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GCC

GENERAL ECONOMY OUTLOOK

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GENERAL ECONOMIC OUTLOOK

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1. Executive Summary

1.1 Introduction to GCC Region

According to the World Bank Gulf Economic Update (GEU), the economies of the Gulf Cooperation Council (GCC) are expected to grow at a slower rate in 2023 due to a global economic slowdown and lower oil and gas earnings. In 2023, the GCC is projected to grow by 2.5% and by 3.2% in 2024. In 2022, the region's GDP grew by an impressive 7.3% due to a substantial increase in oil production. The decline in performance is mainly due to lower hydrocarbon GDP, predicted to decrease by 1.3% in 2023 after the OPEC+ April 2023 production cut announcement. Nonetheless, the non-oil sector's robust growth, expected to reach 4.6% in 2023, will offset the hydrocarbon activities shortfall, boosted primarily by private consumption, fixed investments, and a more relaxed fiscal policy in response to 2023's relatively high oil revenues.

- **Saudi Arabia** – After a remarkable GDP growth of 8.7% in 2022, the economy is expected to slow down to 2.2% in 2023. The decrease in oil production, as Saudi Arabia adheres to the OPEC+ agreed production cuts, will result in a 2% contraction in the oil sector's GDP. However, with oil prices remaining high, a relaxed fiscal policy, and the private credit growth remaining robust, the contraction in the oil sector is expected to be cushioned. Consequently, non-oil sectors are estimated to grow by 4.7% in 2023.
- **UAE** – The economic growth forecast for 2023 is not as optimistic as 2022 due to several factors, including a decrease in global economic activity, a fall in oil production, and stricter financial conditions. As a result, the real GDP is expected to increase by 2.8% in 2023, which reflects a decrease in oil activity growth of 2.5%. However, the contraction in oil activities will be offset by a strong non-oil sector growth of 4.8%. The growth in the non-oil sector will be driven by healthy domestic demand in various industries, such as tourism, real estate, construction, transportation, and manufacturing.
- **Oman** – According to the forecast, Oman's economy is expected to experience a slower growth rate in 2023, despite the continued implementation of structural reforms under Vision 2040. The overall growth is projected to be 1.5%, which is primarily due to weaker global demand. As a result of the recent production cuts by OPEC+, the hydrocarbon sector is expected to contract by 3.3%, while the non-oil sector is predicted to grow by 3.1% in 2023. This growth will be facilitated by the front-loading of infrastructure projects, increased industrial capacity from renewable energy, and a thriving tourism sector.
- **Qatar** – Qatar's real GDP is set to slow down to 3.3% in 2023 after its impressive performance in 2022. The hydrocarbon sector is expected to expand by 0.8%, due to the North Field expansion project which will eventually boost the sector in the medium term. Meanwhile, the non-hydrocarbon sectors are expected to witness robust growth this year, with an anticipated growth rate of 4.3%, driven by strong private and public consumption.



- Bahrain- The future of Bahrain's economy is dependent on how the oil market performs and how effectively the revised Fiscal Balance Program's structural reforms are implemented. The growth rate is expected to slow down to 3.1% in 2023 before averaging 2.8% during 2024-25 due to ongoing fiscal adjustments. The hydrocarbon sector is predicted to experience a contraction of 0.1% in 2023, while the non-hydrocarbon sectors are set to continue expanding by 4.3% due to the recovery of the tourism and service sectors and the continuation of infrastructure projects.
- Kuwait – In 2023, the economic growth of Kuwait is predicted to decelerate to 1.3%. This is due to the OPEC+ being more cautious with production and the global economic activity being sluggish. Despite the newly established Al Zour refinery, the oil sector is expected to contract by 2.2%. However, the non-oil sectors are anticipated to grow by 4.4%, majorly driven by private consumption. The implementation of new infrastructure projects is expected to be undermined due to policy uncertainty caused by political deadlock.



GCC countries in 2022

Factors	Oman	Saudi Arabia	UAE	Qatar	Kuwait	Bahrain
GDP Growth % (2022)	4.3%	8.7 %	7.6%	3.4%	8.7%	3.4%
Major Export Commodities	- Crude Oil - Petroleum Gas - Refined Oil - Nitrogen Fertilizers - Semi-finished Iron	- Crude Petroleum - Refined Petroleum - Polymers - Industrial Alcohols - Natural Gas	- Crude Petroleum - Refined Petroleum - Gold - Broadcasting Equipment - Diamonds	- Petroleum Gas - Crude Petroleum - Refined Petroleum - Ethylene Polymers - Nitrogenous Fertilizers	- Crude Petroleum - Refined Petroleum - Petroleum Gas - Cyclic Hydrocarbons - Sulfonated, Nitrated Hydrocarbons	- Refined Petroleum - Raw Aluminium - Iron Ore - Iron Reductions - Aluminium Wire
Major Imports Commodities	- Refined Petroleum - Automobiles - Iron Ore - Broadcasting Equipment - Gold	- Cars - Broadcasting Equipment - Refined Petroleum - Packaged Medicines - Gold - Telecommunication Device	- Gold - Broadcasting Equipment - Refined Petroleum - Diamonds - Cars	- Cars - Gas Turbines - Jewelry - Broadcasting Equipment - Gold	- Car - Petroleum Gas - Gold - Jewelry - Packaged Medicaments	- Iron Ore - Jewelry - Cars - Special Purpose Ships - Refined Petroleum
Export Partners	- China - India - UAE - South Korea - Saudi Arabia	- China - India - Japan - South Korea - UAE	- India - Japan - China - Saudi Arabia - Iraq	- China - Japan - India - South Korea - Singapore	- China - India - South Korea - Japan - Vietnam	- UAE - Saudi Arabia - US - Japan - India
Import Partners	- UAE - China - India - Saudi Arabia - Qatar	- China - UAE - US - India - Germany	- China - India - US - Saudi Arabia - Germany	- China - UAE - US - UK - India	- China - UAE - US - Saudi Arabia - Japan	- UAE - Saudi Arabia - Brazil - China - India
Electricity Consumption by 2023	28.92 billion kWh	296.20 billion kWh	113.20 billion kWh	37.24 billion kWh	57.78 billion kWh	26.11 billion kWh
Internet Users	95.23%	97.86%	100%	99.65%	99.11%	99.67%
Military Expenditure by 2023	US\$ 8.69 billion	US\$ 67.60 billion	US\$ 22.75 billion	US\$ 6.00 billion	US\$ 6.83 billion	US\$ 1.42 billion



Factors	Oman	Saudi Arabia	UAE	Qatar	Kuwait	Bahrain
Trade Agreements Overview	In September 2022, Under the FTA, Oman provides immediate duty-free access on virtually all industrial and consumer products in its tariff schedule, and it phased out tariffs on the remaining handful of products in 2019. The United States provides immediate duty-free access for 100 percent of Oman's current exports of agricultural products to the United States. Oman is also a member of the Gulf Cooperation Council, which allows for duty-free trade between its members and with other countries with which it has a free trade agreement.	Saudi Arabia is a member of the Gulf Cooperation Council (GCC) which consists of Kuwait, Qatar, Bahrain, the UAE, Oman, and Saudi Arabia. Membership confers special trade and investment privileges within those countries. The GCC implemented a Customs Union on January 1, 2003, that stipulates free movement of local goods among member states. In 2021, however, Saudi Arabia amended its rules on imports from other GCC countries to exclude goods made in free zones or using Israeli input from preferential tariff concessions.	The UAE has signed GCC Free Trade Agreements with several countries and trade groups across the world to enhance its position as a global trade hub and major destination for investments. It also seeks to increase Emirati exports, improve competitiveness in foreign markets, regulate competition, reduce trade barriers facing national products, boost its investments abroad, and protect intellectual property rights. This also covers tariff barriers, trade services, investments, intellectual property rights, dispute settlement, investment in manufacturing sectors, and protection of property rights to prevent trafficking of counterfeit products. The UAE, within the GCC framework, has signed GCC Free Trade Agreements with many countries including New Zealand, Singapore, and EFTA countries. Negotiations are currently underway with several countries and trade groups, including the European Union, Japan, China, Korea, Australia, Pakistan, India, Turkey, and the Mercosur member countries (Argentina, Brazil, Paraguay and Uruguay).	Qatar has signed bilateral agreements with major global economies, including China, France, India, and South Korea and other major countries. Qatar has bilateral agreements on custom corporation, double tax and investment protection and multilateral/economic agreements	Kuwait is a member of the GCC along with Bahrain, Saudi Arabia, UAE, Qatar, and Oman. People from these countries can travel freely throughout the GCC. There is a 5% duty for goods at the first point of entry to the GCC and then the goods can travel freely throughout the GCC. In December 2008, Singapore and the GCC signed a free trade agreement (FTA), the GCC's first FTA. In June 2009, GCC countries concluded an FTA with the European Free Trade Association (EFTA), which includes the countries of Iceland, Liechtenstein, Norway, and Switzerland. Kuwait signed a Trade and Investment Framework Agreement (TIFA) with the United States in February 2004. The TIFA is the first step in developing economic reform and trade liberalization criteria to strengthen the U.S.-Kuwait economic relationship	The Bahraini government is a member of the WTO and the GCC. Bahrain has bilateral and economic agreements with over 40 countries, including free trade agreements with the United States, Singapore and others. Bahrain has also signed agreements regarding: - Promotion and protection of investment with 34 countries - Avoidance of double taxation with 41 countries - Reciprocal exemption of international air transport with 6 countries - Economic, trade, and technical cooperation with 31 countries



2. Country Level Analysis

2.1 UAE

2.1.1 Economic Outlook

GDP in 2022	US\$ 507.53 billion
GDP, per capita 2022	US\$ 53,757.9 (in thousands)
GDP Growth % in 2022	7.4%
Inflation, Consumer Price % in 2022	4.8%

Source: World Bank

In recent years, the UAE has shown robust economic growth owing to a strong comeback by the tourism and construction sectors. Activities such as the Dubai World Expo and increased oil output with the Organization of the Petroleum Exporting Countries (OPEC)+ production agreements have also contributed to the economic proliferation of the country. Furthermore, the UAE government is implementing reform agenda and the Central Bank of the UAE is making efforts to increase the stability, efficiency, and resilience of the financial system. In 2022, the economy of the UAE recorded a 6% upsurge in oil production and improvements in non-oil sector performance. The non-oil sector (mainly the construction and tourist industries) contributed 4.7% to the GDP of the UAE in 2022. In 2023, the real GDP of the UAE is expected to grow by 3.6%, while the contribution of the non-oil sector is estimated to rise by 4.2% owing to robust domestic demand. The oil GDP of the UAE is expected to rise by 2% in 2023 as a result of the tighter OPEC+ production limitations, before rising to 2.8% and 3% in 2024 and 2025, respectively.

The UAE continues to be the commercial, financial, and tourism center of the GCC owing to progress in economic diversification efforts, coupled with a decrease in reliance on hydrocarbons. The extraction of hydrocarbons has been a primary source of income for the government for years. The country has taken steps to diversify public revenues with the introduction of value-added tax (VAT) and corporate income tax (more recent), and the solutions for roadblocks in the fee structure. A new commercial law that came into effect in 2019 has opened 13 economic sectors to 100% foreign ownership, including transport, renewable energy, manufacturing, agriculture, education, and healthcare. Relaxations in social and cultural laws in November 2020, and new residency regulations constitute further efforts to increase equal market opportunities for residents and foreigners.



