, in the same currencies brought in or in any other transferable currency.

38. The liquidation of direct investments in *Yemen* is free for approved and registered projects.⁴⁶ Article 15 of Yemen’s Investment Law states that an investor may transfer abroad foreign currency funds and net profit earned by investment or any of its accrued returns to any transferable currency and that the foreign investors may retransfer abroad invested capital upon liquidation or disposal.⁴⁷

5. *Sectoral limitations on the establishment of an FDI, including reciprocity*

39. There is a wide variation between MENA countries in both the scope and clarity of sectoral limitations imposed on foreign investment. Some operate a generally open policy, permitting foreign investment in any sector outside a published closed list. Others proclaim that foreign investment is invited in broad sectors of the economy, but state or imply that the openness of each sector depends on the nature of the project and on government discretion.

44. UNCTAD (2003).

45. IMF (2003).

46. IMF (2003).

47. Investment Law of the Republic of Yemen, <http://www.giay.org>.

a. *Financial services*

40. Foreign ownership (except for GCC nationals) of locally incorporated “onshore” banks in **Bahrain** is limited to 49 per cent; up to 100 per cent foreign ownership is permitted for offshore banking units, which may not deal with residents of Bahrain other than the government. There are no preferences for the approval of new entrants, but reciprocity provisions may apply. Foreign-based commercial banks may raise funds from and grant loans to residents and may own and operate branches in Bahrain, for which there are no restrictions on the proportion of foreign equity ownership. Insurance companies in Bahrain are largely foreign-owned⁴⁸ and deal with a wide range of insurance categories. Direct insurers must take the form of a joint-stock company, in which foreign ownership of up to 49 per cent of total equity is permitted. An indirect insurance company may be in the form of a limited liability company with a maximum of 49 per cent foreign ownership. Offshore companies in all branches of insurance and branches of foreign insurance companies may be 100 per cent foreign owned. The situation in the insurance sector is more liberal than reflected in Bahrain’s commitment to the GATS, under which no limitations were placed on market access and national treatment for all offshore insurance and related services but for local insurance services only reinsurance and retrocession services are included in the list of commitments.⁴⁹

41. Under Law 97 of 1996, the foreign ownership limit for banks in **Egypt** was raised from 49 per cent (of a joint venture) to 100 per cent, resulting in increases in the foreign share of existing joint ventures and the establishment of several wholly-foreign-owned banks in Egypt. Law 156 of 1998 allows 100 per cent foreign equity ownership of insurance companies. An economic needs test is used to determine commercial presence in the banking and insurance sectors in Egypt. This test includes criteria to determine whether the establishment of a new company is necessary and not destabilising for the Egyptian market and whether the company can provide the required service. The test was scheduled to be relaxed for life, health and accident insurance in 2000 and for non-life insurance in 2002; it remains to be determined whether this has happened. It is understood to remain in force for banks.⁵⁰ Venture capital and leasing qualify as investments which may be approved under Law 8 of 1997.

42. Foreigners are limited to 49 per cent ownership of banks in **Kuwait**. Insurance is open to foreign investment.⁵¹

43. In **Saudi Arabia**, the Supreme Economic Council closed list includes insurance and insurance-related services.⁵²

44. In **Jordan**, a non-Jordanian investor can own (share-hold) no more than 50 per cent of the capital of any project in: brokerage, excluding financial brokerage and intermediary transactions done by banks, financial companies and financial service companies; monetary exchange transactions, excluding those provided by banks and financial companies; and services of commercial agents and brokers and insurance brokers.

45. **Morocco** reserves the right under GATS to limit foreign participation in the capital of large banking institutions in cases where the holding could lead to taking over control. Approval to perform as

48. Of the 88 insurance companies in Bahrain, 69 are offshore, all of them foreign-owned, 10 of the remaining 19 companies are also foreign-owned, and 6 of the 9 Bahraini companies have a large percentage of non-Bahraini participation.

49. WTO (2000).

50. WTO (1999).

51. United States Commercial Service.

52. IMF (2003).

an insurance intermediary is only given, subject to an opinion by the Advisory Committee on Insurance, to natural persons of Moroccan nationality and to legal persons governed by Moroccan law with their headquarters in Morocco and with at least 50 per cent of the capital held by natural persons of Moroccan nationality or legal persons under Moroccan law; the person in charge must be a Moroccan national.⁵³

46. Foreign investors are not allowed to invest in banking, insurance, commercial representation and real estate purchase in *Qatar*.⁵⁴

47. The only financial sector on the closed list issued by *Saudi Arabia's* Supreme Economic Council is that of insurance services, pending the issuance of a new Insurance Act.⁵⁵

48. *Yemen's* Investment Law specifically excludes banks and bureaux de change.⁵⁶

b. Other services

49. Commercial agents and importers for resale in *Egypt* must be Egyptian nationals.⁵⁷ Qualifying investments in Law 8 of 1997 in Egypt which may be approved include: tourism (hotels, motels, tourist villages and transport); maritime transport; refrigerated transport of agricultural products and processed food; air transport and related services; housing; real estate development; hospitals and medical centres that offer 10 per cent of their services free of charge; water pumping stations; computer software production; and projects financed by the Social Fund for Development.

50. In *Kuwait*, real estate investment is limited to GCC nationals.⁵⁸

51. In *Jordan*, a non-Jordanian may not own any of the following projects or businesses in whole or in part: passenger and cargo road transport, including services of taxis, buses and trailers; investigation and security services; and sports clubs, including sports event organisations but excluding fitness and physical health clubs.

52. According to By-Law No. 54 for the year 2000, a non-Jordanian investor can own (share-hold) no more than 50 per cent of the capital of any project in: purchasing goods and other movable assets for rental purposes (either as a lessor or as a lessee to rent them again), including machines, equipment, transport vehicles, other transport equipment, rental cars, planes (without their crews) and ships. Financial leasing executed by banks, financial companies and insurance companies is excluded from this stipulation; purchasing goods and other financial movable assets to be sold for profit; retail and wholesale trade; import and export of goods, excluding import to the border entries into the Kingdom; distribution of goods and services in the Kingdom, including audio and visual works; material supply, excluding foodstuff not supplied by restaurants, cafes and cafeterias; engineering services, including all divisions of engineering, urban planning and landscape architecture engineering; construction contracts, including building and related engineering services; technical examination services related to soil testing and other chemical tests for building and construction purposes; maintenance of road transport vehicles; maintenance of transmission or radio and television broadcasting equipment; photography and photocopying excluding

53. WTO (2003).

54. State of Qatar Ministry of Foreign Affairs, <http://english.mofa.gov.qa>.

55. Saudi Arabian General Investment Authority, <http://www.sagia.gov.sa>.

56. Investment Law of the Republic of Yemen, <http://www.giay.org>.

57. United States Commercial Service.

58. United States Commercial Service.

cinematography and television; recruitment and labour force supply; advertising services, including advertising agencies and bureaux; services of restaurants, cafes and cafeterias, excluding meal service at hotels and motels and on board ships and trains; travel agencies and sightseeing tour and tourist trip organisers; marine transport and ancillary services (including passenger and cargo transport, other than transport using ships owned by non-Jordanians, marine inspection, services of marine shipping agents, services of navigation agents, ship catering, intermediary transactions of chartered ships; chartering, purchasing and selling, and ship management); air transport services (including handling, inspection, loading and unloading, cargo transport agencies, air freight agencies and services of stores and warehouses, but excluding plane engine renovation, investment in duty-free shops at airports, simulation aviation training and computer reservation systems); railway transport services (including handling of goods, inspection, loading and unloading, services of stores and warehouses, services of cargo transport agencies and services of freight agencies, but excluding passenger and cargo transport, trailing services and ancillary services of railway transport, such as stations); road transport services (including specialised tourist transport services, ancillary services, including bus stations and stops, subway operation services, bridges and highway service and services related to road transport, including goods handling, stores, warehouses, goods transport agencies, inspection, loading and unloading, and services of shipping agents).

53. According to By-Law No. 54 for the year 2000, a non-Jordanian can hold no more than 49 per cent of the capital of any project in regular and non-regular air transport services of passengers, cargo and mail, and in chartering services of planes with crews.

54. In *Saudi Arabia*, the Supreme Economic Council closed list includes: catering to military sectors; security and detective services; real estate investment in Mecca and Medina; tourist orientation and guidance services related to Hajj and Umrah; recruitment and employment services including local recruitment offices; real estate brokerage; printing and publishing (except, in some unspecified cases, for pre-printing services, printing presses, drawing and calligraphy, photography, radio and television broadcasting studios, foreign media offices and correspondents, promotion and advertising, public relations, publication, press services, production, selling and renting of computer software, media consultancies and studies and typing and photocopying); distribution services; wholesale and retail trade, including medical retail services and private pharmacies; commercial agencies, except for some franchise rights, with foreign ownership not exceeding 49 per cent and the granting of one franchise to each area; audiovisual and media services; telecommunications services (except, in some unspecified cases, for telex services, telegraph services, electronic data interchange, enhanced/value-added facsimile services, including storage, forwarding, and retrieving, Vsat services, fax services, GMPCS services, Internet service provider services, electronic mail, provision of online information and database retrieval and information provision and online retrieval and/or processing, including transaction processing); land and air transport; satellite transmission services; services rendered by midwives, nurses, physiotherapists and paramedics; and blood banks, poison centres and quarantines.

