MEDITERRANEAN PAPER SERIES **2010**

GCC ECONOMIC PRESENCE IN THE MEDITERRANEAN AND THE OUTLOOK FOR EU-GCC COOPERATION

Valeria Talbot

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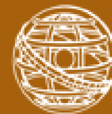

Istituto Affari Internazionali

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GCC Economic Presence in the Mediterranean and the Outlook for EU-GCC Cooperation

Mediterranean Paper Series

December 2010

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Executive Summary

Between 2003 and 2008, foreign direct investments (FDI) from the Gulf Cooperation Countries (GCC) have strongly increased in the Mediterranean region, fuelled on the one hand by a strong rise in oil prices, which generated massive investable surplus and, on the other hand, by an improved investment climate, as well as rapid economic growth of the Mediterranean countries. As a consequence, since 2003, GCC FDI has been playing a key role in the economic development of the Mediterranean region.

The increased economic presence of GCC countries in the Mediterranean region has raised interest in possible cooperation between the European Union (EU) and the GCC in this area. The two groups share an interest in the economic development of the Mediterranean region. The launch of the Union for the Mediterranean (UfM) has opened new routes for EU-GCC cooperation in the Mediterranean through some of the major projects within the UfM. The development of renewable energy sources in the Mediterranean has been identified as a key sector to boost this cooperation. However, many key issues are still to be addressed before it may blossom. From an EU-GCC-Mediterranean cooperation perspective, another UfM project, the Mediterranean Business Development Initiative focused on Mediterranean small and medium enterprises (SME), looks more promising, thanks *inter alia* to the expected structural reassessment of GCC foreign direct investment after the Dubai financial crisis.

Mediterranean economies need growing foreign investments to face their major challenge: the creation of 3-5 million new jobs each year, which is a legacy of the demographic boom of the 1970s and 1980s. To this end, FDI should focus more on job creation and be smaller in size, especially investments coming from the Gulf countries. Mediterranean SME should be increasingly involved in a process of international economic integration through direct investments and a wide range of other forms of financial support, from venture capital to guarantee schemes. This may give room to an EU-GCC-Mediterranean triangular cooperation, which would potentially bring benefits to all parties through transfer of technologies and best practices, more financial resources, and better market access. On the policy front, this entails the need for a broad consensus between the three actors through some sort of permanent dialogue, not necessarily well structured.

1 Introduction

In the last decade, the emergence of economic opportunities in the Mediterranean region has attracted the interest of new external actors, such as China, India, and the Gulf countries. In particular, since 2003, Gulf Cooperation Council (GCC — Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates) states have increased their economic presence in the Mediterranean countries through growing foreign direct investment (FDI). The aim of this paper is to analyze the role of the GCC in the economic development of the Mediterranean region, as well as the perspective for EU-GCC cooperation, taking into account some implications for transatlantic relations.

The first section provides an overview of the geographical and sectorial composition of GCC foreign investment (by Sovereign Wealth Funds, state-owned, and private companies). Although available figures are limited, a broad picture emerges involving a growing trend toward investment in non-western areas and a focus on sectors such as real estate, tourism, etc.

The second section analyzes Gulf countries' interests in the Mediterranean region, with a special focus on FDI, providing geographical and sectorial details. Since 2003, thanks to high oil revenues, Gulf countries have greatly increased their FDI in the Mediterranean region, and in 2006 they even surpassed European investments in the region. In 2008, the international economic crisis has reversed this positive trend. The most significant recipient countries, as well as major investment projects, have been examined, trying to assess the economic impact of these FDI and stressing differences with FDI coming from European countries.

The third section tries to assess the concrete opportunities for economic cooperation between GCC-EU in the Mediterranean region. Within the framework of the Union for the Mediterranean (UfM), the development of renewable energy sources in the Mediterranean has been identified as a key sector to boost EU-GCC cooperation. Potentialities of another UfM project, the Mediterranean Business Development Initiative focused on Mediterranean small and medium enterprises (SME), have also been taken into account.

The final section summarizes key findings and assesses some transatlantic implications of the growing economic presence of the GCC in the Mediterranean region.

2 GCC Foreign Investment

How to use an investable surplus is a key issue for rentier economies like the petromonarchies of the Gulf. Theoretically at least, a rentier economy based on oil income may survive the end of its oil reserves thanks to new income generated by foreign assets. If sufficient investable surplus is available, the investment income will progressively substitute for declining oil revenue. Even if this is just a textbook example, rather than a plausible scenario, how to invest abroad remains a key issue. In a rentier economy — due to its economic structure — there may never be sufficient domestic opportunities to invest all available surplus, even under the best scenario for economic diversification.

GCC countries have experienced different phases in the process of accumulating foreign assets. During the first two oil booms (the early 1970s and the late 1970s through the early 1980s), most of the GCC's surplus petrodollars were placed in bank deposits and portfolio investments in developed economies, mainly in the United States. GCC central banks accumulated international reserves as highly liquid assets (high-rated Treasury bills, government bonds, and bank deposits), while public investment funds (such as the Kuwait Investment Authority) or the very same central banks acting as long-run investment vehicles (as the Saudi Arabian Monetary Agency), invested in other financial instruments, mainly portfolio investments again in developed countries.

During the 2003–2008 oil boom, GCC countries' foreign investment increased massively, producing important changes in terms of actors, instruments, and locations with respect to previous oil booms. A number of new Sovereign Wealth Funds (SWF) have been established; moreover, the actors involved were no longer limited to central banks and SWF. A major role in the investment of surplus petrodollars is played by large corporations fully or majority-owned by GCC governments, or by the ruling families. Truly private investors (i.e., differing from ruling families and government-owned corporations) have also accumulated massive international financial assets, but up to now they have been very timid in international acquisitions, playing a limited role in the recent rapid growth of GCC foreign direct investment.

Actually, a major change has involved the allocation between different investment instruments through the emergence of foreign direct investment as a significant opportunity. This is an evolution that, as we will see later on, has had strong implications for the economic relations between GCC and Mediterranean countries. For the first time, FDI registered a significant role in asset allocation, albeit remaining much less important than portfolio investment.[1]

Before moving to the analysis of GCC countries' FDI, it is worth discussing briefly investment locations in general. As it was estimated by a recent study, "over the five years ended June 2008, the cumulative acquisition of foreign assets by the GCC exceeded $900 billion. Because of data limitations, only about 40 percent of these flows can be identified by geographical destination or asset class."[2] In the GCC, neither central banks nor SWF disclose detailed figures on the assets under their

[1] Ten percent ownership represents the conventional threshold below which the acquisition is classified as a portfolio, rather than a direct, investment.

