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The UAE's Strategy to Improve the Attractiveness of the Investment Climate

Mehadjebia Nassira¹, Halimi Leila², Mekerkeb aberrane Tayeb³

^{1,2}Ali Lounici - Blida 2 University, Algeria, ³University of Ghardaia, Algeria

nassiramehadjebia123@gmail.com

Abstract. This study aims to shed light on the experience of the UAE in attracting foreign direct investment, due to the great and impressive success achieved by the country in terms of preparing for an attractive investment climate for investors, as it was able to compete with developed countries in many fields, so we will focus in this study on a good reading of the investment strategy and policy followed and we will also address its classification in some qualitative and quantitative indicators that directly and indirectly affect the investment decision of the foreign investor, and then a stage will be presented Evaluation of the overall result of investment flows in the UAE.

Keywords. Foreign direct investment, investment climate of the UAE, quality indicators, quantitative indicators

Introduction

The flow of foreign direct investment towards the host countries is based on many determinants that express the attractiveness of the country or not to attract and attract foreign investors, the foreign investor is looking for the appropriate location for him with the lowest risks, where the more favorable and appropriate the conditions, the more the demand for investment in the country And vice versa, all countries wishing to attract foreign direct investment should take advantage of all the opportunities available to them and work hard to improve their investment climate by creating the economic environment and granting various incentives and advantages, and one of the important elements that the foreign investor studies and follows up is also the status of the state within the indicators of economic performance, especially as it reflects the strength of the economy concerned or not, in addition to the emergence of recognized international bodies and institutions that issue indicators Especially by evaluating the investment climate qualitatively, the investor considers it as a guide that helps him determine his investment destination with the least effort and cost and also shortens time.

Aware of the great importance of foreign direct investment and convinced that achieving economic development requires it to work to attract foreign direct investment, as one of the engines of international economic integration, as it provides financial stability for companies and enhances the economic development of the country, and to a large extent the

United Arab Emirates has been able to succeed and reach the goal of providing a distinguished and stimulating investment environment.

The experience of the United Arab Emirates is considered one of the successful and pioneering experiences in attracting foreign direct investments, as it was able, thanks to its ability to govern its resources on the one hand and exploit its qualifications and components on the other hand, it has become one of the best investment destinations in the world, thanks to its good application of the investment strategy formulated by the government of the United Arab Emirates.

In view of the importance of the UAE development experience in all sectors, we studied the aspect of investment policy and evaluated the experience quantitatively and qualitatively, in addition to studying the most important element, which is to shed light on the outcome of foreign direct investments that it was able to collect, and to familiarize yourself with this study, we posed the problem of the following question:

What are the elements and prospects of the UAE's strategy to attract foreign direct investment?

- **The importance of the study**

The study is of great importance in view of the great importance of foreign direct investment as a means of international financing whose flow to host countries is determined by several factors and characteristics that differ from one country to another, in addition to the huge role it plays in the global economy in response to global trends and developments, and this study derives its importance through the UAE's proof of its superiority in achieving a good outcome of inward foreign direct investment flows. And what they have achieved in achieving economic development is witnessed by the whole world, so this country was chosen as a pioneering experience in this field, and this success and superiority is highlighted by the numbers and statistics related to the flow of the stock of foreign direct investment incoming to it.

- **Approach**

The descriptive analytical approach has been adopted by describing and highlighting the experience of the United Arab Emirates, the descriptive by addressing the features of the investment policy and its effectiveness, and the analytical by analyzing the investment climate quantitatively and qualitatively, to be the evaluation of the volume of foreign direct investment incoming to the United Arab Emirates.

- **Previous studies**

1- Jabbar Bukathir, Hamida Zarqout, an article entitled A Reading of the Economic Diversification Strategy in the United Arab Emirates - Pioneering Achievements and Promising Future Prospects -,

This study aimed to embody the UAE's strategy of diversifying its economy away from oil, and tended to expand its national investments in a number of other sectors such as infrastructure, trade and tourism. Financial and banking services, renewable energy as well as manufacturing and precision industry, which made them leap great leaps and impressive achievements overcoming the stakes and challenges

This study found that the UAE's success in implementing economic diversification policies is a pioneering experience and an important ideal model for its economic advantages and positive results, both locally and internationally.

