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FDI: GLOBAL LANDSCAPE

LUIGI MERCURI - VESSEL GLOBAL / FEMAC

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GLOBAL FDI LANDSCAPE

CURRENT GLOBAL FDI LANDSCAPE



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FDIs have suffered a considerable decline in 2020

Projects decreased by 35%.

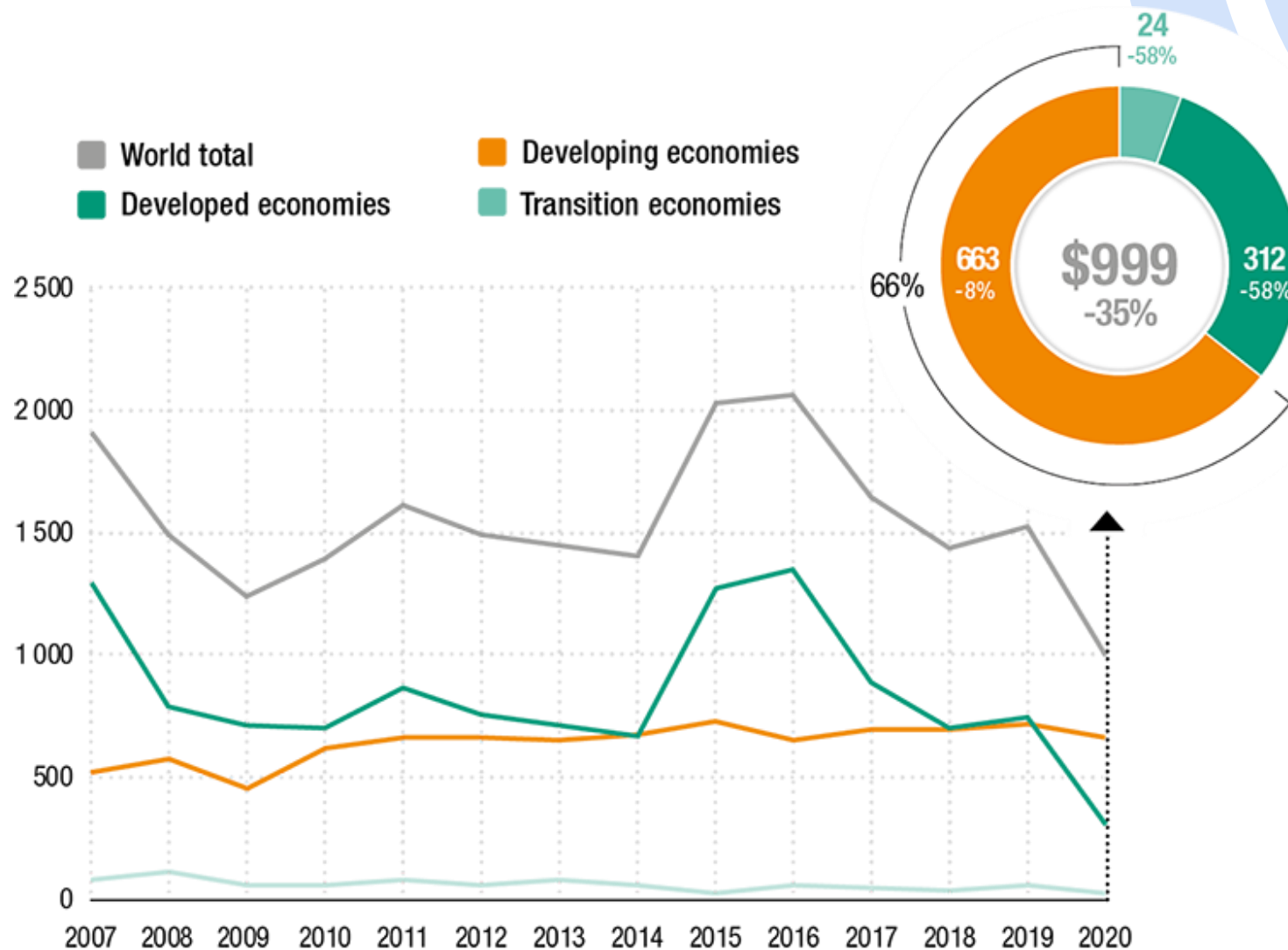
Meanwhile the global economy contracted by 4.3%.

CURRENT GLOBAL FDI LANDSCAPE

FDI INFLOWS, GLOBAL AND BY GROUP OF ECONOMIES, 2007–2020



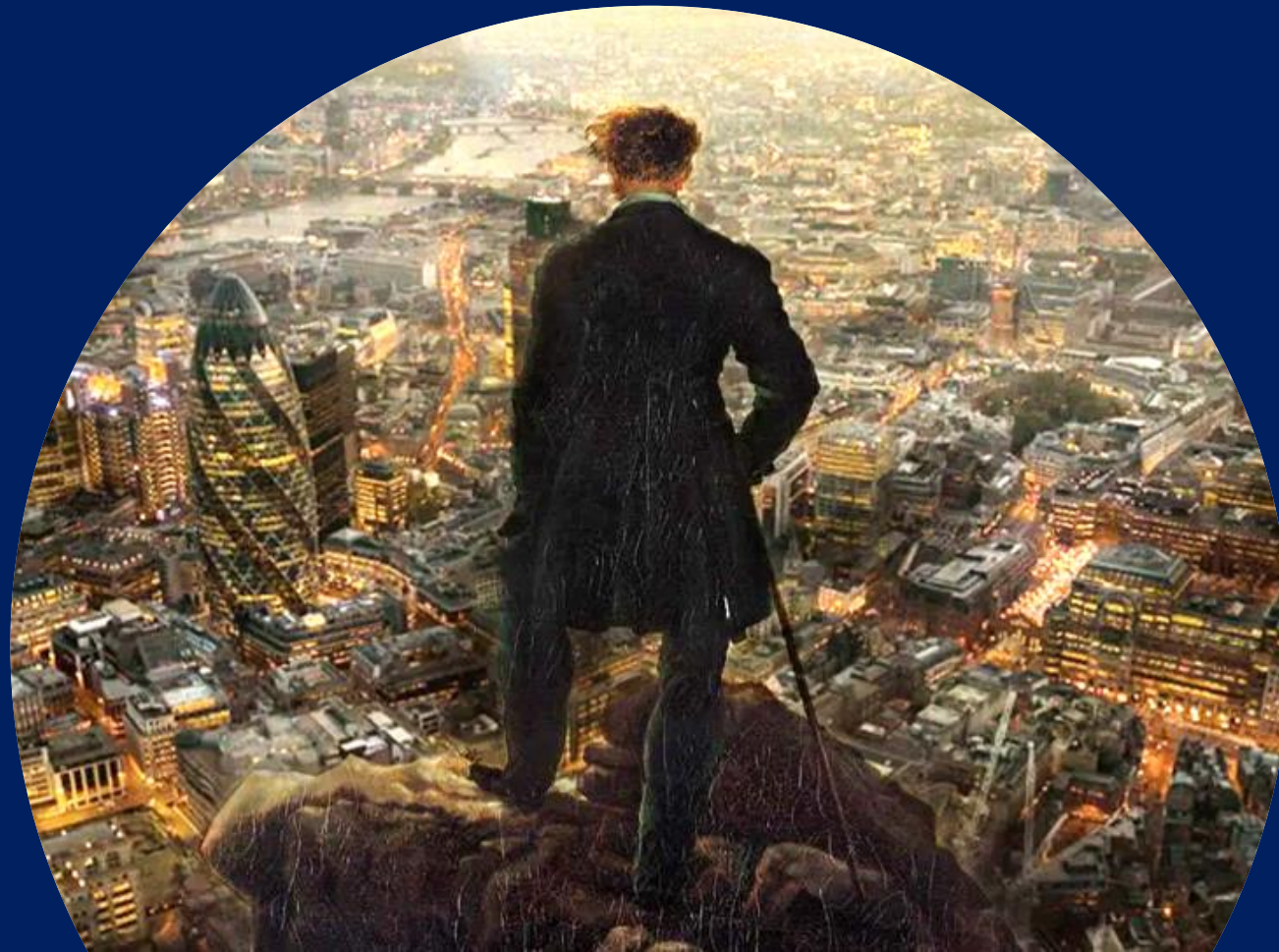
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FDI ARENA: DISRUPTION & UNCERTAINTY?



