المؤسسة العربية لضمان
الإستثمار وائتمان الصادرات
The Arab Investment & Export
Credit Guarantee Corporation

Investment Climate In Arab Countries

2011

27

المؤسسة العربية لضـــمان
الإستثمار وائتمان الصادرات

The Arab Investment & Export
Credit Guarantee Corporation

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Executive Summary

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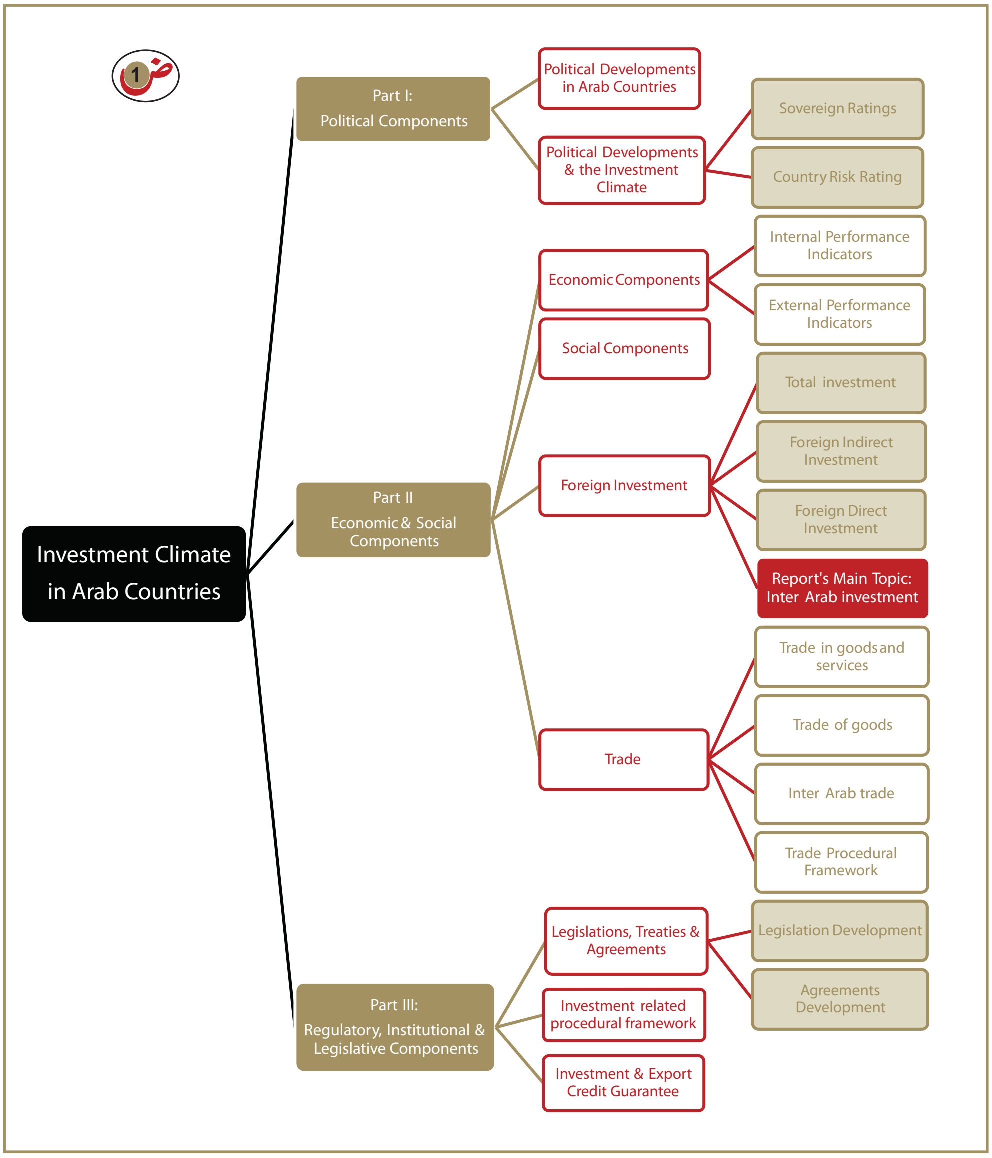
المؤسسة العربية لضمان الإستثمار وائتمان الصادرات
The Arab Investment & Export Credit Guarantee Corporation

Establishment Date	1/4/1974	1974/4/1	**تاريخ التأسيس**
Commencement Date	1/4/1975	1975/4/1	**تاريخ المباشرة**
Capital	USD 198 million	198 مليون دولار	**رأس المال**
Reserves	USD 123 million	123 مليون دولار	**الاحتياطي**
Credit Rating	"AA, Stable", by Standard & Poor's credit rating agency.	"AA"، مستقر" من قبل وكالة ستاندرد أند بورز للتصنيف الائتماني	**التصنيف الائتماني**
Accumulated Guarantee Contracts 31-12-2011	USD 7.8 billion	7.8 مليار دولار	**القيمة التراكمية لعمليات الضمان** 2011-12-31
Dhaman's Organizational Structure	▪ Shareholder's Council ▪ Board of Directors ▪ Director-General	▪ مجلس المساهمين ▪ مجلس الإدارة ▪ المدير العام	**أجهزة المؤسسة**
Member Countries	All Arab Countries	كافة الدول العربية	**الدول الأعضاء**
Financial Institutions (shareholders)	▪ Arab Fund for Economic and Social Development ▪ Arab Monetary Fund ▪ Arab Bank for Economic Development in Africa ▪ Arab Authority for Agricultural Investment and Development	▪ الصندوق العربي للإنماء الاقتصادي والاجتماعي ▪ صندوق النقد العربي ▪ المصرف العربي للتنمية الاقتصادية في أفريقيا ▪ الهيئة العربية للاستثمار والإنماء الزراعي	**المؤسسات المالية** (المساهمة في رأسمال المؤسسة)



Key for table indicators and colors:

Key:	✓ Improvement	! No Change	✘ Deterioration
	Best	Moderate	Worst

Executive Summary

Investment climate denotes the overall economic, social, political, institutional and legal conditions and circumstances that may affect the investment decision, and the chances of success for the investment project in a certain country or business sector. Such conditions and circumstances constitute overlapping factors that affect each other. They are mostly variable factors, of which the interaction or implications create new conditions, with various inputs. Their outcome is translated as factors that attract or distract capital.

Reflecting on the specialized literature and practices, the major variables governing the investment climate in the Arab countries, may be summarized, from the inward investment perspective, as follows: Part One: Political Components, Part Two: Economic and Social Components, Part Three: Regulatory, Institutional, and Legislative Components.

Part One: Political Components

Political Developments in Arab Countries

During 2011 Arab countries witnessed a rapid pace of major and exceptional political events, represented by a spate of revolutions, uprisings and popular movements, culminating into changes in the ruling political leaderships in four countries: Tunisia, Egypt, Libya, and Yemen.

The year also witnessed several ministerial reshuffling processes, and the formation of new governments, allowing the opposition wider involvement in eight countries: Egypt, Tunisia, Jordan, Syria, Yemen, Lebanon, Kuwait and Morocco.

On the legislative branch side, parliamentary elections were conducted in eight countries: Egypt, Tunisia, Morocco, Kuwait, Bahrain, Oman, Algeria and Syria, resulting in broader representation of the opposition in most of those countries, especially the Islamist currents. In addition, Qatar announced intention to conduct its first parliamentary elections in history by 2013. Further, Saudi Arabia declared allowing women’s candidacy to the parliamentary and municipal elections.

As for the amendments of the constitution and significant political laws, eight countries witnessed variant levels of movement. These are: Egypt, Tunisia, Jordan, Yemen, Morocco, Syria, Bahrain, and Libya.

Most of the Arab countries saw variant developments at the level of enhancing national compromise, by releasing opposition symbols, and allowing the deported figures to return. In return, tension arose from the trials of the symbols of former regimes, labor and civil disorders, protests, factional and geographic battles, which peaked during the period of armed conflict. Sudan also witnessed the split of its south, as an independent state.

Against these developments, other countries witnessed a government trend towards fostering national accord, and boosting internal front, particularly in the GCC states, Jordan, Morocco and Algeria.

Regarding external Arab relations in 2011, joint Arab action was characterized by numerous serious and significant steps, summits and meetings that aimed at fostering the action and confronting the challenges facing the Arab countries in several areas. Reflecting on the major events, 2nd Arab Economic & Social Economic Summit convened in Sharm El-Sheikh, the 32nd Summit in Riyadh, where GCC leaders adopted a Saudi proposal to shift from cooperation among the GCC countries to the stage of Union. In addition, specialized Arab ministerial councils convened in various areas, and many meetings were held with the participation of ministers and key official under the umbrella of joint Arab organizations and a regional coperation framework.

Inter-Arab relations saw different developments, especially with the Arab spring. Meanwhile, Arab relations with neighboring countries relatively improved with Turkey and Ethiopia, and retreated with Iran. In the same context, relations of Arab regimes, whose countries are witnessing popular movements, witnessed tension with the international community.

Impact of Political Developments on Investment Climate

Political developments, especially the Arab spring events in the region, culminated into a set of changes with variant positive or negative impacts, from the perspective of those in charge of investment. Governments' reactions and decisions differently affect the components of investment climate and business environment in a certain country. The effect may be negative in the short term, and may turn into positive in the medium and long terms, and vice-versa.

The main implications of the political developments in the region for the investment environment and climate are summarized in the ambiguous legal frameworks, procedures and legislation, labor and factional unrest, anti-private sector wave, especially the institutions closely related to the former ruling regimes, and, finally, local impacts of regional nature, including the transfer of labor, capitals, commodities, and cross-border redistribution of the trends and intensity of such movements.

It is essential to identify the external world's view and evaluation of the events in the Arab countries at the political level. Such evaluation has a two-prong track: international sovereign ratings, and country risk reports issued by a number of international specialized institutions.

Arab Countries' Sovereign Credit Ratings

Sovereign credit rating of countries is one of the factors affecting investment decisions and trade exchange by investors, exporters, businessmen, and companies, particularly multi-national. Review of the sovereign ratings of a number of Arab countries (during the period Dec 2010 - July 2012), issued by major international rating agencies, reveals the following:

- 10 Arab countries, out of 17 countries monitored by international rating agencies, were under review during the specified period, with lower sovereign ratings. The majority of those countries witnessed variant degrees of political events and popular movements.
- Two Arab countries had their sovereign ratings improved. Standard & Poor's upgraded Kuwait's rating from "AA-, Stable" to "AA, Stable". Economist Intelligence Unit (EIU) upgraded Qatar's rating from "A, Stable" to "AA, Stable".
- All major international credit rating agencies revised, yet, downgraded the sovereign ratings of a number of Arab countries, 7 countries by Standard & Poor's, 5 countries by Moody's and EIU, 4 by Fitch, and 3 by Capital Intelligence.

