

The 2020 Kearney Foreign Direct Investment (FDI) Confidence Index

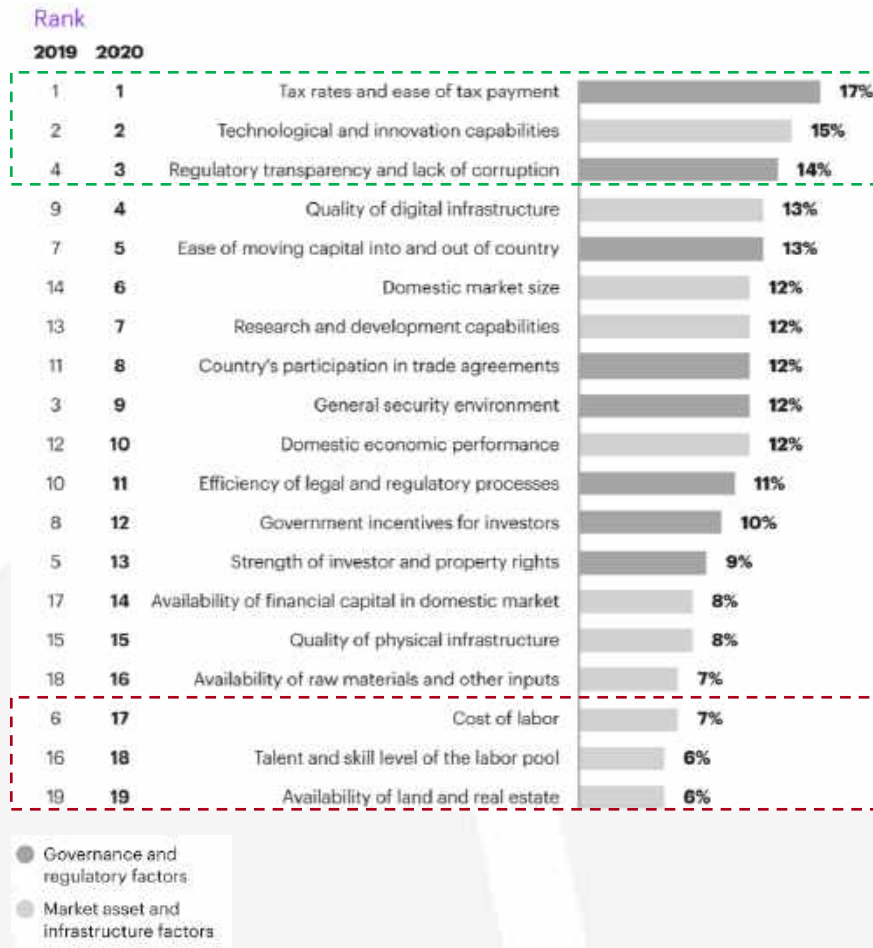
General Observations

Top 10 Ranking

Country	2020	2019
USA	1	1
Canada	2	3
Germany	3	2
Japan	4	6
France	5	5
UK	6	4
Australia	7	9
China	8	7
Italy	9	8
Switzerland	10	13
UAE	19	21 <small>2017</small>

- UAE Ranked **19th** (out of 25 countries) in the Foreign Direct Investment Confidence Index 2020 by Kearney, after a 2 years absence from the report (the last UAE rank was 21st in the 2017 report)
- The 2020 index has selected only three emerging economies, namely China, Brazil, and the UAE, where the UAE represents the Middle East and North Africa region this year
- According to the report, **economic indicators in the UAE are strong**, and growth reached 2.4 percent in 2019, up from 1.7 percent in 2018.
- The coronavirus, however, **will push down 2020 performance to a projected growth rate of -7.8 percent**, with plunging oil prices that dropped consistently represent a key risk to the economy and FDI moving forward.
- The overall strong business environment was boosting its foreign investment attractiveness, and this economic stability should support the business environment post-COVID as well.