OR EVOLUTION & OPPORTUNITY?



FDI SNAPSHOTS 2020

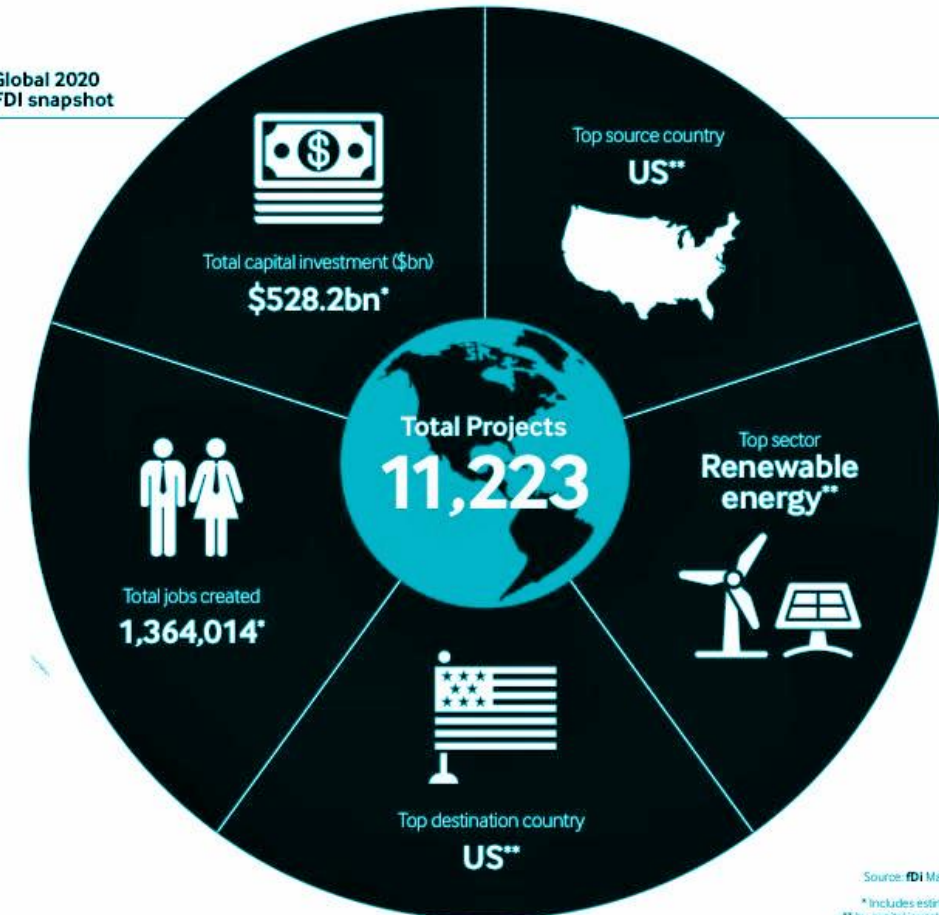
- SOME SECTORS HAVE INCREASED THEIR POPULARITY
- DESPITE THE PANDEMIC SITUATION, JOBS HAVE BEEN CREATED
- THE U.S. REMAINED IN A STRONG POSITION
- 11,223 PROJECTS AROUND THE WORLD



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Global 2020
FDI snapshot



Source: FDI Markets
* Includes estimates
** by capital investment

CURRENT GLOBAL FDI LANDSCAPE



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- Despite the post Covid situation, UNCTAD expects FDI to exceed pre-pandemic levels this year. In the aftermath of the pandemic, we can observe some interesting trends
- FDI confidence is increasing in the UK, Italy, Spain, Switzerland, Portugal, Netherlands and UAE. New FDI attractive regions are appearing on the map.
- High digitalization of the world economy has become undeniable
- Proactivity and innovation forged by difficult circumstances

CURRENT GLOBAL FDI LANDSCAPE



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- Renewable energy has taken the place of gas and oil as the first destination for FDI
- Greenfield investments, Cross-border M&A and Project Finance are the most popular FDI investment types of the moment.
- Cleantech has also acquired considerable popularity among investors
- Investors have grown more cautious concerning the areas of investment
- The effects of COVID are still tangible but new opportunities will be arising



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COVID 19: IMPACT ON FDI

THE EFFECTS OF THE PANDEMIC

A TRAUMATIZED WORLD SCENE:

- COVID19 severely hit the FDI global sector
- In general, the pandemic represented a triple economic shock: Demand, Supply and Policy-making at the same time.
- According to the OECD and UNCTAD global FDI flows have decreased by 50% in 2020
- Recovery is uncertain but possible according to many
- Inflows to the OECD area decreased by 51% while outflows from the OECD area decreased by 48%
- China has overrun the USA as first FDI destination, Luxembourg and India are the next top destinations
- USA, India, Luxembourg and Japan are the primary sources of FDI outflows
- General confidence in FDI decreased and countries' GDPs declined along the FDI operations