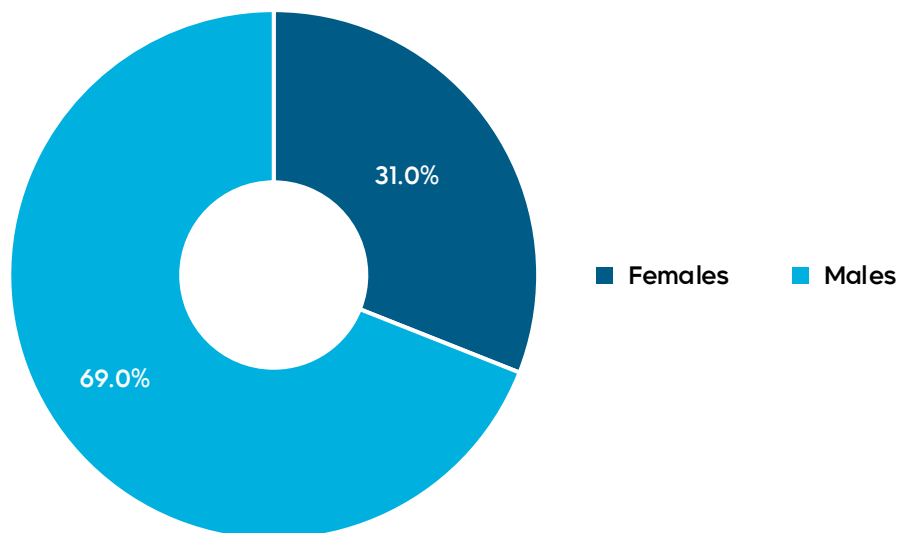
2.1.2 Demographics Analysis

Population, 2023	9.44 million
Population Growth, 2022	0.8%
Access to Electricity, 2021	100%
Internet Users, 2021	100%

Source: World Bank and IMF

According to World Bank data, the UAE population reached ~9.9 million in 2021. Males represent 69% (6.8 million) of the population, and females represent 31% (3,102,738) of the total population. The country is focused on the adoption of green energy and sustainable environmental projects to enhance its competitiveness and sustainability and preserve its environment for future generations. The government is entering into partnerships with private sector companies to develop innovative technologies for green hydrogen and synthetic fuel production.

Figure 1. Population, by Gender 2022



Source: UAE Government Portal



2.1.3 Investment and Incentive Opportunities

The UAE provides incentives to investors to boost the number of start-ups, and small and medium-sized enterprises (SMEs) in the nation. Along with removing obstacles to investment flow, the government is also supporting the diversification of the nation's income sources.

Investment and incentives include benefits such as:

40 free zones for company incorporation: These zones are considered by their infrastructure, and distinct services that facilitate smooth workflows, saving considerable time and effort. Allow 100% foreign ownership, 100% exemption from custom duty, easy regional and global market access and other benefits.

Investing in all economic activities: Providing opportunities for foreign investors to invest in the trade, industry, agriculture, services, education, health and construction along with several other sectors across the UAE. There are more than 2,000 licensed economic activities, with local laws excluding only limited number of domains.

Legal ownerships: As the UAE's updated Commercial Agency Law comes into full effect, new businesses and their owners are making full use of the 100 per cent ownership option that is now allowed across categories

No or less requirement for national agents: The UAE Commercial Companies Law does not require foreign companies wishing to open a branch and practice their business in the UAE to have a local national sponsor/agent, giving a strategic advantage to foreign companies and enhancing the ease and transparency of doing business in the country.

Control of shareholding company boards, no minimum capital: The Chairman and a majority of the board of joint stock companies are not required to be UAE Nationals, pursuant to the UAE Commercial Companies Law, giving foreign investors the right to fully control their shares in companies, unless any decree or resolution stipulates otherwise

No income tax and full profit transfer: The UAE does not impose income tax on individuals, investors or corporates, with the exception of oil companies and branches of foreign banks. As a country with a free economy model since inception, it allows individuals and investors to freely repatriate their profits

Golden visa for investors: An investor in an investment fund is granted a Golden Visa for a period of (10) years without a sponsor if that person meets certain requirements.

Ease of commissioning professionals: The UAE is looking for skilled workers, human capital and talented professionals in vital and economic sectors, due to its flexible labor policies and ease of attracting foreign labor.

Low customs tariffs: Low customs tariffs have contributed to cementing the status of the UAE as a trade hub. Government tariffs in the country range from 0% to 5%.

Source: moec.gov.ae



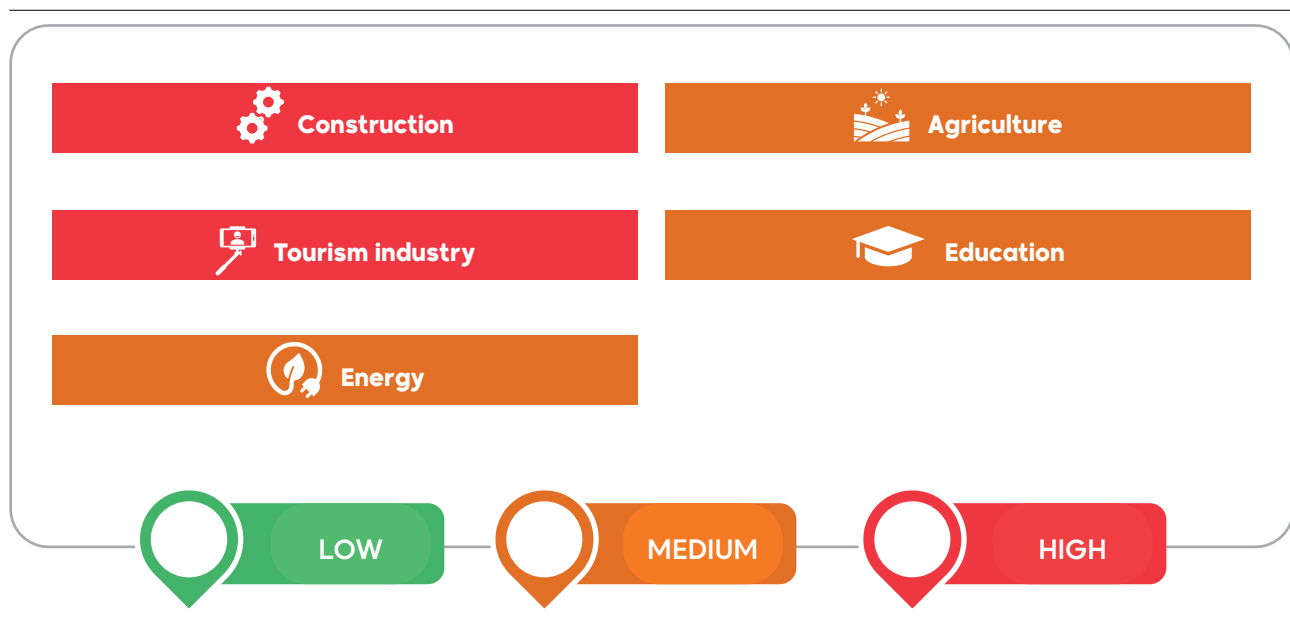
Ensuring macroeconomic stability is a cornerstone of government policies. Large-scale investments in infrastructure and service development, alongside a sustained economic diversification process, have helped the country to sustain global inflation over the last two decades.

A few of the Investments and Incentives are Explained Below:

The UAE has more than 40 free zones that offer tax benefits and 100% ownership for foreign investors. These investors can choose the best zones for developing their businesses; free zones can be established all around the UAE, giving investors access to a wide range of commercial ventures and activities. Further, foreign investors can invest in the UAE's trade, industry, agriculture, services, education, health, and construction sectors, among others. There are almost 2,000 licensed commercial operations, and a very few numbers of sectors are prohibited by municipal rules.

Individuals, investors, and corporations are not taxed in the UAE, except for oil businesses and overseas bank branches. As a country founded on a free economy paradigm, the country allows investors to repatriate their gains in their totality. Low customs charges have contributed to the UAE's prominence as a commerce hub. The country's government tariffs range from 0% to 5%. As a result, the UAE dominates global and regional commerce, ranking third globally and first in the Arab world in terms of re-exporting.

Figure 2. Heat Map of Key Investment Areas



2.1.4 UAE Trade Outlook

The UAE is taking various initiatives and providing free zones to stimulate trade growth. For example, its primary export centers are free zones that are exempt from the licensing, agency, and national majority-ownership obligations that apply to the domestic economy. No export



subsidies have been identified by the World Trade Organization (WTO), and trade restrictions are usually applied on safety and moral grounds. The UAE continues to develop its trade relationships, with increased emphasis on Asia and Africa in recent years.

2.1.4.1 Current and Future Investments

The UAE, which is the second-largest economy in the Arab world, is looking into potential investment opportunities. The country plans to sign 26 comprehensive economic partnership agreements (CEPAS) in 2023 to diversify its economy and attract additional investors. The UAE signed CEPAS with Türkiye, Cambodia, Georgia, and Vietnam, after the successful signing of such agreements with India, Indonesia, and Israel. The COVID-19 pandemic altered economies, opened doors for new industries, sped up the use of cutting-edge technologies, and increased the need for sustainable growth.

It has made several fresh announcements to encourage economic expansion and draw foreign direct investment. The 100% business ownership regulation for mainland enterprises has resulted in 300,000 new businesses and a more efficient economy.

The finance, tourism, healthcare, artificial intelligence, and life sciences industries have been among the major investment targets for the UAE. The UAE ranked 19th in the world in garnering US\$ 20.7 billion in foreign direct investment in 2021.

Dubai unveiled a massive US\$ 8.7 trillion economic plan in January 2023 to boost trade, international investment, and the city's status as a major worldwide hub. A few of the 100 "future transformational projects" specified in the 10-year economic blueprint of the UAE focused on increasing foreign commerce to US\$ 6.97 trillion from US\$ 3.87 trillion in the previous decade, virtually doubling annual foreign direct investments to US\$ 16.33 billion, and increasing government spending from US\$ 139.37 billion in the previous decade to US\$ 190.54 billion in the next decade.

These projects also intend to increase private sector investments from US\$ 215.04 billion in the previous decade to US\$ 0.27 trillion in the coming decade, further guaranteeing US\$ 27.22 billion in yearly contributions to the economy via digital transformation projects.

2.1.4.2 Opportunities and Challenges

The UAE is regarded as one of the world's most appealing investment destinations. With strong physical facilities, exceptional human resources and services, and a concentration on wise government, it creates a perfect business climate for investors and entrepreneurs.

The UAE is well-known for its real estate market. A real-estate business needs a business license that is linked to its registered address. This rule necessitates a physical office for a corporation, making it difficult for small enterprises to access the market. Furthermore, the office's location is critical to its smooth operations.

The UAE Free Zones provide foreign enterprises with cost-effective real-estate possibilities. However, local knowledge is required to finalize the location and size of the office space in accordance with the visa.



- The Abu Dhabi Government has created a US\$ 1.09 billion fund to boost research and development, providing rebates on R&D spending and costs of new activities in Abu Dhabi.
- Development and implementation of Certificate of Needs [CoN] guidelines would support and guide investments to deliver quality services.
- Abu Dhabi has pledged US\$ 1.52 billion to support R&D on solutions to water scarcity and food security.
- An annual innovation showcase and pitch competition led by the Ministry for Economy provides start-ups with the opportunity to meet with investors, companies, industry experts, and government representatives.
- The government encourages developments in precision agriculture and Agri-robotics to help local farmers minimize the utilization and wastage of critical resources including water, energy, and land.
- There are many free zones in the UAE that focus on industrial manufacturing across the various emirates. They determine the UAE's strength as a major logistics hub, particularly around ports and airports. These include Jebel Ali Port, Khalifa Port, Sharjah International Airport Free Trade Zone, and the Al Ghail Industrial Zone.
- Investments in food logistics related technology, especially blockchain integration with supply chains and the Internet of Things (IoT), to improve traceability and quality assurance.
- Recognizing the importance of the automobile sector, a new industrial city named Rahayel City is being built as a specialized automobile hub in the UAE.
- A new unified license under the National Food Security Strategy is estimated to reduce the costs of establishing farms by 60%.

Source: Investemirates.ae

2.2 Saudi Arabia

2.2.1 Economic Outlook

GDP (2022)	USD 1.1 trillion
GDP Per Capita (2022)	USD 30,463.3
GDP Growth (annual%, 2022)	8.7
Inflation, Consumer Prices (annual%, 2022)	2.5

Source: World Bank

In recent years, the strong reform drive of Saudi Arabia has begun to provide structural benefits to its economy, as well as fiscal and debt management profits. This reform drive includes steps to stimulate non-oil economic growth and broaden the non-oil tax base, as well as offer major



social liberalization to encourage consumer demand. Furthermore, the economy continues to profit from the country's leadership as the world's largest individual oil exporter.