1 Arab Countries Sovereign Ratings December 2010 / July 2012

Country	Standard & Poor's		Moody's		Fitch		Capital Intelligence		Economist Intelligence Unit	
	Mid December 2010	Mid July 2012	Mid December 2010	Mid July 2012	Mid December 2010	Mid July 2012	Mid December 2010	Mid July 2012	Mid December 2010	Mid July 2012
Qatar	Stable AA	Stable AA	Stable Aa2	Stable Aa2	-	-	Stable AA-	Stable AA-	Stable A	Stable AA
Kuwait	Stable AA-	Stable AA	Negative Aa2	Negative Aa2	Stable AA	Stable AA	Stable AA-	Stable AA-	Stable A	Stable A
Saudi Arabia	Stable AA-	Stable AA-	Stable Aa3	Stable Aa3	Stable AA-	Stable AA-	Stable AA-	Stable AA-	Stable BBB	Stable BBB
Oman	Stable A	Negative A	A2	A2	-	-	Stable A	Stable A	Stable A	Stable A
Bahrain	Stable A	Negative BBB	Stable A3	Negative Baa1	Stable A	Negative BBB	Stable A	Negative BBB+	Stable BBB	Stable BB
Morocco	Stable BBB-	Stable BBB-	Ba1	Ba1	Stable BBB-	Stable BBB-	Stable BBB-	Stable BBB-	Stable BB	Stable B
Tunisia	Stable BBB	Stable BB	Stable Baa2	Negative Baa3	Stable BBB	Negative BBB-	Stable BBB	Stable BBB	Stable BBB	Stable B
Jordan	Stable BB	Negative BB	Ba2	Negative Ba2	-	-	Stable BB	Stable BB	Stable B	Stable CC
Lebanon	ايجابي B	ايجابي B	Stable B1	B1	Stable B	Stable B	Stable B	Stable B	Stable CCC	Stable CCC
Egypt	Stable BB+	Negative B	Stable Ba1	Negative B1	Stable BB+	Negative B+	Stable BBB-	Negative BB+	Stable BB	Stable CCC
UAE	-	-	Aa2	Aa2	-	-	Stable AA-	Stable AA-	Stable BB	Stable BB
Libya	Stable A-	-	-	-	Stable BBB+	Stable B	-	-	Stable BB	Stable B
Yemen	-	-	-	-	-	-	Stable B	Negative B-	Stable CC	Stable CC
Syria	-	-	-	-	-	-	Stable BB-	-	Stable B	Stable CC
Algeria	-	-	-	-	-	-	-	-	Stable BB	Stable BB
Iraq	-	-	-	-	-	-	-	-	Stable CC	Stable CCC
Sudan	-	-	-	-	-	-	-	-	Stable C	Stable C

Sources: Websites of rating agencies, last accessed 19 July 2012.

- The downgrading of sovereign varied from 5 grades in one Arab country, to 1 grade for several other countries.

Country Risk Rating in Arab Countries

Country risk rating indices, such as political risk, economic and financial risk, economic freedom, debt, and availability of finance, are based on a set of limitations that affect the flow of foreign investment. These are complex indices that reflect the state of investment climate of the country. The main indices are: International Country Risk Guide (ICRG), Dun & Bradstreet, Euromoney, and Coface.

I: International Country Risk Guide (ICRG):

As per this index, Arab countries' ratings in June 2012 were as follows:

- 4 Arab countries: UAE, Oman, Saudi Arabia, and Qatar were rated at "very low risk" grade.
- 5 Arab countries: Kuwait, Libya, Bahrain, Algeria, and Morocco, were rated at "low risk" grade.
- 4 Arab countries: Jordan, Tunisia, Lebanon, and Egypt, were rated at "moderate risk" grade.
- 3 Arab countries: Iraq, Yemen, and Syria, were rated at "high risk" grade.
- 2 Countries: Sudan and Somalia were rated at "very high risk" grade.

II: Dun & Bradstreet:

This index rates 132 countries, including 17 Arab countries, which were rated in March 2012 as follows:

- 6 Arab countries: Qatar, UAE, Oman, Saudi Arabia, Kuwait, and Morocco, obtained "very low risk" grade.
- 2 Arab countries: Bahrain and Jordan obtained "low risk" grade.
- 4 Arab countries: Tunisia, Algeria, Lebanon and Egypt obtained "moderate risk" grade.
- 3 Arab countries: Iraq, Yemen, and Sudan obtained "high risk" grade.
- 2 Arab countries: Libya and Syria obtained "very high risk" grade.

III: Euromoney Country Risk:

In April 2012 Arab countries ratings were as follows:

- 5 Arab countries: Qatar, Kuwait, Oman, Saudi Arabia, UAE obtained "very low risk" grade.
- 1 Arab country: Bahrain, obtained "low risk" grade.
- 6 Arab countries: Morocco, Jordan, Tunisia, Lebanon, Algeria and Egypt obtained "moderate risk" grade.
- 5 Arab countries: Iraq, Sudan, Syria, Libya and Yemen, obtained "high risk" grade.
- 3 Arab countries: Somalia, Djibouti and Mauritania obtained "very high risk" grade.

Arab Country Risk Ratings 2010/2012

	Country	1 International Country Risk Guide (ICRG) – PRS Group			2 Dun & Bradstreet			3 Euromoney Country Risk	4 Coface		
		140 countries Dec-10	140 countries Jun-12	Change	132 countries Dec-10	133 countries Mar-12	Change	186 countries Apr-12	165 countries Jan-11	157 countries Jun-12	Change
1	Oman	81.5	83.5	✓	3a	3c	✗	66.98	A3	A3	!
2	UAE	81.3	82.8	✓	2d	3c	✗	61.74	A3	A3	!
3	Qatar	82.0	81.0	✗	2a	3a	✗	74.26	A2	A2	!
4	Saudi Arabia	80.3	81.0	✓	3a	3b	✗	64.81	A4	A4	!
5	Kuwait	82.5	79.8	✗	3b	3d	✗	70.17	A2	A2	!
6	Libya	80.5	75.5	✗	5a	7	✗	24.07	C	D	✗
7	Bahrain	78.3	74.8	✗	2d	4a	✗	53.90	A3	A4	✗
8	Algeria	72.0	72.0	!	5b	5c	✗	40.01	A4	A4	!
9	Morocco	72.3	70.5	✗	3b	3d	✗	48.52	A4	A4	!
10	Jordan	69.5	67.8	✗	3d	4b	✗	46.86	B	B	!
11	Tunisia	72.8	64.3	✗	2c	5a	✗	49.81	A4	A4	!
12	Lebanon	59.8	61.8	✓	4d	5b	✗	42.74	C	C	!
13	Egypt	65.3	60.3	✗	3c	5d	✗	39.11	B	C	✗
14	Iraq	58.3	59.5	✓	6d	6d	!	29.85	D	D	!
15	Yemen	61.8	57.8	✗	6d	6d	!	22.90	D	D	!
16	Syria	67.3	54.0	✗	5a	7	✗	24.27	C	D	✗
17	Sudan	52.0	46.0	✗	6d	6d	!	26.98	D	D	!
18	Somalia	37.3	41.3	✓	-	-		13.85	-	-	
19	Djibouti	-	-		-	-		7.72	C	C	!
20	Mauritania	-	-		-	-		5.62	C	C	!
21	Palestine	-	-		-	-		-	-	-	
Number of Arab countries rated		18			17			20	19		

Key

✓ Improvement ! No change ✗ Decline

Best — Moderate — Worst

Sources:
Interactive Data Credit Ratings - Emerging Markets, Issue 2, 2012
The Coface, Country Risk and Economic Research website
The PRS Group, ICRG, issue June 2012
Euromoney website last accessed June 2012.

IV: Cofâce:

This index covers 165 countries, including 19 Arab countries, which were rated in June 2012 as follows:

- 4 Arab countries: Qatar, Kuwait, UAE and Oman obtained "very low risk" grade.
- 6 Arab countries: Saudi Arabia, Bahrain, Algeria, Morocco, Jordan, and Tunisia obtained "low risk" grade.
- 4 Arab countries: Lebanon, Egypt, Djibouti, and Mauritania obtained "high risk" grade.
- 5 Arab countries: Libya, Iraq, Yemen, Syria and Sudan obtained "very high risk" grade.

Part Two: Economic and Social Components

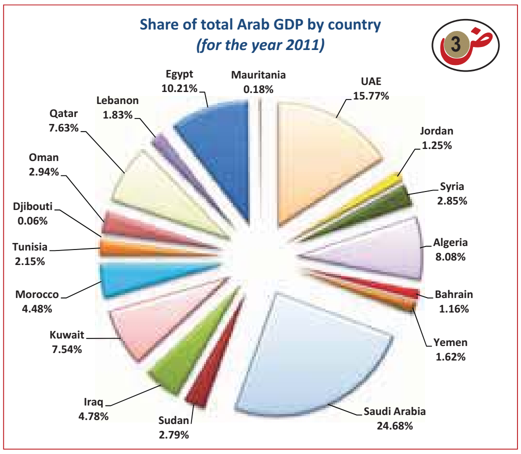
Economic Components

Economic and social indices constitute the second component of the investment climate in the Arab countries. Two sets of indices were observed; the first is concerned with the evaluation of the internal and external economic performance, and the other addresses the social components.

- In 2011, the Arab economy witnessed a growth of 3.1%, compared to about 4.1% for 2010. The growth is the outcome of the growth in 4 countries at relatively high rates, ranging between 5.7% and 18.7%, while some others posted growth rates of around 4%, and the rest of the countries had rates less than 3%, against shrinkage in 3 countries.

- Arab GDP rose from $1910 billion in 2010 to $2270 billion in 2011, with expectations to continue to soar by $110 billion, to $2380 billion in 2012.

- Notably, there is a clear geographic concentration of the GDP in 6 countries, the majority of which are oil -exporting countries. These are: Saudi Arabia, UAE, Egypt, Algeria, Qatar, and Kuwait, where the GDP of these countries about to about $1678 billion, or 75% of total Arab GDP 2011.



- The vast majority of Arab countries' budgets have been suffering from deficit, especially during the period 2000-2012. Libya and Gulf states budgets, except Bahrain's budget, realize financial surpluses, against deficit in the other countries of the region, which proves the obvious impact of oil revenues on the budget.

- During 2011, 7 Arab countries: GCC states, in addition to Algeria, realized huge surpluses of $304 billion, against a deficit of $32.3 billion in the current accounts of the other Arab countries (11 countries), with an expected decline of the realized surplus in those countries in 2012 to $258.5 billion. As a percentage of GDP, the performance of current account is expected to improve in 5 countries: Bahrain, Morocco, Yemen, Tunisia and Lebanon during 2012.

- On the foreign debt side, the situation of Arab countries generally improved during the first decade of the 21st century, where the foreign debt index dropped as a percentage of GDP, from about 64% as an average for the period 2000-2005, to 47% during 2011.

- Gross volume of Arab countries' foreign debt increased from $464 in 2006 to $726 billion in 2011, however with expected rise to $768.5 billion in 2012.