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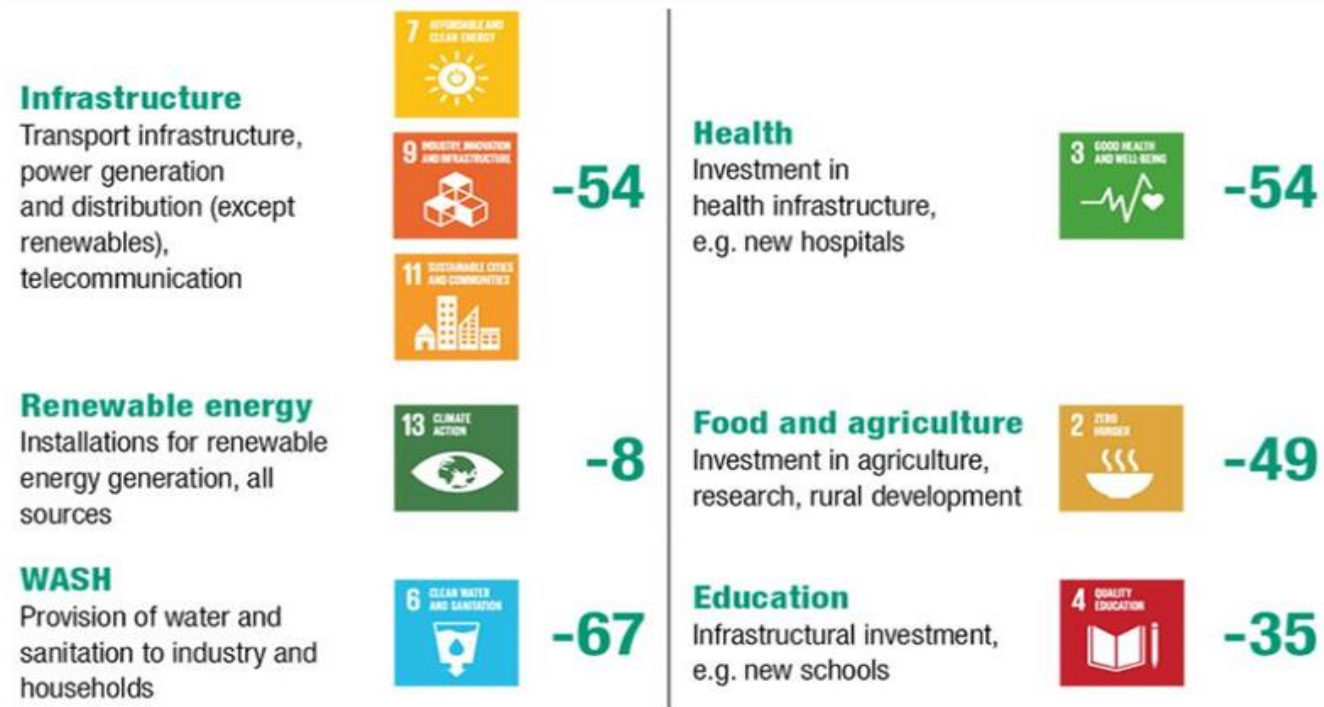


COVID19 IMPACT: INTERNATIONAL PRIVATE INVESTMENTS AND THE UN-SUSTAINABLE DEVELOPMENT GOALS

- More and more business and investors worldwide are investing in sectors considered sustainable and green
- Government and policy makers have realised that aiming at green projects not only attracts foreign investment but also increases the likelihood to promote bilateral and multilateral cooperations with other countries and partners
- Biotechnologies and the health sector are receiving increased attention in the aftermath of the pandemic. These sectors are considered among the most popular ones as far as FDIs are concerned.



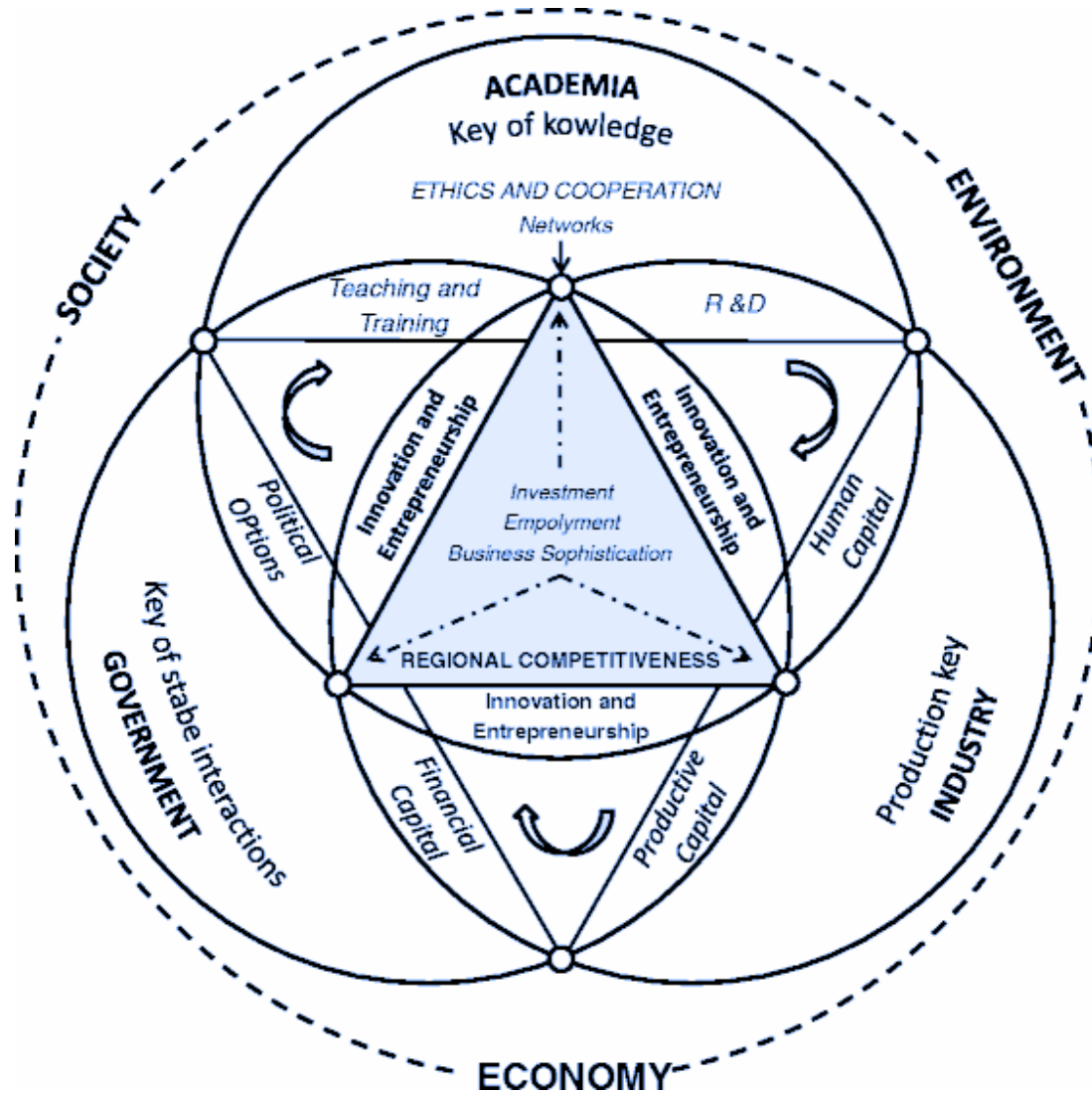
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Source: UNCTAD, World Investment Report 2021



THE TRIPLE HELIX & FDI



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FDI RECOVERY FACTORS:



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- **Economic prospects, GDP and other indicators**

As economies will regain confidence and competitiveness so will the desire to invest and the FDI investments indexes

- **Firm level perspectives**

New international mechanisms and contexts will require new strategies that best match with the global trends

- **Policy environment**

The degree to which policy makers and governments will encourage FDI will have to be taken into account

- **Political pressures**

Also the degree to which political actors will influence the development of FDI and investments towards and from their own countries

- **Environmental concerns**

Investors and business leaders, with government and policymakers, will embrace sustainability at as many levels as possible in order to comply with international regulations and common objectives