Foreign Direct Investment	2020	2021	2022
FDI Inward Flow (million USD)	5,399	19,286	7,886
Number of Greenfield Investments*	90	150	239

Source: UNCTAD, Latest available data

Note: * Greenfield Investments are a form of Foreign Direct Investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up.

In 2022, Saudi Arabia registered the fastest expansion in GDP in the G20. Overall growth was 8.7%, reflecting both strong oil production and a 4.8% increase in non-oil GDP due to strong private consumption of oil and private investment in non-oil projects, including mega projects. The production of non-oil was mostly driven by the wholesale and retail commerce, construction, and transportation industries.

A few of the primary areas on which the government is focusing its diversification efforts include the development of the natural gas sector (primarily for domestic power production and as a feedstock for the increasing petrochemicals industry), as well as blue and green hydrogen. Logistics, mining, tourism, entertainment, housing, manufacturing (including petrochemicals, defense, and aerospace), and renewables are included among these industries. The government also intends to establish a financial center similar to others already in place in the region, such as Dubai, and to expand its retail business.

2.2.2 Demographics Analysis

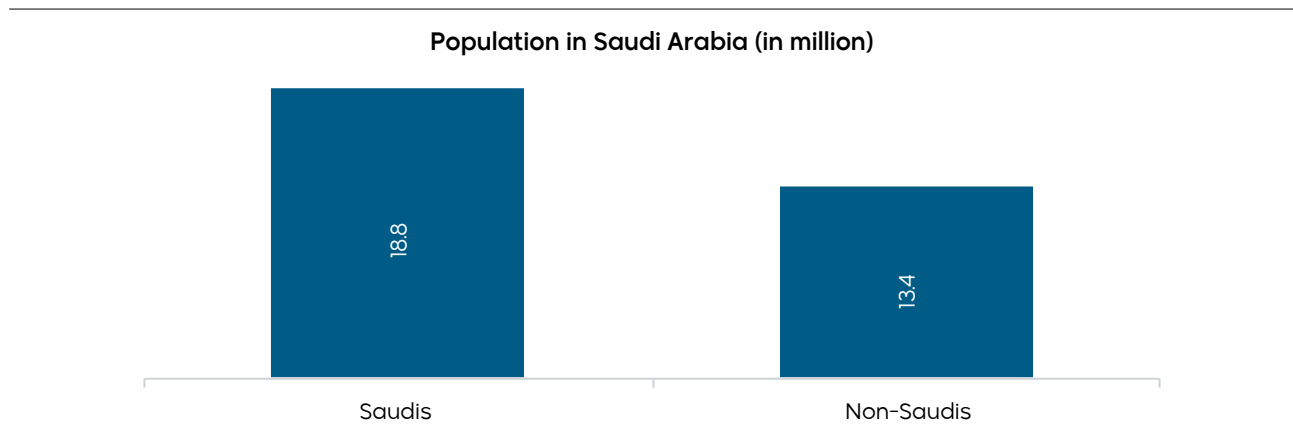
Population (2022)	32,175,224
Population growth (annual %, 2022)	1.3
Human Capital Index (HCI), 2020	0.6

Source: World Bank, General Authority for Statistics

According to the results of the Kingdom's 2022 census released by the General Authority for Statistics, the population of Saudi Arabia was 32,175,224. Saudis make up 18.8 million of the overall population, or 58.4%, while non-Saudis make up 13.4 million people, or 41.6%. The census also reveals that the population of the Kingdom is young, with a median age of 29. Furthermore, 19.7 million males, or 61.2% of the population, made up the Kingdom's population, and 12.5 million people, or 38.8% of the overall population, are female. The average Saudi family size was 4.8, and the average non-Saudi family size was 2.7.

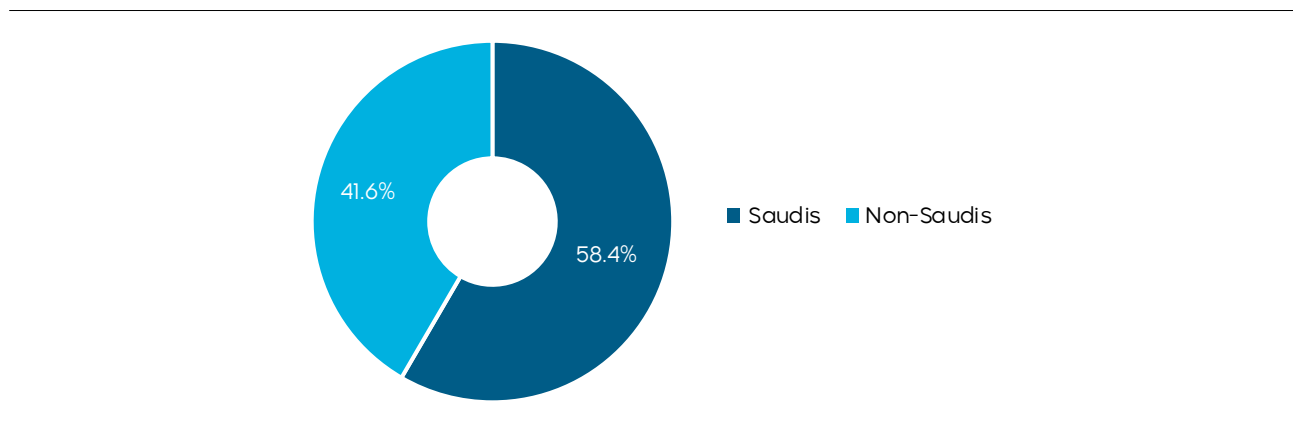


Figure 3. Population in Saudi Arabia (in 2022)



Source: General Authority for Statistics (GASTAT)

Figure 4. Population breakdown for Saudi Arabia (in 2022)



Source: General Authority for Statistics (GASTAT)

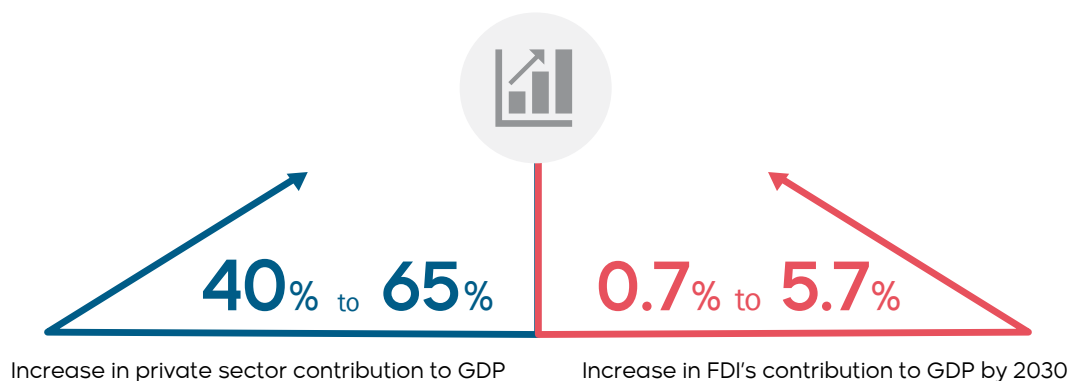
2.2.3 Investment and Incentive Opportunities

Saudi Arabia offers investors a lot of potential and opportunity; it is a G20 economy, which is characterized by a young, well-educated populace. A comprehensive range of economic changes implemented as part of Vision 2030 has succeeded in establishing new business possibilities, utilizing the core strategic assets of Saudi Arabia, as well as driving economic development and diversification. Saudi Arabia is offering new economic opportunities to other countries across the globe.

The government of Saudi Arabia announced the establishment of four special economic zones (SEZs) in April 2023 to provide local and international companies with incentives to attract required foreign direct investment. The new SEZs are strategically located across the country, including King Abdullah Economic City in the west, Jazan in the southwest, Ras Al Khair in the northeast, and Cloud Computing in King Abdulaziz City for Science and Technology in central Riyadh. These SEZs provide benefits such as competitive corporate tax rates, duty-free imports of machinery and raw materials, 100% ownership of enterprises, streamlined establishment procedures, and flexibility in hiring foreign labor.



Private investment plays an essential role in realizing Vision 2030. Saudi Arabia aims to achieve:



Source: Vision2030.gov.sa

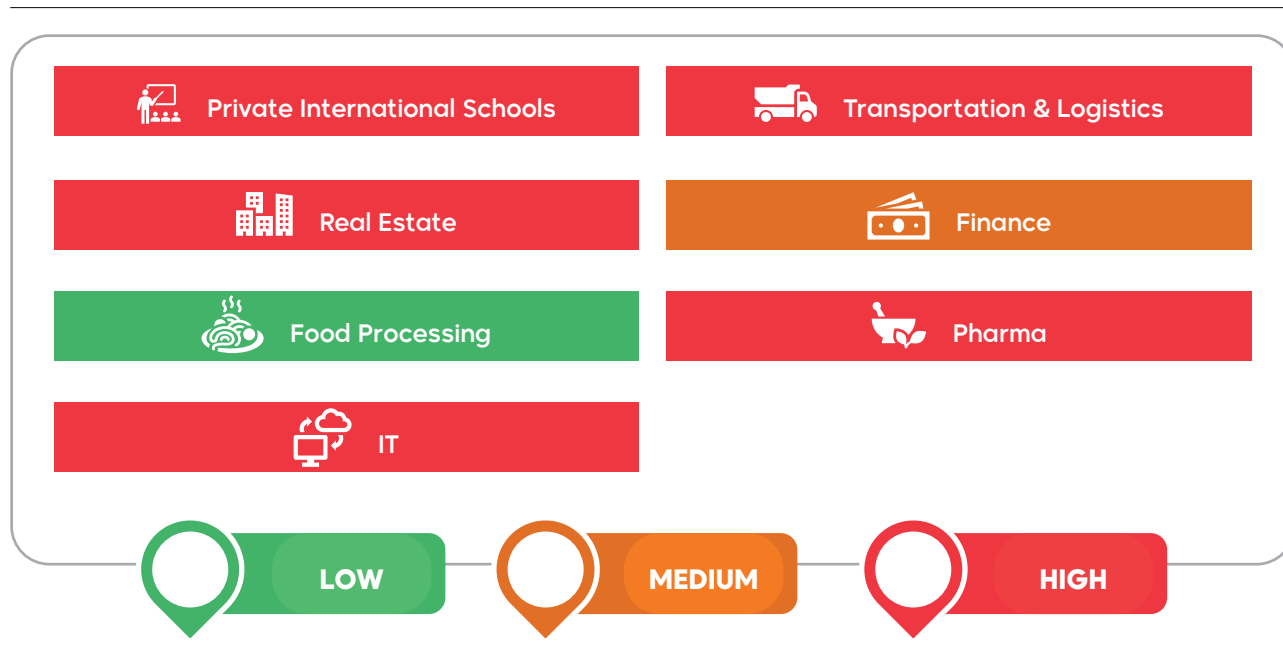
Key Investment Opportunities in Saudi Arabia-

Education Sector	Investment in the education sector of KSA by establishing high-quality, private international K-12 schools in Bisha.
Opportunity Highlights	- Private International is the fastest growing segment in the Bisha K-12 market, with a CAGR of ~37%. ~8.8K expected additional students to be accommodated in new private int'l K-12 centers in Bisha by 2030. ~29 new private int'l K-12 schools to be set up in Bisha by 2030. ~29 new private int'l K-12 Schools.
Real Estate	The project consists of the development of residential components, including villas, townhouses, duplexes, and apartment buildings.
Opportunity Highlights	- Expected investment size: USD 521 million. - Investment model: Sub-development agreement with National Housing Company (NHC), the master developer.
Marine Aquaculture	The establishment of a marine aquaculture farm for sea
Opportunity Highlights	- Market CAGR 2019–2026 +3% - Market size in 2026 +393K
Food Processing	The establishment of a facility to manufacture compound feed
Opportunity Highlights	- Compound feed CAGR (2016–2021) +2% - MENA compound feed CAGR (2016–2021) +13% - Compound feed production in 204.4 million tons - Compound feed market size in 2021 USD 1.9 billion+