55. In *Tunisia*, some services fields other than fully-exporting ones are subject to the Higher Investment Board (HIB) authorisation when foreign investment equity exceeds 50 per cent.

c. Primary sectors

56. Private investment (foreign or *Bahraini*) in oil extraction is only permitted under a production-sharing agreement with BAPCO, the state-owned petroleum company.⁵⁹

57. Qualifying investments in Law 8 of 1997 in *Egypt* which may be approved include: oil production and related services; land reclamation; fish, poultry and animal production. For oil and gas

59. United States Commercial Service.

exploration and development in Egypt, an individual law must be passed for each investment. Companies are initially granted exclusive rights to exploration in a concession. If commercial discoveries are made, a joint venture with the state-owned Egyptian General Petroleum Company (EGPC) is formed, based on a standard production-sharing agreement that is specified in the law for the concession.⁶⁰ The foreign company receives up to 40 per cent of the oil produced.⁶¹

58. According to By-Law No. 54 for the year 2000, a non-*Jordanian* may not own any project or business in whole or in part in quarrying for construction sand, stones and crushed rock and debris used for construction purposes.

59. Foreign companies may not invest in *Kuwait's* upstream petroleum sector, although they are allowed to invest in petrochemical joint ventures.⁶²

60. In *Saudi Arabia*, the Supreme Economic Council closed list includes projects related to exploration, drilling and production of gas and oil, and also fisheries.

61. In *Tunisia*, agricultural land cultivation through leasing is possible by public limited companies in which the equity is at least 34 per cent Tunisian-held. The foreign share can reach 66 per cent for companies involved in land cultivation, fish farming and fishing.

62. *Yemen's* Investment Law explicitly excludes the exploration and extraction of oil, gas and minerals, which are governed by special agreements.⁶³

d. Manufacturing

63. Projects which require prior approval from relevant ministries in *Egypt* in addition to approval from the General Authority for Free Zones and Investment (GAFI) include all military products and tobacco and tobacco products. (Investment in tobacco, whether domestic or foreign, is not encouraged.)⁶⁴

64. In *Saudi Arabia*, the Supreme Economic Council closed list includes the production of military equipment and uniforms; the production of explosives for civilian purposes; printing and publishing.

65. *Yemen's* Investment Law explicitly excludes the manufacture of weapons and explosive materials and industries that harm the environment and health.⁶⁵

6. Purchase of real estate for business purposes by foreign investors

66. Restrictions apply to the acquisition of land and property in MENA countries, including foreign ownership ceilings, licensing, zoning restrictions, discrimination in favour of GCC members, reciprocity arrangements and resale restrictions. The degree and nature of restriction is unclear in some countries.

60. United States Commercial Service.

61. UNCTAD (1999b).

62. United States Commercial Service.

63. Investment Law of the Republic of Yemen, <http://www.giay.org>.

64. WTO (1999).

65. Investment Law of the Republic of Yemen, <http://www.giay.org>.

Prohibitions on foreign ownership of real estate are ranked third in a list of investment constraints cited by potential investors in a recent survey (see Box 1).⁶⁶

67. Most land in *Algeria* is owned by the state, but it is not always clear which national or local authority owns a particular piece of land. Therefore foreign investors have to make enquiries and locate the authority authorised to sell the piece of land they want to buy. According to an assessment by the World Bank, about three years are required to buy a piece of land in Algeria.⁶⁷

68. Since 1999 GCC nationals have been able to own land in *Bahrain*. In January 2001, this right was extended to foreign (GCC and non-GCC) firms. Non-GCC individuals residing in Bahrain are allowed to buy and own lands and houses in specifically designated investment areas such as the Seef and Juffair areas.

69. In *Egypt*, non-Egyptians may not sell property within five years of taking possession. Foreign individual or corporate ownership of agricultural land (defined as traditional agricultural land in the Nile valley, delta and oases) is explicitly prohibited⁶⁸ by Law 15 of 1963.⁶⁹ Foreign individuals can own a maximum of two residences, each of an area up to 4,000 square metres, which may not be sold within five years of purchase. Law 143 of 1981 stipulates that Egyptians must have a majority share in any desert land, defined as land beyond two kilometres from the border of a city. This law has priority over the Law of Investment Guarantees and Incentives, so that a joint-venture company formed under the latter wishing to pursue an activity requiring the ownership of desert land would have to have majority Egyptian ownership. Companies and citizens of other Arab countries have customarily received Egyptian national treatment in this area.⁷⁰

70. Non-Arab foreign nationals are permitted to own or lease property in *Jordan*, provided that their home country does not discriminate against Jordanians and the property is developed within five years from the date of approval. The Cabinet is the authority on licensing foreign ownership of land and property. Agricultural land is not included in the provisions of this law. However, a foreign company that invests in the agricultural sector in Jordan automatically obtains national treatment with respect to ownership of agricultural land, once registered as a Jordanian company.⁷¹

71. In *Lebanon*, all foreigners must obtain a licence from the Council of Ministers to acquire real estate exceeding a certain maximum area; in addition, a ceiling is imposed on the total area that may be acquired in the capital city as well as in various Lebanese districts.⁷²

72. In *Morocco*, foreign nationals may purchase real estate, except farmland, with funds from foreign exchange accounts.⁷³

73. *Oman* reports unspecified controls on the purchase and sale of real estate by non-residents.⁷⁴

66. Zarrouk (2003).

67. UNCTAD (2003).

68. United States Commercial Service.

69. UNCTAD (1999b).

70. United States Commercial Service.

71. United States Commercial Service.

72. IMF (2003).

73. IMF (2003).

74. In *Qatar*, real estate ownership is limited to GCC nationals.⁷⁵

75. In *Saudi Arabia*, in principle the purchase of real estate is restricted to Saudi Arabian citizens, Saudi Arabian corporations, Saudi Arabian institutions and citizens of the GCC. However, under the foreign investment law, foreign investors are allowed to own real estate, as needed for their business, including housing for their staff. Article 8 of the Foreign Investment Act states that any foreign facility licensed under the Act is entitled to possess the required real estates as might be reasonable for practicing the licensed activity or for the housing of all or some of the staff as per the provisions for non-Saudi nationals real estate acquisition. Non-residents are also allowed to purchase real estate for conducting real estate business in all cities, except for the holy cities of Mecca and Medina, provided that the investment in the real estate business is not less than SR30 million (US\$8 million at the current exchange rate).⁷⁶ Further guarantees to foreign investors are provided under the Real Estate Law enacted in 2000, which replaces the former maximum time limit of three years within which a foreign investor could hold property before selling with a minimum time limit of five years, intended to discourage speculation. While non-Saudis may not own land in Mecca or Medina, except as a result of inheritance or endowment by a Saudi institution, they may now lease property in either city for a two-year renewable period.

76. In *Syria*, non-residents and foreign nationals may acquire real estate only after presenting evidence that they have converted into Syrian pounds the foreign exchange equivalent of the price of the property at the authorised local bank.⁷⁷

77. Real estate purchases by non-residents in *Tunisia* require prior approval from the Central Bank of Tunisia (CBT).⁷⁸ Foreign developers can buy sites or buildings subject to authorisation from regional authorities.⁷⁹

78. In the *UAE*, from 1 July 2002 non-residents may own property in some real estate developments in Dubai.⁸⁰

79. Article 7 of *Yemen's* Investment Law guarantees that foreign investors may purchase or lease land and buildings owned by the private sector or the state to be used for the purposes for which the project is registered under the Investment Law.⁸¹

7. *Exceptions to national treatment of foreign-controlled enterprises*

a. *Access to local finance*

80. It is not clear in all cases from reports by MENA countries to the IMF whether or not restrictions exist on lending to foreign-owned enterprises.

74. IMF (2003).

75. IMF (2003).

76. IMF (2003).

77. IMF (2003).

78. IMF (2003).

79. Invest in Tunisia web site, <http://www.investintunisia.tn>.

80. IMF (2003).

81. Investment Law of the Republic of Yemen, <http://www.giay.org>.

b. Access to subsidies

81. Information is not readily available on discriminatory access to government subsidies for investment projects in MENA countries.

c. Access to privatisation

82. Following a decree in 2001, all public-sector economic activities are in principle open to privatisation in **Algeria**. However, the privatisation process appears to be characterised by a lack of transparency and wide government discretion.⁸²

83. Privatisations of the parastatals that dominate the **Bahrain** economy are continuing slowly, some of them with foreign participation.⁸³

84. Privatisation sales to foreign entities are permitted by law in **Egypt**.⁸⁴

85. Despite the announcement of successive privatisation initiatives, no privatisation of a government entity has yet occurred in **Kuwait**. Foreign companies have participated in consortia that have successfully bid for public projects.⁸⁵

86. The government of **Qatar** has embarked on a privatisation programme designed to encourage and strengthen the Qatari private sector.⁸⁶ It is not clear to what extent this programme is open to foreign investors.

87. The government of **Saudi Arabia** announced a privatisation strategy covering a wide range of services in 2002.⁸⁷ One of the goals of privatisation was stated to be increased attraction of foreign investment, indicating a welcoming of foreign participation in the privatisation process. Detailed rules on privatisation stipulate transparent procedures and are available in full on the Supreme Economic Council web site.⁸⁸

88. **Tunisia** has operated a privatisation policy since 1987 which has generated substantial revenue from foreign investment.⁸⁹

d. Access to public procurement

89. None of the MENA countries is a party to the WTO Agreement on Government Procurement. **Jordan** has observer status on the WTO Committee on Government Procurement and is currently

82. UNCTAD (2003).

83. United States Commercial Service.

84. United States Commercial Service.

85. United States Commercial Service.

86. United States Commercial Service.

87. United States Commercial Service.

88. Supreme Economic Council, <http://www.sec.gov.sa>.

89. United States Commercial Service.

negotiating accession.⁹⁰ Several MENA countries operate preferences for locally-produced goods, but do not appear to discriminate on the basis of ownership.