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NEW FDI TRENDS

NEW TIMES - NEW PERSPECTIVES

GLOBAL SUPPLY CHAINS



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- **COVID19 has forced companies to rethink their global strategies and supply chains**
- **This will lead to several changes in the FDI global landscape**
- **Many companies will be motivated to shorten their global supply chains**
- **Localization and avoidance of distant supply chains is likely to become a trend**
- **Many areas might gain benefits from the pandemic. As many companies are relocating from Asia, Canada, Mexico, Eastern Europe and the Middle East are likely to become the favorite regions as far as FDI and supply chains are concerned**
- **COVID has lead investors and multinationals to consider the importance of alternative locations whose geographical positions is closer to their target markets and clients**
- **Climate change and environmental policies have also acquired further importance and are likely to influence the way investors and business leaders consider their supply chains and investment destinations**

THE FUTURE OF INVESTMENT ATTRACTION



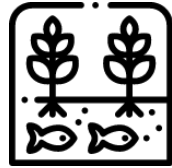
Synthetic fuels (CRI)



Bio-Cosmetics & Nutraceuticals



Data Centers, Cybersecurity & Industry 4.0



Fish Farming & Processing



High grade food production & processing



Advanced Materials



Batteries & EV + Aerospace



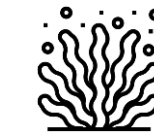
Hydrogen



Life Science (Pharma, Biotech, MedTech)



Beverage & Water Processing Sector



Algae Aquaculture



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THE MIDDLE EAST

THE MENA CONTEXT

This region has also suffered the consequences of the pandemic and is today regaining confidence and attractability.

The high presence of US investors makes this region particularly attractive for western investors and partners.

- The MENA region has considerably suffered from the pandemic economic consequences.
- The number of FDI projects into MENA decreased to 1031 during 2020.
- Capital investment in 2020 only reached close to half of the 2019 total figure
- Governments are taking decisive actions to encourage FDI in their countries
- Specific policies and investment attraction strategies are being considered
- Governments have an interest in update and facilitate investment rules and procedures
- Competition and private sector development are the key to solid improvement
- Investment policy and promotion must be targeted to better serve sustainable development goals
- FDIs have the potential to bring great benefits to the economic situation of the Middle East as diversifying the economy will bring more employment and create more trade and cooperation opportunities



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QATAR

QATAR'S FDI REGULATORY INFRASTRUCTURE



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- In line with Qatar National Vision 2030 which aims, among other things, to attract foreign direct investment (FDI) and to establish a knowledge-based and diversified economy, the Qatari government enacted Qatar Law No. 1/2019 regulating the investment of foreign capital in economic activity in the country.
- Qatar Law No. 1/2019, which came into force on 25 February 2019, repealed and replaced Qatar Law No. 13/2000.
- It is hoped that an increase in FDI will bolster economic growth and facilitate the spread of technology and know-how throughout the Qatari market.
- Many provisions of Qatar Law No. 1/2019 introduce significant improvements over Qatar Law No. 13/2000. For example, under Qatar Law No. 1/2019, foreigners can invest in any of Qatar's economic sectors save for a few exceptions; the fairness of the application process is ensured;
- foreign investors are eligible for significant incentives; and these investors have access to alternative forms of dispute resolution.
- By enacting Qatar Law No. 1/2019, Qatar has taken another step towards improving its legal framework for foreign investment and thereby creating a more business friendly environment for foreign investors

QATAR AND ITS LOGISTICS



- Asia, Europe and America are reachable only in 18 days by ship
- Well-positioned international airport and port
- Close to the country on the Persian Gulf and also India
- Logistically attractive

- Food security and sustainability are two areas Qatar is willing to improve
- Qatar expertise on food security is regionally competitive and it ranked as the 1st arab country in the 2018 Global Food Security Index



QATAR'S PROFILE

- The country has shown great geopolitical wit and diplomatic abilities in the 2016 diplomatic crisis.
- The forward-looking attitude of the country's leaders is what makes Qatar a unique actor in the region.
- Qatar's investment attraction policies are among the most visionary and competitive in the region.
- The country is characterized by a general inclination towards innovation and tech.



QATAR'S PROFILE



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- Qatar is now aiming to rapidly increase FDI following the restoration of diplomatic normality.
- Qatar recently launched a new investment promotion agency
- The Qatar Financial Center aims to attract 22 billion dollars by 2022
- Qatar is seeking to attract FDI using PPPs
- Qatar has presented ambitious plans with the agenda 2030
- This agenda is likely to make Qatar the leading development and sustainable change actor in the MENA region
- The growing international interest in investing in this country has been considerably increasing in the last period
- Allowing foreign companies a 100% ownership is a crucial strategy in attracting FDI and create employment for a highly skilled and enthusiastic local workforce
- The pharmaceutical, tech, agricultural, food, renewable energy and education sectors are the most viewable ones to attract FDI
- Potential to become an even more successful business and financial hub

EDUCATION



Qatar ranks **5th** out of 137 countries for the quality of its education system in the WEF's Global Competitiveness Index 2017-2018, and it leads among GCC states

The country has **15 universities** (4 State, 11 international Branches) and various vocational training centers ensuring excellent education of skilled professionals:



- Qatar University
- Texas A&M
- Carnegie Mellon
- College of the North Atlantic



Qatar has about 30,000 students

- Particularly talented young Qatari students are awarded with full scholarships for undergraduate and graduate programs in universities around the world
- International students make up 34% of all students in Qatar



The Qatari Government is working to develop for its nationals, opportunities to acquire necessary skills applicable to key sectors of the economy



Qatar provides free education at the primary and secondary levels

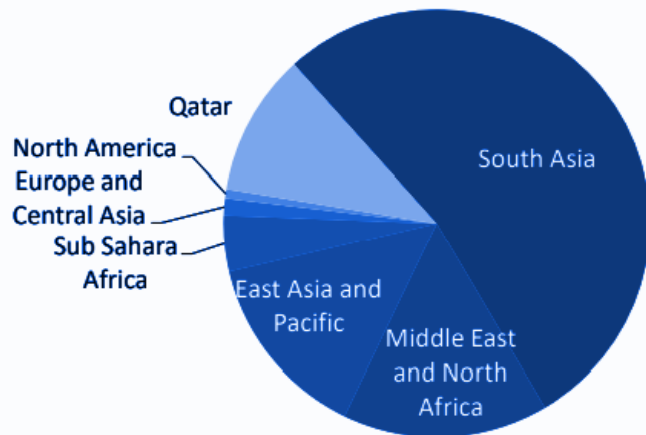


POPULATION



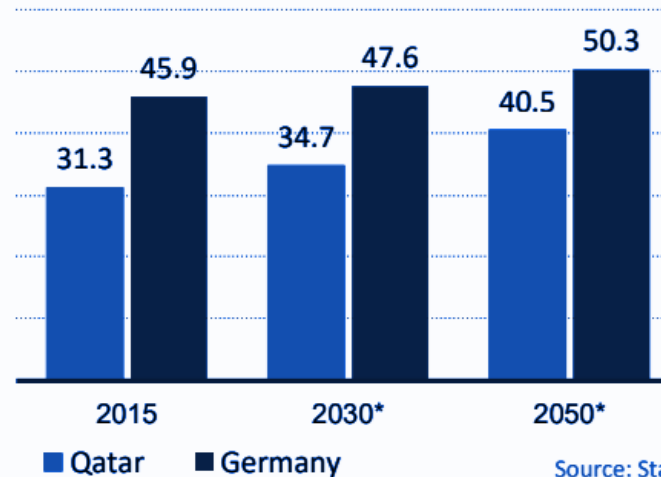
- Low average age of population
- Very safe country of employment with low crime levels
- The workday is generally from 7am to 3pm, from Sunday to Thursday
- Maximum working hours per week: 48 (36 during Ramadan)
- Very low overall unemployment rate of 0.16% and lowest youth unemployment rate in the GCC (1.1%)
- Qatar's multicultural society consists of 84 different nationalities thanks to a catchment area that extends from Northern Africa to Southeast Asia
- Flexible work permit regime for Free Zone Investors

