



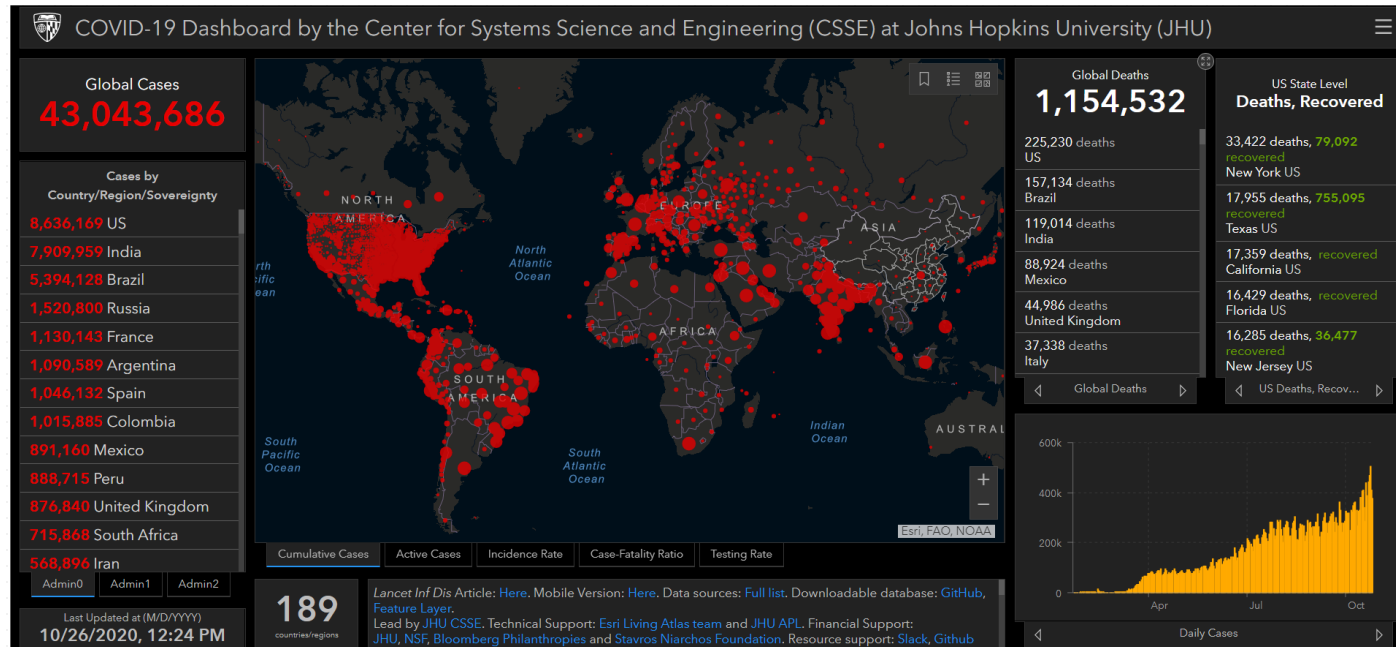
Will COVID-19 triggers a massive fall in FDI inflows in the Arab region?

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Source: the Center for Systems Science and Engineering (CSSE) at Johns Hopkins University (JHU), Last Updated 10/26/2020, 12:55:14 PM

<https://www.arcgis.com/apps/opsdashboard/index.html#/bda7594740fd40299423467b48e9ecf6>

- The COVID-19 outbreak is first and foremost a human tragedy, affecting millions of people's health and well-being. It is also a new potential source of volatility, a threat to the resilience and economic stability of Arab countries, and a further burden on those countries already suffering from macroeconomic deterioration.

Decline in FDI and top 5000 MNE capex experienced after the last global recession.

A potential 50-70% decline in the cross border M&A part of FDI for part of the current year.

The immediacy of the projected decline in capex, based on the first data reported by China.

The mechanical effect of reduced MNE earnings on the reinvested earnings component of FDI.

Downward pressure on FDI
-30% to -40%

Severity and duration of the pandemic across different regions

Scope of the contained measures that governments put in place

The nature and scale policy packages to support the economies

Earnings revisions of the top 5000 MNEs and relative importance of reinvested earnings in FDI by region

Region	Number of companies with earnings revision	Average earnings revision by March 23rd (%)	Share of reinvested earnings in FDI in 2018 (%)
Developed	2663	-35	61
Developing Countries	1249	-20	40
<i>Africa</i>	54	-11	27
<i>Developing Asia</i>	1031	-21	41
<i>Latin America and Caribbean</i>	124	-14	43
<i>Transitions economies</i>	40	-18	93
Total	3912	-30	52