[2] *Tracking GCC Foreign Investments: How the Strategies are Changing with Markets in Turmoil*, Samba Financial Group, December 2008.

management so the analysis of asset location is clearly tentative and subject to a large margin of error. This problem is compounded by the financial crisis, which has produced major capital losses in many asset categories. The analysis has to rely mainly on figures provided by counterparts, such as the BIS statistics on international banks liabilities or the U.S. Treasury statistics on U.S. long term security owned by residents of foreign countries (taking into account that GCC countries, as other oil exporters, channel a significant share of their foreign portfolio investment through London or other international financial centers[3]). Another notable source is Bloomberg's database on global mergers, acquisitions, and divestitures.

According to a study based on these sources, the United States has traditionally been the destination for the bulk of GCC capital. Indications are that interest in the U.S. market has remained strong in recent years, accounting for almost half of the foreign assets accumulated during the past five years. The share of GCC capital flows destined to countries other than the United States over the past five years (some $450 billion) has found its way into a variety of asset types in other parts of the world. Favored areas have been Europe, the Middle East and North Africa (MENA), and East Asia. FDI into these areas has shown particularly strong growth. Specifically, the study estimates "GCC investment into the broader MENA region (including Turkey) at around $120 billion, or 13 percent of the total. This obviously excludes intra-GCC flows, which have also grown rapidly in recent years."[4] A general assessment of the geographical distribution of GCC foreign investment in recent years is shown in Table 1 (below).

Table 1 - Estimated Geographical Distribution of GCC Capital Outflows, July 2003 - June 2008 (billions of dollars)

U.S.	450
Europe	200
MENA	120
Asia	120
Other	22
Total	**912**

Source: *Tracking GCC Foreign Investments: How the Strategies are Changing with Markets in Turmoil*, Samba Financial Group, December 2008.

We move now to consider a specific asset class, foreign direct investment, which has recently registered very rapid growth. The expansionary trend of FDI in no way is a specific characteristic of the GCC. On the contrary, global FDI growth has been a key feature of the favorable economic cycle, which abruptly ended with the international crisis of 2008–2009. This has been especially relevant to emerging markets: the noticeable increase in FDI inflows supported their economic growth through

[3] *Oil-exporting countries: key structural features, economic developments and oil revenue recycling*, European Central Bank Monthly Bulletin, July 2007, pp. 75-86. See M. Sturm, J. Strasky, P. Adolf, and D. Peschel, *The Gulf Cooperation Council countries economic structures, recent developments and role in the global economy*, ECB Occasional Paper no. 92, July 2008, p. 43.

[4] *Tracking GCC Foreign Investments: How the Strategies are Changing with Markets in Turmoil*, *op. cit.*

creation of new productive capacity and technology transfer.

Starting from a very low level of FDI flows, GCC countries achieved results even more favorable than the general trend, both as recipients of FDI inflows and as investors in foreign countries. Before we go into some details on FDI outflows — the topic of major interest for this paper — it should be mentioned that FDI inflows into the GCC have also grown very rapidly, supported by an improving investment climate, the oil boom, and, above all, the strong efforts in most of the region toward economic diversification in industry and services.

As shown by Table 2 (page 21), the growth has been so rapid that between 2000 and 2008, the share of FDI inflows to GCC countries increased from 0.03 percent to 3.74 percent of the world's total FDI inflows. Saudi Arabia and the United Arab Emirates (UAE) have received the largest share of FDI inflows. The geographical allocation of FDI inflows among GCC countries corresponds rather well with their shares in GCC-total GDP, with two major exceptions: Kuwait, which received much lower FDI inflows than would have been expected from its GDP share, and the UAE, which received much higher FDI inflows owing to its major diversification effort and to the attractiveness of its numerous free zones.

FDI outflows from the GCC (Table 3, page 22) have also strongly increased from 2004 to 2008, fuelled, on the one hand, by a strong rise in oil prices[5] that generated massive investable surpluses and, on other hand, by the strong improvement in investment climate and the rapid economic growth in many emerging markets. In absolute terms, the United Arab Emirates, Kuwait, and Saudi Arabia, in this order, originated most FDI outflows. In relative terms, the UAE, Kuwait, and Bahrain made much larger FDI than would have been expected from their shares in GCC-total GDP; the opposite holds true for Saudi Arabia and Oman. Per capita GDP seems to better explain the FDI distribution given that Oman and Saudi Arabia record the lowest per capita GDP, much lower than the UAE, and lower than Kuwait and Bahrain. The major exception is Qatar, which records the highest per capita GDP and a very low level of FDI outflows, possibly due to the high domestic investment related to the rapid development of its gas reserves.

Between 2000 and 2008, the share of FDI outflows from GCC countries has increased from 0.12 percent to 1.60 percent of the world's total FDI outflows. In 2008, FDI outflows declined, remaining however the highest in history after the 2007 peak year (when GCC share in the world's total FDI reached 2.10 percent). As shown in the next section, a similar trend emerges in GCC FDI to Mediterranean countries.

GCC outward investments are concentrated in certain sectors: real estate, tourism, the leisure industry, transport, telecommunications, and financial services. Downstream energy projects have also featured prominently. FDI outflows from the Gulf were mainly due to the actions of state-owned companies or Islamic private equity vehicles, with a more limited role for private companies. The most popular location for FDI outflows seems to be emerging Asian countries, especially China and India, but very significant investment has also gone

[5] At constant 2008 US dollar, oil price has grown from $34 per barrel to $97 per barrel between 2003 and 2008. See *BP Statistical Review of World Energy 2009*.

into Mediterranean countries, a topic to which we will now move.

3 GCC Countries' FDI in the Mediterranean Region

Economic relations between GCC and Mediterranean countries[6] are longstanding and date back to the first oil boom in the early 1970s. But key elements of these relations have changed over the years.