90. The Government Tenders law that went into effect in January 2003 outlines standard procedures for government tenders in **Bahrain**. In order to be qualified for a government procurement contract, a company must be registered in Bahrain and have a commercial registration number in the field or activity relevant to the tender. Procurement agencies must give preference to goods produced in Bahrain and in other GCC states, provided that the goods are within 10 per cent of the value of their imported equivalents if produced in Bahrain and within 5 per cent if produced in other GCC member countries. For bids with a value of BD 10,000 (US\$26,470 at the current rate of exchange) or above, a selective tendering procedure is used. Among the criteria that the Central Tenders Committee uses to evaluate bids are the proportion of Bahraini nationals to be employed and the proportion of local materials or products to be supplied.⁹¹

91. **Egypt** passed a Tenders Law in 1998 which introduced greater transparency in the process of public procurement, although the law does allow price preferences for Egyptian suppliers.⁹² Tenders Law 89 of 1998 amended the Tenders and Bidding Law 9 of 1983 governing foreign companies' bids on public tenders. It requires the government to consider both price and best value and to issue an explanation for a bid's refusal. An Egyptian domestic contractor is accorded priority if its bid does not exceed the lowest foreign bid by more than 15 per cent.⁹³ The WTO has noted that although the Tenders Law is an improvement on previous legislation, it continues to provide considerable discretion to government departments to limit procurement to selected suppliers.⁹⁴

92. In **Jordan**, foreign investors can bid for government-commissioned research and development programmes that are slated for international or mixed bidders. Otherwise, they have to find a Jordanian partner. This qualification will be dropped once Jordan accedes to the WTO's Government Procurement Agreement (GPA), for which it is currently preparing an entities offer.⁹⁵

93. Articles 43 and 44 of **Kuwait's** Law No. 37 of 1964 specify the use of local products when available and prescribe a 10 per cent price advantage for local firms in government tenders.⁹⁶

94. **Saudi Arabia's** government contracts on project implementation and procurement are regulated by several royal decrees that strongly favour GCC nationals. However, most defence contracts are negotiated outside these regulations. Under a 1983 decree, contractors must subcontract 30 per cent of the value of the contract, including support services, to majority-owned Saudi firms. An exemption is granted in instances where no Saudi company can provide goods and services to fulfil the obligation. In addition, Article 1(d) of the tender regulations requires that Saudi individuals and other establishments have preference over all other entities in government dealings. The same regulations also accord preference to "mixed" entities as long as Saudi nationals hold at least 51 per cent of the mixed entities' capital. Article 1(e) gives preference to products of Saudi origin that satisfy the requirements of the procurement, even when the product specifications are inferior to those of a foreign counterpart. Saudi Arabia also gives

90. WTO, www.wto.org.

91. WTO (2000).

92. WTO (1999).

93. United States Commercial Service.

94. WTO (1999).

95. United States Commercial Service.

96. United States Commercial Service.

priority in government purchasing programmes to GCC products. These items receive up to a 10 per cent price preference over non-GCC products in all government contracts contested by foreign contractors.⁹⁷

95. The *UAE* does not require that a portion of any government tender be subcontracted to local firms, but there is a 10 per cent price preference for local firms on procurement and tenders. The UAE requires a company to be registered in order to be invited to receive government tender documents. To be registered, a company must have 51 per cent UAE ownership. However, these rules do not apply on major project awards or defence contracts where there is no local company able to provide the goods or services required. Set up in 1990, the UAE's offset programme requires defence contractors with contracts worth more than US\$10 million to establish joint projects that yield profits equivalent to 60 per cent of their contract value within a specified period (usually seven years). There are also reports that indicate that defence contractors can sometimes satisfy their offset obligations through an up-front lump-sum payment directly to the UAE Offsets Group. The projects must be commercially viable joint ventures with local business partners, and are designed to further the UAE objective of diversifying its economy away from oil. To date, more than 30 projects have been launched, including, *inter alia*, a hospital, an imaging and geological information facility, a leasing company, a cooling system manufacturing company, an aquaculture enterprise, Berlitz Abu Dhabi, and a freighting equipment production facility.⁹⁸

96. Article 9 of *Yemen's* Investment Law states that when making procurement for government or public establishments, a 15 per cent maximum preference in the price of the production of local agricultural and industrial projects shall be accorded over comparable imports, subject to quality being consistent with that of imported products.⁹⁹

e. Discriminatory tax treatment

97. In *Kuwait*, foreign-owned firms and the foreign-owned portions of joint ventures are the only businesses subject to corporate income tax, which applies to domestic and offshore income. Corporate tax rates can be as high as 55 per cent of gross profits, but the government has put forward legislation to reduce the maximum rate to 25 per cent. New foreign investors can be exempted from all taxes for up to 10 years under the new Direct Foreign Capital Investment Law. Domestic companies pay no corporate income tax, but those that are registered on the Kuwait Stock Exchange are subject to a 2.5 per cent contribution from their national earnings to the Kuwait Foundation for the Advancement of Science (KFAS) and the National Employment Law levies an additional 2.5 per cent tax to fund a programme that grants Kuwaitis working in the private sector the same social and family allowances provided to Kuwait's government workers.¹⁰⁰

98. In *Saudi Arabia*, only foreign-owned corporations and the foreign-owned portion of joint ventures are subject to corporate income tax, which ranges up to 30 per cent of net profits. Domestic corporate partners are subject to a 2.5 per cent tax on assets. In 2002 the government announced that it was considering plans to levy an income tax on expatriate workers earning more than US\$800 per month, with tax rates ranging from 2.5 per cent to 10 per cent.¹⁰¹

97. United States Trade Representative, <http://www.ustr.gov>.

98. United States Trade Representative, <http://www.ustr.gov>.

99. Investment Law of the Republic of Yemen, <http://www.giay.org>.

100. United States Commercial Service.

101. United States Commercial Service.

f. Discriminatory licensing in public utilities

99. No information appears to be readily available regarding discriminatory licensing practices in public utilities in MENA countries.

8. Other discriminatory practices

a. Nationality-based regulatory restrictions on company board composition

100. Information does not appear to be readily available regarding nationality-based restrictions on company board composition in MENA countries.

b. Other discriminatory private practices permitted under corporate legislation

101. Information does not appear to be readily available regarding other discriminatory private practices permitted under corporate legislation in MENA countries.

c. Entry procedures for key personnel

102. Work visas in **Jordan** are usually authorised for a period of one year, however an investor may qualify for a visa that is renewable after five years.¹⁰²

103. There are four types of entry visa to **Saudi Arabia**: investor visas, business visit visas, employment visas and family visit visas. An investor or his/her representative must visit the local Saudi embassy or consulate to apply for a visa; in the United States and some European countries it is possible to obtain a visa by post. Application formalities take 1 day in the case of family visit visas, 1-2 days for investor and business visit visas and three weeks for employment visas; these can be accelerated in emergency cases.¹⁰³

9. Performance requirements on foreign direct investors

104. Of the 10 WTO members in this survey (listed in Annex 4), 7 have no notification statement regarding trade-related investment measures (TRIMs) on the WTO web site. **Egypt** notes that it has no local content laws or regulations but that it does offer incentives in the form of custom duties reductions to promote the establishment and development of industries in the country. It states that these reductions are aimed at facilitating the exploitation of available resources, transfer of technology and remedying the chronic trade balance deficit. The customs duties incentives are voluntary, i.e. left open for enterprises which elect to benefit from such incentives. **Jordan** notifies the WTO that it does not maintain any measures inconsistent with the TRIMs Agreement. **Oman** states that it does not apply any trade-related investment measures which are inconsistent with the provisions of Article III or Article XI of GATT 1994, nor has it introduced any such measures 180 days or more before the date of its accession to the WTO.

105. **Algeria's** Investment Code provides incentives according to the size of the investment, geographic location, jobs created, technology transferred, use of local inputs and export orientation. Investors receive maximum advantages if the foreign partner finances more than 30 per cent of the total value of the investment and uses 50 per cent local inputs. Firms exporting 100 per cent of production are

102. Jordan Investment Board, <http://www.jib.com.jo/inves-injordan.htm>.

103. Saudi Arabian General Investment Authority, <http://www.sagia.gov.sa>.

completely exempt from taxes, those exporting 50 per cent of production receive a 50 per cent exemption from taxes.¹⁰⁴

106. It is not clear whether *Bahrain* operates performance requirements for foreign investments. In its bilateral investment treaty with the United States, Bahrain is committed not to mandate performance requirements as a condition for the establishment, acquisition, expansion, management, conduct or operation of a covered investment.

107. *Egypt* offers a lower tax rate for foreign-invested companies engaged in industrial and export activities. Generous incentives are available to projects located in free zones; although free zones are open to any type of investment, priority is assigned to activities promoting exports and to high-tech industries. These incentives appear to be available equally to domestic and foreign-owned companies. Goods produced in free zones and exported are not subject to customs, general sales, or other types of tax.¹⁰⁵ The Investment Incentives and Guarantees Law 8 of 1997 is designed to allocate investment to targeted economic sectors and promote the decentralisation of industry from the crowded Nile Valley area. The main “incentive” in this law is a positive list of sectors in which projects are granted automatic approval. The law also specifies that assembly industries must meet a minimum local content requirement of 45 per cent to benefit from customs tariff reductions on imported industrial inputs. The Labour Law of 1981 requires that foreign workers (not counting managers) must account for no more than 10 per cent of the workforce and 20 per cent of the payroll.¹⁰⁶

108. In its bilateral investment treaty with the United States, *Jordan* is prohibited from imposing performance requirements as a condition for the establishment, acquisition, expansion, management, conduct or operation of an investment covered by the treaty (i.e. by a US entity). The list of prohibited performance requirements is exhaustive and covers domestic content requirements and domestic purchase preferences, the balancing of imports or sales in relation to exports or foreign exchange earnings, requirements to export products or services, technology transfer requirements, and requirements relating to the conduct of research and development in Jordan.