Top Nationalities



Source: Statista 2017, www.gov.qa

Average age of population



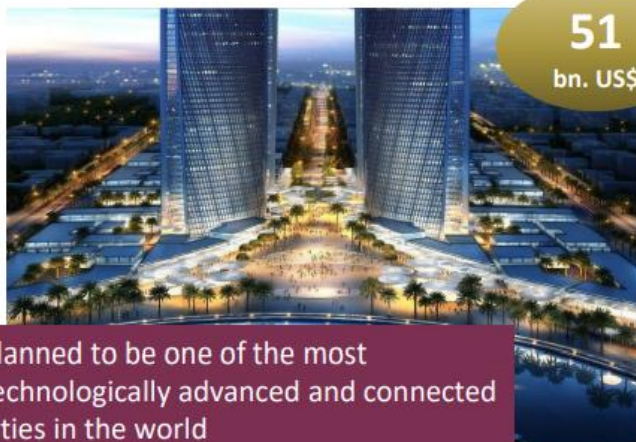
Source: Statista



INFRASTRUCTURE



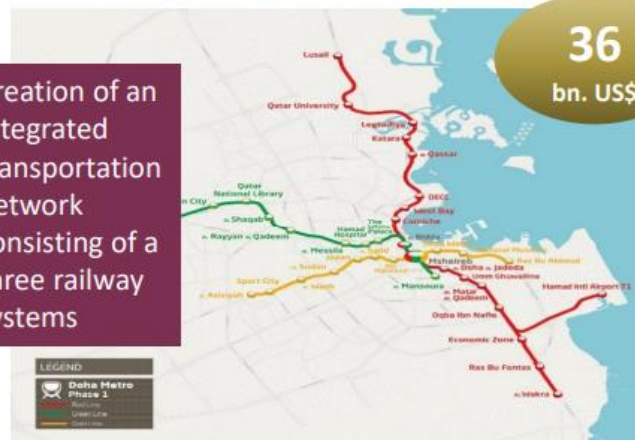
Lusail City



51
bn. US\$

Planned to be one of the most technologically advanced and connected cities in the world

Rail Development Programme



Hamad Medical City



0.7
bn. US\$

Biggest health care facility expansion in the region via the establishment of new hospitals, hospital units and medical facilities

National Tourism Sector Strategy



11.5
bn. US\$

Qatar National Tourism Sector Strategy 2030 emphasizes on diversification, of both visitor source markets and tourism products and services.