During the first two oil booms, remittances and public aid played a leading role. Afterwards, both these flows strongly declined, with only temporary exceptions. During the 2003–2008 oil boom, remittances grew once again, while public aid did not show significant increases. According to a recent report, "total outward remittances [from the GCC] grew annually by 18 percent on average, reaching a cumulative of $160 billion. The main recipient countries among the Middle Eastern and North African economies (which receive about half of the total outward remittances from the GCC) are Egypt, Jordan, Lebanon, Yemen, and Syria. Our estimate shows outward remittances from the GCC to decline from $51 billion in 2008 to $48 billion in 2009."[7]

However, the major change is evident in the rapid growth of FDI from the GCC to Mediterranean countries, which, together with remittances, has contributed significantly to recent strong economic growth in the Mediterranean region. During the first decade of this century, Mediterranean countries have experienced a noticeable improvement in structural reforms, with growing privatization and liberalization. This improvement in investment climate has strongly encouraged FDI from the GCC, allowing Mediterranean countries to diversify away from dependence on U.S. and European investments. As a consequence, since 2003, GCC FDI has been playing a key role in the economic development of the Mediterranean region. By contrast, trade relations between Mediterranean countries and Gulf states are not as developed as investment flows. According to figures provided by the European Commission, in 2008, trade flows between GCC and Mediterranean countries (Turkey excluded) amounted to 17 billion euros, that is to say 2.6 percent of total GCC trade.[8] In 2009 trade exchange decreased to 13 billion euros, mainly as an effect of the international economic crisis, covering a share of 2.5 percent of total GCC trade.[9] For proximity reasons, trade exchanges are more intense with the Mashreq than the Maghreb. Trade with Syria amounted to almost 5 billion euros (0.7 percent) in 2008 and 3.5 billion euros in 2009, with Egypt to 4 billion euros (0.6) in 2008 and 3.6 billion euros in 2009, followed by Jordan (3.7 billion euros in 2008 and 2.6 billion euros in 2009). Among Maghreb countries, only trade with Morocco (in 2008, 2 billion euros or 0.3 percent decreased to 1.3 billion euros in 2009) is noteworthy. Nevertheless, although the Maghreb

[6] Countries taken into account are Algeria, Egypt, Jordan, Lebanon, Libya, Syria, Morocco, Tunisia, Turkey, and the Occupied Palestinian Territories. Israel is not included because GCC states do not invest in this country.

[7] Institute of International Finance, *GCC Regional Overview*, September 28, 2009, p. 11.

[8] European Commission, DG Trade, *Gulf Cooperation Council (GCC)*, Trade Statistics, September 22, 2009, available at: http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113482.pdf.

[9] European Commission, DG Trade, *Gulf Cooperation Council (GCC)*, Trade Statistics, September 15, 2010, available at: http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113482.pdf.

remains peripheral with respect to Gulf trade, it has emerged as an important investment destination for Gulf investors. As far as Turkey is concerned, the country ranked tenth among GCC major trade partner, with 12 billion euros or 1.8 percent in 2008. Yet, this figure halved in 2009: 6 billion euros or 1.1 percent.

As shown in Table 4 (page 23), according to Anima/MIPO Observatory, GCC FDI flows in Mediterranean countries in the period 2003–2008 amounted to 65.8 billion euros, 28.6 percent of the total amount of FDI — 229.8 billion euros — attracted by MEDA region as a whole.[10] Over the last six years, the GCC has become the second source of Mediterranean FDI after Europe, which invested 85.9 billion euros (37.3 percent of the total investment amount). The GCC and Europe together have provided two-thirds of total FDI into MEDA countries.

The Mashreq is the main destination of GCC investments, whereas European investments have been mainly directed to the Maghreb. Egypt is the largest recipient country, having attracted 25.6 billion euros of FDI from GCC, which amounts to a 49 percent share of total FDI flows in the country. Turkey ranked second, with 9.0 billion euros, followed by Jordan with 7.5 billion euros. The UAE is the main GCC investor, with 35.8 billion euros, followed by Kuwait, 11.7 billion euros, and Saudi Arabia, 11.1 billion euros. The United Arab Emirates has been the second major investor country in the Mediterranean region as a whole after the United States with 37.3 billion euros, accounting for 15.5 percent of total FDI inflows into Mediterranean countries. While UAE FDI have focused more on Turkey, Egypt, and other Arab countries and have excluded Israel, U.S. investment has been mainly directed to Israel (23.4 billion euros), and to a lesser extent to Egypt (2.3 billion euros), Algeria (1.4 billion euros), and Libya (1.3 billion euros).[11]

Over the last six years, Egypt has attracted the largest share of FDI flows from the United Arab Emirates, reaching almost 18 billion euros. According to the Egyptian Minister of Investment, Mahmoud Mohieddin, through 2008, "421 companies of UAE origin have started their operations in Egypt. Of these, 64 are construction companies, 44 are in financial services, 125 in other services, 40 in agriculture, 38 in tourism, 87 in the industrial sector, and 23 in communication and information technology."[12] Of these 421 companies, 211 started their activities in Egypt in the last four years. In 2008, there was also an increase in trade flows between the two countries as a result of enhanced good political and economic relations.

Egypt remains the favorite destination of GCC investors. The privatization of some state-owned enterprises in the country has accelerated FDI inflows. Moreover Egypt, together with Morocco, is a popular holiday destinations for GCC citizens, and much of the investment from Gulf companies is in tourism and real estate. Major ventures in Egypt include Emaar Properties' Marassi mixed-use residential and tourism project on the Mediterranean coast, and $1 billion Cairo Nile Corniche Towers

[10] Samir Abdelkrim and Pierre Henry, *Foreign Direct Investment in the Med countries in 2008*, Anima Investment Network, Study n. 3, March 2009.

[11] *Ibidem*, p. 153.

[12] "Egypt woos investors from UAE in key sectors" in *Gulfnews*, January 7, 2009, available at: www.gulfnews.com.

residential scheme being developed by Qatari Diar. The biggest project is the $9 billion project for the construction of Cairo Festival City, a mixed-use 3 million square meter development (shopping centre, luxury hotel, restaurants, residential, etc.) by Al Futtaim Group (Dubai). It will be located near New Cairo City and Cairo's International Airport. According to the original project, the shopping centre and phase one of the residential units should be completed by the end of 2010 and the development should be opened in 2011. In August 2009, Al Futtaim awarded two contracts for the construction of the first phase of the Oriana residential district totaling $75 million.[13]

Since 2003, Turkey has been the second largest recipient of GCC investment, 14 percent of total FDI attracted by the country in 2003–2008. This is mainly due to the privatization process, as well as to the strong economic growth of Turkey since 2002. The GCC states are the second largest investor after the European Union (see Table 5, page 24). Furthermore, in 2005, GCC countries and Turkey institutionalized their relations within an economic cooperation framework agreement, a first step to negotiating a free-trade agreement. This, too, explains the sharp increase in FDI. Gulf investment in Turkey has focused mainly on banking and the financial sector, and Saudi Arabia and the United Arab Emirates are the biggest Gulf investors. One of the most important investments was the acquisition of a 60 percent stake in Turkiye Finans Katilim Bankasi by National Commercial Bank of Saudi Arabia for 1.08 billion euros.[14] Other significant sectors are construction and real estate, logistics, petrochemicals, communications, food industry, and agriculture. Nevertheless, according to Turkish official figures (see Table 5, page 24), FDI flows from Gulf states drastically declined in 2009, interrupting the positive trend of recent years.