- Arab countries' global foreign currency reserves leaped from average $215.2 billion annually during the period 2000-2005, to $469.4 billion in 2006, and, thanks to oil revenues, continued to soar to $1018 billion in 2011, and are expected to continue soaring to $1133.4 billion in 2012. Global reserves in 13 Arab countries are expected to increase during 2012, compared to the previous year, and are expected to decrease in 4 countries, and to remain stable in one country.

- Regarding the reserves-to-import ratio in months of imports (goods and services) data indicate that 11 Arab countries are within the acceptable limits, wherein reserves cover the state imports, including commodities and services, for 5 months, noting the large increase in the indices of Algeria and Saudi Arabia, which is attributable to listing the sovereign funds under international reserves.

Social Components

- In the Arab countries, population rose from 307 million in 2006 to 335 million in 2011, with expectations to continue increase to 341.4 million in 2012. It is noted that there is a concentration in 5 countries: Egypt, Algeria, Iraq, Sudan and Morocco, which claim 64% of total population. Meanwhile, the six GCC countries claim 13%, and the rest of the countries (8) claim 23% of total Arab population. Population in the Arab countries represent about 4.8% of total world population, of about 7 billion people as at the end of 2011.

- Arab per-capita income witnessed a tangible growth from $4211 in average for 2006 to $6781 in 2011, and is expected to continue to improve to $6973 in 2012.

- A large variance is noted between the countries, which may be classified into 4 segments; the first with very high income ($46,500 - $98,000) including 3 countries: Qatar, UAE and

Reserve-to-import ratio

Country	Total reserves in months of imports
UAE	2.7
Jordan	7.0
Bahrain	3.6
Algeria	41.3
Saudi Arabia	30.7
Sudan	0.8
Iraq	8.9
Kuwait	7.0
Morocco	5.7
Yemen	2.6
Tunisia	4.2
Djibouti	3.4
Syria	8.5
Oman	5.5
Qatar	5.3
Lebanon	11.3
Egypt	5.6
Mauritania	1.5
Arab Countries	12.9

Source: IMF, Dhaman Research & Studies

Kuwait. The second is high income segment ($11,200 - $21,700) includes 4 countries: Bahrain, Oman, Saudi Arabia and Lebanon. The third is medium income segment ($3,100 - $5,100) includes 6 countries: Algeria, Tunisia, Jordan, Iraq, Morocco and Syria, and finally the low income segment ($1,300 - $2,900) includes 5 countries: Egypt, Sudan, Djibouti, Yemen, and Mauritania.

- Weighted average of inflation rates of price levels, expressed in Consumer Price Index (CPI) in the Arab countries (average for the period) generally retreated from 11.3% in 2006 to 9% in 2011.
- Projections indicate that weighted average of inflation rate in the Arab countries will decline to 8.35% in 2012, as a result of a decrease in 9 Arab countries, rise in 7 countries and stability of inflation rates in two countries.
- Inflation rates remained within acceptable limits for most of the Arab countries, and are expected to continue to be between 1.8% and 6.3% for 15 Arab countries in 2012, against obvious increases in Egypt, Yemen and Sudan, ranging between 11% and 20%, with expectations to remain near these levels in 2012.
- The Arab Investment & Export Credit Guarantee Corporation (Dhaman) estimates the size of the labour force in the Arab countries at about 152 million people in 2011, i.e. 42.7% of the total population of about 356 million, out of which 22 million are unemployed, or 14.5% of the total labour force.
- According to the Dhaman's projections, government and private investment expenditure in the Arab countries ranges between $500 billion and $600 billion per annum. This would provide 5-6 million job opportunities annually, an average of $100,000 as cost per job opportunity. In this context, and with the retreating total investments to about $500 billion, coupled with the entry of about 5 million new entrants to the labor market annually, it is not expected that new investments, at such rates, will be successful in largely reducing the current unemployment rates, especially with the cessation of production in many institutions in the countries of political movement.
- Regarding the labor laws and procedures applicable in the Arab countries,

as per the "Employing Workers" index for 2011, issued by World Bank Group, which measures the flexibility or rigidity of government legislation and procedures regulating the labor market through 5 sub-indices, 3 Arab countries are listed among the 30 best countries in the world. These are: Bahrain (first at Arab level, and 13th globally), Oman (second at Arab level, and 21st globally), and Kuwait (third at Arab level and 26th globally). However, against this, 8 Arab countries have very low ranks, exceeding 107 globally.

Total Investment in the Arab Countries

- Stimulation of total investment activities, both in government and private sectors in general, and foreign investment, in particular, is a main objective for all governments in the developing and developed countries. Therefore, governments target the development of the various types of investment and capital flow of different types and categories.
- Despite the events and developments witnessed by the Arab countries, statistics indicate that total investment in the Arab countries, constituting government or private domestic and foreign investments, slightly rose by 1.2%, from about $490 billion in 2010 to $496 billion in 2011.
- 4 oil countries: Saudi Arabia, UAE, Algeria and Qatar, claimed 63% of total investments in the region for 2011, with $312.5 billion, to finance ambitious development and expansion plans that capitalize on the growing oil revenues.
- Domestic and foreign investments of the private sector in the Arab region are estimated at about 60% of the total investment expenditure, i.e. about $300 billion. Such ratio is declining in the oil countries due to mega government investments, while largely increase in non-oil countries open to foreign investments, such as Egypt, Lebanon, Tunisia, Morocco and Jordan.

Total Investment in Arab countries (US$ billion) 2010 - 2011 (4)

	Country	2010	2011	Change US $	% from Total
1	Saudi Arabia	103.25	110.42	7.2	22.3
2	UAE	75.22	80.72	5.5	16.3
3	Algeria	66.53	75.91	9.4	15.3
4	Qatar	38.73	44.93	6.2	9.1
5	Egypt	42.60	40.29	-2.3	8.1
6	Morocco	31.59	34.32	2.7	6.9
7	Kuwait	23.73	31.37	7.6	6.3
8	Oman	15.56	20.55	5.0	4.1
9	Sudan	13.14	12.39	-0.7	2.5
10	Lebanon	12.31	11.97	-0.3	2.4
11	Tunisia	11.68	11.17	-0.5	2.3
12	Jordan	6.12	6.97	0.9	1.4
13	Bahrain	6.64	6.37	-0.3	1.3
14	Libya	23.50	5.03	-18.5	1.0
15	Yemen	3.61	1.84	-1.8	0.4
16	Mauritania	0.89	1.39	0.5	0.3
17	Djibouti	0.23	0.30	0.1	0.1
18	Syria	14.51	..	..	..
Total Arab		489.87	495.96	6.1	100

Source: IMF, Dhaman Research & Studies

- In its broad concept, global capital flows, largely affect the world economy. It consists of cross-border capital flows and represents the several items in the balance of payments (BoP).
- Arab countries witnessed a decline in the private capital flow in 2010, amounting to $19.1 billion (14 countries), compared to $27.3 billion in 2009 (16 countries). Private capital flow consist of net foreign direct investments and portfolio investments.
- Arab countries private capital flows over the past 11 years, i.e. 2000-2010, reveals the migration of $39.5 billion, where 12 countries had inflows of $212.5 billion, against $253 billion outflows realized by 5 countries.
- Regarding geographic distribution of flow over the past 11 years, Egypt ranked first, with $51.3 billion inflows, followed by Saudi Arabia, with about $33.5 billion, Lebanon $26.1 billion, Sudan $19.3 billion, Jordan $18 billion, Morocco $17.1 billion, Tunisia $14 billion, Oman $12.8 billion, Algeria $9.1 billion, Syria $8.35 billion, Yemen $3.3 billion and Djibouti $0.75 billion.
- During the period 2000-2010 Kuwait ranked first in net private capital outflows, with a total of $209.8 billion, followed by Libya with $27.6 billion, Bahrain with $7.3 billion, Iraq with $6.9 billion, and Palestine with $1.4 billion.
- Official Developmental Assistance (ODA) provided by official entities members of the Developmental Assistance Committee (DAC), comprising the EU and 23 entities of OECD, and by multilateral institutions, such as International Monetary Fund (IMF) and World Bank (WB) and other organizations, the value of assistance obtained by Arab countries (16 countries) rose from $4.8 billion in 2000 to $14.2 billion in 2010, having peaked at $29.2 billion in 2005.
- Over the past 11 years Arab countries (16 countries) obtained assistance worth $135.2 billion, or 14.6% of the total world assistance of $927.9 billion.

Foreign Indirect Investment in Arab Countries

This part reviews the latest developments in the foreign portfolio equity investments, as part of the foreign indirect investment (FII) by analyzing the following:

- Data from the balances of payment (BoP) in 12 Arab countries, from which data were available on foreign portfolio investment, covering shares, bonds, government and private bills, indicate realization of net outflow of $12 billion in 2011.
- This net negative performance of the region's markets is attributable to the outflow of about $13.7 billion from 5 countries, mainly: Egypt with $10.4 billion, Qatar with 41.7 billion, Saudi Arabia with $732.3 million, Lebanon with $693.5 million, and finally Kuwait with $479.7 million, against the inflow of about $1.7 billion only to 7 Arab countries, mainly: UAE with $680.8 million, Morocco with $437.6 million, and Bahrain with $419.1 million during the same year.
- Stock portfolio investments in the Arab countries rose by $34.4 billion, or by 45.35% by the end of 2010, to $110.3 billion, compared to $76 billion by the end of 2009, or by $74.5 billion by the end of 2008.
- Regarding the major Arab indirect investment recipients by the end of 2010, Egypt ranked first with $28.7 billion, followed by UAE with $27.7 billion, then Qatar ranking third with $12.9 billion, Bahrain ranking fourth with $11.4 billion, and Saudi Arabia ranking fifth with $10.2 billion. Those countries, collectively, received $91 billion, or 82.5% of total Arab countries.
- Regarding the major foreign countries investing in Arab portfolio equity, the latest available data, covering 4 Arab countries only, and a number of the major world countries, indicate that Kuwait ranked first as the largest foreign and Arab investor in Arab portfolio equity by the end of 2010, with $20.1 billion, and a share of 18.2%, followed by United Kingdom with $20.09 billion, a share of 18.2% also, then USA ranked third with $12 billion, a share of 10.9%, Luxembourg ranked fourth with $11.9 billion, a share of 10.8%, then Bahrain ranking fifth with $7.2 billion, a share of 6.5%.

- Arab foreign investments stock abroad, for the three countries for which data were available, i.e. Kuwait, Bahrain, and Lebanon, amounted to about $28.5 billion by the end of 2010, a share of 25.8% of the total foreign investments balances in the Arab countries, of $110.4 billion.

Foreign & Arab Investments in Arab Stock Exchange Markets

- Foreign & Arab net investments stocks in the stock exchanges of 5 Arab countries for which data were available totaled about $112.3 billion by the end of 2011. This positive performance is attributable to the net positive flow into the stock exchanges of 5 countries; Egypt with $83.2 billion, a share of 74%, Jordan with $14 billion, a share of 12%, UAE with $7.3 billion, a share of 7%, Bahrain with $6.7 billion, a share of 6%, and Palestine with $1.1 billion, a share of 1%.