109. In *Morocco*, exporting companies are fully exempt from corporate income tax for 5 years and then have a 50 per cent tax reduction on profits from exporting.¹⁰⁷

110. National investment law normally permits foreigners to own no more than 49 per cent of an enterprise in *Qatar*, where such an enterprise must take the form of a joint venture with the Qatari partner owning at least 51 per cent of the equity. However, with ministerial approval, the shareholding of foreign investors in joint ventures can exceed 49 per cent and reach up to 100 per cent of the capital in selected sectors such as agriculture, industry, health, education, tourism, development of natural resources or energy and mining, on condition that the projects in question are in line with the country's development objectives; give priority to optimizing the utilisation of and add value to local raw materials and local products; are export-oriented; introduce new products; use new technologies; seek to introduce internationally well-known industries or develop domestic human resources. In addition, an Emiri decree allows full shareholding of foreign investments in sectors such as industry, agriculture, mining, energy,

104. United States Commercial Service.

105. UNCTAD (1999b).

106. United States Commercial Service.

107. UNCTAD (1999b).

tourism or contracting provided that the investment is geared to develop the industry in question or provide a public utility or service that serves the best interests of the community.¹⁰⁸

111. Under the *Saudi Arabian* government's 1969 Labour and Workman Regulations, 75 per cent of a company's work force and 51 per cent of its payroll must be Saudi, unless an exemption has been obtained from the Ministry of Labour and Social Affairs. The percentage is in practice far less in the private sector (more Saudis work in the public sector). In 1996 the government implemented a regulation requiring each company employing over 20 workers to include a minimum of 5 per cent Saudi nationals, increasing by five per cent per year, so 30 per cent by 2003 and presumably 35 by now (check). Only joint ventures with at least 51 per cent Gulf Co-operation Council (GCC) ownership interest are permitted to export duty-free to other GCC countries.¹⁰⁹

112. To enjoy exemptions (such as those from paying duty on imports of items needed for production), privileges, facilities and guarantees under Law 10/1991, projects in *Syria* must be approved by a Higher Council of Investment comprising leading government ministers. Such approval is conditional upon factors that include conformity with the aims of the state development plans; maximum use of local resources; contribution to GNP and employment growth; increasing exports and "rationalising" imports; use of up-to-date machinery and technology.¹¹⁰

113. In *Tunisia*, foreign investment in a fully-exporting business is permitted up to 100 per cent of the project's equity without prior authorisation. Companies producing at least 80 per cent for the export market receive full tax exemption on reinvested profits and revenues.¹¹¹

10. FDI-targeted tax and other incentives

114. Many MENA countries offer tax and other investment incentives; it is not clear in all cases whether these are available on equal terms to both domestic and foreign investors.

115. *Algeria's* investment code grants investors a 3-year exemption from VAT on goods services acquired locally or imported, an exemption from property taxes, a 2-5 year exemption from corporate income taxes, the right to pay 3 per cent customs duty on 30 products for which duties are normally 25-45 per cent, and the right to pay no more than 7 per cent of gross wages as the employer contribution to social security instead of the normal rate of 24.5 per cent.¹¹²

116. In *Egypt*, Investment Law No. 8 of 1997 provides a general tax exemption for 5 years for any project operating in one of the fields covered by the law. Specific incentives of 10 years are granted to projects in particular locations. Tax exemptions of up to 20 years are granted to projects outside the Cairo area.

117. In accordance with the Investment Promotion Law of 1995, foreign-invested projects in *Jordan* are exempt from income and social services tax for a period of 10 years starting from the beginning of the project (or production, in the case of a manufacturing project) to varying extents, depending on location (25 per cent exemption in a class A development area, 50 per cent exemption in a class B development

108. State of Qatar Ministry of Foreign Affairs, <http://english.mofa.gov.qa>.

109. United States Commercial Service.

110. Ministry of Foreign Economy and Trade, <http://www.syrecon.org>.

111. UNCTAD (1999b).

112. United States Commercial Service.

area, 75 per cent exemption in a class C development area). An additional exemption of at least 25 per cent is available for up to 4 years if the enterprise is expanded, developed or modernised with the aim of increasing production capacity.¹¹³

118. **Kuwait's** new Direct Foreign Capital Investment Law, passed in 2001, authorises tax holidays of up to 10 years for new foreign investors.¹¹⁴

119. **Lebanon** offers exemption from income tax for two years from the date of listing shares on the Beirut stock exchange, provided that the effective negotiable shares are no less than 40 per cent of the capital of the company, in Zones A, B and C. In addition, companies in Zone B enjoy a 50 per cent reduction in income taxes and taxes on project dividends for a period of five years and those in Zone C are exempt from such taxes for ten years. Full exemption from income taxes and taxes on project dividends, together with a range of non-tax incentives, may also be awarded to projects defined by the Investment Development Authority of Lebanon (IDAL) as package deals. Package deal contracts are subject to approval by the Council of Ministers based on a proposal of the prime minister, after being signed by IDAL and the investor.¹¹⁵

120. Enterprises located in the Tangier Free Trade Zone in **Morocco** are eligible for exemption from all registration taxes and stamp duty for constitution or augmentation of capital and for land acquisition, are exempt from licence tax for 15 years, are exempt from profits tax for the first 5 years and a reduced tax rate of 8.75 per cent thereafter, and are exempt from VAT on imported goods.¹¹⁶ It is not clear whether these incentives are available on equal terms to domestic and foreign investors.

121. **Oman** offers tax exemptions of 5 years (sometimes renewable) for investment in industrial enterprises which are deemed to contribute to Oman's economy.

122. **Qatar** provides a 10-year exemption from income tax effective from the date of project commissioning, though it is not clear whether this incentive applies to domestic as well as foreign investments. It also allows duty-free imports of equipment and machinery required for investment projects and duty-free imports of raw materials and semi-manufactured goods needed for industrial projects which are not available locally.¹¹⁷

123. Article 13 of **Syria's** Law 10/1991 provides tax incentives for investments, whether domestic or foreign, that meet strict requirements. Joint-stock companies approved according to the rules of this law, together with their shares, funds, profits and dividends, are exempted from all taxes levied on income and real estate owned by the companies for seven years right from the date of actual production or investment according to the nature of the project. Projects related to individuals or non-joint-stock companies licensed according to rules of this law, together with their profits and dividends, are exempt from income and real-estate taxes on the buildings owned for realising the project's objectives and tasks, for five years from the date of actual production or investment, according to the nature of the project.¹¹⁸

113. Investment Promotion Law No. (16) for 1995, Embassy of Jordan in Washington D.C. web site, <http://www.jordanembassyus.org>.

114. United States Commercial Service.

115. IDAL.

116. United States Commercial Service.

117. State of Qatar Ministry of Foreign Affairs, <http://english.mofa.gov.qa>.

118. Ministry of Economy and Foreign Trade, <http://www.syrecon.org>.

124. **Tunisia's** Investment Incentives Law of 1994 provides tax relief on reinvested revenues and profits, a limit on VAT to 10 per cent on many imported capital goods and optional depreciation schedules for production equipment. Companies producing at least 80 per cent for export receive full tax exemption on profits for the first 10 years and a 50 per cent reduction in taxes on profits thereafter, together with full tax exemption on reinvested profits and revenue, duty-free import of capital goods with no local equivalent, and full tax and duty exemption on raw materials and semi-finished goods and services necessary for the business.¹¹⁹

125. **Yemen** provides investment incentives in the form of exemption from customs fees and taxes levied on the fixed assets of an investment project and a 7-year tax holiday on profits, renewable for up to 18 years.¹²⁰

11. *Bilateral investment treaties (BITs)*

126. **Algeria** has signed BITs with most industrialised countries. In addition, in July 2001 it signed a Trade and Investment Framework Agreement (TIFA) with the United States, which the United States has suggested may open the way for a BIT, as well as a double taxation agreement (DTA) and a free trade agreement (FTA).¹²¹ Algeria has also signed several multilateral agreements on investment, including the Maghrebian convention encouraging and guaranteeing investment of 23 July 1990.¹²²

127. **Bahrain** has signed 11 BITs, including a BIT with the United States in 1999 that came into force in 2001.¹²³ It has also concluded economic and commercial co-operation agreements with Australia, Bangladesh, China, Egypt, France, Greece, India, Iraq, Jordan, Morocco, the Netherlands, Russia, Singapore, South Korea, Syria, Tunisia, Turkey and the United Kingdom.

128. **Djibouti** has so far concluded BITs with only three countries, Egypt, Malaysia and Switzerland.

129. **Egypt** has become one of the most active MENA countries in investment diplomacy. It has signed 78 BITs, including 53 that were signed in the period 1995-2002.¹²⁴ It has also signed 11 regional conventions, mainly with other Arab states.¹²⁵ Egypt signed a BIT with the United States in 1986 that came into force in 1992.

130. **Jordan** has signed 30 BITs, including one with the US in 1997 which entered into force on 12 June 2003.¹²⁶ It also signed a Trade and Investment Framework Agreement (TIFA) in 1999.¹²⁷

131. **Kuwait** has signed 33 BITs, including 12 with OECD Member countries.

119. United States Commercial Service.

120. United States Commercial Service.

121. United States Commercial Service.

122. UNCTAD (2003).

123. UNCTAD (2003).

124. UNCTAD (2003).

125. UNCTAD (1999b).

126. United States Department of State, <http://www.state.gov>.

127. United States Commercial Service.

132. **Morocco** signed 29 BITs in 1995-2002.¹²⁸ An earlier BIT was signed with the United States in 1985 that became effective in 1991.

133. **Oman** concluded 17 BITs in 1995-2002.¹²⁹

134. **Qatar** signed 16 BITs in 1995-2002.¹³⁰

135. **Syria**, which signed 15 BITs in 1995-2002?¹³¹ has Investment Guarantee Agreements with France, Germany, Switzerland and the United States.