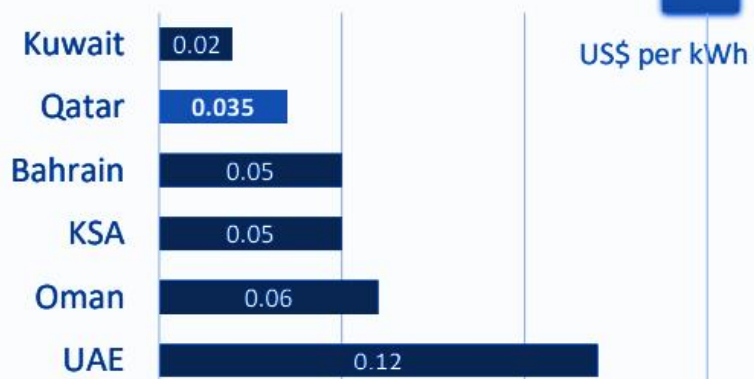


COST



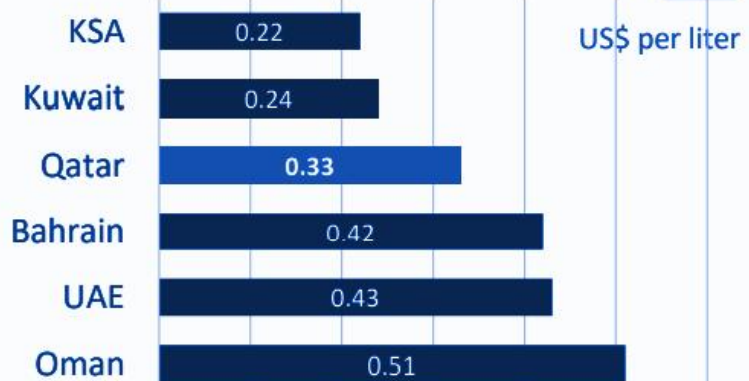
COST OF ELECTRICITY

#2



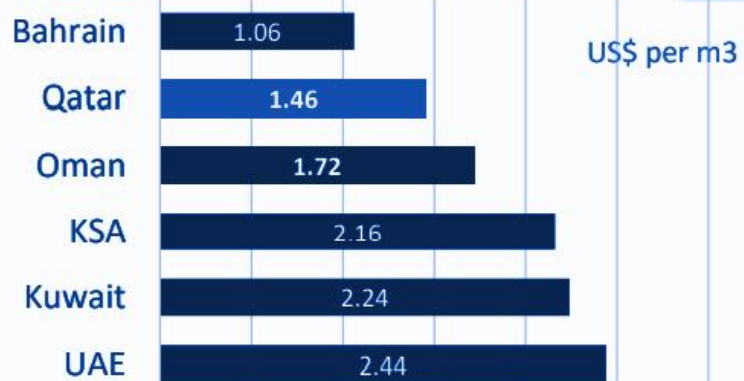
COST OF PETROL

#3



COST OF WATER

#2



QFZA - QATAR FREE ZONES AUTHORITY



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ABOUT QFZA

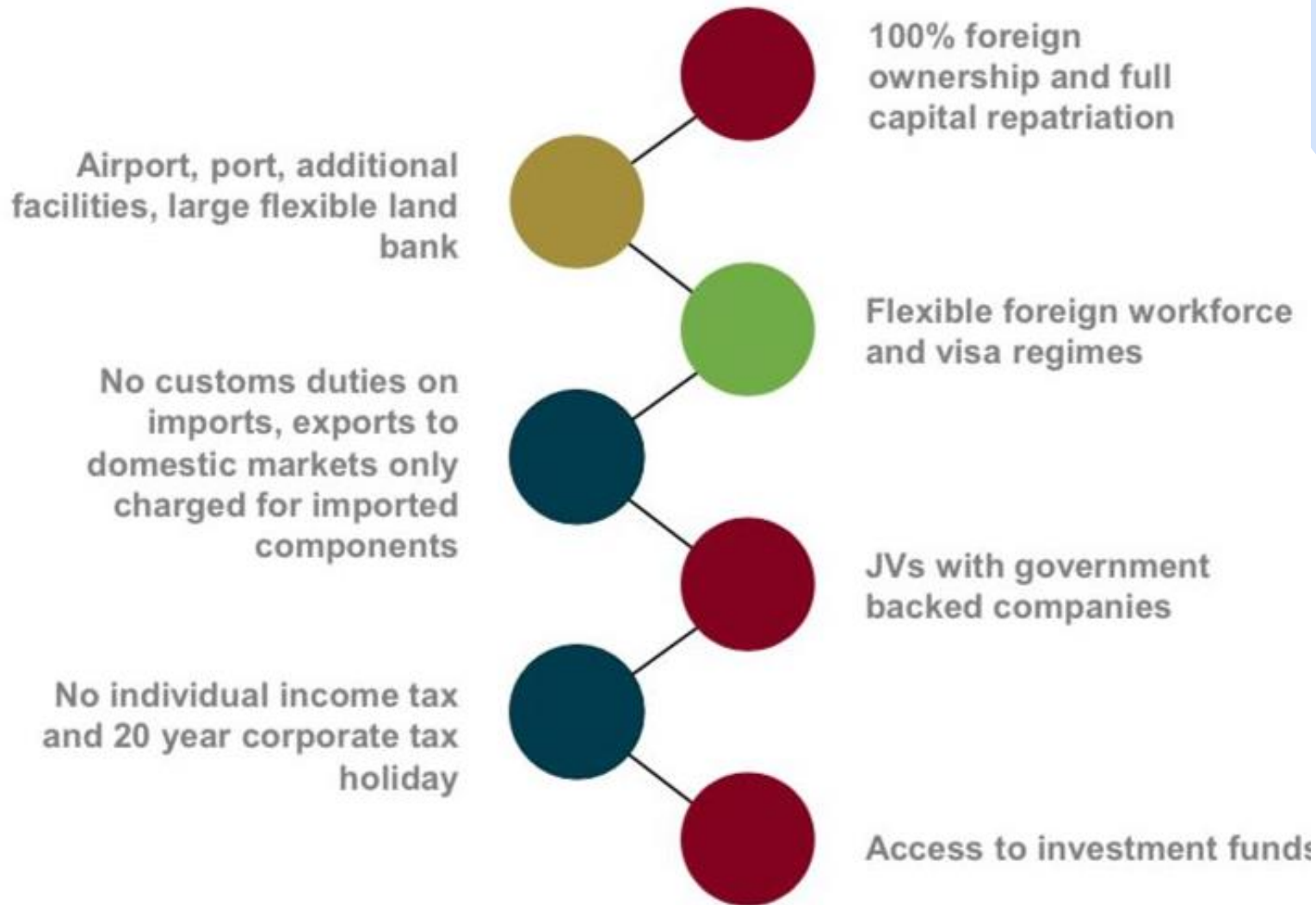
- **Established** - In 2018
- **Mission** - Stimulating economic development through FDI & encouraging domestic investors to expand internationally
- **Responsibilities** - Setting the strategic direction of the free zones and setting policies, rules, in addition to monitoring and enforcing compliance
- **Direct Role** - In marketing & securing investments for the Free Zones

SERVICE OFFERING TO INVESTORS

- ✓ Free Zone License
- ✓ Incentives
- ✓ Fiscal and Infrastructure Supports
- ✓ Personal Relationship Manager
- ✓ Hosted Site Visits
- ✓ Introduction & Business Network Connections
- ✓ Property & Infrastructure Solutions
- ✓ Information & Guidance
- ✓ Qatar's One Stop Shop Facilitation for Investors
- ✓ Work Permits & Residency Permits



QATAR FREE ZONE OFFERING FOR FOREIGN INVESTORS:



QATAR'S HISTORY WITH FOOD PRODUCTION AND AMBITIONS FOR THE FUTURE

OBJECTIVES:



- Qatar realized during the 2017 Diplomatic Crisis that food production self-sustainability is a priority
- Qatar has the potential to become not only self sustainable as far as food production is concerned but also to become an international food hub
- The high levels of food insecurity are what makes Qatar a unique actor in the region
- By matching food production with the sustainable projects outlined in Qatar 2030, the country has the potential to become a leader in sustainable food production



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- The food sector has considerably grown in the last years
- Sector diversification will offer many opportunities to Foreign investors that are interested in this field.
- Qatar's strategic position would make it an extremely competitive actor in the region, in the field of food production



QATAR'S POTENTIAL TO ATTRACT DATA CENTERS & SUPERCOMPUTERS

Qatar's advantages for Data Centers' placement

- Cybersecurity measures
- Energy sources
- Connectivity- Submarine cables
- High level tools
- Technical expertise
- Cost advantages
- Good infrastructure





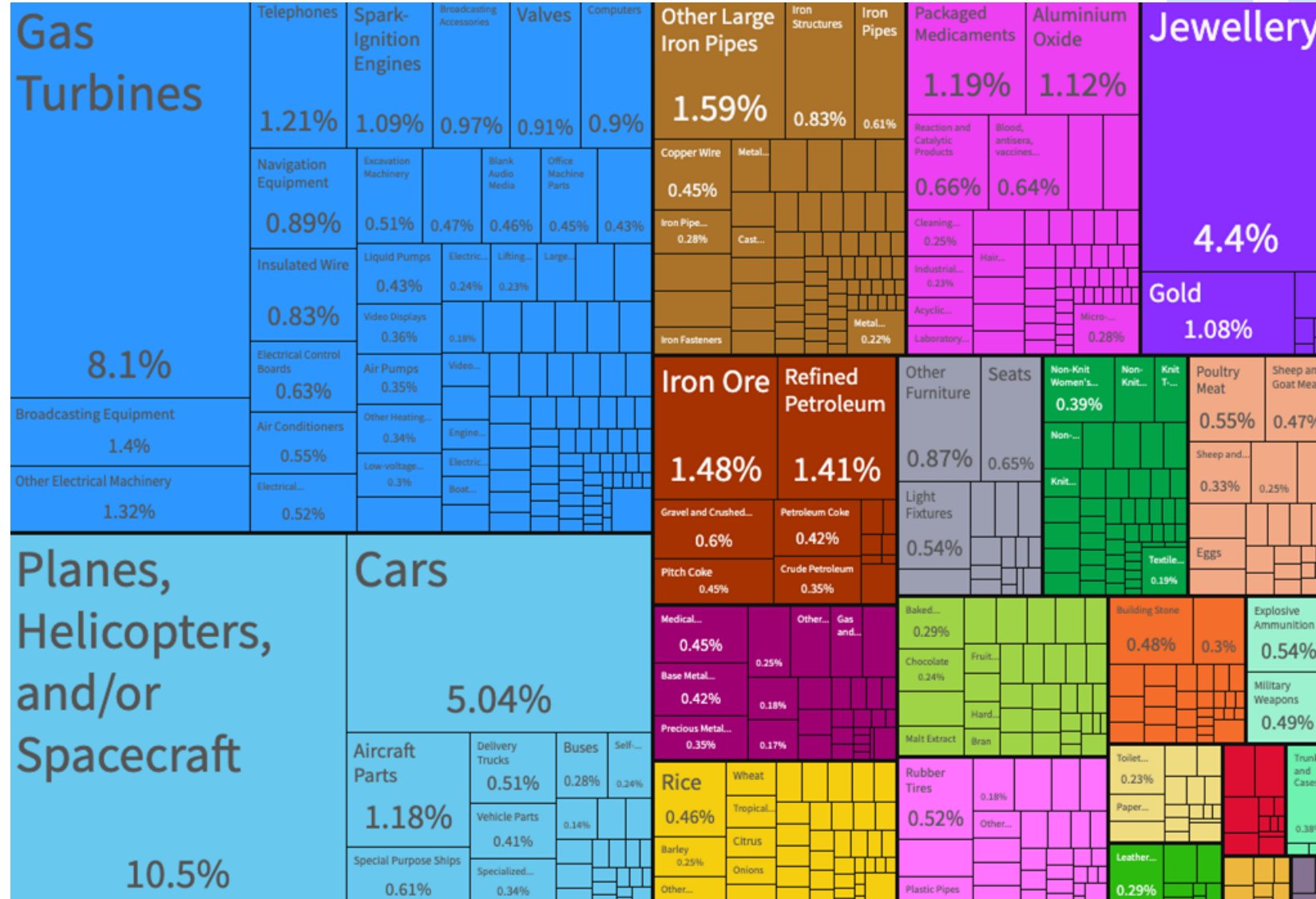
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TRADE