- Data for 2011 were available for Foreign investment net inflows in stock exchanges of 5 Arab countries, amounting to $10.6 billion. This positive performance is attributable to the net positive inflow in the stock exchanges of 4 countries, totaling $11.6 billion. These are: Egypt with $7082 million, UAE with $4265 million, Jordan with $111 million, and Palestine with $99.9 million, against the outflow of about $963.7 million as net negative flow from Bahrain, during the same period.

- Arab investments stocks in the stock exchanges of 5 Arab countries for which data were available totaled about $47 billion by the end of 2011 as net inflows. This positive performance is attributable to the entry of net positive flows into the stock exchanges of 5 countries; Egypt with $27.5 billion, Jordan with $9.2 billion, Bahrain with $5.4 billion, UAE with $4.5 billion and Palestine with $541 million.

- Data for 2011 were available for Arab investment net inflows in stock exchanges of 5 Arab countries, amounting to $3388 million. This positive performance is attributable to net positive inflow in the stock exchanges of 4 countries amounting to $3982.2 million. These are: Egypt, UAE, Jordan, and Palestine, against the outflow of about $594.1 million as net negative flow from Bahrain, for the same year.

Foreign Direct Investment (FDI) in Arab Countries

I: FDI Inflows

- Foreign direct investment (FDI) inflows to the Arab countries (21 countries) declined from $68.6 billion in 2010, or by 37.4%, to $43 billion in 2011, compared to $76.3 billion in 2009, and $96.3 billion in 2008, and an average of $66.2 billion during the period 2005-2007.

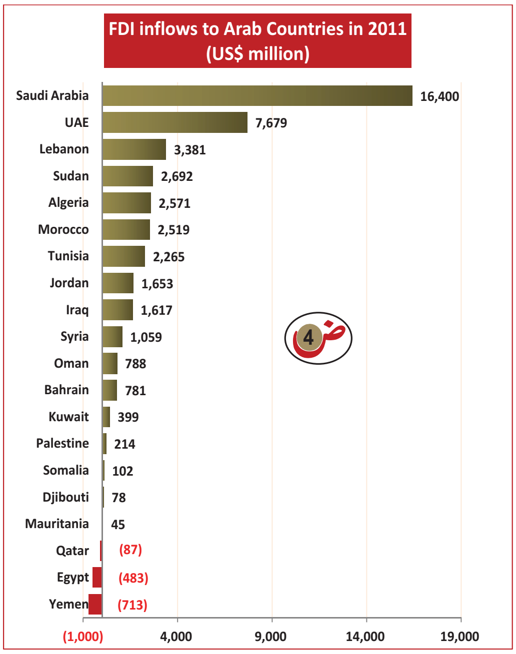
- FDI inflows to Arab countries (21 countries) represented 2.8% of world total of $1.5 trillion, and 6.3% of developing countries FDI inflows $684.4 billion. The share of Arab countries of the total world flows fluctuated over the past period, slightly increasing from an average of 4.5% during the period 2005-2007 to 5.4% in 2008, then to 6.4% in 2009, before receding to 5.2% in 2010, then to 2.8% in 2011.

- Arab countries FDI performed varied, FDI inflows incresed in 9 Arab countries, Algeria by 13.6% to $2571 million, Bahrain by 400.6% to $781 million, Djibouti by 189% to $78 million, Iraq by 15.8% to $1617 million, Jordan by 12.4% to $1653 million, Kuwait by 25% to $399 million, Morocco by 60% to $2519 million, Palestine by 19% to $214 million, UAE by 39.6% to $7679 million.

- Foreign direct investment inflows receded notably in 8 countries: Lebanon by 21% to $3381 million, Mauritania by 65.6% to $45 million, Oman by 66.2% to $788 million, Saudi Arabia by 41.6% to $16400 million, Somalia by 8.9% to $102 million, Sudan by 7% to $2692 million, Syria by 42.8% to $1059 million, Tunisia by 27.2% to $2265 million.

- Positive flows turned into negative in 3 countries Egypt, with outflow of $483 million, Qatar with outflow of $87 million, and Yemen with outflow of $713 million.

- Saudi Arabic claimed the first place at the Arab level as the largest foreign direct investment hosting country, with inflows of $16400 million, with a share of 38.2% of total, followed by UAE in the second place with $7679 million, a share of 17.9%, then Lebanon in the third place with $3381 million, a share of 7.9%, and Sudan in the fourth place with $2692



million, a share of 6.3% of total Arab countries.

- Arab countries' total value of cross-border mergers and acquisitions (M&A) converted from a negative value of $9.8 billion in 2010, to a positive value of $9 billion in 2011.

- Arab countries' FDI inflows as a ratio of Gross Fixed Capital Formation receded during the period 2005-2011. Nevertheless, Lebanon still leads the rating with 26.7%, followed by Djibouti, Jordan, Sudan, Saudi Arabia, Bahrain and Tunisia, with ratios ranging from 25.6% to 11.2%.

II: FDI Stocks, inward

- Inward FDI socks to Arab countries totaled about $649.6 billion by the end of 2011 (UNCTAD). Saudi Arabia claimed first place, as the largest recipient, with inward stocks amounting to $186.9 billion, a share of 29% of total inward stocks to the Arab region, followed by UAE in the second place with $85.4 billion, a share of 13%, Egypt in the third place with $72.6 billion, a share of 11%, Morocco in the fourth place with $46.3 billion, a share of 7%, and Lebanon in the fifth place with $40.6 billion, a share of 6%.

- As per the official country data, inward FDI socks to 7 Arab countries: Saudi Arabia, Egypt, Tunisia, Syria, Jordan, Libya and Palestine, by the end of 2010 and 2011, reached about $189 billion, with USA being the largest foreign investor in the seven countries, with $26.1 billion, or by 14% of the total, followed by France in second place, with $19 billion, a share of 10% of total, Germany third with $16.6 billion, a share of 9%, UK the fourth with $14.8 billion, a share of 8%, and Japan fifth with $14.8 billion, a share of 8%.

5 FDI Inflows to Arab countries (US$ millions)

	Country	2005 - 2007	2008	2009	2010	2011	Share of Arab Total %	Growth (2010/2011) %
1	Saudi Arabia	17,353	38,151	32,100	28,105	16,400	38.2	(41.6)
2	UAE	12,631	13,724	4,003	5,500	7,679	17.9	39.6
3	Lebanon	3,276	4,333	4,804	4,280	3,381	7.9	(21.0)
4	Sudan	2,755	2,601	1,816	2,894	2,692	6.3	(7.0)
5	Algeria	1,513	2,594	2,746	2,264	2,571	6.0	13.6
6	Morocco	2,303	2,487	1,952	1,574	2,519	5.9	60.0
7	Tunisia	1,902	2,759	1,688	3,113	2,265	5.3	(27.2)
8	Jordan	2,717	2,826	2,413	1,471	1,653	3.8	12.4
9	Iraq	623	1,856	1,598	1,396	1,617	3.8	15.8
10	Syria	828	1,467	1,514	1,850	1,059	2.5	(42.8)
11	Oman	2,156	2,952	1,508	2,333	788	1.8	(66.2)
12	Bahrain	1,907	1,794	257	156	781	1.8	400.6
13	Kuwait	156	(6)	1,114	319	399	0.9	25.1
14	Palestine	31	52	301	180	214	0.5	18.9
15	Somalia	87	87	108	112	102	0.2	(8.9)
16	Djibouti	109	229	100	27	78	0.2	188.9
17	Mauritania	369	343	(3)	131	45	0.1	(65.6)
18	Qatar	3,567	3,779	8,125	4,670	(87)	(0.2)	(101.9)
19	Egypt	8,999	9,495	6,712	6,386	(483)	(1.1)	(107.6)
20	Yemen	579	1,555	129	(93)	(713)	(1.7)	(666.7)
21	Libya	2,317	3,180	3,310	1,909	-	-	-
Total, Arab Countries		66,178	96,258	76,295	68,577	42,960	100	(37.4)
Developing Countries		442,915	650,017	519,225	616,661	684,399	-	11.0
Arab Countries (% Developing Countries)		*14.9*	*14.8*	*14.7*	*11.1*	*6.3*	-	-
World		1,473,190	1,790,706	1,197,824	1,309,001	1,524,422	-	16.5
Arab Countries (% World)		*4.5*	*5.4*	*6.4*	*5.2*	*2.8*	-	-

Source: Official National Sources, UNCTAD's WIR 2012, Dhaman's Research & Studies

- Balances of non-Arab inward FDI stocks to Saudi Arabia amounted to about $122.7 billion by the end of 2011, a share of 65% of the total, followed by Egypt with $26.4 billion, a share of 14%, and Tunisia with $25.6 billion, a share of 13%.

- According to inward FDI stocks data for eight Arab countries: Saudi Arabia, Egypt, Jordan, UAE, Tunisia, Syria, Libya and Palestine, totaling about $304 billion by the end of 2011, it is noted that the services sector was the largest recipient of foreign and Arab direct investment in the eight countries, accounting for $130.6 billion, or by 43% of the total, followed by the industry sector, with $90 billion, a share of 29.6% of the total, agriculture in the third place with $4 billion, or by 1.35% only, the remaining investments of $79.4 billion, a share of 26.12% were distributed to other sectors and business activities, which were not categorized by those countries.

III: FDI Outflows

- Total foreign direct investment outflows from Arab countries increased notably to $24.6 billion in 2011, or by 24.3%, compared to about $19.8 billion in 2010. Outflows amounted to $18.9 billion in 2009, and $44.1 billion in 2008, and an average of $24 billion during the period 2005-

2007. Such increase in outflows is largely attributable to a notable increase in the value of cross-border M&As as a result of tendency of the companies investing in the region to invest abroad.

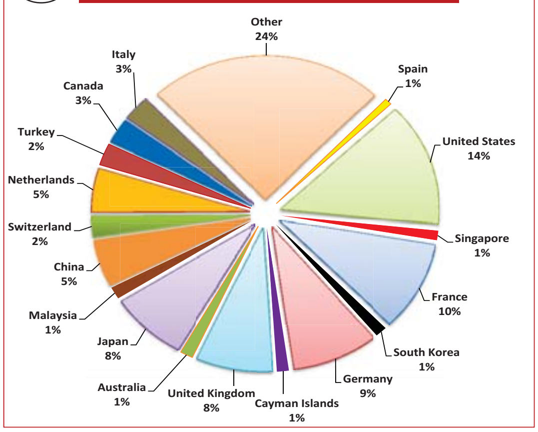
- Kuwait ranked first place among the Arab countries as the largest exporter of foreign direct investment outflows with $8711 million in 2011, a share of 35.3% of total Arab countries, followed by Qatar in second place with $6027 million, a share of 24.5%, Saudi Arabia in third place with $3442 million, a share of 14%, and UAE in fourth place with $2178 million, a share of 8.8%.

