



## Bulletin Foreign Direct Investment Dubai Emirate 2006 - 2005

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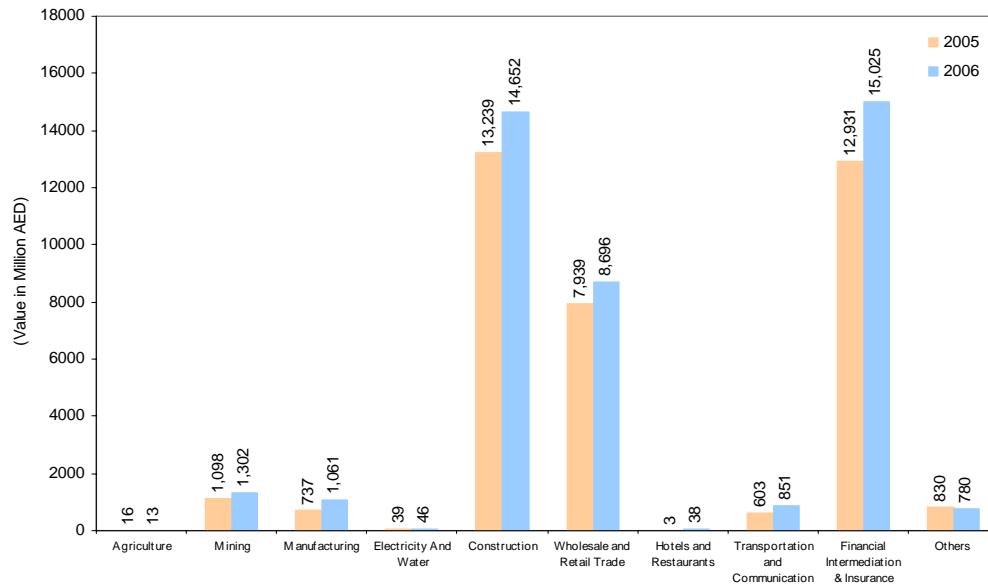
The field survey of foreign direct investment (FDI) for economic activities in the Dubai Emirate aims to establish an accurate database on the value of FDI to prepare economic indicators. The result will be used to study the effect of FDI in contributing to the development and progress of economy, prepare economic and social development plans, and to meet the needs of researchers and analysts.

The results of the survey indicated that the value of foreign investment in the Emirate of Dubai increased by 13.4% in 2006 comparing with 2005, it moved from 37.4 billion Dirhams in 2005 to 42.5 billion Dirhams in 2006. This increase indicates the success of the policy to attract FDI and the position of Dubai as an attractive centre for this investments. The rate of increase has varied between economic activities as shown in Table (1) below.

Table No. (1): FOREIGN DIRECT INVESTMENT BY ECONOMIC ACTIVITIES

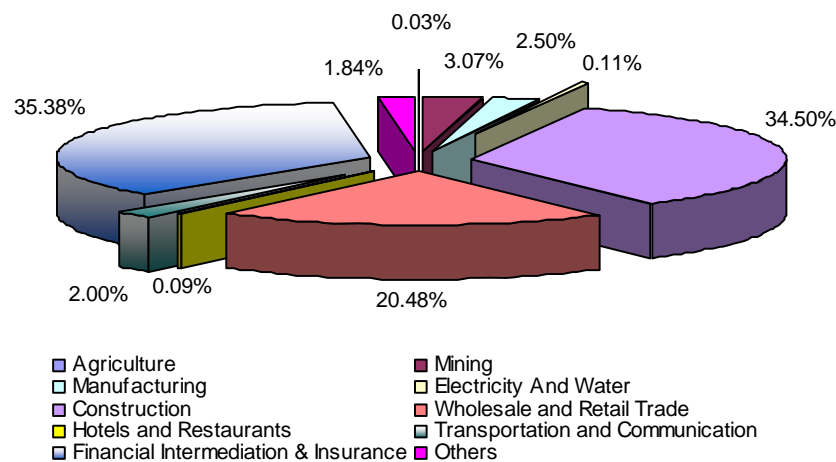
(Value in Million AED)