Information Technology	Attracting foreign and local investors specialized in the development of software and hardware for the implementation of "Digital Twins for Industry in KSA" (e.g., platforms to recreate real simulation and organization of factories and production lines and manufacturing facilities)
 Opportunity Highlights	- Many mega projects, such as Saudi's NEOM city, are driving the implementation of digital twins in infrastructure development. - IRR of up to ~30% is expected from digital twin-tech implementation in the tourism sector, and a similar rate of return is estimated for the industrial sector.
Transport & Logistics	Localization of warehouse automation technology (e.g., goods-to-person and sortation systems) to improve the efficiency of existing warehousing infrastructure
 Opportunity Highlights	- Capacity: 200K m² of automated warehouse area per year. - Expected IRR: ~16% - Expected investment size: ~USD100 million
Transport & Logistics	Attraction of global players to develop expanded and more competitive duty-free offerings (e.g., branded stores and specialty stores) at international/regional airports
 Opportunity Highlights	- Expected investment size: ~USD110 million - Expected IRR: ~21% - Payback period: ~5 years - Location: Major airports (Riyadh, Jeddah, Dammam, etc.)
Finance	Establishing financing companies with various specializations (e.g., micro or small and medium enterprises financing) as well as re-financing companies with small and medium enterprises.
 Opportunity Highlights	GDP Impact: 21–35%
Pharma	Vaccines are biological suspensions administered to prevent infectious diseases. Currently, vaccines are fully imported, but the government of KSA has ambitions to localize the manufacturing of various vaccine types (including toxoids, live attenuated, conjugates, and recombinant protein vaccines).
 Opportunity Highlights	- Expected investment size in USD: 50–500 million per antigen (dependent on antigen chosen, design complexity, automation, utilities, and contamination controls). - Plant capacity: 80–120 million doses annually - Expected IRR: 15–20% - GDP Impact USD: 30–300M - Payback period: ~10 years

Figure 5. Heat Map of Key Investment Areas



2.2.4 Saudi Investment – Current and Future Scenario

NEOM, the giga-project in Saudi Arabia, has recently closed contracts with investors for the initial phase of its residential communities expansion. This significant social infrastructure project aims to accommodate the growing workforce in the region. The agreement, valued at over USD 5.5 billion (SAR 21billion), establishes one of the largest international public-private partnerships for accommodation. NEOM has partnered with leading companies in Saudi Arabia to deliver and operate temporary communities with world-class services and infrastructure. This milestone achievement reflects the capabilities of NEOM's team and partners, who efficiently secured a record amount of financial support. The agreement also opens doors for increased private sector participation in NEOM's infrastructure development. The second phase of the residential project is expected to be released to the market in the near future. Alongside contract awards, NEOM is currently evaluating investor interest and plans to select pre-qualified participants. As part of NEOM's strategic ambitions, attracting additional investors to contribute to its vision and actively manage its commercial assets has been a crucial goal. This multi-billion-riyal investment underscores the grand scale of the project's significance for Saudi Arabia. It will also have a direct positive economic impact on the region, fostering the development of local expertise, promoting sustainable construction solutions, and generating local job opportunities. NEOM's core developments, such as THE LINE, Trojena, Oxagon, and Sindalah, are progressing rapidly as infrastructure continues to take shape across the vast region. This recent public-private partnership is a vital milestone in ensuring that larger plans are implemented according to agreed timescales. The scope of this agreement encompasses various aspects, including design, finance, construction, operations, and maintenance of the housing communities.



2.2.4.1 Opportunities and Challenges

The government of Saudi Arabia has introduced investment promotion agency i.e. the Saudi Arabian General Investment Authority in an effort to attract global investment. Foreign direct investments (FDI) have increased significantly in Saudi Arabia. The Investment reported FDI inflows totaling US\$ 1.9 billion in Q3 2022, which registered a substantial increase compared to Q3 2021, which had US\$ 1.7 billion worth of investment.

In 2022, the government of Saudi Arabia declared that a variety of products, including live animals, foodstuffs, minerals, chemicals, plastics, glass products, base metals (particularly aluminum), machinery, equipment, and electrical equipment and vehicles, will be subject to higher customs duties. Businesses are concerned about the shifting trading environment. Also, tariffs have an effect on every aspect of an organization and have a direct impact on profitability. The investing decisions may be influenced by the aforementioned measures.

After Saudi Arabia joined the WTO in 2005, the investment environment in the Kingdom experienced significant enhancements. From an investor's perspective, the country boasts several advantages, such as

- Economic stability
- Possession of the largest oil reserves globally and a prominent role in OPEC
- A substantial domestic market with significant purchasing power
- Implementation of an economic diversification strategy, exemplified by initiatives such as Saudi Vision 2030
- Well-developed and reliable infrastructure
- Strong financial foundations
- A well-managed and regulated banking system.

To facilitate investments in Saudi Arabia, the Ministry of Investment has established an Investment Services Centre (ISC). The ISC is responsible for making decisions on granting or refusing licenses within a specified time frame of 30 days after receiving an application from an investor.

The Saudi Centre for Commercial Arbitration has also been established, ensuring that foreign investors have access to affordable arbitration services in commercial disputes. The Saudi government has introduced an ambitious development program known as Saudi Vision 2030, which presents significant opportunities for foreign investors in various sectors, including education, housing, healthcare, and energy.

To promote investment in the Kingdom, the Ministry of Investment (MISA) has created Invest Saudi, the national investment promotion brand. This entity offers a range of services to assist investors. Moreover, Saudi Arabia has designed specific incentives and support schemes to encourage investment, focusing on financial assistance, fiscal benefits, and employment support. The Ministry of Interior's MERAS initiative facilitates streamlined services with government agencies to further support investors.



2.3 Qatar

2.3.1 Economic Outlook

GDP (2022)	US\$ 237.3 billion
GDP Per Capita (2022)	US\$ 88,046.3
GDP Growth (annual%, 2022)	4.8
Inflation, Consumer Prices (annual%, 2022)	5.0

Source: World Bank

Qatar has made remarkable progress in advancing its economy in recent years. Qatar's global positioning has set high expectations among the international community for the nation to expand its brand and attract FDIs. Regionally, the GCC is expected to avoid the global slowdown in economy with continued activities in industries such as industrial & manufacturing, tourism & culture, aviation & logistics, green economy, and sports. The neighboring countries are also competing to drive non-oil production growth, intensifying the competition for local talent. At the local level, the private sector in Qatar has matured and plays an active partnership role with the public sector through various national programs. These include in-country value, PPP, national upskilling, and single windows, among others.

The FIFA World Cup 2022 was the culmination of a decade of tremendous revolutionary changes in Qatar. More than a million fans visited Qatar before the tournament, making it the focus of global attention. Domestic demand has continued to increase due to favorable hydrocarbon prices and the start of the North Field LNG development project, as well as World Cup-induced buoyancy, supporting a rapid economy-wide recovery. Since 2020, total infrastructure spending in the country has been over US\$ 200 billion for creating transport infrastructure such as highways, metros, stadiums, hotels, and other amenities.

Foreign Direct Investment	2020	2021	2022
FDI Inward Flow (million USD)	-2,434	-1,093	76
Number of Greenfield Investments*	5	98	162

Source: UNCTAD, Latest available data

Note: * Greenfield Investments are a form of Foreign Direct Investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up.

The World Bank estimated that Qatar's annual gross domestic product (GDP) registered 1.5% growth in 2021, a significant improvement from 2.5% contraction in 2020. Qatar Energy's ongoing North Field Liquefied Natural Gas (LNG) Expansion project is expected to support economic growth for the long term; the project is anticipated to be operational between 2026 and 2027.



Qatar's economic resilience and sustainable growth, averaging over 5% in GDP growth since 2009, are attributed to strategic investments and programs. The country's economic diversification and business attraction efforts, guided by the 2030 National Vision, have further strengthened its economic prospects and ability to withstand external financial losses.

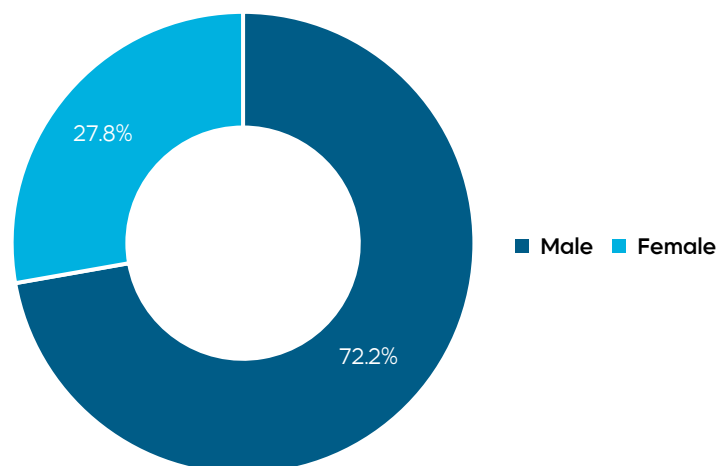
The FIFA World Cup Qatar 2022 has raised Qatar's profile and is expected to positively affect non-hydrocarbon industries such as real estate, hospitality, sports, and healthcare, creating opportunities for foreign investors. According to the IMF and World Bank, Qatar is expected to witness long-term development prospects in the coming years.

Qatar is taking advantage of the momentum generated by the World Cup and other events to continue its national transformation process, guarantee sustained economic growth, and develop a knowledge-based economy while raising the standard of living.

2.3.2 Demographics Analysis

On 1 January 2023, Qatar's population was estimated to be 2,909,134 people, marking a 4.70% increase compared to the previous year's population. In 2022, there was a positive natural increase, with the number of births exceeding the number of deaths. Additionally, external migration contributed to a population increase. The gender ratio of the total population in Qatar was 3.150 (3,150 males per 1,000 females), which is higher than the global gender ratio. As of 2022, the global gender ratio was approximately 1,016 males to 1,000 females. Qatar's population density stands at 282.9 people per square kilometer (732.6/mi²) as of August 2023. Population density is calculated by dividing the permanently settled population of Qatar by the total area of the country. According to the United Nations Statistics Division, the total area of Qatar is 11,590 km² (4,475 mi²), encompassing both land and water areas within international boundaries and coastlines.

Figure 6. Population by Gender (in 2022)



Source: psa.gov.qa



2.3.3 Investment and Incentive Opportunities

The State of Qatar has one of the highest per capita earnings in the world and is one of the largest exporters of liquefied natural gas (LNG). Despite a decline in the GDP in 2020 due to weak hydrocarbon sales and the COVID-19-induced economic slowdown, Qatar's GDP recovered in the second quarter of 2021. This recovery was largely due to Qatar Energy's bold intentions to increase LNG production by more than 60% over the following five years.

There is a rise in foreign investment prospects in industries such as infrastructure, healthcare, education, tourism, energy, information & communications technology, and services. In 2022, the government allocated US\$ 20 billion for important initiatives in these industries. Manufacturing, mining & quarrying, banking, and insurance are the key sectors that attract foreign investors, as measured by the amount of inward FDI stock.

The government of Qatar offers a variety of incentives to encourage both domestic and foreign investment, including customs duty exemptions and some land-use perks. For most industries, the corporate tax rate is 10%, while there is no individual income tax. The corporate tax of 35% on foreign enterprises in the extractive industry, including natural gas extraction, is one prominent exception.