The rising amount of FDI coming from Gulf countries has reinforced arguments in favor of stronger Middle East projection of Turkey to the detriment of its traditional pro-western stance. Actually, strategic, economic, and energy security interests lie under the recent "Middle Easternization" of Turkish foreign policy, which does not necessarily imply a detachment from Ankara's western allies and the path toward the EU.[15] From an economic point of view, the increasing quota of Turkish export toward Mediterranean and Middle East countries in 2009 — "Turkish exports have more than doubled to Egypt, increased by 53 percent to Libya, by 24 percent to Syria, and by 18 percent to Algeria" — does not necessarily mean that "we are losing Turkey."[16] On the contrary, as has been noticed, this has positive implications for Turkey because diversification reduces its vulnerability vis-à-vis its export markets. Second, Turkey's greater economic role can benefit to the Mediterranean

[13] "Al Futtaim Group unveils $9b mixed-use Cairo festival City" in *Gulfnews*, April 21, 2008, available at: www.gulfnews.com and "Al-Futtaim awards Cairo festival City contracts" in *Meed*, August 5, 2009, available at: www.meed.com.

[14] See *Foreign Direct Investment in Turkey 2008*, Undersecretariat of Treasury, General Directorate of Foreign Investment, available at: www.treasury.gov.tr.

[15] See Valeria Talbot, *La Turchia riscopre il Medio Oriente*, ISPI Policy Brief n. 83, maggio 2008, available at: http://www.ispionline.it/it/documents/PB_83_2008.pdf.

[16] Franco Zallio, *The Economic Crisis and the Mediterranean: Mixed Effects, Longer-Term Questions*, The German Marshall Fund of the United States in partnership with Paralleli, Policy Brief, January 7, 2010, p. 4.

region as a whole, since it could act as a catalyst for promoting deeper integration among Southern Mediterranean countries, which is also in the interest of Europe to foster stagnant Euro-Mediterranean economic integration.[17] From this point of view, the strengthened role of Turkey in the Mediterranean is to be seen as an opportunity for the EU and its Mediterranean ambitions rather than as a source of concern.

In 2008, Mediterranean countries were affected by the international economic and financial crisis, although to a lesser extent than developed economies, and FDI flows to the region registered a net decline. But this decline has been relatively modest. Mediterranean countries suffered a limited FDI inflow decline, only 17 percent, compared to global trends, thanks to the relatively good performance of North Africa (-5.2 percent), Egypt in particular.[18] In line with global trends, investments from GCC countries decreased, and several big projects, mostly in the real estate sector, have been delayed or cancelled.

According to Anima/MIPO Observatory, in 2008, there was a small decline in the number of FDI projects from GCC compared to those in 2007, in accordance with the fall of total investment projects in the Mediterranean region. While in 2007 GCC countries announced 142 projects (17 percent of the total amount of 834), the following year they decreased to 135 projects (18 percent of the total amount of 749). The decline is more evident with respect to 2006, when FDI flows from GCC (23.466 billion euros, accounting for 36 percent of the total investment of 64.180 billion euros) overtook those from Europe (25 percent of the total investment of 16.2 billion euros), and Gulf countries announced 158 FDI projects (20 percent of the total amount of projects announced in MEDA, 788). In 2006, four GCC countries (UAE, Kuwait, Saudi Arabia, and Bahrain) ranked in the top ten of FDI flows (see Table 6, page 25). Qatar ranked 15th with FDI of 879 million euros (and nine projects). In 2008, as shown in Table 7 (page 26), GCC countries lost positions with respect to previous years. Only the United Arab Emirates and Kuwait ranked in the top ten, but their FDI flows were greatly reduced compared to 2006 and 2007.

Four of the ten largest projects announced in 2008 with a value greater than one billion euros come from the United Arab Emirates.[19] The largest one, with a value of 4.6 billion euros, is the launch in Tunis of the Porta Moda real estate project by Abu Dhabi Investment Authority and Gulf Finance House. The second project is the relocation of Aqaba's port facilities to the southern part of the city and the development of a tourism mega project for 3.3 billion euros by Al Maabar. The third is an investment of $5 billion by Emirates International Company to develop Dounya Park in Algeria over five years (see below). Fourth is the 1.2 billion euros Emaar Properties project for a luxury 150-room resort and 50 private villas in Marassi (Egypt).

The transport and logistics sectors have been more resistant to the international economic crisis. In 2008, GCC announced 13 projects in this sector, nine of which are from the United Arab Emirates and concentrated mainly in the Mashreq and

[17] *Ivi*.

[18] Samir Abdelkrim and Pierre Henry, *Foreign Direct Investment in the Med countries in 2008*, *op. cit.*, p. 18.

[19] For a list of GCC major investments announced in 2008, see Table 8, page 27.

Algeria. Port projects are the most prominent. Dubai Ports (DP) World is a leader there with one mega project: acquisition of a 90 percent stake in the company managing the port of Sokhna in Egypt, with plans to invest one billion euros for its development over three years.

GCC investors have also consolidated their positions in Algeria, where they launched 15 FDI projects for a total amount of 4.9 billion euros. Several GCC companies, like Emaar, Gulf Finance House, and Al Qadra announced investment projects (shopping malls, residential schemes, and luxury hotels) for the development of a long stretch of the Algerian coast. Emirates investors have played a particularly significant role in Algeria. Up to mid-2008, UAE companies have predominantly focused on the property sector. But recently they have begun to diversify their investments. Main GCC projects in Algeria include the construction of Dounya Park, a mixed-use development near Algiers, by Emirates International Investment Company (EIIC, owned by National Holding based in Abu Dhabi). Works for the construction of Dounya Park — which would become one of the world's biggest parks, measuring up to 800 hectares, and would include commercial and residential complexes, a shopping centre, an international school, and a hospital — were put on hold in February 2010. Furthermore, National Holding has invested in Oran Waterfront, a major tourist development, and is currently negotiating for the purchase of land to build a large-scale dairy in Mahassil, which is the first example of Emirates investment in Maghreb agricultural sector.[20] In the logistics sector, DP World took control of operations at the Port of Algiers. In November 2008, the company signed a concession agreement with the local authority to operate the two ports of Algiers and Djen Djen for 30 years. Algiers, which handles more than 60 percent of the country's external trade, will be developed further to cater primarily to domestic needs, while Djen Djen will serve as a transshipment hub for the Western Mediterranean. DP World operates 49 terminals worldwide and is also present in other Mediterranean countries, including Egypt, as noted above, and Turkey at the Yarimca containers terminal on the Anatolian side of Istanbul.