Main Sector	2005	2006	% change
Agriculture	16	13	-20.0%
Mining	1,098	1,302	18.6%
Manufacturing	737	1,061	43.9%
Electricity And Water	39	46	19.9%
Construction	13,239	14,652	10.7%
Wholesale and Retail Trade	7,939	8,696	9.5%
Hotels and Restaurants	3	38	1,054.7%
Transportation and Communication	603	851	41.0%
Financial Intermediation & Insurance	12,931	15,025	16.2%
Others	830	780	-6.1%
<b>Total</b>	<b>37,435</b>	<b>42,463</b>	<b>13.4%</b>



The distribution of FDI over economic activities in 2006 was similar to that of 2005. As seen in the above diagram the value of FDI in construction and financial intermediation & insurance constituted the highest level of investment in both years, while agriculture, electricity and water, and hotels and restaurants were the least in 2005, 2006. This indicates that the activities that were more attractive for foreign direct investment in 2005 remained the same in 2006.

The following diagram shows that financial intermediation & insurance was the most attractive activity for foreign direct investments, which contributed about 35.4% of total Dubai FDI in 2006. The second activity was construction with 34.5% and then wholesale and retail trade with 20.5%.



The share of foreign direct investment in construction shows that foreign direct investment is high in urban development. In addition of its role as a trade center in the region, which contributed to attracting more direct investments in financial and trade sectors, the urban development and the increased in demand of real estate have contributed in the increased flow of foreign direct investments in construction activity.

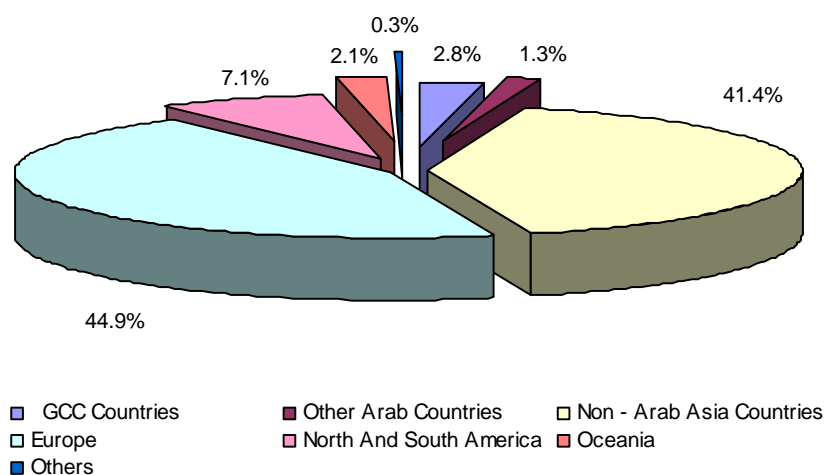
The data indicate that European direct investments ranked as the first among total foreign direct investments in Dubai: the value of these investments was around 15.0 billion Dirham in 2005 raised to around 19.0 billion Dirham in 2006. The European direct investment (about 80.0% of the total) was mainly from the UK which contributes about 44.9 % of total FDI in Dubai. The EU was followed by the non-Arab Asian countries where FDI increased from 16.0 billion Dirham in 2005 to 17.5 billion Dirham in 2006. The table below show the value of FDI in Dubai distributed by the world's regions: Through this data we can note that the FDI of European and non-Arab Asian countries formed 82.7% and 86.2% respectively of total FDI in Dubai (in 2005, 2006).

Table No. (2): FOREIGN DIRECT INVESTMENT IN DUBI BY SOURCE OF INVESTMENT

(Value in Million AED)

Origin of Investment	2005	2006	% change
GCC Countries	979	1,208	23.4%
Other Arab Countries	516	565	9.6%
Non - Arab Asia Countries	16,169	17,569	8.7%
Europe	14,798	19,047	28.7%
North And South America	4,274	3,034	-29.0%
Oceania	592	911	53.9%
Others	107	129	21.3%
<b>Total</b>	<b>37,435</b>	<b>42,463</b>	<b>13.4%</b>

The following chart shows the relative distribution of FDI in Dubai, according to the regions of the world in 2006 which showed that the total direct investments of the Arab states are not more than 4.2% of the total foreign direct investments, of which GCC countries formed 2.84% of the total direct investment, and the other Arab countries formed around 1.33% only.