Investment Incentives

- Investment incentives include exemption from income tax for a maximum of ten years and customs on the import of necessary machinery and equipment for non-Qatari investors.
- Foreign investment projects can be allocated land for a renewable rent period of up to 50 years.
- Non-Qatari investors in the industrial sector may be exempted from customs fees on imports of raw materials or half-manufactured goods not available locally.
- Non-Qatari investors can conduct private money transfers for their investments in any convertible currency at the applicable exchange rate.
- Non-Qatari investments, direct or indirect, are protected from expropriation or any similar act according to Law No. 13 of 2000.
- Non-Qatari investors can transfer investment ownership to another non-Qatari or national investor.

Key Investment Areas

- Agritech – The global agritech market is being shaped by emerging technology trends such as farm robotics, Geographic Information System, artificial intelligence, data science, and Blockchain. Qatar has taken a futuristic approach and embraced these trends, which has been instrumental in driving investments in the agritech sector in MENA. Demographic preferences and start-ups are also contributing to the rise in investments in this sector. With the growth in population and technology convergence—producers, processors, and retailers in Qatar have adapted to this changing landscape.



- **Greenhouse** – Over the past five years, the Qatari government has been actively bolstering its support for local farmers. They have initiated various agricultural programs and extended services and assistance to farms across the country. As part of this effort, the Qatari ministry has facilitated the distribution of 5,777 greenhouses to farm owners, aiming to significantly enhance agricultural production. In 2021, the launch of Qatar's national agricultural project marked another significant step in the country's journey towards self-sufficiency. This project was meticulously designed using an aquaponic system, combining aquaculture and hydroponics for optimal results. In addition to its domestic efforts, Qatar has formed partnerships with prominent high-tech farming companies on a global scale. In 2021, the Qatar Investment Authority (QIA), the country's sovereign wealth fund, made a significant investment of \$200 million in the Dutch indoor farming startup. This collaboration aims to support in establishing its inaugural center in Doha by 2023, marking an important milestone in their joint endeavours.
- **E-Gaming** – Online gaming has opened up vast opportunities for innovations and investments, with the global e-gaming market projected to reach US\$ 480 billion by 2028. Qatar is well-positioned to tap into this potential due to high internet penetration, widespread use of smartphones, and the inclination of youth (as well as people from other age groups) toward sports. The competitive gaming market in Qatar is further supported by various initiatives, e.g., the Sport Accelerator, which is a leading sports business hub. Such initiatives aim to create new business opportunities, attract foreign investments, and foster local entrepreneurship in the gaming sector.
- **Trading Hub** – The warehousing, logistics, and global supply chain sector is currently experiencing significant changes. A shift toward international trade, consolidation, digitalization, and the need for more manpower are among the factors that reshape this sector. In a bid to transfer the GCC warehousing and logistics market, Qatar is offering excellent opportunities for foreign investors by utilizing its strong technology infrastructure and easier access to capital. Major initiatives by Qatar in this sector hold great promise for investors.
- **Halal Economy** – The Halal market is predicted to experience substantial growth globally, with estimated revenues of US\$ 7.7 trillion by 2025. As GCC countries and Qatar have a predominantly Muslim population, they are well-positioned to capitalize on this growth to become the center of the Halal market. Qatar, in particular, is one of the top three countries in the Organization of Islamic Cooperation (OIC) for Islamic-themed media and lifestyle services. The large Muslim population and large-scale adoption of the Halal lifestyle are significant contributors to the success of the Halal economy.
- **Pharmaceuticals** – The pharmaceuticals market is expected to grow rapidly due to the expanding middle class and aging population worldwide. The COVID-19 pandemic, coupled with significant investments in global healthcare systems, is further contributing to the market growth. In the Middle East & Africa, Qatar is a leading contributor to the growth of the pharmaceuticals industry. Qatar is 3rd in MENA region for health infrastructure (Legatum Prosperity Index) and 39th destination

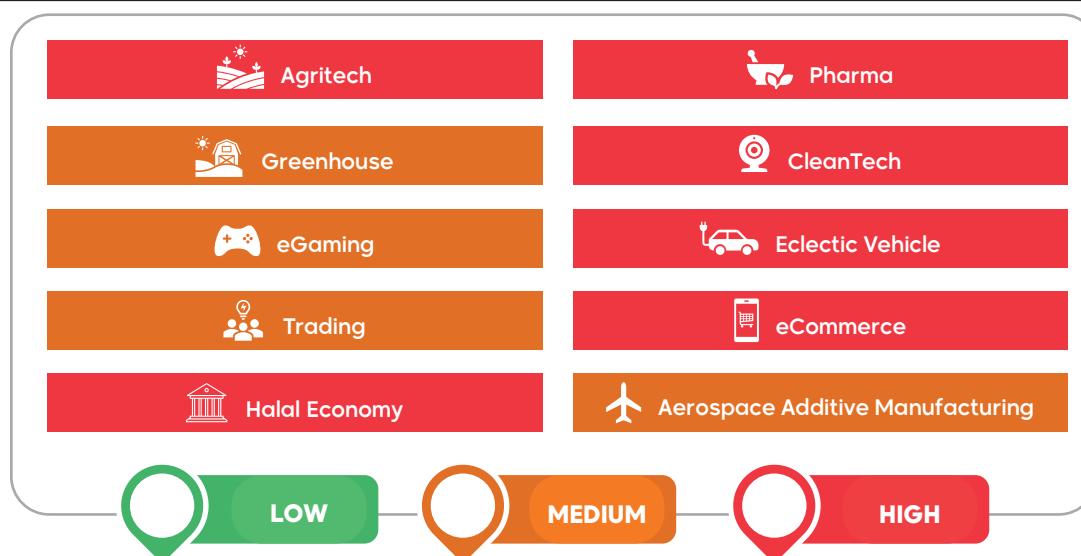


for medical tourism (International Healthcare Research Center). Government health expenditure will grow steadily at 5% y-o-y till 2025 and Private healthcare expenditure will also expand at 9.6% y-o-y till 2025. The country's substantial investments in medical infrastructure and R&D, along with its effective legal structure and talented workforce, create a conducive business environment for foreign investors interested in the pharmaceutical market.

- **Cleantech** – The concept of Cleantech, which involves minimizing the harmful effects of traditional technologies on the environment, has gained widespread popularity globally, mainly due to the growing trend of decarbonization and a surge in investments in sustainable energy. MENA is expected to witness a significant rise in the share of renewable energy in its overall power generation, with a CAGR of 8%. Qatar's forward-thinking policies and advanced technological infrastructure provide an attractive investment opportunity of US\$ 75bn in the Cleantech sector by 2030.
- **Electric vehicles** – Qatar has established a hub for pioneering and developing Plug&Play component research, testing prototypes, and providing a testing environment for mobility vehicles and emerging technologies in the high-tech, electric vehicle manufacturing industry. The country offers various incentives to foreign investors, including tax exemptions, land allocation, regulatory exemptions, energy supply for manufacturing, and financial support, which can be customized based on the specific needs of their investment proposals.
- **E-Commerce** – The e-commerce sector in Qatar is gaining traction due to its high internet and mobile penetration rates, which are essential prerequisites for the growth of this industry. The introduction of digital payment services has further accelerated the online transaction process, especially during the COVID-19 pandemic when online shopping gained significant popularity. Despite having the fourth-highest GDP per capita and ranking fourth on the 5G leadership index, the e-commerce potential of Qatar remains largely unexplored, which indicates huge investment opportunities across the entire value chain. With 40% of the population under the age of 30 and the highest spending levels per digital consumer (in MENA), the e-commerce sector in Qatar presents a lucrative opportunity for investors.
- **Aerospace Additive Manufacturing** – Qatar is offering unique opportunities for globally leading prototyping and aerospace part manufacturers to establish 3D manufacturing facilities, specializing in prototyping, fabrication, and post-processing of aerospace parts. The Qatari aerospace additive market is witnessing substantial growth and is complemented by the thriving aviation industry. Despite this, 3D aerospace part manufacturing businesses have limited presence in the country, leading to a significant demand for imports. However, with the Qatar National Manufacturing Strategy's focus on creating advanced manufacturing value chains to support advanced industries, unparalleled market access and connectivity make the country an ideal destination for aerospace additive manufacturing.



Figure 7. Heat Map of Key Investment Areas



2.3.4 Qatar Opportunities and Challenges

Qatar presents compelling opportunities for FDI across various sectors, including infrastructure, healthcare, education, tourism, and financial services. The country boasts several reasons that make it an attractive investment destination:

- Qatar's economy is one of the fastest-growing globally, offering potential for significant returns on investments.
- According to the World Bank's 2020 Doing Business Report, Qatar ranked third in the world for its favourable taxation regime, featuring a corporate tax rate of 10% and no personal income tax.
- The country benefits from a low cost of energy, contributing to cost-effective operations for businesses.
- Qatar boasts well-developed infrastructures that support efficient business operations.
- The availability of affordable labor provided by migrant workers contributes to cost savings for investors.
- The Qatari government actively provides incentives to both local and foreign investors to encourage economic growth and development.
- Qatar enjoys one of the highest per capita incomes globally, indicating a prosperous consumer market.
- The country maintains political stability, providing a secure environment for investments.
- Qatar's investment-friendly environment allows for up to 100% foreign ownership in all sectors, while economic zones offer tax exemptions or full profit repatriation, further facilitating business growth.



2.4 Kuwait

2.4.1 Economic Outlook

GDP in 2022	US\$ 184.56 billion
GDP, per capita	US\$ 43,233.5 (in thousands)
GDP Growth %	8.2% in 2022
Inflation, Consumer Price %	3.4% in 2022

Source: World Bank

The growth of non-oil sectors is predicted to remain strong at 3.8% due to rising investments in the sectors, continuous fiscal stimulus, and a minor resurgence in expatriate employment. As the economic recovery weakens, inflation will continue to be under control due to falling global food and energy prices.

In the Oil sector, the recently built Al Zour refinery is expected to boost the oil industry, which is anticipated to reach 1.9% in 2023. Kuwait's non-oil industry is expected to expand by 3.4% and 3.7%, respectively, in 2023 and 2024, mostly due to consumption by private companies. Lower inflation rates (to 2.6% in 2023 and 2.5% in the following two years) will be the result of strong monetary policy and falling global commodity prices. Excluding investment income and FGF transfers, the fiscal surplus will be reduced to 1.3% of GDP in 2023 due to lower predicted oil prices. In the medium run, weaker expected oil prices will reduce fiscal balance surpluses and increase deficit worries. Kuwait might increase budgetary sustainability by implementing the economic diversification agenda and applying the VAT in line with its other GCC counterparts. Monetary policy is expected to remain closely aligned with that of the US Federal Reserve, as the US dollar is the major currency in the Kuwaiti Dinar pegged basket. Despite the possibility of more monetary policy tightening, domestic credit is projected to rise at a slower pace.

Foreign Direct Investment	2020	2021	2022
FDI Inward Flow (million USD)	240	567	758
Number of Greenfield Investments*	15	12	14

Source: UNCTAD, Latest data

Note: * Greenfield Investments are a form of Foreign Direct Investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up

To further boost the country's economic growth, Kuwait, in 2017, launched a new development plan—"Kuwait Vision 2035." This plan is to empower the private sector in the country along with improving its position in regional trade and become the investment hub. Kuwait is persistently looking to deploy its oil-based resources to develop and diversify its economy. The country



focuses on attracting more than US\$ 200 billion in foreign direct investment (FDI) between 2020 and 2035 to improve its position in the global center for trade and finance. The government is also taking steps toward achieving its objective to boost private sector investment in key sectors.