Since the lifting of international sanctions in 2004, Libya has benefited from GCC investment flows. The largest project is Madinat al-Hanaa, a $20 billion mixed-use office and residential complex near Tripoli that is being developing by a UAE-Kuwait joint venture. Other projects include Hydra Tripoli Towers by Hydra Real Estate (UAE) and a $2 billion real estate project by Qatari Diar in partnership with the Libyan Development and Investment Company.

Thanks to the infrastructure boom in North Africa, construction was the sector attracting the largest amount of FDI flows from Gulf countries in 2009. However, billions of dollars worth of contracts planned by GCC companies in several Mediterranean countries are still to be awarded. Many projects have been put on hold or cancelled, including the construction of a new city announced by Emaar Properties in Algeria.[21]

[20] Oxford Business Group, *Algeria: Diversifying Investment*, November 3, 2009.

[21] "Opportunity knocks in North Africa" in *Meed*, July 31, 2009, available at: www.meed.com, "North Africa is the real loser in construction market" in *Meed*, n. 34, August 21–27,

Broadly speaking, GCC investment projects are large-scale: on average 268 million euros versus the 70 million euros average of European projects. They also tend to create more employment (on average 171 jobs) than European projects (on average 95 jobs). Jobs durability is more difficult to assess. It seems that Gulf projects generate temporary jobs linked to project set-up, whereas European projects have a greater structural effect in the labor market, providing longer-term jobs in services and industry. Some 40 percent of GCC projects are "Greenfield." GCC investment from the Mediterranean region presents an unbalanced profile: in the period 2003—2008, the construction and transport sectors accounted for 52 percent of the total (and 26 percent of the projects), tourism accounted for 19 percent, and telecoms 10 percent. As it has been noted, "this sectorial mix reflects the model of unbalanced development of the economies of the Gulf, in which consumer goods industries and light industries are not very present."[22]

Since 2003, FDI flows from GCC states have contributed to the economic growth in Southern Mediterranean countries. However, the GCC model of economic diversification based on real estate and financial services does not fit very well into Mediterranean economies characterized by low incomes, widespread poverty, and high unemployment rates. Indeed, if in the short run it has had a positive impact in terms of financial flows and an increase in employment opportunities, the long-term effects are more difficult to assess. It is far from assured that the GCC model will contribute in the long run to the improvement of the social and economic context of the Southern Mediterranean countries.[23]

2009, and Oxford Business Group, *Algeria: Diversifying Investment*, *op. cit*.

[22] Abdullah Baabood, "The Growing Economic Presence of Gulf Countries in the Mediterranean Region" in IEMed-Fundación CIDOB, *Med.2009. Mediterranean Yearbook*, 2009, p. 208.

[23] See Franco Zallio, *Dopo Washington e Dubai: un nuovo ruolo europeo nel Mediterraneo?*, ISPI Med Brief n. 9, November 3, 2008, available at: http://www.ispionline.it/it/documents/Med_Brief_9_2008.pdf .

4 EU and GCC: Room for Cooperation in the Mediterranean Region?

The increased economic presence of GCC countries in the Mediterranean region has raised the appeal of possible cooperation between the EU and the GCC in this area. The two groups share an interest in the economic development of the Mediterranean region. However, it is no easy task to design a concrete and effective cooperation.

This is due both to the complex and often frustrating relations between the two organizations as well as to the limited success of EU policies toward the Mediterranean region. In particular, the main EU economic policy toward the Mediterranean remains the Euro-Mediterranean free-trade project launched in 1995, which is slowly coming into force. And free trade is a very difficult topic for EU-GCC cooperation, as the history of the two organizations shows.

Relations between the European Union and the GCC date back to the mid-1980s.[24] In 1989, the two organizations signed a cooperation agreement, which included a wide range of sectors: agriculture, fisheries, industry, energy, sciences, technology, investment, environment, and trade. Over the years, dialogue between the EU and GCC has been characterized by ups and downs and has mainly focused on trade cooperation. During the 1990s, trade flows between the two blocks were actually very low, and only since 2001 they have began to intensify, thanks to the increase in oil prices rather than to the intensification of trade volumes per se. Negotiations on a Free Trade Agreement (FTA) have been part of EU-GCC cooperation, but after 20 years, this goal is still elusive. In late 2008, the GCC suspended negotiations because of the EU insistence on the human rights issue. According to some analysts, a "failure to adopt the FTA would go against the economic interests of both sides and affect their relationship in a negative manner."[25] As negotiations are still stalling, other cooperation sectors, such as education, health care, environment, culture, and energy have been identified. As it has been noticed, "although the FTA is of crucial importance, the relationship between the EU and GCC states has the potential to go far beyond trade issues in order to become a strategic partnership."[26] Indeed, on several international and regional political issues,[27] the EU and GCC seem to share, at least in principle, similar points of view,[28] though this similarity does not reach the depth of a real strategic partnership.

Is there room for a GCC-EU cooperation in promoting FDI in the Mediterranean region and in supporting a better economic development of the region? This is a still unsettled issue. The EU and GCC have adopted two very different approaches in dealing with the Mediterranean countries. The EU has chosen a strategy based on legal agreements (above all free-trade agreements) and normative

[24] See Valeria Talbot, "Quale politica europea per il Golfo?" in Franco Zallio (ed.), *L'Europa e il Golfo. I vicini lontani*, ISPI-Egea, Milano 2006.

[25] Michael Bauer and Christian-Peter Hanelt, *Europe and the Gulf Region — Towards a New Horizon*, Discussion Paper presented at the 12th Kronberg Talks, Special Edition, Riyadh, May 11-12, 2009, p. 22, available at: http://www.bertelsmann-stiftung.de/cps/rde/xbcr/SID-066BF705-40503D5B/bst_engl/xcms_bst_dms_29037_29038_2.pdf.

[26] *Ibidem*, p. 28.

[27] Such as the Middle East conflict, Iran, Iraq, terrorism, WMD proliferation, etc.

[28] *Joint communiqué of the 19th EU-GCC Joint Council and Ministerial Meeting*, Muscat April 29, 2009, CE-GOLFE 3504/09 (Presse 109).

approximation in various economic areas. This approach aims at improving the economic climate and strengthening economic stability in the Mediterranean countries. Better economic climate and economic stability may leave room for greater involvement of foreign investors, as well as encourage European investors to deepen their role in the region by producing there goods for both the domestic markets and to be exported duty free to the EU market. More recently, the creation of the Union for the Mediterranean (UfM) has further institutionalized a relationship already well structured.