QATAR'S IMPORTS BY PRODUCT

Imports (2019) Total: \$33.9 Billion



QATAR'S EXPORTS BY PRODUCT

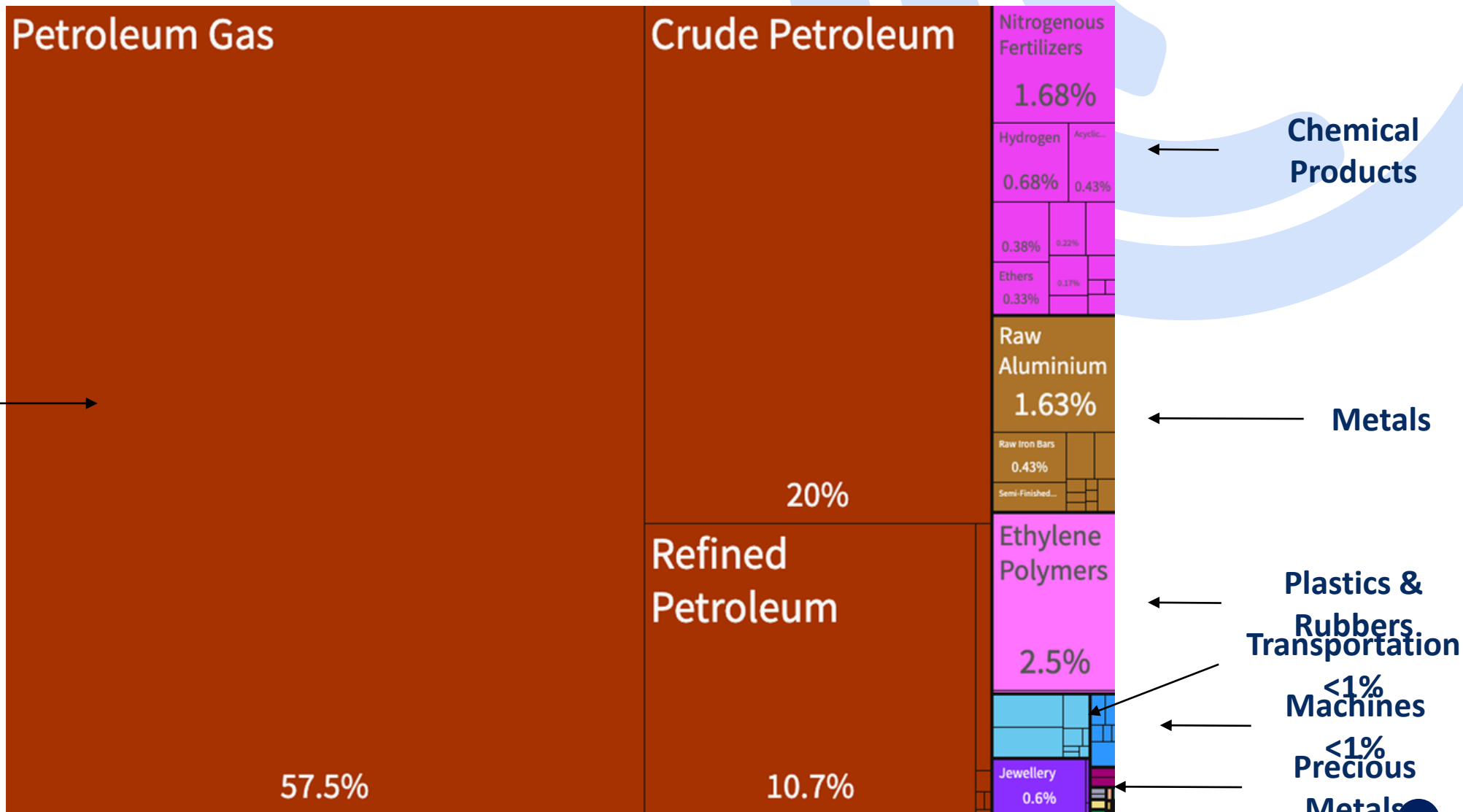
Exports (2019) Total: \$77 Billion



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Mineral Products



Chemical Products

Metals

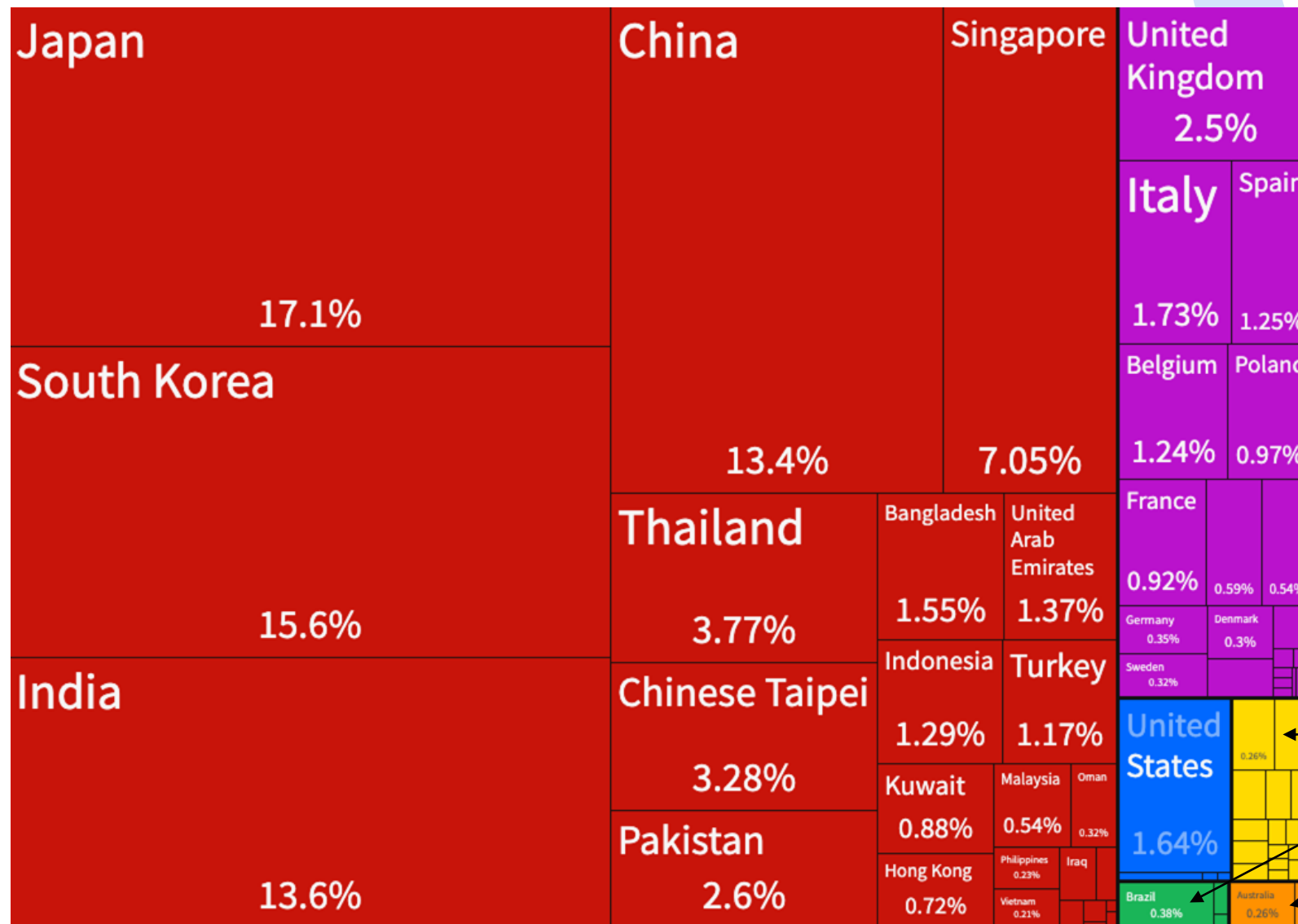
Plastics & Rubbers
Transportation
<1%
Machines
<1%
Precious Metals