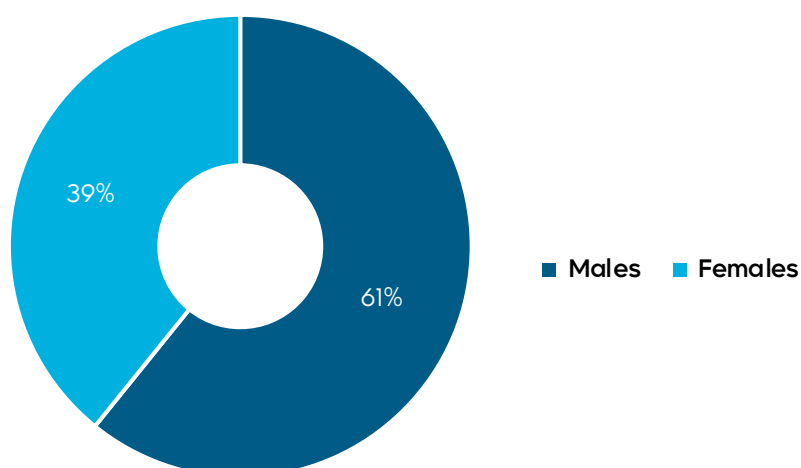
Kuwait Vision 2035 focuses on improving the country's economic infrastructure by constructing new airports, ports, roads, industrial areas, residential developments, hospitals, railroads, and metro rail. The Northern Gateway initiative, which encompasses the Five Islands or Silk City projects, envisions public and private sector investment in developing an international economic zone.

2.4.2 Demographic Analysis

Population 2022	4.26 Million
Population Growth 2022	0.4%
Access to Electricity in 2021	100%
Individuals using Internet in 2021	100%
FDI Investment Net inflow (% of GDP) 2022	0.4%

Source: World Bank and IMF

Figure 8. Population by Gender 2022



Source: World Bank

According to the World Bank data, the population in Kuwait reached ~4.26 million in 2022. The male population is ~61% and the female population is 39%. Most of the population in Kuwait comprises local people, as acquiring citizenship status in Kuwait involves a lengthy process. In the country, 98% of the population is urbanized, of which 83% reside in the capital city of Kuwait.

2.4.3 Investment and Incentive Opportunities

Kuwait offers investment opportunities in industries including oil & gas, cleantech, construction, housing, healthcare, and transportation.

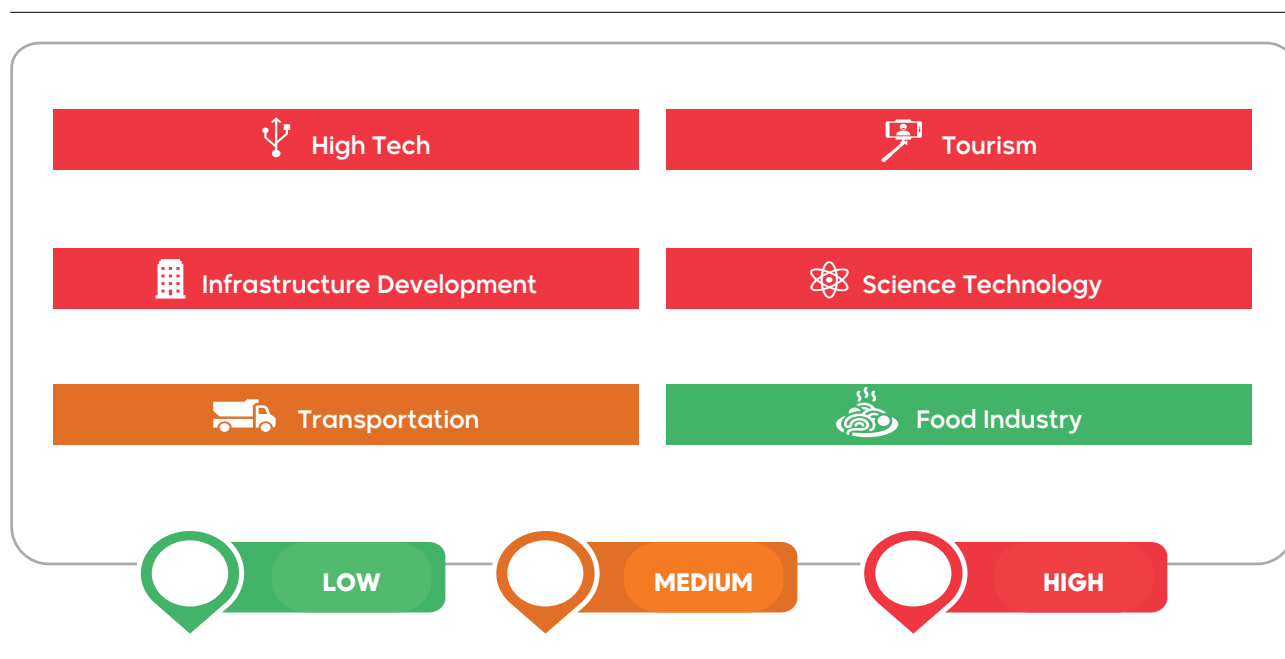
The building & construction sector is witnessing rapid growth in Kuwait. The government has approved a US\$ 104 billion National Development Plan, and it calls for the construction of important highways, a new airport terminal, hospitals, housing developments, a new campus for Kuwait University, a new oil refinery, new oil exploration, new power projects, and a new railway and metro system.

In the northern Arabian Gulf, Kuwait borders three important markets—Saudi Arabia, Iraq, and Iran. Due to its ideal location, the trade routes can be easily accessed from Türkiye, Eastern Asia, and the Commonwealth of Independent States, as well as from Eastern and Central Europe. The nation also features a 499-km Arabian Gulf coastline with an advanced port infrastructure. Kuwait is a prosperous nation with entrepreneurs in the private sector.

Kuwait offers various incentive opportunities to investors. Some include exemption from income tax or other taxes for up to 10 years from the date the licensed investment organization begins operations.

The use of property and real estate that has been assigned to the Authority or is under its supervision or control; it is in line with the principles and norms established by the Kuwait Investment Promotion Authority (KDIPA)Board of Directors. Hiring foreign workers complies with the guidelines and constraints imposed by a Council of Ministers decision about the needed minimum percentage of domestic employment.

Figure 9. Heat Map of Key Investment Areas



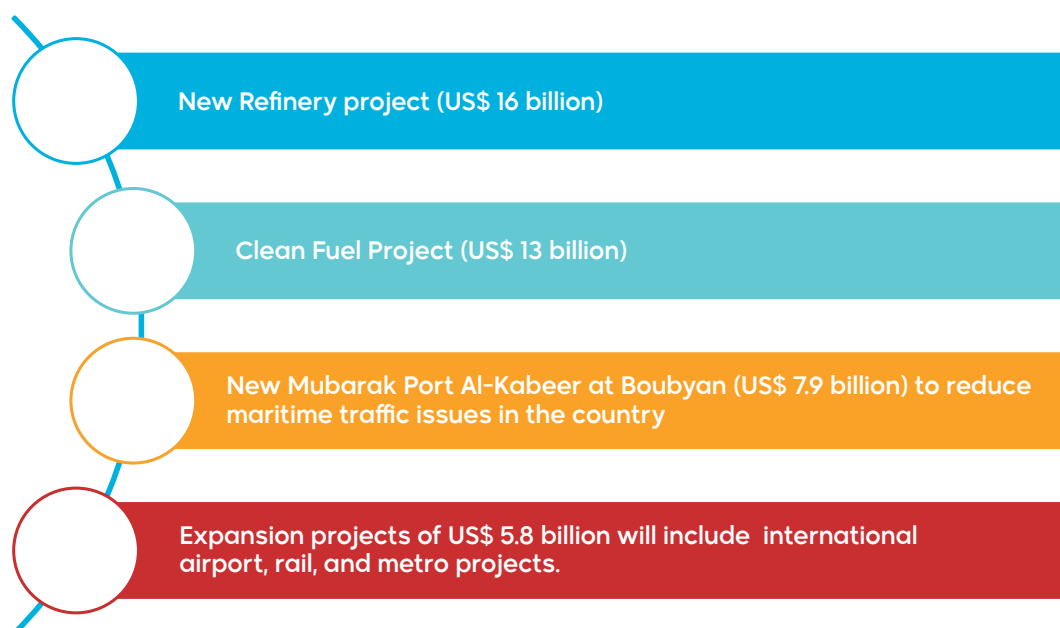


Incentives and Exemptions provided to Public-Private Sector offer the following benefits :

- | | |
|---|---|
| <ul style="list-style-type: none"> Abundant oil reserves (the country has the 6th largest oil reserve in the world –provide considerable revenue to the country) | <ul style="list-style-type: none"> Good quality infrastructure |
| <ul style="list-style-type: none"> Strategic role in political sphere of the region (the country is considered a good ally of the US) | <ul style="list-style-type: none"> Positive business environment: The Kuwaiti government has embarked on a policy of economic openness to foreign investment |
| <ul style="list-style-type: none"> Young local population with a high average income and high domestic consumption | <ul style="list-style-type: none"> Strategic location of Kuwait (i.e., close to three major markets—Iraq, Saudi Arabia, and Iran) helps it to thrive on commercial grounds |
| <ul style="list-style-type: none"> Well-managed financial market and strong banking sector | <ul style="list-style-type: none"> Open market economy allows Kuwait to enjoy free convertibility and full transferability in the foreign exchange market |

Source: [Kia.gov.kw](http://kia.gov.kw)

Kuwait's development plan—Kuwait Vision 2035—focuses on increasing investment in non-oil sectors such as infrastructure, tourism, private sector, and transportation & logistics. Another major target is to involve the private sector in the country's development projects. The government has planned to invest US\$ 32 billion annually for development projects. Half of the annual amount will be spent on the below-mentioned projects:



Source: [Kia.gov.kw](http://kia.gov.kw)



2.4.4 Kuwait Investment – Current and Future Scenario

Kuwait has also strategized its redevelopment plans for 11 major projects to improve domestic as well as international tourism. Kuwait has set up its objective for 2035 to develop tourism, entertainment and shopping industry to enhance overall economic development. The country is targeting to improve medical tourism to enhance its positioning in the global level as a medical center.

Kuwait Foreign Direct Investment (FDI) increased by 372.4 million USD in September 2022, compared with an increase of 7.5 million USD in the previous quarter (CEIC Data, 2023). It expects these inflows to rise to a still modest annual average of about \$600 million in 2022-2026, as the privatization of state assets provides opportunities for foreign investors, and projects are being launched. Public-private partnerships go beyond the utilities sector and infrastructure projects as part of the New Kuwait Vision 2035 development plan (Kuwait Direct Investment Promotion Authority, 2022).

2.4.4.1 Opportunities and Challenges:

Kuwait's public finances were relatively healthy in 2020, with a debt-to-GDP ratio of 11.7% that year. Despite the international context created by the COVID-19 pandemic the ratios decrease to only 8.7% in 2021 and 7.1% in 2022.

As a resource-rich economy, Kuwait is diligently looking to deploy its oil wealth to develop and diversify the economy. The nation aims to attract more than \$200bn in foreign direct investment (FDI) between 2020 and 2035 in order to become a global center for trade and finance. The government is taking concrete steps towards achieving its ambitions to boost private sector investment in key sectors. Kuwait Vision 2035 focusses on improving the country's economic infrastructure, such as the construction of new airports, ports, roads, industrial areas, residential developments, hospitals, a railroad, and a metro rail. The Northern Gateway initiative, which encompasses the Five Islands or Silk City projects, envisions public and private sector investment in the development of an international economic zone.