136. **Tunisia** signed 16 BITs in 1995-2002, including one with the United States signed in 1990 that became effective in 1993.¹³²

137. The **United Arab Emirates** signed 19 BITs in 1995-2002.¹³³

138. **Yemen** signed 27 BITs in 1995-2002.¹³⁴

12. *Bilateral tax treaties*

139. **Algeria** has 12 double taxation treaties, including some with key economic partners such as Egypt, France, Italy and Germany.¹³⁵

140. **Bahrain** has concluded double taxation agreements with Egypt, France, India, Jordan, Malaysia, Morocco, Philippines, Thailand and Tunisia.¹³⁶

141. **Djibouti** is not on record as having signed a single double-taxation treaty.

142. **Jordan** has signed double taxation treaties with France, Romania, Turkey, Tunisia and Malaysia. Treaties with Poland, Egypt and Indonesia have already been signed but are still awaiting completion of legal procedures to enter into force.

13. *Measures to enhance investment policy transparency*

a. *Publication of regulations*

143. The availability and completeness of information regarding economic openness vary widely between MENA countries. One example of this is the listing of information on exchange arrangements and

128. UNCTAD (2003).

129. UNCTAD (2003).

130. UNCTAD (2003).

131. UNCTAD (2003).

132. UNCTAD (2003).

133. UNCTAD (2003).

134. UNCTAD (2003).

135. UNCTAD (2003).

136. United States Commercial Service.

exchange restrictions provided annually to the IMF.¹³⁷ Entries in this publication range from predominantly one-word answers to specific questions (i.e. just yes or no), as in the case of Djibouti and Jordan, whose entries in each case take up approximately three sparse pages in the 2003 report, to a collection of long and detailed entries, as in the case of Tunisia, which occupies over eleven pages of dense text. Greater transparency overall could be achieved by the provision of more detailed responses from those MENA countries that currently limit themselves mainly to monosyllabic statements.

b. Information provided by governments for foreign investors on the World Wide Web

144. Provision of information easily accessible on the Internet varies even more widely between MENA countries. Several countries have navigable and informative sites, some appear to have none. The principle adopted in this survey is that a country's web site aimed at foreign investors should be easy to locate using the most popular search engine, Google, or via Governments on the WWW [<http://www.gksoft.com/govt>], a widely used and comprehensive classified list of links to governmental institutions on the World Wide Web. Web sites whose URLs are difficult to locate are not considered to provide transparent access to information on a country's investment climate. The following list is in descending order of transparency:

- The **Saudi Arabia General Investment Authority (SAGIA)** site [<http://www.sagia.gov.sa>] is a comprehensive investment promotion resource which describes the attraction of Saudi Arabia as an investment destination and also provides full information on the investment environment. Summaries of investment laws are hyperlinked to complete texts. The site contains details of Saudi Arabia's privatisation programme. As well as lists of economic agreements signed by Saudi Arabia, the site contains the full text of three bilateral investment treaties. Visitors to the site can download investment licence application forms from it.
- The **Invest in Tunisia** site [<http://www.investintunisia.tn>] provides full background information on the attractions of Tunisia as an investment destination and also details of the regulatory environment, including summary information on investment legislation and regulations, taxation, labour law, foreign exchange regulations, property law, arbitration procedures and relevant international agreements signed by Tunisia. The Investor's Guide section contains more detailed information on procedures for entering the country, registering and operating an investment project or a company, and many other practical matters of use to foreign investors.
- **Morocco** suffers from the same problem of meagre, widely-dispersed data as Algeria. The **Ministry of Economic Affairs** has an **Investment Directorate** web site (in French only) [<http://www.invest.gov.ma>] that contains investment legislation and a flow chart showing the procedures for setting up a business in Morocco. The **Ministry of Foreign Affairs and Co-operation** web site [<http://www.maec.gov.ma>] maintains a list of bilateral and multilateral agreements signed by Morocco. An investment promotion section buried in the web site of the **Ministry of Industry, Trade and Telecommunications** site [<http://www.mcinet.gov.ma>] is devoid of meaningful content. Web sites of Moroccan embassies and consulates general also lack information of specific use to foreign investors, with the exception of that in **Seoul** [<http://www.moroccoemb.or.kr>], which has a simple but well-organised section on Investing in Morocco.
- The **General Investment Authority of Yemen (GIAY)** web site [<http://www.giay.org>] contains the full text of Yemen's Investment Law and a long and detailed list of projects for which foreign investment is solicited. There are also some fragmentary updated statistics on foreign investment.

137. IMF (2003).

However, the background page is devoted to cultural description and omits basic economic data. A brochure which may be intended for foreign investors can not be downloaded.

- **Syria's Ministry of Economy and Foreign Trade** site [http://www.syrecon.org/main_frame.html] includes the text of laws relating to inward investment and detailed regulations governing the Free Zone, as well as lists of foreign economic agreements signed by Syria. However, this information is provided without explanation and with little contextual information about the Syrian business and economic environment.
- The **Ministry of Information of Oman** web site [<http://www.omanet.om>] offers a page on foreign investment in its commerce section. This sets out basic information on Incentives for Investing in Oman (misleading, because this list also includes general background information and even ownership restrictions); Foreign Business and Investment Law; Ownership of Companies in Oman; and the Companies Law.
- **Egypt's Ministry of Foreign Trade** site [<http://www.economy.gov.eg>] contains a downloadable report, *Investing in Egypt 2003*, which
- The **Investment Development Authority of Lebanon (IDAL)** web site [<http://www.idal.com.lb>] appears to contain a wide range of information useful to investors, including legislation and sectoral opportunities, but technical problems currently render most of this information inaccessible. However, it is possible to download from the site a handbook, *Investor's Guide to Lebanon*, that clearly sets out alternative procedures for company registration; guidance on choosing an appropriate company structure; procedures specific to foreign companies; investment guarantees and protections; basic information on the cost of utilities; and details of investment incentives.
- The **Economic Development Board of Bahrain (EDB)** web site [<http://www.bahrainedb.com>] contains both a downloadable handbook similar to that provided by IDAL, and also some on-site content, including investment incentives; locational advantages; infrastructure; labour costs, skill levels and conditions of employment; the legal environment; alternative company structures; land ownership; and investment funding. It also includes general background on Bahrain and detailed information on matters of interest to foreign investors such as visa procedures.
- **Algeria** appears to have no web site dedicated solely to foreign investment, but relevant information may be gleaned from the many ministerial and embassy web sites. However, this information is widely dispersed among these sites and therefore difficult and time-consuming to locate. A key source of information for foreign investors is the web site of the **Ministry of Energy and Mining** [<http://www.mem-algeria.org>] (the oil and mining sectors absorb a high proportion of foreign investment in Algeria). This contains a wealth of legal documentation relating to mineral exploration and extraction, plus information on foreign companies operating in Algeria (for example, a detailed map showing mining block allocation) and information on investment opportunities. The **Ministry of Foreign Affairs** web site [<http://www.mae.dz>] contains downloadable visa application forms in several languages, but little else. The **Ministry of Industry and Restructuring** site [<http://www.mir-algeria.org>] has some material on privatisation, but appears to have no indication of the role of foreign investment in this. Embassy web sites, for example those in Bonn, Geneva, Lisbon, London, Ottawa, Seoul and Washington DC, and even the sites of Algeria's permanent missions to the United Nations in Geneva and New York, are badly organised, outdated, uninformative about matters relating to foreign investment, and replete with dead or useless links.

- There does not appear to be an easily locatable web site dedicated to foreign investment in Jordan, but the *Jordanian Embassy in Washington DC* site [<http://www.jordanembassyus.org>] lists Jordan's locational advantages as a regional base and covers other areas of interest to foreign investors, including: background information on the Jordanian economy; details of various kinds of economic zones; details of economic agreements with the United States and the European Union, including the full text of the US-Jordan Bilateral Investment Treaty; measures to encourage investment; privatisation; and full texts of laws relating to: investment promotion: economic zones; intellectual property rights; labour; customs; privatisation; foreign trade; and company formation.
- The web site of the *Ministry of Foreign Affairs of Qatar* [<http://english.mofa.gov.qa>] provides a page on Investment Incentives. While useful, this falls far short of the standards set by countries such as Tunisia and Saudi Arabia in supplying full background and practical information for foreign investors.
- The *Kuwait Information Office (KIO)* site [http://www.kuwait-info.org/Business_in_Kuwait/investment_climate.html], by contrast, is not designed primarily as a resource for foreign investors. Its role is to explain Kuwait's outward investment strategy. It provides a clear and sophisticated overview of the Kuwait economy, but contains only two paragraphs on foreign investment in Kuwait. Visitors to the site are referred to an email address where they can order The Kuwait Free Trade Zone Investors Guide.
- The *Government of United Arab Emirates* site [<http://www.uae.gov.ae>] contains links to ministries but there is no clear indication which of these might be of interest to investors. The Ministry of Economy and Commerce section contains unworkable downloads of some laws, including the Companies Law, and a short list of publications without any indication of how to obtain them. The site is badly organised and appears to contain nothing of practical use to foreign investors.
- *Djibouti* appears to have no web site for foreign investors. Details of entry procedures are available on a tourism web site and the central bank maintains a site with updated exchange rates.

b. Notification/consultation prior to planned regulatory changes

145. No MENA country appears to have established a system of regular public notification and consultation prior to planned changes in legislation and regulations.

c. Negative lists of restricted sectors

146. While several MENA countries publish lists of sectors which are closed to foreign investment (for example, *Saudi Arabia*, see above), none is understood to operate a system whereby all sectors not on such a list are automatically fully open to foreign investment.

d. "Silent and consent" approach to authorisation

147. No MENA country appears to operate a system of automatic authorisation of investment projects after a fixed period has elapsed following application for registration. *Egypt* allows automatic approval of 100 per cent foreign-owned investments, but only within a positive list.