6 Arab Countries FDI Stock US$ million *(end of 2011)*

	Country	Inward	Outward	Difference US$	Total
1	Saudi Arabia	186,850	29,970	156,880	216,820
2	UAE	85,406	57,738	27,668	143,144
3	Egypt	72,612	6,074	66,538	78,686
4	Morocco	46,300	2,098	44,202	48,398
5	Lebanon	40,645	7,550	33,095	48,195
6	Tunisia	31,414	310	31,104	31,724
7	Qatar	30,477	18,572	11,905	49,049
8	Jordan	23,368	504	22,864	23,872
9	Sudan	22,047	0	22,047	22,047
10	Algeria	21,781	2,174	19,607	23,955
11	Libya	16,334	16,848	(514)	33,182
12	Bahrain	15,935	8,776	7,159	24,711
13	Oman	15,005	3,507	11,498	18,512
14	Kuwait	10,765	22,059	(11,294)	32,824
15	Syria	10,323	418	9,905	10,741
16	Iraq	9,601	0	9,601	9,601
17	Yemen	4,344	589	3,755	4,933
18	Mauritania	2,407	35	2,372	2,442
19	Palestine	2,389	221	2,168	2,610
20	Djibouti	965	0	965	965
21	Somalia	668	0	668	668
Total, Arab Counties		649,636	177,443	472,193	827,079
Developing Countries		6,625,032	3,705,410	2,919,622	10,330,442
Arab Countries *(% developing countries)*		*9.8*	*4.8*	*16.2*	*8.0*
World		20,438,199	21,168,489	-	-
Arab Countries *(% world)*		*3.2*	*0.8*	-	-

Source: UNCTAD's WIR 2012, Dhaman Research & Studies.

5 Major Foreign Countries investing in Arab Countries (by the end of 2011)



IV: FDI Stocks, outward

- By the end of 2011, outward FDI stocks from Arab countries totaled about $177.4 billion. UAE ranked first as the largest exporter with outflows amounting to $57.7 billion, a share of 33% of total outward FDI stocks from the Arab region, followed by Saudi Arabia with $30 billion, a share of 17%, Kuwait in third place with $22 billion, a share of 12%, Qatar fourth place with $18.6 billion, a share of 10%, then Libya fifth with $16.8 billion, a share of 9%.

V: Investment Outlook in the Arab Countries

- Total Investment in Arab countries (21 countries) is expected to total about $4260 billion over the next six years (2012-2017), witnessing constant growth, from about $559 billion in 2012 to about $778.6 billion in 2017, an increase of 39.3% during the period.
- These optimistic projections are based on the huge investment plans announced in several countries of the region, especially GCC countries, in addition to other oil countries and the countries that will witness construction and development boom for the post Arab spring period, with the stabilization of oil prices near their current high levels, in addition to improved investment climate in the Arab spring countries, having passed the transitional stages and upon stabilization of the political and security conditions.
- This year Arab countries continued to offer more available investment opportunities but with lower pace due to the political events, which reflected in lower investment opportunities available in most of the countries of the region, except for the oil countries, in concurrence with higher oil prices and continued implementation of ambitious investment plans for the next few years, especially in the areas of energy and infrastructure, with the announcements of investments reaching up to $1.5 trillion, out of which over $1 trillion in GCC countries, and about $200 billion in Iraq alone.

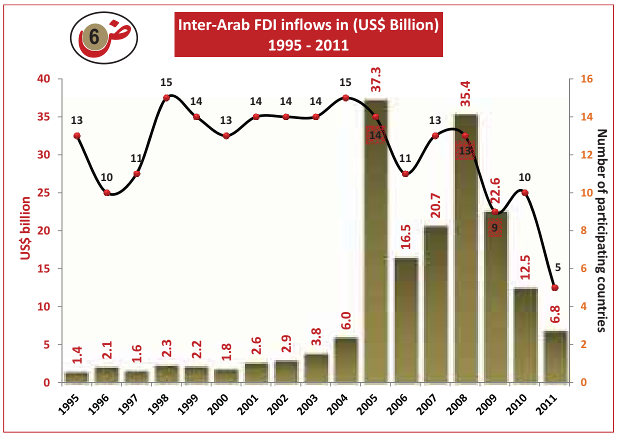
7 Total investment in Arab Countries Forecast (US$ billion) 2012 - 2017

	Country	2012	2013	2014	2015	2016	2017	Total 2012 - 2017	% of Total
1	Saudi Arabia	130	150	165	177	192	199	1,014	25.5
2	UAE	95	92	90	93	98	105	574	14.5
3	Algeria	80	84	86	89	92	97	528	13.3
4	Qatar	49	53	56	61	65	70	354	8.9
5	Egypt	44	45	49	56	66	80	341	8.6
6	Kuwait	33	37	41	45	49	53	258	6.5
7	Morocco	35	38	41	44	48	52	258	6.5
8	Oman	25	26	26	27	28	29	159	4.0
9	Libya	15	17	18	19	21	20	111	2.8
10	Lebanon	11	13	13	14	15	16	83	2.1
11	Tunisia	11	12	13	14	15	17	82	2.1
12	Sudan	10	9	10	11	12	13	65	1.6
13	Jordan	7	8	8	9	9	10	51	1.3
14	Bahrain	7	7	8	8	8	8	45	1.1
16	Yemen	4	5	5	6	7	8	35	0.9
17	Mauritania	1	1	1	2	2	2	9	0.2
18	Djibouti	0	0	1	1	1	1	3	0.1
19	Total	559	598	631	675	728	779	3,970	100.0

Source: IMF, Dhaman Research & Studies

- In terms of efforts exerted by Arab countries in offering investment opportunities, the offers notably exceeded 2000 opportunities in the various sectors and areas of business activities, amounting to $800 billion.
- There are about 123 major operating public and private free zones (including airports) in 19 Arab countries. There are many private free zones established in accordance with certain terms for a single project, which are spread over a few Arab countries, for example; Egypt and UAE.
- Based on the government plans announced by several governments of the region, there are plans to construct dozens of free zones in the region, which are expected to find their way to implementation as the region overcomes the implications of the current stage, at both political and economic levels.
- According to official country sources, foreign trade in the free zones in Egypt, Jordan and UAE is estimated at over $112 billion for 2010.
- Foreign trade in the UAE free zones is estimated at over $96 billion in 2010, out of which nearly 20% is exchanged with Arab countries, with $19.2 billion, and more than half (nearly 56%) with GCC countries alone, amounting to $10.7 billion.
- Total investments in the free zones in Egypt, Jordan and Oman is estimated at over $21 billion as at the end of 2010.
- Free zones in Egypt and Jordan employ about 250,000 people.

Report Theme: Inter-Arab Investments: Development, Challenges and Outlook



The Economic & Social Council of the League of Arab States, in September 2011, assigned the General Secretariat of the League, in coordination and cooperation with the Arab Investment & Export Credit Guarantee Corporation (Dhaman), to prepare a report on the "Situation of Inter-Arab Investments" to be presented at the 3rd Arab Economic & Social Development Summit, scheduled to convene in the Saudi capital, Riyadh, in January 2013. In light of such assignment, Dhaman selected this significant topic as a theme of its report for 2011 particularly that Dhaman, in collaboration with the governments of the member states, has individually followed up this issue via its annual report "Investment Climate in Arab Countries", being the sole source of inter-Arab investment data.

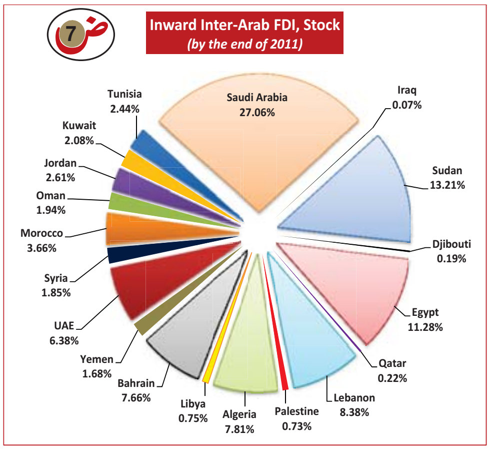
I: Inter-Arab Direct Investments Statistics

Inter-Arab direct investments have recently witnessed positive developments, as confirmed by the statistics solely prepared by Dhaman, by relying on the country data annually received from Arab countries for the purpose of preparing the annual report "Investment Climate in Arab Countries". The details are as follows:

- According to the data received by Dhaman for 2011, which is limited to 5 Arab countries only, Algeria, Egypt, Jordan, Tunisia, and Yemen, Inter-Arab direct investment flows in 2011 totaled about $6.82 billion, against $3.2 billion for the same group of countries in 2010, i.e. an increase of 113%.

- Inter-Arab direct investment flows to 10 Arab countries, of which the data were available, totaled $12.5 billion in 2011.

- Algeria topped the list of inter-Arab investment hosting countries for 2011, with flows amounting to $5.4 billion, with a share of 78% of the total inter-Arab FDI inflows, followed by Egypt with about $1.1 billion and a share of 15%, Jordan with about $265 million, a share of 4%, Tunisia with $121 million, a share of 2%, and Yemen with about $31.5 million, a share of 1%.



- UAE topped the list of inter-Arab FDI outflows in 2011, with outflows of about $5.8 billion, or 85% of total inter-Arab FDI outflows, concentrated mainly in Algeria ($5.2 billion), Egypt ($410.8 million), Jordan ($118 million), and Tunisia ($58.9 million). Qatar was the second largest inter-Arab direct investment exporter, with $231 million, or about 3% of total, concentrated in Egypt ($191.5 million), and Tunisia ($39.8 million). Saudi Arabia ranked third with inter-Arab investments totaling about $219.6 million, or about 3% of total, mostly concentrated in Egypt ($206.3). Meanwhile, Kuwait FDI outlfows amounted to nearly $80 million, or 1% of total.

- Data received from 5 Arab countries, including Jordan, Tunisia, Algeria, Egypt, and Yemen, indicate that most of the inter-Arab investments were focused on service sector with a share of 87%, industry with 4%, agriculture with 3% and other sectors claimed 6% of total.

- Inter-Arab investment flows by host country during the period 1995-2011 witnessed a general upward trend, from $1.43 billion in 1995 to about $37.3 billion in 2005, then receded to $16.5 billion in 2006 before resuming the upward trend to $35.4 billion in 2008, to retreat thereafter to $22.6 billion in 2009, then to about $12.5 billion in 2010, and to $6.8 billion in 2011 (with a varying number of reporting countries during each year).