Most important factors affecting FDI



- Developed markets show particular strength in the factors that investors tend to prioritize in their investment decisions.
- Top among these are an attractive investment environment and strong technological infrastructure. The optimal combination of these characteristics is most often found in developed markets

- A survey conducted by COAD for business councils in Abu Dhabi shows almost a different image for emerging markets - except for regulatory transparency & lack of corruption. The survey answered by 58 respondents considers **market size (#6 in the FDI index), administrative burden & political/economic stability** the top 3 factors affecting FDI in Abu Dhabi

The effect of COVID-19 on FDI

- investor confidence started to fall over the six weeks during which the survey was in the field.
- While investors & analysts showed stronger positive projections for 2020, with **stronger growth expected** among emerging markets, including countries in Latin America and the Middle East, investor confidence predictably declined for developed, emerging, and frontier markets alike, mirroring the rapid outbreak of the pandemic.
- Economic forecasts **predict steep declines in global GDP over the remainder of the year.**
- The vast majority of developed, emerging, and frontier markets have fallen into a recession triggered by a range of quarantines and lockdown measures.
- Export controls and trade barriers—particularly in the trade of medical supplies—have risen rapidly.

Investment intentions declined for all markets between January and March, likely reflecting the dampening effect of COVID-19 on the macroeconomic environment

FDI Confidence Index

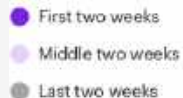
Average scores by market type for all countries surveyed



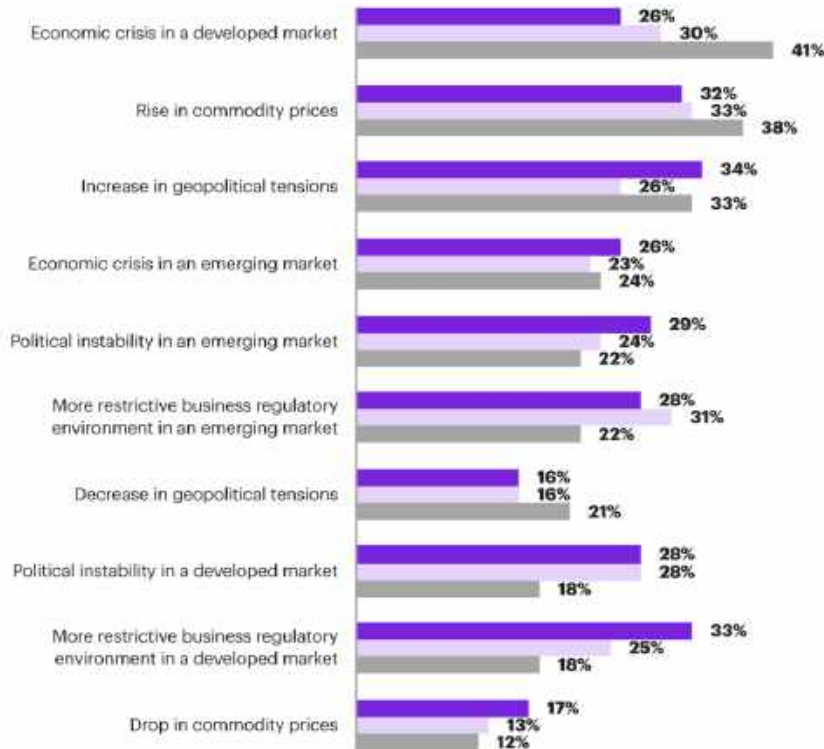
The effect of COVID-19 on FDI

Figure 5
Significantly more investors saw an economic crisis in a developed market as a likely development in the final two weeks of the survey

What developments from among the following do you think are more likely to occur in the next year?



Source: 2020 Kearney Foreign Direct Investment Confidence Index



- The survey results **highlight the need for strategic foresight**, as implementing strategic foresight tools and improved planning strategies in order to better predict and plan for severe exogenous shocks is becoming paramount