14. Measures at sub-national level

148. Some MENA countries implement policies that target foreign investment to specific locations. This is effected in various ways. Some countries relax direct inward investment restrictions in such areas, for example, 100 per cent foreign ownership of enterprises is available in designated free zones in the *United Arab Emirates*. Others, usually in addition to such a relaxation of investment restrictions, relax indirect restrictions, such as that on land and property acquisition; for instance, non-GCC resident individuals in *Bahrain* may only buy and own land in specifically designated investment areas.

15. Investment promotion authorities

149. All but two (Qatar and Syria) of the 15 MENA countries in this survey have established at least one investment promotion authority (IPA) that is registered with the World Association of Investment Promotion Authorities (WAIPA). Jordan, Kuwait and Saudi Arabia have two IPAs each, UAE has three. All of these except for the IPAs in Bahrain and Djibouti have web sites hyperlinked from the WAIPA web site.

ANNEX 3

INVESTMENT TREATIES AND TREATIES FOR THE AVOIDANCE OF DOUBLE TAXATION SIGNED BY MENA COUNTRIES¹³⁸

Algeria's Bilateral Investment Treaties	Signature			Entry into Force		
Belgium-Luxembourg	Apr.	24,	1991			
Bulgaria			1998			
China			1996			
Cuba			1999			
Czech Republic			2000			
Germany	Mar.	11,	1996			
Greece			2000			
Italy	May	18,	1991	Nov.	26,	1993
Jordan			1996			
Malaysia			2000			
Mali			1996			
Mozambique			1998			
Niger			1998			
Romania	June	28,	1994	Dec.	30,	1995
Spain	Dec.	23,	1994	Jan.	17,	1996
Turkey			1998			
Vietnam			1996			
Yemen			1999			

138. Sources: Source: International Centre for Settlement of Investment Disputes (<http://www.worldbank.org/icsid/treaties/treaties.htm>); UNCTAD, World Investment Report 2003.

Bahrain's Bilateral Investment Treaties	Signature		Entry into Force
China			1999
Egypt			1997
Iran			2002
Jordan			2000
Lebanon			1999
Malaysia			1999
Sudan			2000
Syria			2001
Thailand			2002
United States			1999 | 2001
Yemen			2002

Djibouti's Bilateral Investment Treaty	Signature		Entry into Force
Egypt			1998
Malaysia			1998
Switzerland			2001

Egypt's Bilateral Investment Treaties	Signature			Entry into Force		
Albania	May	22,	1993			
Algeria			1997			
Argentina	May	11,	1992	Dec.	3,	1993
Armenia			1995			
Australia			2001			
Austria			2001			
Bahrain			1997			
Belarus			1997			
Belgium–Luxembourg	Feb.	28,	1977	Sep.	20,	1978
Belgium and Luxemburg			1999			
Bosnia and Herzegovina			1998			
Bulgaria			1998			
Canada			1996			
Chad			1998			
China	Apr.	21,	1994			
China			1996			
Congo, Democratic Republic of			1998			
Croatia			1997			
Cuba			1999			
Cyprus			1998			
Czech Republic	May	29,	1993	Jan.	4,	1994
Czech Republic			2000			
Denmark			1999			
Djibouti			1998			
Egypt			1997			
Finland	May	5,	1980	Feb.	1,	1982
France	Dec.	22,	1974	Oct.	1,	1975
Gabon			1997			
Georgia			1999			
Germany	July	5,	1974	July	22,	1978
Germany			1996			
Ghana			1998			
Greece	July	16,	1993	Apr.	6,	1995
Greece			2000			
Guinea			1998			
Hungary	May	23,	1995			
India			1997			
Indonesia	Jan.	19,	1994			

Italy	Mar.	2,	1989	May	1,	1994
Jamaica			1999			
Japan	Jan.	28,	1977	Jan.	14,	1978
Jordan			1996			
Kazakhstan	Feb.	14,	1993			
Korea, Republic of	Mar.	18,	1996			
Latvia			1997			
Lebanon			1996			
Malaysia			1997			
Malaysia			2000			
Mali			1996			
Mali			1998			
Malta			1999			
Morocco	June	3,	1976			
Morocco			1997			
Mozambique			1998			
(Netherlands*	Oct.	30,	1976	Jan.	1,	1978)
Netherlands	Jan.	17,	1996			
Niger			1998			
Oman			1998			
Palestine Authority			1998			
Poland	July	1,	1995			
Portugal			1999			
(Romania**	May	10,	1976	Jan.	22,	1977)
Romania	Nov.	24,	1994			
Russian Federation			1997			
Senegal			1998			
Singapore			1997			
Slovakia			1997			
Slovenia			1998			
South Africa			1998			
Spain	Nov.	3,	1992	Apr.	26,	1994
Sri Lanka	Mar.	11,	1996			
Sudan	May	28,	1977			
Sweden	July	15,	1978	Jan.	29,	1979
Switzerland	July	25,	1973	June	4,	1974
Syria			1997			
Tanzania			1997			
Thailand			2000			
Tunisia	Dec.	8,	1990			

Turkey			1996			
Turkey			1998			
Turkmenistan	May	23,	1995			
Uganda	Nov.	4,	1995			
Ukraine	Dec.	22,	1992			
United Kingdom	June	11,	1975	Feb.	24,	1976
United States	Sep.	29,	1982	June	27,	1992
Uzbekistan	Dec.	16,	1992			
Vietnam			1996			
Vietnam			1997			
Yemen			1999			
Yugoslavia, Federal Republic of	June	3,	1977			
Zimbabwe			1999			

* This treaty will terminate on the entry into force of the new treaty between Egypt and the Netherlands, signed on January 17, 1996.

** This treaty will terminate on the entry into force of the new treaty between Egypt and Romania, signed on November 24, 1994.

Jordan's Bilateral Investment Treaties	Signature			Entry into Force		
Algeria			1996			
Austria			2001			
Bahrain			2000			
Belarus			2002			
Bulgaria			2002			
China			2001			
Croatia			1999			
Czech Republic			1997			
Egypt			1996			
France	Feb.	23,	1978	Oct.	18,	1979
Germany	July	15,	1974	Oct.	10,	1977
Indonesia			1996			
Italy			1996			
Kuwait			2001			
Lebanon			2002			
Lithuania			2002			
Malaysia	Oct.	2,	1994			
Morocco			1998			
Netherlands			1997			
Poland			1997			
Romania	July	2,	1992			
Spain			1999			
Sudan			2000			
Switzerland	Nov.	11,	1976	Mar.	2,	1977
Switzerland			2001			
Syria			2001			
Tunisia			1995			
Turkey	Aug.	2,	1993			
United Kingdom	Oct.	10,	1979	Apr.	24,	1980
United States			1997	Jun.	12,	2003

Kuwait's Bilateral Investment Treaties	Signature			Entry into Force		
Austria			1996			
Bosnia and Herzegovina			2001			
Bulgaria			1997			
China	Nov.	23,	1985	Dec.	24,	1986
Croatia			1997			
Czech Republic	Jan.	8,	1996			
Denmark			2001			
Ethiopia			1996			
Finland			1996			
France	Sep.	27,	1989	May	16,	1991
Germany	Mar.	30,	1994			
Hungary	Nov.	8,	1989	Mar.	1,	1994
India			2001			
Italy	Dec.	17,	1987	May	21,	1990
Jordan			2001			
Kazakhstan			1997			
Latvia			2001			
Lebanon			2001			
Lithuania			2001			
Malaysia	Nov.	21,	1987			
Malta	Apr.	19,	1995			
Moldova	Feb.	4,	1993			
Mongolia			1998			
Morocco			1999			
Netherlands			2001			
Pakistan	Mar.	17,	1983			
Poland	Mar.	5,	1990	Dec.	18,	1993
Romania	May	21,	1991	July	26,	1992
Russian Federation	Nov.	21,	1994			
Switzerland			1998			
Tajikistan	Apr.	18,	1995			
Turkey	Oct.	27,	1988	Apr.	25,	1992
Yemen			2001			

Lebanon's Bilateral Investment Treaties	Signature		Entry into Force
Armenia			1995
Austria			2001
Azerbaijan			1998
Bahrain			1999
Belarus			2001
Belgium and Luxemburg			1999
Bulgaria			1999
Canada			1997
China			1996
Cuba			1995
Cyprus			2001
Czech Republic			1997
Egypt			1996
Finland			1997
France			1996
Gabon			2001
Germany			1997
Greece			1997
Hungary			2001
Iran			1997
Italy			1997
Jordan			2002
Kuwait			2001
Malaysia			1998
Morocco			1997
Netherlands			2002
Pakistan			2001
Russian Federation			1997
Spain	Feb.	22,	1996
Sweden			2001
Switzerland			2000
Syria			1997
Tunisia			1998
Ukraine			1995
United Kingdom			1999
Yemen			1999

Morocco's Bilateral Investment Treaties	Signature			Entry into Force		
Argentina			1996			
Austria	Nov.	2,	1992	July	1,	1995
Belgium and Luxemburg	Apr.	28,	1965	Oct.	18,	1967
Belgium and Luxemburg			1999			
Bulgaria	May	22,	1996			
China	Mar.	27,	1995			
Czech Republic			2001			
Dominican Republic			2002			
Egypt			1997			
Egypt, Arab Republic of	June	3,	1976			
El Salvador			1999			
Finland			2001			
(France*	July	15,	1975	Dec.	13,	1976)
France	Jan.	13,	1996			
Gabon	Jan.	13,	1979			
Germany			2001			
Germany	Aug.	31,	1961	Jan.	21,	1968
Greece	Feb.	16,	1994			
Guinea			2002			
Hungary	Dec.	12,	1991			
India			1999			
Indonesia			1997			
Iran			2001			
Italy	July	18,	1990			
Jordan			1998			
Korea			1999			
Kuwait			1999			
Lebanon			1997			
Malaysia			2002			
Netherlands	Dec.	23,	1971	July	27,	1978
Oman			2001			
Pakistan			2001			
Poland	Oct.	24,	1994	May	29,	1995
Portugal	Oct.	18,	1988	Mar.	22,	1995
Qatar			1999			
Romania	Jan.	28,	1994	Aug.	1,	1994
Senegal			2001			
Spain	Sep.	27,	1989	Jan.	15,	1992
Spain			1997			

Sudan			1999			
Sweden	Sep.	26,	1990	Prov. in force		
Switzerland	Dec.	17,	1985	Apr.	12,	1991
Syria			2001			
Turkey			1997			
United Arab Emirates			1999			
United Kingdom	Oct.	30,	1990	Prov. in force		
United States	July	22,	1985	May	29,	1991

* This treaty will terminate on the entry into force of the new treaty between France and Morocco, signed on January 13, 1996.