- Inter-Arab direct investment flows during the period 1995-2011 amounted to about $178.5 billion, with an annual average of $10.5 billion during the period of 17 years.
- Inter-Arab direct investment flows doubled during the period 2005-2011 to about $151.7 billion, with an annual average of $21.7 billion, or over 6 times the total inter-Arab flows during the counter period 1998-2004, of about $21.7 billion, with an annual average of $3.1 billion.
- Saudi Arabia topped the list of inter-Arab investment hosting countries with a total value for the period 1995-2011 of nearly $47.8 billion, a share of 27% of total, followed by the Sudan in second place with about $23.3 billion a share of 13.2% of total, Egypt third with about $19.9 billion and a share of 11.3%, Lebanon fourth with about $14.8 billion, a share of 8.4%, Algeria fifth with about $13.8 billion and a share of 7.8%, Bahrain sixth with about $13.5 billion and a share of 7.7%, UAE seventh with about $13.8 billion, a share of 6.4%, Morocco eighth with about $6.5 billion, and a share of 3.7%, Jordan ninth with about $4.6 billion, a share of 2.6%, then Tunisia tenth with about $4.3 billion, a share of 2.44%.
- 7 Arab countries; Saudi Arabia, Sudan, Egypt, Lebanon, Algeria, Bahrain and UAE claimed about $144.4 billion, i.e. 82% of the total inter-Arab investment during the period 1995-2011, of about $178.5 billion.
- Data received from 6 Arab countries, including Saudi Arabia, Egypt, Jordan, Tunisia, Djibouti, and Libya, indicate that most of the inter-Arab investment incoming to those countries, of $77.2 billion, were concentrated in service sectors, with a share of 68.8%, followed by industry with 26.1% of total, and agriculture with 4.1% of total inter-Arab investments. Meanwhile, other sectors claimed only 1% of total.

<u>II: Promising Sectors for Attracting Inter-Arab FDI</u>

- Industrial sector: is capable of performing a more significant role in enhancing the inter-investment flows in the Arab region. The sector is divided into: extraction industries: mainly oil and gas, with numerous investment opportunities, especially that the region possesses about 58% of proven world oil reserves, and 29% of proven world natural gas reserves. Furthermore, conversion industries provide growth opportunities in several areas, mainly: industries depending on local raw materials, such as petrochemicals, fertilizers, food and beverages, in addition to new and technological industries, particularly that most of the Arab countries announced expansionary plans to establish more industrial and technological zones.

- Communications sector: thanks to expected investment movements by the Arab blue chip communications players, and their intention to invest billions of dollars in their foreign activities, including Arab countries.
- Real estate sector: through investment by blue chip real estate investment and development companies, especially from UAE, Saudi Arabia and Qatar, in mega development and reconstruction projects in the other Arab countries, mainly Egypt, UAE, Morocco, Jordan, and a number of other countries of the region.
- Tourism sector: as many Arab and Gulf companies announce future ambitious projects with huge costs in the countries of the region, this sector is expected to enhance its role in the future, especially with the completion of the establishment of the Arab Tourist Investment Bank.
- Banking sector: huge Arab and Gulf banking institutions tend to utilize their large financial surpluses to expand within the region, concurrently with liberalization by more countries of the region of their sectors before Arab investment, within the framework of country programs, or in implementation of international agreements in this context.
- Retail sector: with the announcement of major Arab companies of investment plans and ambitious expansionary strategies within the region, especially the studies indicating that The Levant countries and North Africa need new shopping centers.

- Transport sector: most expectations indicate that transport sector will witness an inter-Arab investment boom over the next few years, especially with the existence of several joint marine, overland and air transport projects among the countries of the region.
- Agriculture sector: this sector receives increasing interest in the Arab countries, particularly upon the record increases in the world prices of agricultural crops and foodstuff, the renewed food and agricultural epidemic crises, the leaps in the Arab food gap, from about $12 billion in 1990 to $27 billion in 2010, which is expected to amount to $44 billion in 2020.

III: Challenges for Inter-Arab Direct Investment in the Arab Countries

Inter-Arab foreign direct investment flows increased notably over the past few years. However, such flows still are humble, compared with the foreign direct investment flows between the economic regions around the world, especially the EU countries, ASIAN, and NAFTA in North America. Hence, the forthcoming period need re-evaluation of the Arab performance in this arena.

IV: Recommendations to Enhance Inter-Arab Investment

A. At the Regional Arab Level

To continue to build regional Arab partnerships and blocks, develop and activate the frameworks governing the Arab cooperation in the various areas, enhance benefit from the capabilities of Arab finance institutions, encourage transnational companies to continue their role in fostering inter-Arab investments, assist the less developed Arab countries to attract larger shares of investments, continue efforts to encourage transfer of labor among the Arab countries, especially from the surplus to deficit countries, encourage international, regional, and local institutions and entities operating in providing investors and exporters in the Arab countries with guarantees against commercial and non-commercial risk to intensify their activities, adopt a new methodology to extract data of inter-Arab investment in the member countries.

B. At the Country Level

- At the political level: Strengthen the power of law enforcement, applicable regulations, and peaceful transfer of power, enhance the level of democratic accountability and guarantee of the freedom of expression, stabilization of rule, internal safety, and good relations with the outer world.
- Legislation and procedures: Intensify the efforts exerted towards upgrading and developing the legislation, systems and procedures, reform the judicial system, provide the investor with legal protection, encourage investors, adopt international best practices in the settlement of commercial disputes, establish the corporate governance principles, while consulting the recommendations of the concerned regional and international entities, increase authority of investment encouragement authorities, business organizations, and unions, in the areas of legislation amendment, administrative and structural reform, and positive intervention in the investment-related policies.
- Local economic policies: Improve the economic components of the investment climate at both internal and external levels, improve indices, especially: economic growth and inflation, interest and exchange rates and financial policy, strength of financial and banking sector, and performance of stock exchange, as well as payments and foreign transactions indices of different types.
- Diversify and develop the economic activities, strengthen local markets, activate competition to allow overcoming the volume restrictions as for the Arab economies, enhance Arab economic integration, strengthen ties and relations among the countries, as investment host and Arab investor companies.
- Technology and management: utilize new applications in IT and communications, upgrade digital infrastructure, improve statistics accuracy, apply policies that may transfer advanced technologies, and technical and administrative skills accompanying investment projects.

- Infrastructure: develop investment projects for infrastructure, representing roads, bridges, ports, means of transport of different types, ITC networks, as well developing overland, marine, air, and electricity inter-link projects among the Arab countries.

V: Projections of Inter-Arab Investment for 2012

- According to preliminary indicators, it is likely that inter-Arab investment flows in 2012 will stabilize at their currently low levels, due to the state of precaution dominating the sentiments of Arab investors, especially Gulf investors. This applies to current investors, who are in the stage of negotiation for the position of their investments within certain countries that witnessed political developments, or new investors, who prefer to wait for the results of the political and security developments on the ground.
- Inter-Arab investment flows, expected between certain Gulf countries or between GCC countries and the countries which have not witnessed major political events, are likely to continue pace, or may increase, but unlikely to compensate the expected decline in total flows.
- The region's success in overcoming the challenges, relying on numerous positive factors, which may alleviate the negative impact of political factors on the investment climate, and the volume of inflows to the region, mainly:
  - Higher oil prices and revenues, leading to an expected positive performance of the oil exporter Arab countries, which will mostly compensate the declining performance indicators in most of the countries that witness popular and political movements with variant degrees, resulting in the continued growth of Arab GDP in 2012, and improved foreign trade.
  - Local government and private investments are expected to amount to $500 billion to $600 billion in 2012.
  - International community assistance is expected to reach $50 billion to Arab countries, including about $40 billion from the G8, international and regional institutions, in addition to about $10 billion from GCC countries.
- In the long, and perhaps the medium, term, it is likely that the general

investment climate will improve, and that the region's economies will be able to recover and restore attraction to Arab investments. Yet, the region's countries will be able to increase the volume of their inflows, or at least maintain their high levels. This is particularly true if the pace of political, economic and social reforms is accelerated, and if the sharpness of factors that negatively impacted the investment climate in certain countries, such as monopoly, bureaucracy, etc, is alleviated.

- There remains the real challenge against the governments of the region, i.e. successful adoption of prudent, balanced, and carefully studied policies to attract investment persuasively, thus serving the interests of Arab and foreign investors in terms of safety and profitability, as well as the interests of the investment recipient countries, at both social and economic levels.

Arab Trade in Goods and Services

- According to initial projections available from IMF, trade of goods and services in Arab countries grew in 2011 by $326 billion, or by 17.3%. It is expected to increase to $2.5 trillion in 2012, or an increase by 12.4%. Arab countries' contribution to world trade of goods and services increased from 4.6% in 2007 to 5% in 2011, with expected growth to 5.5% in 2012.

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Arab Trade of Goods & Services

(US$ billion)

	2000 - 2006	2007	2008	2009	2010	2011	Forecast 2012	Forecast 2013
Arab imports	306.5	662.7	866.4	778.8	842.1	916.9	1,007.5	1,069.4
World imports	10,272.9	17,002.0	19,581.9	15,586.3	18,498.6	21,699.5	22,543.7	23,794.2
Arab Imports *(% World imports)*	3.0	3.9	4.4	5.0	4.6	4.2	4.5	4.5
Arab exports	423.7	901.8	1,205.2	846.9	1,042.1	1,293.6	1,477.0	1,504.5
World exports	10,272.7	17,295.5	19,791.9	15,808.8	18,820.7	22,095.5	22,847.8	24,063.3
Arab exports *(% World exports)*	4.1	5.2	6.1	5.4	5.5	5.9	6.5	6.3
Total Arab trade	730.2	1,564.5	2,071.6	1,625.7	1,884.2	2,210.5	2,484.5	2,573.9
Total Arab trade *(% World trade)*	3.6	4.6	5.3	5.2	5.0	5.0	5.5	5.4

Source: IMF, Dhaman Research & Studies.

- Trade balance in 2011 achieved surplus in 10 Arab countries: Saudi Arabia, Kuwait, Qatar, UAE, Algeria, Oman, Iraq, Bahrain, Libya, and Sudan, against deficit in the other Arab countries.
- Foreign trade of goods and services outnumbers GDP in 8 Arab countries: Mauritania, representing about 150.0% of GDP, UAE 149.7%, Lebanon 149.5%, Iraq 127.6%, Bahrain 126.45%, Jordan 114.4%, Oman 105.4% and Tunisia 104.3%. It should be noted that the countries with high percentages are most sensitive to any changes in world trade.
- Arab exports of goods and services rose by $251.5 billion, or by 24.1%, from

$1042 billion in 2010 to $1294 billion in 2011. The growth is mainly attributable to the higher oil prices and exports. These exports are expected to continue to soar to $1477 billion in 2012. Arab exports' share of world total rose from 5.5% in 2010 to 5.9% in 2011, and is expected to increase to 6.5% in 2012.

- Arab imports of goods and services increased by $74.8 billion, i.e. 8.9%, from $842 in 2010 to $917 billion in 2011. They are expected to grow to $1008 billion in 2012. Meanwhile, Arab imports share of world total decreased from 4.6% in 2010 to 4.2% in 2011, and is expected to rise to 4.5% in 2012.
- Share of Arab oil exporting countries (GCC countries, Libya and Algeria) accounted for about 85% of total Arab trade in 2011, claiming 89% of Arab exports, with a share of about 79% of total Arab imports. It should be noted that Arab oil exporter countries claimed about 82% in average of total Arab trade over the last five years.