Source: Investment Trends Monitor, Special Issue, UNCTAD, March 2020

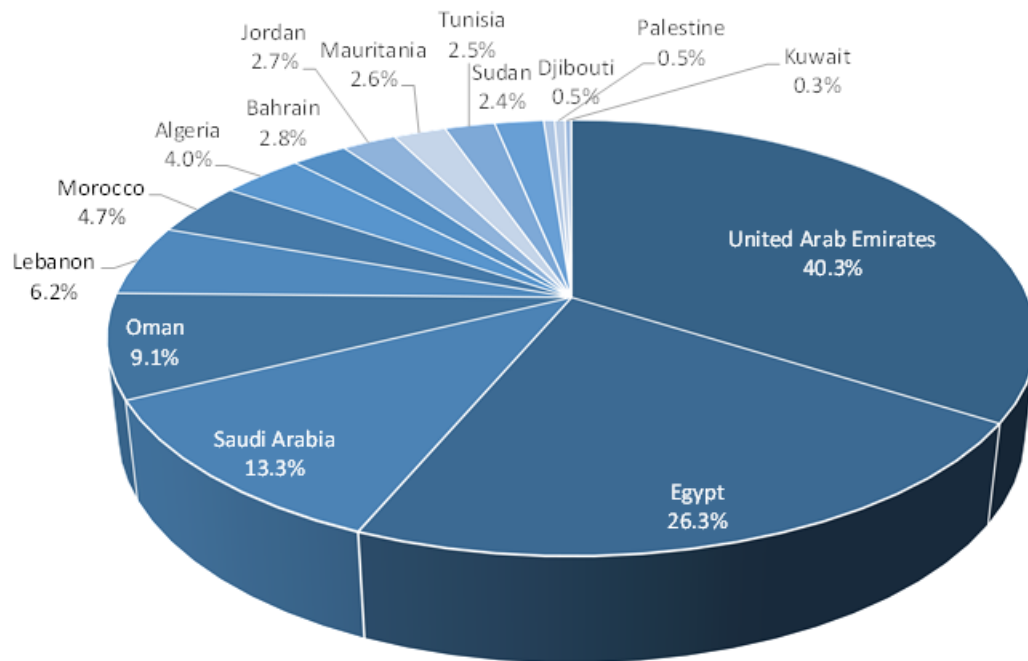
FDI in the Arab Region

FDI inflows in the Arab countries, 2018 and 2019

(Millions of dollars)

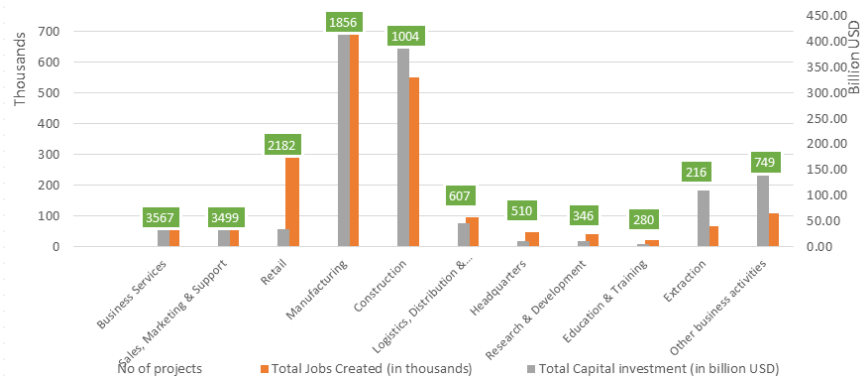
Economy	2018	2019
United Arab Emirates	10385.3	13787.5
Egypt	8141.3	9010.0
Saudi Arabia	4247.0	4562.0
Oman	4190.5	3124.6
Lebanon	2653.9	2128.3
Morocco	3558.9	1599.1
Algeria	1466.1	1381.9
Bahrain	1654.3	941.8
Jordan	954.9	915.8
Mauritania	772.9	885.3
Tunisia	1035.9	844.8
Sudan	1135.8	825.4
Somalia	408.0	447.0
Djibouti	170.0	181.9
Palestine	251.6	175.7
Kuwait	204.0	104.4
Comoros	6.9	7.9
Yemen	-282.1	-371.0
Qatar	-2186.3	-2812.6
Iraq	-4885.1	-3075.6

Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).