Oman's Bilateral Investment Treaties	Signature			Entry into Force		
Austria			2001			
Brunei Darussalam			1998			
China	Mar.	18,	1995			
Egypt			1998			
Finland			1997			
France	Oct.	17,	1994			
Germany	June	25,	1979	Feb.	4,	1986
India			1997			
Italy	June	23,	1993			
Morocco			2001			
Netherlands	Sep.	19,	1987	Feb.	1,	1989
Pakistan			1997			
Sudan			1999			
Sweden	July	13,	1995	June	8,	1996
Tunisia	Oct.	19,	1991			
United Kingdom	Nov.	25,	1995			
Yemen			1998			

Qatar's Bilateral Investment Treaties	Signature		Entry into Force
Bosnia and Herzegovina			1998
China			1998 and 1999
Croatia			2001
Cuba			2001
Finland			2001
France			1996
Germany	June	14,	1996
India			1999
Iran			1999
Korea			1999
Morocco			1999
Romania			1996
Senegal			1998
Sudan			1998
Switzerland			2001
Turkey			2001

Saudi Arabia's Bilateral Investment Treaties	Signature		Entry into Force
Austria			2003 and 2002
Belgium and Luxemburg			2002
China			1996
France			2002
Germany	Oct.	29,	1996
Italy			1996
Malaysia			2000
Chinese Taipei			2000

Syria's Bilateral Investment Treaties	Signature			Entry into Force		
Bahrain			2001			
China			1996			
Egypt			1997			
France	Nov.	28,	1977	Mar.	1,	1980
Germany	Aug.	2,	1977	Apr.	20,	1980
Indonesia			1997			
Iran			1998			
Jordan			2001			
Lebanon			1997			
Morocco			2001			
Pakistan			1996			
Sudan			2000			
Switzerland	June	22,	1977	Aug.	10,	1978
United Arab Emirates			1997			
Yemen			1996			

Tunisia's Bilateral Investment Treaties	Signature			Entry into Force		
Argentina	June	17,	1992	Jan.	23,	1995
Austria	June	1,	1995			
Belgium and Luxemburg	July	15,	1964	Mar.	9,	1966
Belgium and Luxemburg			1997			
Chile			1998			
Côte d'Ivoire			1995			
Czech Republic			1997			
Denmark			1996			
Egypt, Arab Republic of	Dec.	8,	1990			
Finland			2001			
France	June	30,	1972	June	30,	1972
France			1997			
Germany	Dec.	20,	1963	Feb.	6,	1966
Greece	Oct.	31,	1992	Apr.	21,	1995
Guinea	Nov.	28,	1990			
Indonesia	May	13,	1992			
Italy	Oct.	17,	1985	June	24,	1989
Jordan			1995			
Korea, Republic of	May	23,	1975	Nov.	28,	1975
Lebanon			1998			
Mali	Feb.	1,	1986			
Malta			2000			
Mauritania	Mar.	1,	1986			
Netherlands	May	23,	1963	Dec.	19,	1964
Netherlands			1998			
Niger	June	5,	1992			
Oman	Oct.	19,	1991			
Pakistan			1996			
Poland	Mar.	29,	1993	Sep.	22,	1993
Portugal	May	11,	1992	Dec.	6,	1994
Portugal			2002			
Romania	Sep.	23,	1987	Feb.	4,	1989
Romania			1995			
Senegal	May	15,	1984			
Spain	May	28,	1991	June	20,	1994
Sweden	Sep.	15,	1984	May	13,	1985
Switzerland	Dec.	2,	1961	Jan.	19,	1964

Togo	Sep.	13,	1987			
Turkey	May	29,	1991	Feb.	7,	1993
United Arab Emirates			1996			
United Kingdom	Mar.	14,	1989	Jan.	4,	1990
United States	May	15,	1990	Feb.	7,	1993

United Arab Emirates' Bilateral Investment Treaties	Signature			Entry into Force		
Austria			2001			
China	July	1,	1993	Sep.	28,	1994
Czech Republic	Nov.	23,	1994			
Finland	July	1,	1993			
France	Sep.	9,	1991			
Germany			1997			
Italy	Jan.	22,	1995			
Malaysia	Oct.	11,	1991			
Mongolia			2001			
Morocco			1999			
Pakistan			1995			
Poland	Jan.	31,	1993	Apr.	9,	1994
Sudan			2000			
Switzerland			1998			
Syria			1997			
Tajikistan			1995			
Tunisia			1996			
United Kingdom	Dec.	8,	1992	Dec.	13,	1993
Yemen			2001			

Yemen's Bilateral Investment Treaties	Signature			Entry into Force		
Algeria			1999			
Austria			2002			
Bahrain			2002			
China			1998			
Ethiopia			1999			
France	Apr.	27,	1984	July	19,	1991
Germany	June	21,	1974	Dec.	19,	1978
India			2002			
Indonesia			1998			
Iran			1996			
Jordan			1995			
Kuwait			2001			
Lebanon			1999			
Malaysia			1998			
Netherlands	Mar.	18,	1985	Sep.	1,	1986
Oman			1998			
Pakistan			1999			
Romania			1999			
Russian Federation			2002			
South Africa			2002			
Sudan			1999			
Sweden	Oct.	29,	1983	Feb.	23,	1984
Syria			1996			
Turkey			2000			
Ukraine			2001			
United Arab Emirates			2001			
United Kingdom	Feb.	25,	1982	Nov.	11,	1983

Algeria's Double Taxation Treaties	Signature
Bahrain	2000
Bulgaria	1998
Canada	1999
Ethiopia	2002
Lebanon	2002
Mali	1999
Oman	2000
Poland	2000
Spain	2002
Syria	1997
Vietnam	1999
Yemen	2002

Bahrain's Double Taxation Treaties	Signature
Algeria	2000
China	2002
Morocco	2000
Thailand	2001

Egypt's Double Taxation Treaties	Signature
Armenia	1998
China	1997
Czech Republic	1995
Indonesia	1998
North Korea	2000
Lebanon	1996
Macedonia	1999
Malaysia	1997
Malta	1999
Netherlands	1999
Poland	1996
Senegal	2001
Uzbekistan	1999

Jordan's Double Taxation Treaties	Signature
Canada	1999
India	1999
Syria	2001

Kuwait's Double Taxation Treaties	Signature
Lebanon	2001
Malaysia	1997
Malta	2002
Mauritius	1997
Netherlands	2001
Russian Federation	2002
Switzerland	1999
Syria	1997
United Kingdom	1999
Yugoslavia (former)	2002

Lebanon's Double Taxation Treaties	Signature
Algeria	2002
Armenia	1998
Cuba	2001
Czech Republic	1997
Egypt	1996
Iran	1998
Italy	2001
Kuwait	2001
Malta	1999
Morocco	2002
Oman	2001
Pakistan	1999
Romania	1995
Russian Federation	1997
Syria	1997
Tunisia	1998
United Arab Emirates	1998

Morocco's Double Taxation Treaties	Signature
Bahrain	2000
Bulgaria	1996
Finland	2001
India	1998
Korea	1999
Lebanon	2002
Portugal	1997
Russian Federation	1997
Senegal	2001 and 2002
United Arab Emirates	

Oman's Double Taxation Treaties	Signature
Algeria	2000
China	2002
India	1997
Italy	1998
Lebanon	2001
Mauritius	1998
Pakistan	1999
Tunisia	1997
United Kingdom	1998

Qatar's Double Taxation Treaties	Signature
India	1999
Pakistan	1999
Romania	1999

Saudi Arabia's Double Taxation Treaties	Signature
Austria	2003 and 2002
Belgium and Luxemburg	2002
China	1996
France	2002
Germany	1996
Italy	1996
Malaysia	2000
Chinese Taipei	2000

Syria's Double Taxation Treaties	Signature
Algeria	1997
Armenia	1995
Belarus	1998
Bulgaria	2001
France	1998
Indonesia	1997
Iran	1996
Jordan	2001
North Korea	2000
Kuwait	1997
Lebanon	1997
Malta	1999
Pakistan	2001
Poland	2001
Sudan	2001
Tunisia	1998
Yemen	2001

Tunisia's Double Taxation Treaties	Signature
Cameroon	1999
Côte d'Ivoire	1999
Lebanon	1998
Luxemburg	1996
Netherlands	1995
Oman	1997
Pakistan	1996
Portugal	1999
South Africa	1999
Syria	1998
Yemen	1998

United Arab Emirates' Double Taxation Treaties	Signature
Czech Republic	1996
Finland	1996
Germany	1995
Lebanon	1998
Mongolia	2001
Morocco	1999
Singapore	1995
Thailand	2000