Arab Foreign Commodity Trade in 2011

- The Arab region, dominated by natural resource exports, saw an increase in the value of its foreign trade of commodities, benefiting from the higher prices of raw materials worldwide. It leaped from an average of $634 billion during the period 2000-2006 to about $1290 billion in 2007, then to $1719 billion in 2008, before the value retreated as a result of the global financial crisis to about $1291 billion in 2009, then resumed upward trend to $1538 billion in 2010, then to $1914 billion in 2011.
- Arab commodity exports jumped by 31.1% in 2011 to $1203 billion, compared to $918 billion in 2010. Against this, Arab commodity imports continued to grow from $621 billion in 2010, at the rate of 14.5% to $711 billion.

Inter-Arab Trade

- Dhaman's projections based on the official data received from 6 Arab countries (Saudi Arabia, UAE, Bahrain, Jordan, Yemen and Egypt) indicate that exports of those countries to Arab countries amounted to $47.8 billion in 2011, or 30.2% of their total exports to the world, of $158.5 billion. Meanwhile, imports of those countries from Arab countries for the same year amounted to $45 billion or 14% of total Arab countries' imports from abroad. Thus, total inter-Arab trade of those countries represents about 19.4% of total foreign trade with all countries of the world.
- Share of trade with Arab countries from total trade in those countries ranged between 12.6% for UAE and 48.6% for Yemen. Share of exports to Arab countries

from total exports in those countries ranged between 19.2% for UAE and 77.6% for Yemen. Meanwhile, share of imports from Arab countries from total imports of those countries ranged between 8.9% for UAE and 45.9% for Bahrain.

- Average value of total inter-Arab trade for all Arab countries, as per the data of the Unified Arab Economic Report 2011 indicates an increase by 3.7% to $77.4 Billion in 2010, against $74.6 billion in 2009.
- Regarding geographic distribution of Arab exports for the aforementioned six Arab countries, most of the exports were directed to Saudi Arabia, UAE, Bahrain, Egypt and Jordan, by 58% or $43.2 billion of the total of $74.5 billion.
- Saudi Arabia's exports were mainly directed to Arab countries, i.e. UAE, Jordan, Qatar, Egypt and Kuwait, while UAE's exports were focused on Saudi Arabia, Iraq, Kuwait, Qatar and Bahrain. Egypt's exports were largely distributed although relatively concentrated on Saudi Arabia, Jordan and UAE.

Arab Foreign Trade Institutions: Performance Appraisal

Regarding the appraisal of the performance of Arab foreign trade institutions, referral was made to the sub-index "Trading Across Borders" of The World Bank's Doing Business Report. The sub-index monitors the cost of import and export, the number of procedures and time required.

Reflecting on the Arab countries' ranking on the general index, compared to its counterpart for 2011, it is noted that there is a considerable variance in international ranking between Arab countries, UAE being the best, world fifth, and first at Arab level, and Iraq ranking 180 worldwide, and 19 at the Arab level.

Reforms required to improve the performance of foreign trade in the Arab countries can be summarized as follows:

- Implementation of border cooperation agreements with other countries, establish or improve local and international e-data exchange system.
- Establishment and improvement of unified customs and security outlet, and improvement of procedures at the overland, marine and air outlets.
- Reducing the number of required procedures and documents and reduce their period and cost of completion by customs authorities.
- Adoption of the selective inspection system based on risk analysis at the various outlets, or improvement of the existing systems using new technological and administrative techniques.

Part Three: Organizational, Institutional and Legislative Components

Organizational, institutional and legislative components are the third element in the structure of investment climate. These comprise three main elements: Legislative framework, international agreements relating to foreign investment, and procedural framework relating to investment and business environment, and guarantees & insurance for investment and export credit.

Legislation and Agreements

Arab region witnessed the issuance of several new and amended laws and legislations that have direct and indirect impact on the investment climate and business performance environment. Most of these were positive, especially in the major recipient countries of Arab and foreign investments, such as Saudi Arabia, Egypt, and Jordan.

- There are numerous collective agreements and arrangements that protect investments in the region. These are: Unified agreement for investment of Arab capitals in the Arab countries "Encouragement and protection of investments and capital transit between Arab countries." "Investment disputes settlement in the Arab countries" agreement, Agadir Agreement "Unified economic agreement", and "common market" of GCC counties, which were developed by adopting additional steps at the level of currency union.
- Several Arab countries concluded numerous multilateral agreements with the Multilateral Investment Guarantee Agency (MIGA) (16 Arab countries), International agreements on investment dispute settlement with the International Center for Settlement of Investment Disputes (ICSID) (18 Arab countries), etc.
- According to UNCTAD's and Dhaman's databases, Arab countries cumulatively by the end of May 2011 concluded about 1265 Bilateral Investment Treaties (BITs) and Double Taxation Treaties (DTTs), including 304 agreements between Arab countries, and 961 agreements between the Arab countries and other countries of the world.
- By end of May 2011 Arab countries concluded about 760 (BITs), including 194 treaties between Arab countries, and 563 agreements between Arab countries

and other world countries.

- Egypt claimed the first place as the most signatory country of treaties with 18 Arab countries, followed by Syria and Morocco in second place, with 15 Arab countries, Tunisia third with 14 Arab countries, then Jordan, Algeria, Lebanon, and Yemen fourth with 13 Arab countries.
- Arab countries signed 566 (BITs) with the rest of the world, covering most of the effective countries in the capital flows around the world. Again, Egypt claimed the first place as the country with the most signed BITs, with 82 foreign countries, followed by Kuwait and Morocco in second place signing with 46 countries, then Tunisia third with 40 countries, Jordan fourth with 39 countries, and Lebanon fifth with 37 countries.
- At the level of foreign countries, Germany ranked first by signing with 19 Arab countries, followed by Italy with 18 Arab countries, China and France third with 17 Arab countries, then Switzerland and Turkey with 16 Arab countries, then Belgium and Luxembourg with 15 Arab countries.
- By end of May 2011 Arab countries concluded around 505 (DTTs), including 110 DTTs between the Arab countries, and 384 agreements between Arab countries and other countries of the world.
- Lebanon ranked first with the most signed DTTs, with 13 Arab countries, followed by Syria and Morocco second with 11 Arab countries, then Tunisia and Algeria with 10 Arab countries.
- DTTs between Arab countries and the other world countries reached 395 agreements, covering most of the effective countries in the capital flows around the world. UAE claimed the first place as the country with most signed DTTs with 45 foreign countries, followed by Kuwait with 43 countries, then Egypt third with 41 countries, Morocco fourth with 36 countries, and Tunisia fifth with 35 countries.
- At the foreign countries level, Turkey claimed the first place by signing with 15 Arab countries, followed by France with 14 Arab countries, followed by Italy and UK with 12 Arab countries, then Korea, Holland, Pakistan, Poland and Romania with about 10 agreements.

Investment-Related Procedural Framework

- This means the applicable procedures and regulations relating to investment and business performance environment in general, which affect the foreign direct investment (FDI) in particular. In this context, the World Bank's Doing Business report can be relied on in observing the development of those components in the Arab countries, especially when included in the reports and quantitatively analyzed to reflect the procedural performance development across a main index and 10 sub-indices, and about 39 components in 19 Arab countries.
- Those indices cover the mechanisms for: Starting a business, Dealing with construction permits, Getting electricity, Registering property, Getting credit, Protecting investors, Paying taxes, Trading across borders, Enforcing contracts and resolving insolvency.
- Doing Business in Arab Countries database, launched by Dhaman in 2010, by relying on the data issued by World Bank Group, and updated annually, indicates the accelerated pace of legislative and procedural reforms by the governments of the region, which applied about 120 reforms that facilitated the practice of business activities in the various areas over the past three years. The major reforms are: Starting a business, Dealing with construction permits, enforcing contracts, registering property, getting credit, paying taxes, trading across borders, and protecting investors.
- According to the Doing Business 2012 report, Arab countries applied about 19 reforms in 2011, whereby facilitating the practice of business activities, against 3 procedures, making business environment more difficult.

Reform Recommendations Required for the Doing Business Environment in Arab Countries

In order to conclude specific recommendations in the area of business performance environment improvement in the Arab countries and accurately identifying the reform procedures required at the procedures and country levels, comparative tables were designed for the performance of Arab countries in the ten sub-indices, with their 39 components:

I: Reforms Required at the Regional Level

Comparing the Arab average in the 39 components of business performance environment to the average OECD countries, it is possible to identify the components of business performance that represent reform priority for the Arab region. Those components were identified as the Arab averages worse than OECD averages, by over 100%, colored in red and its shades, as follows:

- Cost of starting a business (project), issuance of construction permits and getting electricity connection costs should be reduced. Arab averages are 37.1%, 321.4% and 1785% of the average per-capita income in the Arab countries, respectively, compared to 4.7%, 45.7% and 93% in OECD countries.
- It is required to reduce the minimum capital necessary to start a business (project), with Arab average of 99.7% of the average per-capita income, compared to 14% only in OECD countries.
- It is essential to increase the power of legal rights that protect lenders and borrowers when obtaining credit, as well as increase coverage of special positions of credit information to include a larger percentage of population.
- It is required to reduce other taxes outside the scope of labor and corporate profit tax.
- Time consumed for export and import in the Arab outlets must be reduced.
- It is essential to reduce the period necessary for resolving insolvency and increasing the recovery of invested amounts.

Arab countries Rankings in Doing Business 2012
(ranking out of 183 country)

Rankings Amongst Arab Countries	Country	Ease of Doing Business Rank	Starting a Business	Dealing with Construction Permits	Getting Electricity	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Resolving Insolvency
1	Saudi Arabia	**12**	10	4	18	1	48	17	10	18	138	73
2	UAE	**33**	42	12	10	6	78	122	7	5	134	151
3	Qatar	**36**	116	24	18	37	98	97	2	57	95	37
4	Bahrain	**38**	82	7	49	30	126	79	18	49	114	25
5	Tunisia	**46**	56	86	45	65	98	46	64	32	76	38
6	Oman	**49**	68	64	61	21	98	97	9	47	107	76
7	Kuwait	**67**	142	121	57	88	98	29	15	112	117	48
8	Morocco	**94**	93	75	107	144	98	97	112	43	89	67
9	Jordan	**96**	95	93	36	101	150	122	21	58	130	104
10	Yemen	**99**	66	35	52	55	159	133	116	118	38	114
11	Lebanon	**104**	109	161	47	105	78	97	30	93	120	125
12	Egypt	**110**	21	154	101	93	78	79	145	64	147	137
13	Palestine	**131**	177	129	85	78	166	46	39	114	93	183
14	Syria	**134**	129	133	83	82	174	111	111	122	175	102
15	Sudan	**135**	126	130	107	41	166	155	103	151	148	84
16	Algeria	**148**	153	118	164	167	150	79	164	127	122	59
17	Mauritania	**159**	159	64	122	59	166	147	175	143	79	152
18	Iraq	**164**	176	120	46	98	174	122	49	180	140	183
19	Djibouti	**170**	179	142	143	148	177	179	70	37	160	141

Source: The World Bank Group, Doing Business 2012, Dhaman Research & Studies.