QATAR'S EXPORTS BY DESTINATIONS

Export Destinations (2019) Total: \$77 Billion



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EUROPE

AFRIC
SOUTH AMERICA
OCEANIA

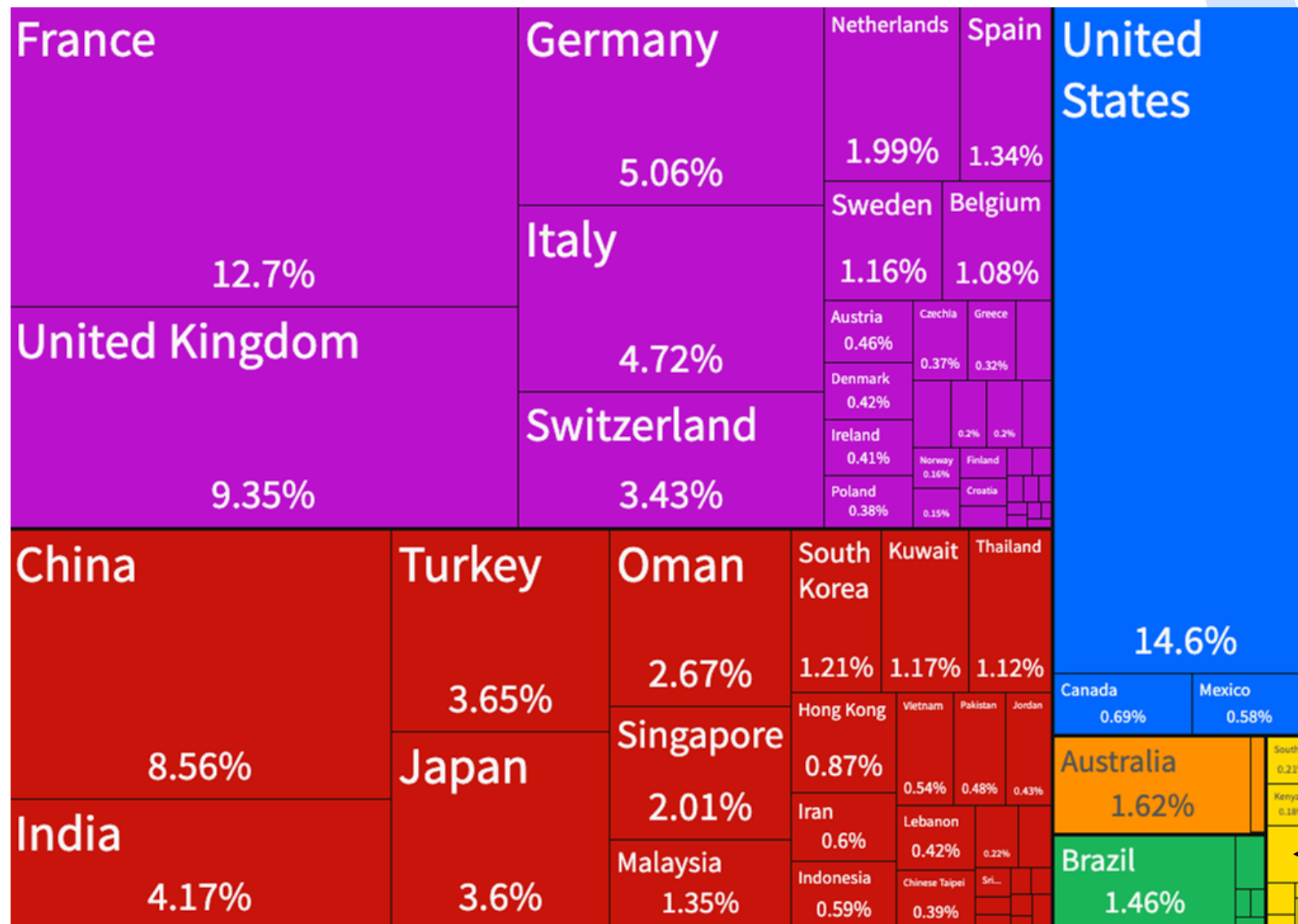


QATAR'S IMPORTS BY ORIGIN

Import Origins (2019) Total: \$33.9 Billion



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AFRICA





LUIGI MERCURI

CFO & HEAD OF INVESTMENT

Specialist in attracting and promoting investments, business promotion and market entry. Previous experience gained while operating for governmental organizations and consulting firms in Italy, Belgium, Germany, South Korea and the United States.

- Luigi is based with his family between Germany and Italy. He has also lived and studied in the United States, Belgium, the United Kingdom and South Korea.
- Luigi has been advising governmental organizations, Special Economic Zones, industrial parks, investment funds and companies in the fields of market entry, Foreign Direct Investment, trade facilitation, advocacy and business expansion processes since 2010.
- His previous positions include trade promotion and investment attraction roles both on a bilateral and multilateral level, with a specific focus on hi-tech and innovative manufacturing sectors and cross-border R&D projects.
- Luigi has worked for German and US-based internationalization, business and governmental consulting agencies, the Italian Trade & Investment National Agency (ITA-ICE) in Germany and the German-Korean Chamber of Commerce in South Korea (KGCCI).
- He also holds the position of Director & Coordinator of the Advisory Board of FEMAC Ltd. (www.femac-sez.com) - Special Economic Zones Advisory.
- He studied International Relations and Economics at the Alma Mater Studiorum University of Bologna and the Paul H. Nitze School of International Studies (Johns Hopkins SAIS).
- Luigi speaks Italian, English, German, French and Spanish

“Smooth seas do not make skillful sailors”

Thank you - شكراً

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