In light of the frequent decline and instability of oil prices, and based on the UAE model in building a similar strategy for economic diversification by accelerating the control of economic and structural reforms, activating privatization processes, increasing degrees of

regional economic cooperation, and seeking to attract and encourage foreign direct investment as an important tool in economic diversification, not to mention the need to pay attention to the industrial sector and rehabilitate the agricultural sector as alternative strategic sources of oil in a country where oil is the main source of revenue and the pillar of development.

2- Bofinch Wasila, an article entitled Post-Oil Economy: The United Arab Emirates is a Leading Model in Economic Diversification, this study aimed to shed light on the United Arab Emirates through its adoption of the policy of economic diversification, and it became one of the development experiences worthy of attention and study, due to its great achievements, as it was able to overcome the rentier or oil nature of its economy - these countries are distinguished as a result of their dependence on a single income in the imbalance of their economic structures.

The study also found that the success of the economic diversification policy in the UAE enabled its economy to transform into an integrated economy in which the non-oil economic sectors contribute by about 69% in 2015 after it was dependent on oil by 90% of GDP in 1971, to reach 29% of GDP in 2021, which is expected to rise in the coming years, as the UAE has set a ceiling that dependence on oil does not exceed 20%, which can be reduced.

The study was divided into the following axes:

- 1. The first axis: a reading of the investment strategy of the United Arab Emirates**
- 2. The second axis: analyzing the reality of the investment climate quantitatively and qualitatively**
- 3. Third Theme: Evolution of Foreign Investment Inflows to the UAE**

The first axis: a reading of the investment strategy of the United Arab Emirates

In order to encourage and attract the largest possible share of foreign investments to it, the UAE has adopted many investment policies and strategies that will provide the appropriate and attractive investment climate for investors, whether local or foreign, so that the strategy followed by it is characterized by diversity, starting from its interest in investment policy and providing all guarantees and incentives that give confidence to the investor, and taking many reforms in its business environment in order to facilitate and simplify procedures, in addition to following the economic diversification policy that included all. The latter has had a positive impact on the UAE and distinguishes it from other rentier states that are still floundering due to low oil prices, and these policies will be discussed below.

First: Investment Policies in the UAE

The United Arab Emirates, like other countries, has pursued investment policies aimed at encouraging and attracting foreign direct investment, as follows:

1. UAE Investment Policy

In line with the general economic policy of the State, the UAE has adopted an investment policy that encourages foreign investment by providing various investment incentives and facilities, and focusing on its application of the policy of economic openness to the outside world, and these policies can be summarized as follows:

1.1. Privatization Policy

Based on the principle of the importance of the participation of the private sector in the process of comprehensive economic and social development and enhancing its economic role in general, the state has privatized some of the development projects it owns by selling them to the private sector, in addition to applying the principle of partnership between the

private and public sectors and¹ providing a stable work environment for investors governed by fair tax, legal and regulatory mechanisms, which allowed the development of several sectors such as the real estate development sector, public utilities, transportation, energy and tourism, while the government continues to launch new innovative projects².

1.2. Monetary and credit policy

The United Arab Emirates has adopted a liberal monetary and credit policy commensurate with the objectives of the general economic policy and with the free economic system, and the monetary policy aims to maintain the exchange rate of the dirham and its strength against foreign currencies by following a credit policy that seeks to meet the domestic demand for credit and hard currencies in order to stimulate economic activity and encourage private investments in various sectors.

1.3. Trade Policy

The UAE adopts a free trade policy, which is one of the most important pillars of the free economic system followed since the establishment of the state, and this policy aims to liberalize foreign trade, so that it does not impose any quantitative or customs restrictions on national non-oil exports, but rather tries to develop them through a policy of diversifying its sources of income and not imposing any quantitative or technical restrictions on imports, while imposing very low customs duties on them, and in light of the global trend to open international markets and abolish quantitative, technical and customs restrictions on exchange. Trade between countries With the aim of liberalizing global trade, the UAE joined the World Trade Organization in 1996³.