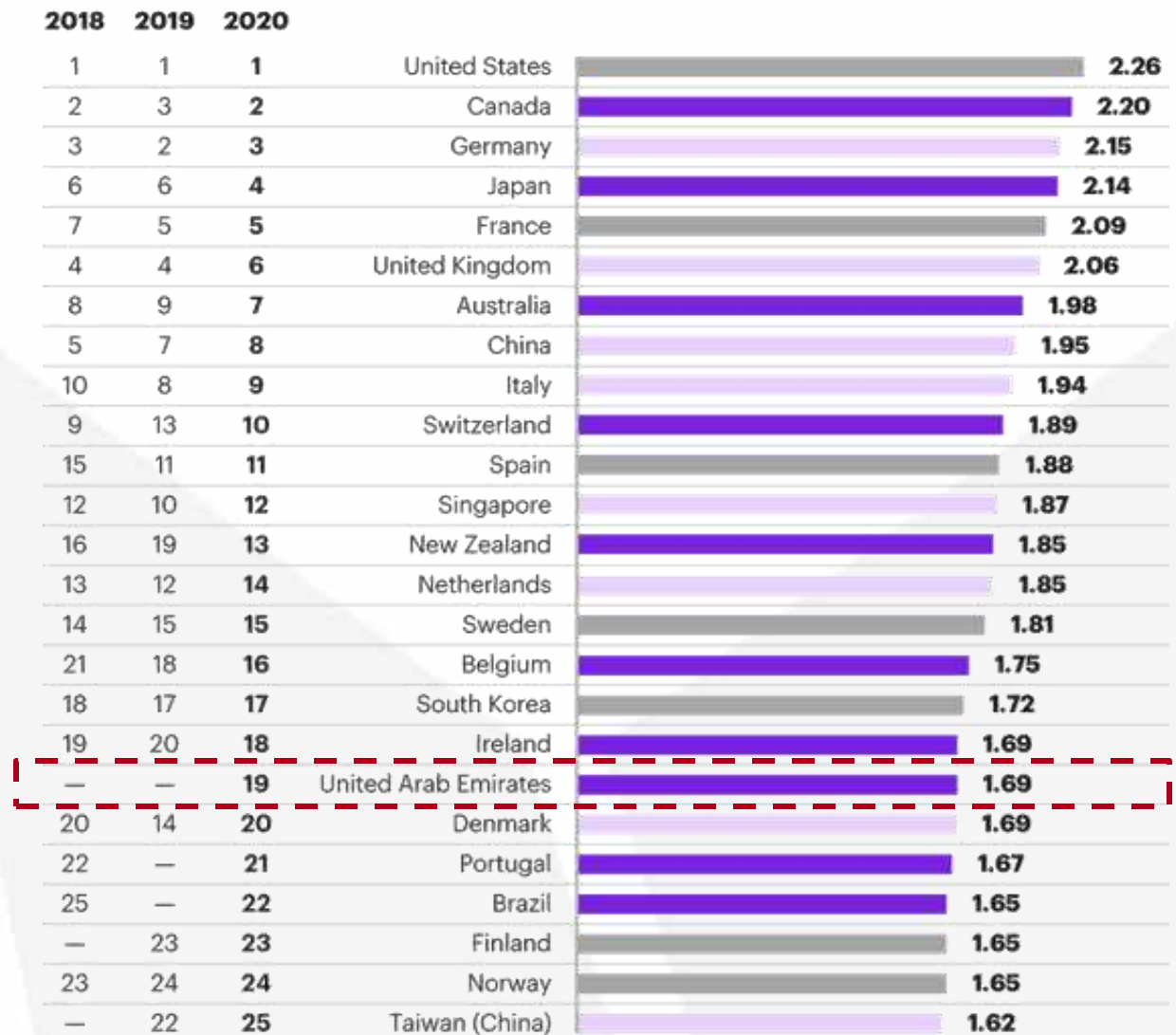
Appendix



Global Rankings

Figure 1
The 2020 Kearney Foreign Direct Investment Confidence Index®

- Maintained ranking
- Moved up
- Moved down



Source: 2020 Kearney Foreign Direct Investment Confidence Index

About the FDI Index

Entering the storm: anticipating risk in an uncertain world

The 2020 Foreign Direct Investment Confidence Index®



- The Kearney Foreign Direct Investment Confidence Index (FDICI) is an annual survey of global business executives that ranks markets that are likely to attract the most investment in the next three years.
- the FDICI provides a forward-looking analysis of the markets that investors intend to target for FDI in the coming years



- proprietary survey of 500 senior executives of the world's leading corporations
- All participating companies have annual revenues of \$500 million or more.
- The companies are headquartered in 30 countries and span all sectors.
- **The selection of these countries was based on UNCTAD data, with the 25 countries represented in the Index originating more than 95 percent of the global flow of FDI in recent years.**
- Service-sector firms account for about 44 percent of respondents, industrial firms for 37 percent, and IT firms for 20 percent.