II: Reforms Required at the Country Level

- Arab countries that have a low world ranking on the general index of Doing Business 2012 will certainly need more urgent reforms.Enabling them to improve their world ranking, especially with the existence of 13 Arab countries with rankings exceeding 90th worldwide.
- Dhaman exhibits the ranking of Arab countries in the ten sub-indices forming the Doing Business main index for 2012. Naturally, Arab countries that have low world ranking in a certain index must accelerate improvement of their ranking on the sub-index by improving the components of each sub-index, especially in terms of procedure numbers, timeframe and cost.
- For example, the "Starting a Business" table exhibits the four components of each index. The first: the number of procedures necessary to establish the project, with average in the Arab countries being 19, observed by the index as 8.2 procedures, against 5 procedures only in the OECD countries. In this context, there are seven Arab countries: Algeria, Kuwait, Palestine, Djibouti, Iraq, Sudan and Tunisia, where the number of project establishment procedures exceeds 8.2, with 20%, or nearly 10 procedures, which means that this component is worse than the Arab average by 20% and need reforms in this area.

Guarantees and International Protection Systems for Foreign Investor

Guarantees and foreign investor international protection systems constitute the third theme of the regulatory, institutional and legislative components of the investment climate in the Arab world. These mean the existence of international guarantees that protect the investors in the world in general, and in the Arab countries, in particular, in several cases, including inability of local laws, legislations and procedures in the Arab countries to protect the investors against non-commercial risks, such as nationalization, confiscation, expropriation, wars and riots of public nature, inability to transfer the investor’s rights, and governments’ breach of contracts with investors.

- Latest data available from International Union of Credit & Investment Insurers (The Berne Union), which was established in 1934, with 48 international, regional and national authorities from 43 countries and regional and international parties, indicate the importance of the investment guarantee sector, where the guarantees provided by the Union members successfully supported about 8% of world trade.

- World guarantee market witnessed in 2011 expansionary trends in the volume of operations of export credit and investment guarantee institutions for all types of insurance products, to meet the growing demand, coupled with the readiness of the guarantee institutions to tolerate risk in executing their vital role in maintaining the investment flow and smooth flow of trade exchange around the world.

- Data indicate the guarantees provided by the Berne Union as at the end of 2011 totaled about $1.76 trillion, against $1.5 trillion in 2010, $1.36 trillion in 2009, $1.51 trillion in 2008, and $1.32 trillion in 2007.

- Guarantee operations in the world for 2011 ranged between $1.5 trillion for short term export credit guarantee (compared to $1.26 trillion in 2010), and $191 billion for medium and long term lending and export guarantee (compared to $173 billion in 2010), and $77.6 billion for investment guarantee (compared to $65.4 billion in 2010).

- Compensations paid rose to $3.9 billion in 2011, compared to $3.4 billion in 2010. Compensation paid were distributed to guarantee export credit at the medium and long terms for 2011 between 23% for political risk, 96.5% for commercial risk, and 7.5% for lending.

- Recovered compensations rose in 2011 to reach $2.58 billion, against $2.57 billion in 2010, and recovered

10 Investment and Export Credit Guarantees
(US$ million)

Year	Export Credit Insurance		Investment Insurance	Total
	Short-term	Medium & Long-Term		
New Business				
2007	1,126,721	142,120	52,957	**1,321,798**
2008	1,296,878	153,591	58,530	**1,508,999**
2009	1,123,195	190,589	49,337	**1,363,121**
2010	1,257,795	173,393	65,415	**1,496,603**
2011	1,492,600	191,195	77,599	**1,761,394**
Exposure				
2007	901,821	501,423	141,868	**1,545,112**
2008	907,619	523,704	145,580	**1,576,903**
2009	768,807	582,792	145,785	**1,497,384**
2010	836,573	593,089	184,398	**1,614,060**
2011	884,190	647,073	197,326	**1,728,589**
Claims Paid				
2007	1,007	1,245	12	**2,264**
2008	1,128	1,128	81	**2,337**
2009	2,418	3,004	24	**5,446**
2010	1,407	1,836	197	**3,440**
2011	1,322	2,457	140	**3,919**
Recoveries				
2007	360	7,145	20	**7,525**
2008	319	7,232	11	**7,562**
2009	330	4,129	10	**4,469**
2010	362	2,194	12	**2,568**
2011	386	2,179	11	**2,576**

Source: Berne Union, Dhaman Research & Studies.

compensation for guarantee of export credit at the medium and long terms for 2011 ranged between 72.7% for political risk, 26.7% for commercial risk, and 0.6% for lending.

Geographic Distribution of Existing Guarantees for 2011

- Existing investment guarantee operations, of $197 billion, were distributed by the end of 2011 between the countries of the second and third worlds, mainly: Russia 12.35%, China 9.55%, and with lower rates than 6% in Kazakhstan, Turkey, India and Indonesia, as well as Egypt 3.65%, then Brazil, Ukraine, US, from the developed countries, at 3%, and finally 46.5% for other countries.
- Medium and long term export credit guarantee operations existing in the world by the end of 2011, amounted to about $647 billion, were distributed between the commercially active countries, especially from the second and third worlds, specifically Russia, China, Turkey, India, Indonesia, Brazil and Mexico, in addition to USA from the developed countries, UAE by 3.3% and Saudi Arabia by 2.6% of the total, and finally 60.3% for other countries.
- Short term export credit guarantee operations in the world existing by the end of 2011, amounting to about $884 billion, were distributed mainly between the developed and commercially active countries, especially USA, Europe, China, and Brazil by 48% of the total, in addition to 52% for other countries.

Guarantee Industry in the Arab Countries

- Data received from 12 Arab members countries' of "Aman Union" indicate that the guarantees provided by national and regional Arab exports credit guarantee institutions totaled about $7.3 billion in 2010, against $4.6 billion in 2009, and $5.4 billion in 2008.
- Statistics over the past five years indicate that the Arab Investment and Export Credit Guarantee Corporation (Dhaman) successfully achieved a progressive growth in its operations, from $505 billion in 2007 to about $1.44 billion in 2011, bringing the total for the period up to $4.9 billion, out of which about $3.6 billion accounted for exports guarantee, at 74.3% of the total, and $1.25 billion for investment guarantee, 25.7% of he total.

- Regarding geographic distribution of the total valid contract values, and the existing Dhaman liabilities by the end of 2011, Dhaman's statistics indicate that the Sudan claimed the first place with $131.7 million, or 31.5% of the total liabilities, followed by Algeria with $59.4 million, and 14.2% of total, Syria third with $40 million and a share of 9.6%, Yemen fourth with $25.3 million and a share of 6.1%, UAE fifth with $21.5 million and a share of 5.1%, while the valid contracts and existing liabilities of Dhaman for non-Arab countries reached $61.5 million by the end of 2011 and a share of 14.7% of the total, mainly distributed over Europe with 6.2%, 4.2% for Africa, 2.4% for Asia and the rest for North America and other countries of the world.

11 Investment & Export Credit Guarantee in the Arab and Muslim members of Aman Union
(US$ million)

	Member	Export Credit Insurance *(Short Term)*		Domestic Credit Insurance *(Short Term)*		Export Credit Insurance *(Medium Term Business)*		Investment Insurance		Total Investment & Export Credit Guarantee Insurance		
		2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	% Total
1	Export Credit Bank of Turkey (Türk EXIM Bank) – *Turkey*	4,523.7	5,010.2	0.0	0.0	0.0	2.5	0.0	0.0	**4,523.7**	**5,012.7**	**33.3%**
2	The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC)	764.0	1,750.0	0.0	0.0	76.0	87.0	190.0	130.0	**1,030.0**	**1,967.0**	**13.1%**
3	Export Guarantee Fund of Iran (EGFI) – *Iran*	2,503.0	371.2	0.0	0.0	73.9	639.6	151.3	232.7	**2,728.2**	**1,243.5**	**8.3%**
4	The Arab Investment and Export Credit Guarantee Corporation (DHAMAN)	586.3	608.7	0.0	0.2	3.2	159.4	111.3	429.3	**700.8**	**1,197.6**	**8.0%**
5	Saudi Export Program (SEP) – *Saudi Arabia*	700.2	865.2	0.0	0.0	0.9	0.0	0.0	0.0	**701.1**	**865.2**	**5.7%**
6	Compagnie Algérienne d'Assurance et de Garantie des Exportations (CAGEX) – *Algeria*	161.5	222.1	333.2	576.6	0.0	0.0	0.0	0.0	**494.7**	**798.7**	**5.3%**
7	The Lebanese Credit Insurer (LCI) – *Lebanon*	75.0	131.6	180.7	660.8	0.0	0.0	0.0	0.0	**255.7**	**792.4**	**5.3%**
8	EXIM Bank of Malaysia – *Malaysia*	577.2	606.2	0.0	0.0	135.4	170.2	25.5	0.0	**738.1**	**776.3**	**5.2%**
9	Asuransi Ekspor Indonesia (ASEI) – *Indonesia*	223.0	372.0	223.0	372.0	0.0	0.0	0.0	0.0	**446.0**	**744.0**	**4.9%**
10	Compagnie Tunisienne Pour L'Assurance Du Commerce Extérieur (COTUNACE) – *Tunisia*	611.1	679.9	0.0	0.0	0.0	0.0	0.0	0.0	**611.1**	**679.9**	**4.5%**
11	Export Credit Guarantee Agency of Oman (ECGA) – *Oman*	283.9	276.0	34.6	50.7	0.0	0.0	0.0	0.0	**318.5**	**326.7**	**2.2%**
12	Export Credit Insurance Company of the Emirates (ECIE) – *UAE*	172.0	227.0	62.0	77.0	0.0	0.0	0.0	0.0	**234.0**	**304.0**	**2.0%**
13	Export Credit Guarantee Company of Egypt (ECGE) – *Egypt*	86.0	140.0	0.0	0.0	9.0	12.0	0.0	0.0	**95.0**	**152.0**	**1.0%**
14	Jordan Loan Guarantee Corporation (JLGC) – *Jordan*	58.0	83.0	6.4	12.4	0.0	0.0	0.0	0.0	**64.4**	**95.4**	**0.6%**
15	Shiekan Insurance & Reinsurance Co. LTD – *Sudan*	19.4	49.2	17.8	15.8	0.0	0.0	0.0	0.0	**37.1**	**64.9**	**0.4%**
16	National Co. for Credit Insurance and Guarantee (SONAC) – *Senegal*	19.9	18.6	6.0	4.7	0.0	0.0	0.0	0.0	**25.8**	**23.3**	**0.2%**
17	National Agency for Insurance and Finance of Exports (NAIFE) - *Sudan*	15.0	16.0	0.0	0.0	0.0	0.0	0.0	0.0	**15.0**	**16.0**	**0.1%**
Total		**11,379.0**	**11,426.8**	**863.5**	**1,770.1**	**298.5**	**1,070.7**	**478.1**	**792.0**	**13,019.1**	**15,059.6**	**100%**

Source: Aman Union

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