1.4. Policy of Economic Openness

Within the framework of the policy of economic openness, the UAE focused on three main axes: investment and replacing oil wealth with material wealth (schools, hospitals, education, bridges, airports), in addition to establishing advanced infrastructure comparable to the infrastructure in many countries of the world, as well as its early accession to the World Trade Organization and the Gulf Cooperation Council, and its signing of several international agreements such as the Greater Arab Free Trade Area Agreement, bilateral investment agreements with 38 countries and double taxation agreements with 49 countries.⁴

Second: The Legal and Institutional Framework of the United Arab Emirates

1. The legal framework and the most important incentives provided to attract foreign investors

Legal legislation plays an important role in influencing the investor's decision towards investing or not, as it contributes to introducing the local and foreign investor to the investment climate prevailing in the country with the identification of obligations and clarification of the advantages and guarantees, investment opportunities and areas and the extent of efficiency and flexibility enjoyed by these legislations and laws, as many laws have been issued since 1999 in

¹: Halimi Leila, "The reality and prospects of indicators of the attractiveness of foreign direct investment in Algeria", PhD thesis in economic sciences, specialization: Economic Analysis and Foresight, Ali Lounissi University, Blida 2, 2019/2020, p. 160.

²: Finch Wasila, "The Post-Oil Economy: The United Arab Emirates is a Pioneering Model in Economic Diversification", Milav Journal for Research and Studies, Issue 05, University of Larbi Ben M'hidi, Oum El Bouaghi, Algeria, June 2017, p. 235.

³Mohammed Saeed Amira, "The Economy of the United Arab Emirates: Achievements and Future Aspirations", Journal of Economic Cooperation among Islamic Countries, Kuwait, 2002, pp. 13, 14.

⁴: Bofinch Wasila, previous reference, p. 234.

the United Arab Emirates, including the formation of committees in each emirate to regulate foreign direct investment and under the supervision of the Central Committee in the country. The Federal Federation includes granting privileges and incentives for the purpose of encouraging investors, in addition to extending powers to the Chambers of Commerce and Industry to promote investment projects.⁵

The modern Investment Law has the dual purpose of encouraging investment and growth, while ensuring fair protection of economic and social issues in the UAE.

The new law allows:⁶

1. Create a productive and sustainable profit playground for UAE nationals and foreign owners alike, limiting foreign investor ownership to 94%;
2. Limit the duration of work permits granted to specialists to three years;
3. Imposing a flat corporate tax rate of 5-8% at the national level and abolishing the domestic and foreign investment regime of the State;
4. Encourage transparency in labour law and grant longer or permanent visas to qualified professionals and foreign investors in recommended sectors, based on capital flow, type of project or qualifications;
5. Focus on developing specialization in specific skills among UAE nationals;
6. Provide facilities for the granting of work permits to skilled workers and other required categories;
7. Restrictions on the granting of work permits to unskilled workers;
8. Develop a short-term marketing strategy aimed at promoting the UAE as an investment destination;
9. Giving priority to the participation of local elements in the activity of companies and strengthening internal links.

In addition to the above legislations and laws, the UAE has enacted other laws such as the Anti-Fraud Law, the Labor Law, the Central Bank Law, the Competition Law, the Intellectual Property Protection Law and other laws that contribute to creating a stimulating environment for investment and supporting the growth of the business environment in the country.

As for the institutional system, it was characterized by the presence of a number of local institutions that influence investors' decisions, which are part of the support network that the investor needs to reduce his difficulties and simplify his procedures, the most important of which is its accession to the Gulf Organization for Industrial Consulting, which launched on October 26, 2005 the portal of the industrial database, statistics and analytical content that serves regional and international investors and industrialists through one website that includes six databases with integrated data: (foreign trade database, database Economic and social data, data of investment opportunities in the Gulf, data of technology providers, data of experts and finally the database of Gulf industries).⁷

In the tourism sector, for example, the organization of this sector before 2008 was done at the level of each emirate only, but under Law No. 06 of 2008, the National Council for

⁵ Hassan Karim Hamza, "Financial Globalization and Economic Growth", Dar Safa for Publishing and Distribution, Amman, 2011, p. 304.