On the other hand, the GCC countries have not followed any institutional approach in their relations with Mediterranean countries. They have not developed either institutional structures or legal agreements with Mediterranean countries: the GAFTA/PAFTA (Great/Pan Arab Free Trade Area) agreement seems of little significance to GCC investors. The GCC countries' recent expansion in the region is mainly based on economic factors, specifically the availability of greater investable resources and economic reforms in Mediterranean countries that have opened their markets to foreign investors. Furthermore, GCC and Mediterranean countries largely share the same language and religion. However, the role of language and religion should not be overemphasized given the noticeable cultural differences, especially between GCC and North African populations.

These differences seem to run against a structured cooperation between the EU and the GCC in promoting economic development in Mediterranean countries. On the contrary, as long as the European approach promotes economic openings in the Mediterranean region, GCC countries may simply get the benefits through a "free ride."

However, the launch of the UfM, with its emphasis on large-scale regional projects, has opened potential avenues for EU-GCC cooperation in the Mediterranean through some of the major projects on which the UfM is largely based: the de-pollution of the Mediterranean Sea; the establishment of maritime and land highways; civil protection initiatives to combat natural and human-caused disasters; a Mediterranean solar energy plan and the development of renewable energy sources; the Euro-Mediterranean University; and the Mediterranean Business Development Initiative focusing on micro, small, and medium-sized enterprises.

The first step has already been taken on one project, namely the development of renewable energy sources in the Mediterranean, which has also been identified as a key sector to boost EU-GCC cooperation. In October 2009, the first EU-Mediterranean-Gulf Renewable Energy Conference took place in Brussels, aiming to establish an integrated and interconnected EU-Mediterranean-GCC Green Energy Market. In this respect, three main action areas have been identified:[29]

- a framework of policies, legislation, and regulations necessary to enable this market to function efficiently and to create the conditions to attract the necessary investments;

[29] *Chair Conclusions, EU-Mediterranean-Gulf Renewable Energy Conference*, Brussels, October 9, 2009, available at: http://ec.europa.eu/external_relations/energy/events/renewable_energy_conference_2009/docs/chair_conclusions_en.pdf.

- the necessary physical infrastructure, which implies the construction of electricity interconnections linking the EU, Southern Mediterranean countries, and GCC states; and
- the research and development activities to make renewable energy economically viable.

5 An Opportunity in Renewable Energy?

On the planning side, small progress has been made by the EU through the support of a range of regional projects and initiatives, and in bilateral relations with Mediterranean partners within the framework of the European Neighbourhood Policy (ENP). As far as Gulf states are concerned, over the past decade, there has been a growing interest in developing alternative energy sources (both renewable and civilian nuclear energy) in order to reduce their dependency on oil and gas for very high domestic consumption levels.

Mediterranean countries themselves are showing an increasing interest in developing renewable energy sources, albeit starting from a very low level. According to the United Nations' Global Trends in Sustainable Energy Investment 2009 report,[30] investment in the sustainable energy sector in the Middle East is very modest compared with other regions. Indeed, in 2008, new investment in this sector in the Middle East covered only $2.6 billion of a global total of $119 billion.

In the long run, renewable energy may have a potential both to enhance EU-Mediterranean-GCC cooperation and to promote the economic development of Mediterranean countries. The development of this sector may offer Mediterranean countries some opportunities for job creation, economic diversification, and power production for domestic consumption, in particular for those countries like Morocco and Tunisia that depend on imports for their energy supply, as well as for export to the European market. But a series of major obstacles has to be overcome — including economic viability, financing sources, lack of physical interconnections, and common regulation — before a EU-GCC-Mediterranean cooperation in renewable energy may blossom.

For a EU-GCC-Mediterranean cooperation, another UfM project, the Mediterranean Business Development Initiative, which is focused on promoting Mediterranean small and medium enterprises (SME), looks more promising, thanks *inter alia* to the expected structural reassessment of GCC foreign direct investment. Indeed, while looking at the current situation from a static point of view, little or no room for cooperation seems to exist, so a dynamic view may provide a more positive assessment, taking into account the impact of the international financial crisis on GCC countries, in particular the financial difficulties of the Emirate of Dubai.

The Dubai crisis has highlighted the weaknesses of a diversification model based on real estate, tourism, and other major projects in the services sector. As a consequence, in the Mediterranean countries this has strengthened the criticism vis-à-vis these projects (in terms of economic and environmental sustainability) previously discarded by Mediterranean governments, which prioritized the financial inflows coming from GCC investors. In any case, the difficulties of the model will stimulate a re-examination of the sectorial composition of GCC foreign direct investment, with a strong impact on FDI to Mediterranean countries.

In the short run, the crisis has already caused the shelving of a number of large investment projects in the Mediterranean region previously announced by GCC investors. The long-run impact of the crisis

[30] The report is available at: http://sefi.unep.org/fileadmin/media/sefi/docs/publications/Executive_Summary_2009_EN.pdf.

will be even more important, offering new opportunities not just for GCC–Mediterranean relations, but also for EU-GCC cooperation in the Mediterranean. It will involve a reassessment by both GCC and Mediterranean countries. Also taking into consideration the impact of the financial crisis on the EU, all the three actors — Mediterranean, GCC, and EU — will progressively get involved in a new process.

After the crisis, a new picture seems to be emerging in Mediterranean countries, with a more limited role for privatization and a more prudent attitude vis-à-vis further progress in the liberalization process. But this will not amount to a closing of Mediterranean economies. On the contrary, they will need growing foreign investments to face their major challenge: the creation of 3-5 million new jobs each year, a legacy of the demographic boom of the 1970s and 1980s.

To this end, a different sort of FDI is needed. FDI should focus more on job creation (especially permanent jobs) and be smaller in size, especially the ones coming from GCC countries. Indeed, the largest share of new jobs have to be created by SME, which in the Mediterranean countries is limited in number and size and often operating in the informal sector. SME are important and widespread in the EU, but in GCC countries, they are very limited although now officially promoted as a new route to economic diversification.

In the future, Mediterranean SME should be more and more involved in a process of international economic integration through direct investment and a wide range of other forms of financial support, from venture capital to guarantee schemes.[31] This may give room to an EU-GCC-Mediterranean triangular cooperation, which would potentially bring about benefits for all parties.

Indeed, as regards SME development in the Mediterranean, which implies both the establishment of new firms and the expansion of the existing ones, the EU may transfer not only technologies but also best practices to Mediterranean countries, beyond providing financial resources. This process may involve the GCC as both a beneficiary of technologies and best practices, and a promoter and investor through direct investment and other routes.[32] At the same time, European SME may benefit from the growing Mediterranean markets, exploiting their geographical proximity.