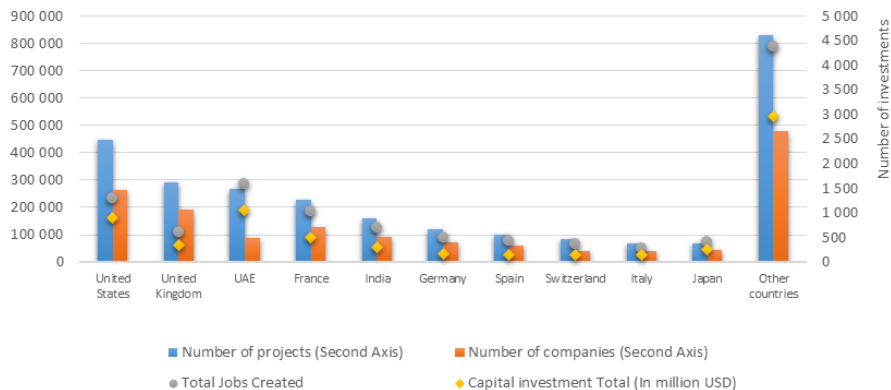


FDI Greenfield Projects in the Arab Region

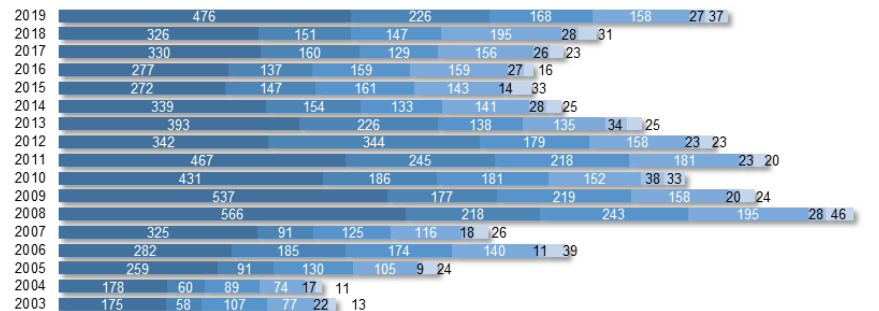
FDI trends by business activity in the Arab region, 2003-2019



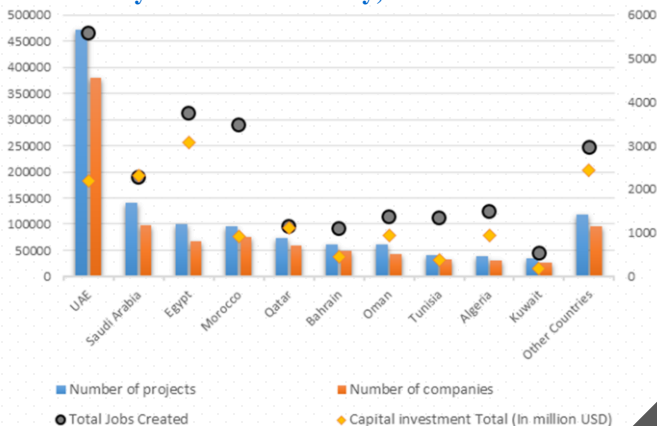
FDI trends by source country, 2003-2019



Number of FDI projects by year and source world region

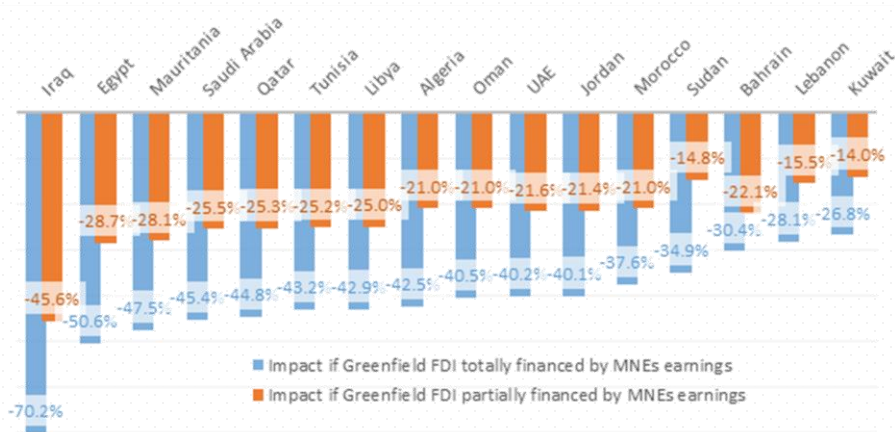


FDI trends by destination country, 2003-2019




Downward projected pressure on FDI and Jobs in Arab region

Aggregation type	Greenfield FDI = Share of reinvested earning		Greenfield FDI = Reinvested earning	
	Impact on FDI	Impact on Jobs	Impact on FDI	Impact on Jobs
Weighted linear summation				
<i>Reference period 2003-2019</i>	-29%	-16%	-51%	-29%
<i>Reference period 2015-2019</i>	-29%	-15%	-47%	-28%
Geometric aggregation				
<i>Reference period 2003-2019</i>	-22%	-14%	-38%	-26%
<i>Reference period 2015-2019</i>	-21%	-13%	-35%	-25%



- The estimated total losses of FDI inflows for the Arab region will be around USD 7.1 to 17.2 billion.
- The sectoral distribution of the loss in FDI inflows is uneven in terms of size. Manufacturing and Mining are likely to be particularly hit hard followed by construction and education. These have severe implications, given the job-creation induced by each sector and type of investment as outlined above.

The background of the slide features a blue grid with various virus-like particles (resembling coronaviruses) scattered across it. Overlaid on the grid are financial charts, including a bar chart on the left and a line graph with a yellow line and white dots. Numerical values such as -211,06, -82,954, 54,982, -27,454, and -17,3 are visible on the charts.

Thank you for your attention

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