⁶ Nawzad Abdul Rahman Al-Hiti, "Business Environment and Development Requirements in the United Arab Emirates", Journal of Development and Foresight for Research and Studies, Volume 01, Issue 01, University of Akli Mohamed Oulhaj, Bouira, Algeria, December 2016, p. 4.

⁷ Hassan Karim Hamza, op. cit., pp. 310, 311.

Tourism and Antiquities was established as a body operating at the federal level, so that the state authorized it to organize tourism departments in all emirates of the country, in a way that ensures full and effective coordination with the rest of the local bodies and departments concerned with planning and developing tourism projects and valuing antiquities throughout the United Arab Emirates. Here are the following:⁸

1. Promotion, promotion and development of tourism internally and externally;
2. Preserving and excavating antiquities, taking the necessary measures for their marking, protection, preservation, registration and display at home and abroad;
3. Representing the State externally in all matters related to tourism and antiquities;
4. Cooperating with international governmental and non-governmental organizations, and public and private entities that have objectives similar to those of the Council, in order to implement its plans and implement its projects.

2. The most important incentives for foreign direct investment in the UAE

The United Arab Emirates enjoys a stimulating and attractive investment environment for foreign direct investment by having many of the aforementioned qualifications and components, in addition to the above, it has sought to enhance the attractiveness of its investment climate by granting many incentives and guarantees that also have a major role in attracting investment to it, especially since The foreign investor looks at this aspect as a guarantee that encourages him to make an investment decision easily, and the free zones in the UAE are the most attractive for investment through the advantages and guarantees they provide:

1. ownership of companies by foreign investors 100% without the need for a local partner.
2. Full exemption from import and export taxes.
3. Freedom to transfer capital and profits in full.
4. Exemption of companies from taxes for a period of 15 years, renewable for a similar period, with exemption from business or corporate tax depending on the free zone, as it reaches in some of them for a period of 50 years.
5. Assistance in providing employment and additional support services such as sponsorship and housing.
6. Exemption from customs duties in addition to other privileges, such as exemption from personal income tax.⁹
7. Allow foreign ownership of land for up to 99 years.¹⁰
8. Customs and tax exemptions, the possibility of foreigners owning some projects outside the free zones, transferring profits by 100% abroad, and other incentives and privileges granted by the state for non-oil sectors such as tourism, industry, information and communication technology, the financial sector, trade, real estate, and construction.¹¹

⁸: Omar Ben Slimane, "Tourism Investment in the United Arab Emirates as a Mechanism to Support the National Economy (2007-2016)", *Al-Mi'yar Magazine*, No. 20, Ahmed Ben Yahya Al-Wancharisi University Center, Tissemsilt, Algeria, December 2017, p. 272.

⁹ Omar ibn Suleiman, *ibid.*, p. 273.

¹⁰: Nouria Abd Mohamed, Nouria Abd Mohamed, "The Impact of FDI on the Future of Arab Domestic Investment - An Econometric Analytical Study of Some Arab Gulf Countries for the Period 1992-2010", PhD Thesis in Science and Operations Research, University of St. Clements, 2013, p. 113.

¹¹: Ministry of Economy, United Arab Emirates, "Study of the UAE Economy: Positive Indicators and Global Leadership", August 2016, p. 10.

9. Allowing foreigners to fully own real estate and housing for a maximum period of 19 years (excluding land).

10. Granting tax exemptions on certain investments located in sectors considered to be of strategic importance for a maximum period of 10 years, bearing in mind that the tax rates on the total net profit of foreign companies established under the foreign investment law have been reduced to minimum levels of 20% in Saudi Arabia, 15% in Kuwait, while the United Arab Emirates does not impose any tax at the federal level, but some of its emirates impose a special tax which varied between 25 and 20% at most¹².