Yemen's Double Taxation Treaties	Signature
Algeria	2002
Syria	2001
Tunisia	1998

ANNEX 4
WTO MEMBERSHIP

Members of WTO (with year of accession)

- Bahrain 1995
- Djibouti 1995
- Egypt 1995
- Jordan 2000
- Kuwait 1995
- Morocco 1995
- Oman 2000
- Qatar 1996
- Tunisia 1995
- United Arab Emirates 1996

Non-members of WTO

- Algeria (observer)
- Lebanon (observer)
- Saudi Arabia (observer)
- Syrian Arab Republic (not observer)
- Yemen (observer)

ANNEX 5
MENA FDI STATISTICS

Table A.1 Net FDI inflows into selected MENA countries, 1980-2001 (US\$ million)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Djibouti	0.1	2.3	2.3	1.4	1.4	3.2	3.3	2.4	3.5	4.2	3.3	3.4
Egypt, Arab Rep.	734.0	253.0	459.0	493.0	1,256.0	598.0	636.0	890.6	1,076.0	1,065.3	1,235.0	509.9
Jordan	37.6	-11.9	40.7	-33.5	2.9	13.3	15.5	360.9	310.0	158.0	786.6	100.3
Kuwait				13.3	0.0	6.7	347.4	19.8	59.1	72.3	16.3	-39.1
Lebanon	6.5	1.6	4.0	6.0	7.0	35.0	80.0	150.0	200.0	250.0	297.8	249.3
Morocco	165.1	317.5	503.3	590.2	554.7	437.5	357.4	1,079.3	333.1	849.5	201.3	2,657.8
Oman	142.3	135.2	104.3	142.0	76.5	46.3	59.8	65.0	101.4	20.8	70.2	41.6
Syrian Arab Republic	71.5	62.3	18.0	109.0	251.0	100.0	89.0	80.0	82.0	263.0	270.0	205.0
Tunisia	76.3	125.5	525.8	561.9	432.0	264.3	238.3	339.1	649.8	349.8	752.2	457.4
Total	1,233.4	885.5	1,657.4	1,883.3	2,581.5	1,504.3	1,826.7	2,987.1	2,814.9	3,032.9	3,632.7	4,185.6

Source: World Bank, *World Development Indicators*.

Table A.2 Gross FDI inflows as a proportion of GDP (%)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000		
Algeria	0.9	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	..	..	..	..	..	..	..	..	..	..
Bahrain	13.6	0.0	0.8	1.7	3.6	2.8	1.0	1.1	6.0	4.7	9.2	14.6	19.5	13.9	7.3	10.2	38.6	10.7	14.9	9.8	11.6	..	
Djibouti	0.5	0.3	0.3	0.6
Egypt, Arab Rep.	2.4	3.2	1.2	1.8	2.4	3.4	3.4	2.4	3.4	3.2	1.7	0.9	1.1	1.0	2.5	1.1	0.9	1.3	1.4	1.2	1.3	1.3	1.3
Jordan	0.9	3.3	2.6	0.8	1.6	0.5	0.6	0.6	0.4	0.4	1.7	0.6	0.8	1.5	0.4	0.6	0.8	4.9	3.9	2.0	9.4	9.4	
Kuwait	1.4	0.6	0.5	1.2	0.4	0.3	1.4	3.5	2.3	4.1	1.3	1.7	6.1	2.8	6.1	3.9	6.9	3.4	7.7	0.4	0.9	0.9	
Morocco	0.5	0.4	0.5	0.3	0.4	0.2	0.0	0.3	0.4	0.7	0.6	1.2	1.6	1.9	1.9	1.1	1.1	3.3	1.0	2.5	1.5	1.5	
Oman	1.6	0.9	2.4	1.9	1.8	1.6	1.9	0.4	1.2	1.3	1.4	1.3	0.9	1.3	0.7	0.4	0.4	0.4	0.7	0.1	0.4	0.4	
Saudi Arabia	2.0	4.2	9.2	4.6	4.9	0.6	1.3	1.6	0.4	0.8	1.8	0.1	0.1	1.2	0.3	1.5	0.7	1.8	2.9	0.5	1.0	1.0	
Syrian Arab Republic	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	2.5	0.9	0.6	0.6	0.5	1.7	1.5	1.5	
Tunisia	2.9	3.5	4.2	2.4	1.4	1.4	0.7	1.0	0.6	0.8	0.6	1.0	3.4	3.8	2.8	1.6	1.2	1.9	3.3	1.7	3.9	3.9	

Source: World Bank, *World Development Indicators*.

Table A.3 Net FDI inflows into developing regions, 1995-2003 (US\$ billion)

	1995	1996	1997	1998	1999	2000	2001	2002	2003 ¹
East Asia and the Pacific	50.8	58.6	62.1	57.7	50.0	44.2	48.2	54.8	56.8
Europe and Central Asia	17.4	16.4	22.6	26.2	28.4	29.3	31.8	32.9	26.2
Latin America	30.5	44.3	66.7	73.8	88	77	69.9	44.7	36.6
Middle East and North Africa	-0.7	0.6	6.3	7.4	2.9	2.4	5.8	2.7	2.0
South Asia	2.9	3.5	4.9	3.5	3.1	3.4	5.0	4.2	5.1
Sub-Saharan Africa	4.3	4.2	8.4	6.9	9.3	5.8	14.3	7.8	8.5
TOTAL	105.2	127.6	171	175.5	181.7	162.1	175	147.1	135.2

¹ Estimates.

Source: The World Bank, *Global Development Finance: Harnessing Cyclical Gains for Development*, 2004.

ANNEX 6

COST AND DURATION OF ESTABLISHMENT PROCEDURES IN DEVELOPING WORLD REGIONS

Region or Economy	Number of Procedures	Duration (days)	Cost (% GNI per capita)	Min. Capital (% GNI per capita)
East Asia & Pacific	9	61	61.6	174.6
Europe & Central Asia	10	43	15.7	67.5
Latin America & Caribbean	11	70	60.1	32.3
Middle East & North Africa	10	39	51.2	883.0
OECD: High income	6	25	8.4	47.0
South Asia	8	43	52.5	85.6
Sub-Saharan Africa	11	67	238.9	269.3
Algeria	14	26	27.3	73.2
Egypt	13	43	63	855.4
Jordan	11	36	52	1,175.9
Kuwait	13	35	2.4	148.5
Lebanon	6	46	131.5	81.9
Morocco	5	11	12.3	760.7
Oman	9	34	4.9	100.1
Saudi Arabia	12	64	69.7	1,549.5
Syria	12	47	34.5	5,109.4
Tunisia	9	14	10.8	343.8
United Arab Emirates	12	54	26.5	437.4
Yemen	12	63	269.2	1,723.4

Source: World Bank, International Finance Corporation, *Doing Business* web site.

ANNEX 7

HORIZONTAL LIMITS TO MARKET ACCESS AND NATIONAL TREATMENT BASED ON GATS SCHEDULES OF COMMITMENTS RELATED TO MODE 3* DELIVERY OF SERVICES OF MENA COUNTRIES.

	Developed (15)		Developing (69)		LDC (29)		MENA (8)	
	Limits on MA	Limits on NT	Limits on MA	Limits on NT	Limits on MA	Limits on NT	Limits on MA	Limits on NT
1	7	3	27	3	5	1	6	5
2	0	0	17	7	1	0	6	6
3	2	8	20	14	3	1	1	8
4	0	1	0	2	1	1	1	0
5	0	0	7	9	0	0	0	1
6	0	8	1	3	0	0	0	1
7	2	7	9	6	0	0	2	1
8	0	0	3	2	0	0	3	0
9	3	1	12	2	0	0	4	1
10	0	0	4	1	0	0	3	0
11	0	0	2	1	0	0	2	0
12	0	0	1	2	1	1	0	0
Total	14	28	103	52	11	4	28	23

Note: Adapted from TD/TC/WP(2002)41/FINAL (unclassified)

* "Mode 3" is the supply of a service through the commercial presence of the foreign supplier in the territory of another WTO member.

ANNEX 8
MENA MEMBERS
OF THE WORLD ASSOCIATION OF INVESTMENT PROMOTION AGENCIES (WAIPA)

Algeria

Agence Nationale de Développement des Investissements (ANDI) <http://www.andi.dz>

Bahrain

Bahrain Promotions and Marketing Board

Djibouti

Agence Nationale pour la Promotion des Investissements (ANPI)

Egypt

General Authority for Investment (GAFI) <http://www.gafinet.org>

Jordan

Aqaba Special Economic Zone Authority <http://www.aqabazone.com>

Jordan Investment Board (JIB) <http://www.jordaninvestment.com>

Kuwait

Inter Arab Investment Guarantee Corporation (IAIGC) <http://www.iaigc.org>

Kuwait Foreign Investment Bureau (KFIB) <http://www.kfib.com>

Lebanon

Investment Development Authority of Lebanon (IDAL) <http://www.idal.com.lb>

Morocco

Ministère des Finances et des Investissements Extérieurs <http://www.invest-in-morocco.gov.ma>

Oman

Omani Centre for Investment Promotion & Export Development (OCIPED) <http://www.ociped.com>

Saudi Arabia

Saudi Arabia General Investment Authority SAGIA <http://www.sagia.gov.sa>

Royal Commission for Jubail and Yanbu <http://www.rcjy.gov.sa>

Tunisia

Foreign Investment Promotion Agency (FIPA) <http://www.investintunisia.com>

United Arab Emirates

Dubai Development and Investment Authority (DDIA) <http://www.ddia.ae>

Dubai Airport Free Zone Authority (DAFZA) <http://www.dafza.gov.ae>

United Arab Emirates Ras Al Khaimah Free Trade Zone Authority <http://www.rakftz.com>

Yemen

General Investment Authority (GIA) <http://www.giay.org>

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