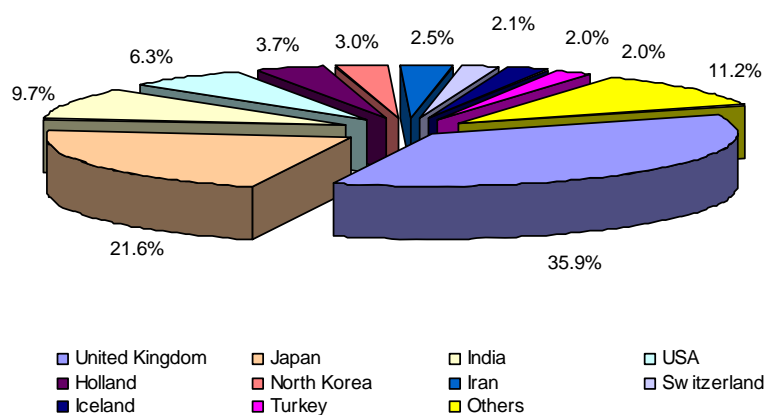
The survey results also showed the distribution of these investments by countries as a source of investment. The following table shows that the direct investments of North Korea, Iceland and the United Kingdom in Dubai rose significantly in 2006 over 2005, while the direct investments of the United States dropped by a high percentage 32.1 %.

Table No. (3): FOREIGN DIRECT INVESTMENT IN DUBAI BY COUNTRIES

(Value in Million AED)

Country	2005	2006	% change
United Kingdom	11,543	15,253	32.1%
Japan	8,725	9,160	5.0%
India	4,173	4,135	-0.9%
USA	3,933	2,669	-32.1%
Holland	1,532	1,553	1.3%
North Korea	699	1,255	79.5%
Iran	1,062	1,068	0.6%
Switzerland	831	903	8.6%
Iceland	551	867	57.4%
Turkey	814	830	2.0%
Others	3,573	4,772	33.6%
<b>Total</b>	<b>37,435</b>	<b>42,463</b>	<b>13.4%</b>

The United Kingdom had the highest foreign direct investment in Dubai, contributing 35.9% followed by Japan with 21.6% and then by India with 9.7% and the United States of America with 6.3% of the total foreign direct investments in Dubai. The following chart shows the relative distribution of FDI in Dubai by country of source.



Sales of goods and services of FDI companies amounted to about 56.0 billion Dirham in 2006, and increase by 5.2% in comparison to 2005, while purchases of goods and services increased by 21.7%. The following table shows some indicators of FDI companies in Dubai and the changes in these indicators between 2005 and 2006. Those companies employed 70,445 employees in 2006 which was an increase of 24.8% from 2005; receives about 3.6 billion Dirham as salaries and benefits in 2006 compared with 2.6 billion Dirham in 2005. The income of foreign direct investors reached 12.5 billion Dirham in 2006 compared with approximately 8.6 billion Dirham in 2005, of which dividend payments were about 1.7 and 2.4 billion Dirham in 2005 and 2006 respectively; the rest was income payments from companies to investors. This means that the returns on foreign direct investment in Dubai increased from 22.9% in 2005 to 29.4% in 2006.

Table No. (4): SOME INDICATORS OF FOREIGN DIRECT INVESTMENT COMPANIES IN DUBAI

(Value in Million AED)

MAIN SECTOR	2005	2006	% change
Foreign Direct Investment	37,435	42,463	13.4%
Dividend Payments	1,738	2,394	37.7%
Income Payments	6,835	10,085	47.6%
Sales Of Goods And Services	53,054	55,822	5.2%
Purchases of Goods And Services	32,378	39,400	21.7%
No. of Employees	56,430	70,445	24.8%
Compensation Of Employees	2,601	3,636	39.8%