2.5 Oman

2.5.1 Economic Outlook

GDP in 2022	US\$ 114.67 billion
GDP, per capita 2022	US\$ 25,056.8 (in thousands)
GDP Growth % in 2022	4.3%
Inflation, Consumer Price % in 2022	2.8%

Source: world bank



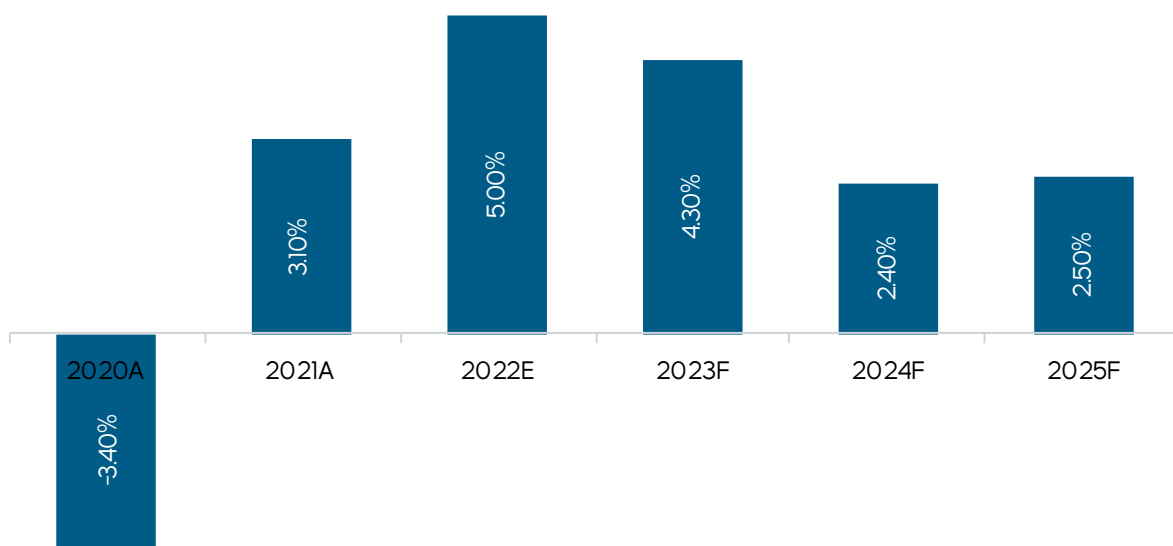
Oman is dependent on oil-based resources contributing to 70–80% of government revenue. To increase oil-based revenue, Oman is using enhanced oil recovery techniques to improve production; however, at the same time, it also focuses on diversification, industrialization, and privatization, with the objective of reducing the oil sector's contribution to GDP. The major focus areas are tourism, shipping and logistics, mining, manufacturing, and aquaculture.

It is anticipated that Oman's economy will continue to grow due to greater hydrocarbon production capacity and the swifter adoption of Vision 2040 structural changes, albeit at a slower rate as the world's demand for oil declines. However, the hydrocarbon industry will continue to be the backbone of the economy, which is anticipated to expand by more than 9% in 2023 owing to the exploration of new natural gas fields.

The renewable energy, and the tourism industry is expected to underpin the non-oil economy's growth by approximately 3% in 2023. Because of higher interest rates, increased government spending, and lower commodity prices, inflation is expected to reach an average of 2% during 2023–2025.

Oman's overall fiscal balance is anticipated to be in surplus in 2023–2025, averaging ~2.3% of GDP, assuming ongoing implementation of fiscal adjustment measures under the medium-term fiscal policy. Over the medium term, it is anticipated that the current account will continue to run comfortably in surplus since increased exports of liquefied natural gas will help offset some of the decrease in hydrocarbon prices. This would strengthen Oman's ability to withstand external shocks and aid in the rebuilding of its foreign reserves, which are anticipated to reach or surpass US\$ 24 billion in 2023–2025 (6 months of imports).

Figure 10. Real GDP growth



Source: World Bank



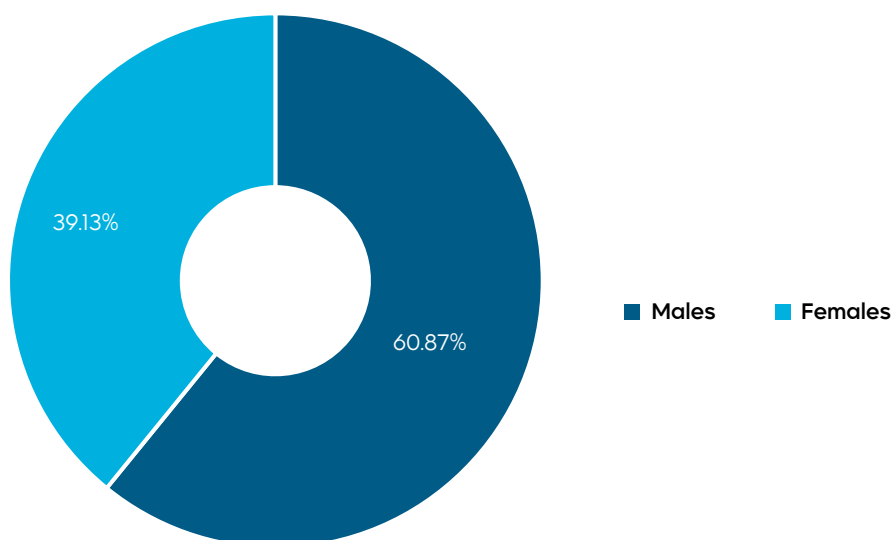
2.5.2 Demographics Analysis:

Population 2022	4.57 million
Population Growth 2022	1.2%
Access to Electricity in 2021	100%
Internet Users in 2021	96%

Source: World Bank and IMF

Oman's population reached ~4,576,298 in 2022. The male population was 2,785,494 (60.87% of the total population), and the female population was 1,790,804 (representing 39.13% of the total population). 71% of the population of Oman lives in an urban area. The largest city in the country is the capital Muscat, with a population of 800,000. Muscat is located along the country's coastline and serves as the main trading center.

Figure 11. Population by Gender 2022



Source: World Bank

2.5.3 Investment and Incentive Opportunities:

Oman has made a development plan, "Oman Vision 2040," that aims to diversify and improve economic growth, create new job sectors, and promote FDI and diversification of the country's export. The government is engaging the private sector in designing, building, financing, and operating public sector infrastructure and services and in power projects. Oman plans to implement 50 projects, including new seaport developments, school buildings, and dialysis centers, under public-private partnerships.

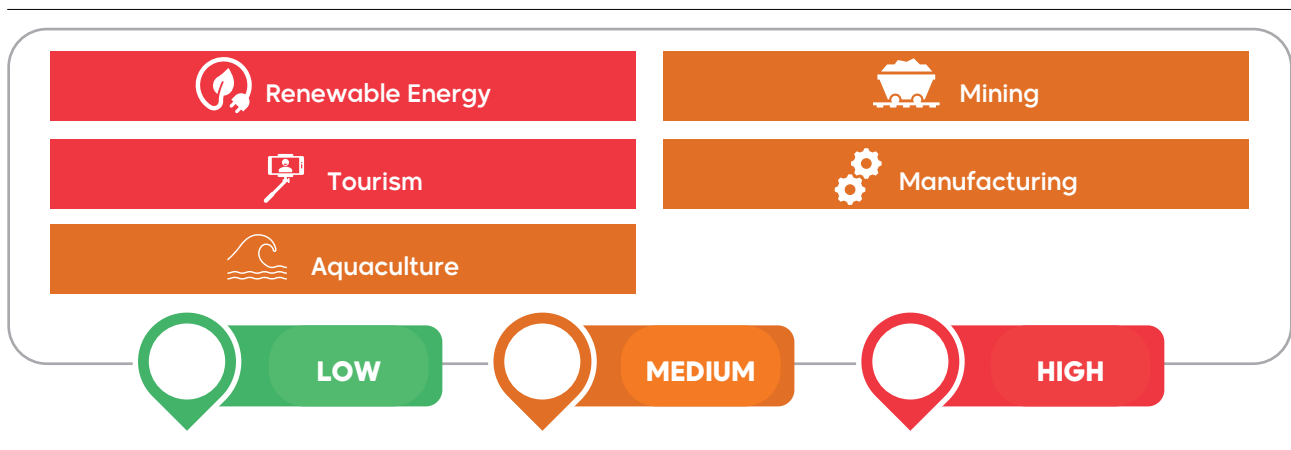


Investments by foreign companies in the Oman significantly impacts all economic levels since it is the source of the majority of the dynamic components of growth, development, and structural changes. Oman's investment ingredients encourage and enable both domestic and foreign investments.

Special Economic Zones and Free Zones are actively promoting industrial opportunities in its four economic zones at the Duqm, Sohar, Salalah, and Al-Mazunah Free Zones. Because of the presence and splendor of Omani ports, Oman is considered a significant geographical location at the international level for trade purposes.

Based on the principle of economic diversification, the government has adopted the idea of establishing some free zones in various parts of the Sultanate, including Salalah Free Zone, Salalah Port, Sohar Industrial Port, Sohar Free Zone, Al Mazunah Free Zone, Musandam Free Zone, and Duqm region, in order to capitalize on the Sultanate's strategic location and reap the benefits of foreign investment.

Figure 12. Heat Map of Key Investment Areas



Incentives include:

- Competitive services prices
- Five years of tax exemption, with the possibility of a longer period in specific circumstances,
- No income tax for individuals,
- Freedom of transferring capital and profits and freedom of exchanging foreign currency with fixed exchange rate,
- Full foreign property right: Upon receiving approval from the Ministers' Council, the property rate ranges from 70% to 100%,
- One-stop service: It enables investors to quickly complete all of their transactions and queries, opening new offices or commercial representative offices for foreign enterprises in Oman is permitted for businesses that conduct their operations in conjunction with the government, and Various forms of business entities and its main advantages: In order to structure a firm, investors can create multiple legal entities. These types of organizations include holding corporations, limited liability companies, public joint stock companies, and public closed cooperation.



With the rising government initiatives, FDI investments in the country have increased.

FDI investment in 2022

In 2020, Oman issued the new Foreign Capital Investment Law, which removed the minimum 30% Omani ownership requirement for Oman-based companies in a bid to attract further foreign investment. In 2021, Oman introduced new incentives for foreign investors, including exemption from certain fees and operational requirements for investment projects in the country's less-developed regions.

A Fast Track Initiative aims at supporting investment projects facing challenges in their implementations. The projects are assessed and the reasons for obstruction reviewed, to take quick and effective decisions ensuring the continuity of business implementation. The first phase of the initiative targeted 39 investment projects, where 27 investment projects were green lighted for implementation with a total value of US\$ 2.779 billion. The number of investors, who have obtained investor residency from the beginning of the program till January 1 this year, has reached 1,219.

2.5.4 Oman Current and Future Scenarios in Investment:

FDI inflows to Oman reached US\$ 3.61 billion in 2021, showing an increase from US\$ 2.86 billion in 2020, despite the global economic crisis triggered by the Covid-19 pandemic. Investment has quickened, in with the development of the Duqm Special Economic Zone, which involves the construction of a port, an airport, a refinery and tourist facilities. According to figures by the National Centre for Statistics and Information (NCSI), the main investing countries are the UK, followed by the United Arab Emirates, Kuwait, Qatar, and Bahrain. The bulk of FDI were directed towards the oil & gas sector, with lower shares going to the financial services, manufacturing and real estate sectors.

2.6 Bahrain

2.6.1 Economic Outlook

GDP, 2022	US\$ 44.39 Billion
GDP per Capita, 2022	US\$ 30,152.0 (Thousand)
GDP Growth, 2022	4.9%
Inflation – Consumer Price %, 2022	3.6%

Source: World Bank

Bahrain has the most diverse economy in the GCC; it derives economic strength from its heavy industry (including the world's largest aluminum smelter), and finance, manufacturing, ICT, retail, and tourism and logistics sectors. As a result, the non-oil sector dominated the national economy in 2023, accounting for more than 85% of GDP.