On the policy side, this entails the need for a broad consensus between the three actors — achievable through some sort of permanent dialogue, not necessarily institutionalized[33] — on the

[31] See B. de Saint-Laurent, P. Henry and S. Abdelkrim, *Investment from the GCC and Development in the Mediterranean. The Outlook for EU-GCC Financial and Economic Cooperation in the Mediterranean*, December 2009, available at: http://www.iai.it/pdf/DocIAI/IAI0936.pdf.

[32] If the Spanish-Italian proposal of transforming the FEMIP (the European Investment Bank facility for the Mediterranean) into a full-fledged Euro-Mediterranean Development Bank will be accepted by other EMP members, a share of its capital may be opened to GCC countries. In any case, other, more low-key, ways to integrate EU-GCC-Mediterranean financial efforts may be devised.

[33] Abdullah Baabood ends the above quoted paper claiming that "the possibility of linking the EU-GCC track with the Union for the Mediterranean will provide the needed institutional framework under which greater exchange of trade and investment is bound to flourish. The institutional support for the combination of European know-how and technology with

identification of key common issues, which may involve both public institutions and private companies.

Gulf financial muscle will help to invigorate the very necessary and long-awaited development process in the Mediterranean region" (*op. cit*., p. 209). However, an even more informal (and therefore more easily conceivable) dialogue would be effective.

6 Conclusions

In the last decade, GCC countries have played an important role in contributing to the economic growth of the Mediterranean region, thanks to the spread of their oil revenues surplus through FDI. Yet, after the international economic crisis, and in particular the Dubai financial crisis, the Gulf model of economic diversification, based on real estate and financial services, does not seem to be sustainable and to fit very well into Mediterranean economies, characterized by low incomes, widespread poverty, and high unemployment rates. In any case, following the financial troubles in Dubai, the sectorial composition of GCC FDI directed to the Mediterranean has been changing. In 2009 several big projects have been canceled and amounts of FDI projects have been progressively reduced.

Broadly speaking, whether the economic development of the Mediterranean region is important both for the EU and GCC, a profitable cooperation has not yet emerged. This is due not only to the fact that over the years the relations between the EU and GCC have faced a number of difficulties, but also to the economic slowdown in the EU and GCC countries.

In spite of these difficulties, opportunities to enhance triangular cooperation have been emerging within the framework of the UfM, in particular in renewable energy, which has been identified as a key sector to boost cooperation between the EU and GCC. Seen the interest of the EU, GCC, and some Mediterranean countries in developing alternative energy sources, this sector could offer an important opportunity to enhance a triangular cooperation in the long term.

In addition, the development of alternative energy sources, easing EU dependency on gas imports from Russia and consequently increasing Europe energy security, is also a sensitive argument in the United States. However, many key issues are still to be settled before an EU-GCC-Mediterranean cooperation in this sector may become a reality.

For EU-GCC-Mediterranean cooperation, another UfM project, the Mediterranean Business Development Initiative focused on Mediterranean SME, looks more promising, thanks *inter alia* to the structural reassessment of GCC foreign direct investment after the Dubai financial crisis. The development of SME is a key aspect for Mediterranean economies and regional integration, and FDI in this sector should contribute to reduce unemployment and create durable job opportunities. However, the stalemate in the political dimension of UfM could have a negative impact on the development of sectorial projects.

In addition to the EU and GCC, the United States also has a considerable interest in the growth and economic development of Mediterranean countries.[34] Economic growth would entail more stability both for Mediterranean and European countries. In particular, sustainable growth and economic development would contribute to reducing migration flows mainly directed toward Europe. Immigration has become a major security concern for Europe in its relations with Mediterranean neighbors and as a consequence the United States has also acquired a stronger interest in the region.[35]

[34] See Nader Habibi and Eckart Woertz, *U.S. — Arab Economic Relations and the Obama Administration*, Brandeis University, Middle East Brief No. 34, February 2009.

Furthermore, more economic growth implies a greater number of business opportunities in the Mediterranean countries, as an increase in internal consumption requires a growing demand of goods and services. The United States would benefit from selling high-tech products (airplanes, electronic devices, advanced computer technology, etc.) and providing technology and services, highly requested in many countries of the region. From this perspective, it should be in the United States' interest to encourage GCC investment in and financial assistance to Mediterranean countries. Partnership between U.S. and Gulf companies could promote investment above all in those sectors where advanced technologies are required.[36] Cooperation in these sectors could be particularly productive since GCC countries have based their economic development on the acquisition of foreign technologies, know-how, and staffpower, whereas Mediterranean countries have adopted a more nationalist attitude (industry has been developed independently from FDI and joint venture). Extending the GCC development approach to Mediterranean countries, if supported by appropriate FDI, could contribute to fostering cooperation between western and Mediterranean countries.

[35] Though from an American perspective the Mediterranean as a region does not exist: the United States, indeed, continues to talk about southern Europe as opposed to North Africa and the Middle East. See Ian Lesser, *The U.S., the Mediterranean and Transatlantic Strategies*, Real Instituto Elcano, ARI 141/2009, 1/10/2009, p. 1, available at: http://www.realinstitutoelcano.org/wps/wcm/connect/dc4bf7804fc73766aac6ff8bf7fc5c91/ARI141-2009_Lesser_US_Mediterranean_Transatlantic_Strategies.pdf?MOD=AJPERES&CACHEID=dc4bf7804fc73766aac6ff8bf7fc5c91.

[36] See Nader Habibi and Eckart Woertz, *U.S. — Arab Economic Relations and the Obama Administration, op. cit*., p. 4.

Table 2 - GCC: FDI inflows (millions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000-08
Bahrain	364	80	217	517	865	1,049	2,915	1,756	1,794	9,557
Kuwait	16	-175	4	-68	24	234	122	123	56	336
Oman	83	5	122	494	229	1,538	1,688	3,125	2,928	10,213
Qatar	252	296	624	625	1,199	2,500	3,500	4,700	6,700	20,395
Saudi Arabia	183	504	453	778	1,942	12,097	18,293	24,318	38,223	96,792
UAE	-506	1,184	1,314	4,256	10,004	10,900	12,806	14,187	13,700	67,844
GCC Total	**391**	**1,894**	**2,734**	**6,602**	**14,262**	**28,318**	**39,324**	**48,209**	**63,401**	**205,136**
% World Total	0.03	0.23	0.44	1.18	1.99	2.91	2.69	2.44	3.74	2.00