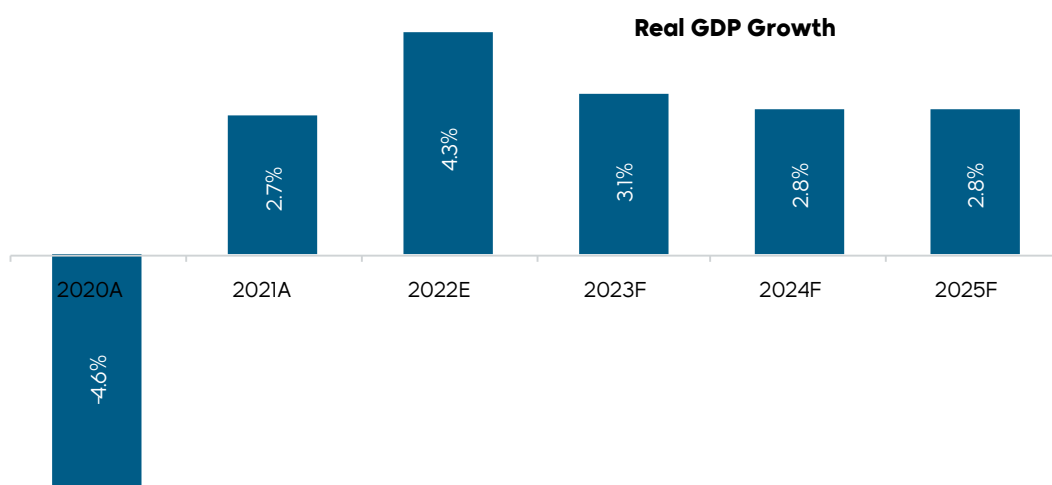
The Tourism Survey carried out by the Information and e-Government Authority, and the Bahrain Tourism and Exhibitions Authority states that inbound tourism in Bahrain increased by 175% in 2022 compared to 2021. Similar to the tourism sector, the manufacturing sector exhibited a notable rise in production volumes post-COVID-19 pandemic. The government services sector ranked second among the fastest-growing sectors in 2022, recording a real growth of 6.7%. The Real Estate and Business Activities sector expanded by 5.5% in real terms, aided by a 3.0% hike in the value of real estate trading. The trade sector posted real growth of 5.4%; this growth reflects an increase in the value of point-of-sale and e-commerce transactions by 22.0%, an upsurge in the number of new corporate commercial registrations by 32.9%, a rise in the number of inward and outward trucks by 3.2%, and growth in mall footfall by 29.1%, among other positive indicators, in 2022. The transport & communications sector grew by 4.5%, and the construction sector rose by 1.4% in 2022, despite a 13.5% decrease in the issued building permits and a 26.8% drop in the built-up area.

The annual oil production from the Abu Sa'afah field reached 54.7 million barrels in 2022, which accounted for 79% of the total oil production in the Kingdom of Bahrain. This marked a small 0.3% decrease compared to 2021, while the total oil production from fields in Bahrain reached 14.4 million barrels, recording a year-on-year (YoY) decline of 7.2%.

The economy of Bahrain continues to show quick recovery from the downfall caused due to COVID-19. The future of this economy depends on the performance of the oil market and accelerated structural reforms under the new Fiscal Balance Program. As fiscal adjustments continue, the country's growth rate is anticipated to drop down to ~3.1% in 2023 before averaging 2.8% throughout 2024-2025. While the non-hydrocarbon sectors are predicted to keep growing at a rate of 4.3%, mainly due to the rebound in the tourism and service industries and the continuation of infrastructure projects, the hydrocarbon sector is predicted to record a slowdown in its growth by 0.1% in 2023.

In 2023, the inflation rate is projected to reach approximately 2.8% in Bahrain as a result of declining global commodity prices, tighter monetary policy, and increasing VAT rates. High hydrocarbon prices are expected to help keep the current account in surplus throughout 2023-2024, though this is expected to moderate in 2025 as oil prices fall.

Figure 13. Real GDP growth

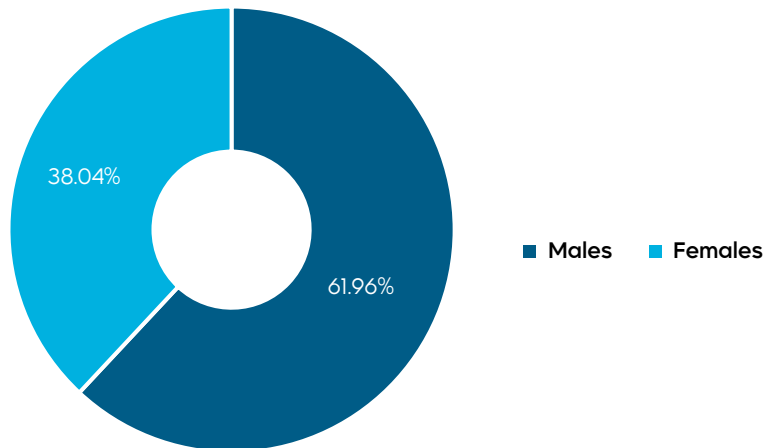


Source: World Bank

2.6.2 Demographics Analysis

According to the World Bank estimates, Bahrain's population was ~1,472,233 in 2022, including 560,034 females and 912,199 males, making up 38.04% and 61.96% of the total population, respectively.

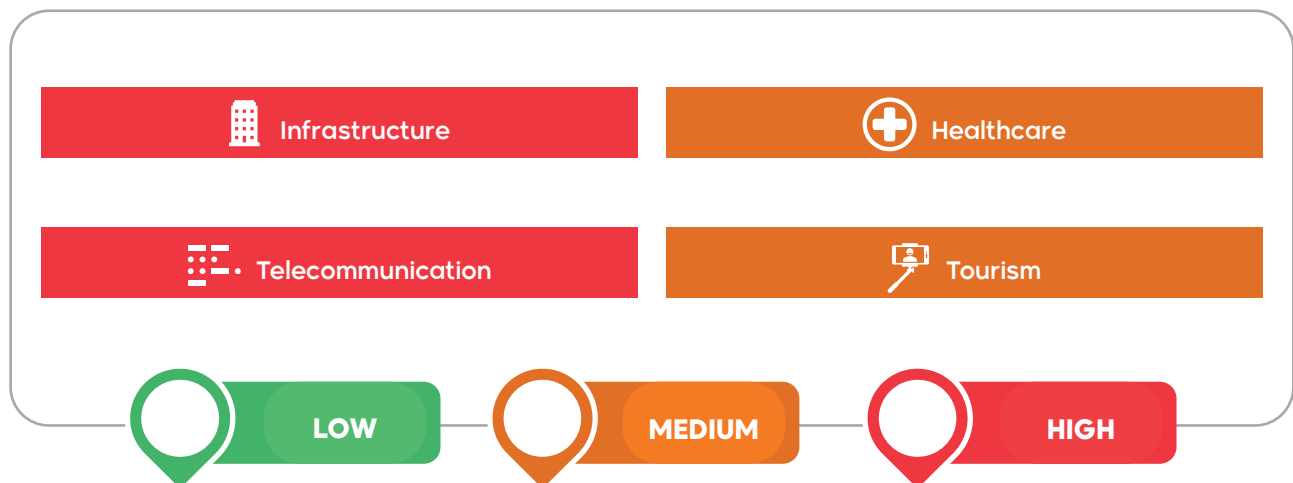
Figure 14. Population Share, by Gender, 2022



Source: World Bank

2.6.3 Investment and Incentive Opportunities

Figure 15. Heat Map of Key Investment Areas



Bahrain is a 33-island archipelago in the Arabian Gulf, presenting excellent commercial prospects and the finest market access to developing Gulf economies. In the GCC, Bahrain is regarded as a significant economic center and has one of the most accommodating investment climates to draw in foreign capital. With its prime location, Bahrain offers access to the market in the



GCC region, , and the market in the Arab world with a population of 300 million. The strength of the economy of Bahrain is particularly defined by its manufacturing, ICT, logistics, and tourism industries. Bahrain has one of the most advanced and varied financial sectors in West Asia as a financial center. Moreover, with the advanced telecommunications infrastructure, it is the first liberalized sector of the Middle East and North Africa.

Bahrain's total foreign direct investment (FDI) stock reached \$32.2 billion in 2022, up from \$30.3 billion in 2021. Annual FDI inflows rose from \$1.75 billion in 2021 to \$1.9 billion in 2022. The financial services, manufacturing, logistics, education, healthcare, real estate, tourism, and ICT sectors have attracted the majority of Bahrain's FDI.

Bahrain's Vision 2030 defines measures to protect the natural environment, reduce carbon emissions, minimize pollution, and promote sustainable energy. Endorsed by Bahrain's Cabinet and monitored by Bahrain's Ministry of Electricity and Water Affairs, the National Energy Efficiency Action Plan (NEEAP) and the National Renewable Energy Action Plan (NREAP) set national energy efficiency and national renewable energy 2025 targets of 6 and 5 percent, respectively, with the NREAP target increasing to 10 percent by 2035.

Since 2017, the Central Bank of Bahrain (CBB) has operated a financial technology regulatory sandbox that enables startups to test new cryptocurrency and blockchain technologies and assess regulatory compliance.

Bahrain offers several incentive opportunities. A foreigner can own 100% of a company established in Bahrain for most business activities. The incentive opportunities offered by the country include a 0% corporation tax rate; wide duty-free access to the key economies of the GCC, the US, Singapore, Arab countries (Egypt, Jordan, Kuwait, Lebanon, Morocco Oman, Qatar, Saudi Arabia, Sudan, Syria, UAE and others), Norway, Switzerland, Iceland, and Liechtenstein; the duty-free import of machinery and raw materials; state funding availability via Tamkeen for hiring local talent; highly competitive land rental prices; and comprehensive onboarding and after-care support.

In April 2023, Bahrain announced the launch of a Golden License, aimed to attract major companies to invest in the Gulf kingdom, by providing incentives and streamlined services to these businesses. Golden licensed companies will have added advantage of perks and privileges unavailable to others including prioritized allocation of land for investment and access to infrastructure services and utilities.

2.6.3.1 Current and Future Investment Scenario

FDI in Bahrain increased by 73% to US\$ 1.76 billion in 2021. In the same period, FDI stocks reached US\$ 33.47 billion. The government has announced plans to continue implementing wide-ranging reforms to attract foreign investment and link it to national development and economic diversification plans. Foreign investment in 2021 was mainly directed at the country's manufacturing, education, healthcare and information technology industries. The main investor countries are Saudi Arabia, Kuwait, India and United Arab Emirates. For Bahrain, it has become



critical to diversify its partnerships with regional powers, especially in defense and trade operations.

2.6.3.2 Opportunities and Challenges

Bahrain introduced the "Golden License" concept in 2023 to entice new investment projects to the nation. Investments with a value greater than US\$ 50 million will qualify for the license. The new program aims to provide numerous incentives in the field of infrastructure, telecommunication, tourism and other sectors and streamline services to foreign and domestic enterprises in Gulf countries having large-scale investment projects. It would provide a variety of benefits, including prioritized land allocation for investments, infrastructure services, and utilities. In addition, the companies tagged under this program would have easy access to government services such as licensing and building permit approval.

The Kingdom of Bahrain was ranked among the top 20 global economies in attracting direct investment, according to the Financial Times' Greenfield FDI Performance Index 2021. Bahrain ranked 15th among 84 countries from around the world that were included in the report. The Kingdom also ranked 2nd in the Gulf and 3rd in the Middle East and North Africa (EDB Bahrain, 2022).

In Bahrain, foreign business ownership is fully permitted in more than 95% of all economic activities, eliminating the need to resort to a local partner in most cases. The excellence of the country's logistical infrastructure is also a major factor of attraction. Moreover, Bahrain offers a large, highly skilled pool of financial workers, a regulatory structure that is both advanced and internationally well-regarded.

Moreover, they can easily obtain assistance from Bahrain's Labor Fund, Tamkeen, and Bahrain Development Bank. Other benefits include integrated collaboration with multiple government departments and the prospective reconsideration of existing laws or regulations, wherever appropriate or applicable.



3. Appendix

3.1 List of Abbreviation/ Glossary

GEU	Gulf Economic Update
SEZ	Special Economic Zone
NHC	National Housing Company
FDI	Foreign Direct Investments
FSC	Federation of Saudi Chambers
LNG	Liquefied Natural Gas
QIA	Qatar Investment Authority
TDZ	Technology Development Zones
OIZ	Organized Industrial Zones
FZ	Free Zones
VAT	Value Added Tax
STEM	Science, Technology, Engineering and Maths
CSR	Corporate Social Responsibility
OPEC	Organization of the Petroleum Exporting Countries
SEZ	Special Economic Zones
LNG	Liquid Natural Gas
MENA	Middle East and North Africa



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