Source: UNCTAD

Table 3 - GCC: FDI outflows (millions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000-08
Bahrain	10	216	190	741	1,036	1,135	980	1,669	1,620	7,597
Kuwait	-303	-242	-78	-5,016	2,581	5,142	8,240	10,156	8,521	29,001
Oman	-2	55	0	153	250	234	275	243	329	1,537
Qatar	18	17	-21	88	438	352	127	5,263	2,400	8,682
Saudi Arabia	1,550	39	2,020	473	78	53	1,257	13,139	1,080	19,690
UAE	424	214	413	991	2,208	3,749	10,892	14,568	15,800	49,258
GCC Total	**1,696**	**299**	**2,524**	**-2,569**	**6,591**	**10,665**	**21,772**	**45,038**	**29,750**	**115,765**
% World Total	*0.12*	*0.04*	*0.40*	*-0.46*	*0.92*	*1.21*	*1.56*	*2.10*	*1.60*	*1.13*

Source: UNCTAD

Table 4 - Announced FDI from GCC countries to the Mediterranean region in 2003-2008

(millions of euros)

Origin	Destination countries										
	Maghreb				Mashreq					Other Med	Total
	Algeria	Morocco	Tunisia	Libya	Egypt	Jordan	Lebanon	Palest.	Syria	Turkey	
Bahrain	143	592	132		229	1,497			452	66	3,110
Kuwait	2,081	730	296	55	3,009	1,584	1,257		1,533	1,148	11,693
Qatar		54	403	223	1,503	762		339	669	230	4,183
Saudi Arabia	736	439	80	12	2,993	1,345	493	53	1,250	3 667	11,068
UAE	1,939	2,110	4,795	564	17,848	2,313	1,218		1,111	3,852	35,750
Total	4,899	3,925	5,706	854	25,582	7,501	2,968	392	5,015	8,963	65,805

Source: Samir Abdelkrim and Pierre Henry, *Foreign Direct Investment in the Med countries in 2008*, Anima Investment Network, Study n. 3, March 2009, p. 153.

Table 5 – FDI flows to Turkey (millions of dollars)

Countries	2005	2006	2007	2008	2009
European Union (27)	**5,006**	**14,489**	**12,601**	**11,051**	**5,106**
Germany	391	357	954	1,211	496
France	2,107	439	367	679	616
Netherlands	383	5,069	5,442	1,343	900
United Kingdom	166	628	703	1,336	349
Italy	692	189	74	249	314
Other European Countries	1,267	7,807	5,061	6,233	2,431
Other European Countries (Excluding EU)	**1,646**	**85**	**373**	**291**	**306**
Africa	**3**	**21**	**5**	**82**	**1**
U.S.A.	**88**	**848**	**4,212**	**863**	**260**
Canada	**26**	**121**	**11**	**23**	**52**
Central-South America And Caribbean	**8**	**33**	**494**	**60**	**19**
Asian	**1,756**	**1,927**	**1,405**	**2,361**	**670**
Near And Middle Eastern Countries	1,678	1,910	608	2,199	358
Gulf Arabian Countries	1,675	1,783	311	1,978	206
Other Near And Middle Eastern Countries	2	3	196	96	78
Other Asian Countries	78	17	797	162	312
Other Countries	**2**	**115**	**36**	**2**	**12**
Total	**8,535**	**17,639**	**19,137**	**14,733**	**6,427**

Source: Ministry of Treasury of Turkey, available at: www.treasury.gov.tr.

Table 6 – Top ten investors in the MEDA region (2006)

Ranking for n. of projects	Origin	n. of projects 2006	FDI flows 2006 (€ ml)
2	USA	122	19,282
3	United Arab Emirates	64	13,536
1	France	138	4,820
4	Kuwait	45	4,526
8	Saudi Arabia	33	3,284
9	Italy	32	2,743
19	Greece	9	2,670
5	Spain	37	1,365
17	Bahrain	11	1,241
6	UK	36	1,231

Source: Bénédict de Saint-Laurent and Pierre Henry, *Foreign Direct Investment (FDI) in the MEDA region in 2006*, Anima Investment Network, Notes and Studies n. 23, May 2007, p. 78.

Table 7 – Top ten investors in the MEDA region (2008)

Origin	n. of projects	FDI flows (€ ml)	% total 2008	Δ 2007-2008	% total 2003-2008
Azerbaijan	4	5,114	12.7%	NA	1.8%
United Arab Emirates	66	4,769	11.9%	-66.1%	9.9%
UK	55	4,638	11.5%	-15.8%	5.1%
USA	113	4,414	11.0%	1.9%	15.5%
France	112	2,733	6.8%	-72.8%	.9%
Netherland	28	1,837	4.6%	-34.9%	2.5
India	23	1,801	4.5%	125.6%	1.4%
Germany	40	1,512	3.8%	37.7%	2.2%
Austria	7	1,159	2.8%	143.5%	1.1%
Kuwait	34	1,135	2.8%	-60.3%	4.8%

Source: Samir Abdelkrim and Pierre Henry, *Foreign Direct Investment in the Med countries in 2008*,

Anima Investment Network, Study n. 3, March 2009, p. 26.

Table 8 - GCC major announced investments in 2008

Destination	Origin	Project	Sector	FDI (€ ml)
Algeria	Saudi Arabia	Residential project in Oran	Public works, logistics, utilities	400
Algeria	Oman	Setting up of an urea and ammonia factory in Mers El Hadjad	Chemicals	805
Egypt	UAE	DP World acquisition of 90% stake in Sokhna Port	Public works, logistics, utilities	441
Egypt	UAE	Creation of a business district, Capital Business Park	Public works, logistics, utilities	320
Egypt	Qatar	Project of luxurious residential complex, Nile Corniche	Public works, logistics, utilities	658
Egypt	UAE	Creation of a luxurious 150-room resort and 50 private villas in Marassi	Tourism, catering	1,217
Jordan	UAE	Residential project	Public works, logistics, utilities	286
Jordan	UAE	Relocation of Aqaba's port facilities and development of a tourism mega project	Public works, logistics, utilities	3,289
Libya	Qatar	Launch of Libyan Development and Investment Company	Public works, logistics, utilities	658
Libya	UAE	Upgrade of Raf Lanuf oil refinery	Energy	658
Morocco	Kuwait	KIA increasing of its Moroccan Fund	Bank, insurance	494
Tunisia	UAE	Porta Moda real estate project	Public works, logistics, utilities	4,600
Turkey	Qatar	Acquisition of 25% of TV channel ATV and Sabah newspaper		230
Turkey	UAE	54% increasing stake in hospital operator	Other	292
Turkey	UAE	Emaar Properties acquisition of land in Istanbul	Public works, logistics, utilities	273

Source: Samir Abdelkrim and Pierre Henry, *Foreign Direct Investment in the Med countries in 2008*, Anima Investment Network, Study n. 3, March 2009.

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