The second axis: Analyzing the reality of the investment climate quantitatively and qualitatively

After addressing the most important features of the investment strategy adopted by the United Arab Emirates in attracting foreign direct investment, its effectiveness and efficiency will be assessed by quantitatively and qualitatively evaluating the UAE investment climate by selecting a set of indicative indicators.

First: Assessment of the investment climate of the United Arab Emirates

In order to analyze and evaluate the investment climate in the United Arab Emirates, we will adopt the following two criteria:

1. Quantitative assessment

According to this assessment, the investment climate can be analyzed through indicators of economic performance in the United Arab Emirates during the period 2012-2019.

Tableau n° (1) : Évolution des indicateurs d'équilibre interne et externe de l'économie des EAU au cours de la période (2012-2019)

Indicators/ years	2012	2013	2014	2015	2016	2017	2018	2019	2020
GDP growth (yearly%)	4.4	5.05	4.4	5.06	2.9	2.3	1.8	3.4	6.1-
External balance of goods and services (GDP%)	36.24	35.81	30.62	26.51	25.25	24.18	26.36	25.99	24.61
Inflation (%))	0.7	1.1	2.3	2.1	2.3	2.8	4.2	2	2.5
Total public expenses% of GDP	21.8	29.4	30.3	33.6	31.4	35.1	31	30.4	75
Total exports at current prices in dollars	375.51	392.4	401.3	361.25	360.6	384.04	392.8	404.0	335.2
Total official reserves (\$ billions)	47.03	68.20	78.42	93.92	85.39	95.37	99.50	108.3	106.70
The total external debt % of GDP	37	42.5	45.3	51.6	48.6	57.4	56	72.1	-

Source: Prepared by the the researchers based on: Arab Investment and Export Credit

Guarantee Corporation, Investment Climate in the Arab Countries for the Years: 2012/2013, p. 95, 2014, p. 107, 2015, p. 108, 2016, p. 12, 2018, p. 51, 2019, p. 51.

-World Bank Data data.albankaldawli.org

-Emirates Portal Data: Facts and Figures u.ae

¹² Hassan Karim Hamza, op. cit., p. 310.

It is clear from Table (1) that the United Arab Emirates succeeded significantly in achieving macroeconomic balances during the period (2012-2020), thanks to the success of the policies and strategies applied by it, it was able to achieve good and significant growth rates, especially in 2012 and 2013, where it achieved 5.2%. However, the year 2020 witnessed a significant decline of -6.1, and this negative value can be attributed to the repercussions of the health crisis of Covid 19, which hit all economies of the world, and as a result of the global downturn in that year and the focus of various governments of countries on the health aspect and neglect of the economic aspect, in addition to their great ability to control inflation rates, which were very weak, to say the least, as it recorded its highest value of 4.2% in 2018, and its lowest value in 2012. It reached 0.7%, but in 2020 it fell to 2.5%, and what can be said is that the UAE was able through its monetary policy to maintain its prices and thus inflation rates.

The table also shows that the UAE recorded a surplus throughout the period (2012-2020) in its external account, and about the total exports, more can be clarified for the year 2020, according to the annual economic report for the same year, non-oil exports were concentrated by 78.5% during 2019 from 10 commodity quarters, precious metals, jewelry, natural pearls, precious stones and their parts topped the list of goods exported to the world with a total value of 76.1% AED billion and a relative weight of more than a quarter of UAE exports by 32.9%, followed by aluminum in second place Its manufactures with a total value of AED 19.9 billion with a contribution of 8.6%, followed by plastics and their articles with a value of AED 17 billion with a relative weight of 7.4%.

The government's hypocrisy index took an upward trend during the period studied, due to the implementation and financing of programs and policies, especially with regard to hypocrisy on research and technology, which is one of the most important focuses of the state, but on the other hand, it remained within fairly high levels of external indebtedness, limited to between 37% of GDP in 2011, and 72.1% in 2019 As for the exchange reserves, a very large and noticeable increase in its size was observed due to the success of economic diversification policies and programs, which covered all sectors, as it moved from \$ 47.03 billion in 2011 to \$ 106.1 billion in 2020.

What can be concluded is that the years 2019 and 2020 we find that the majority of the studied indicators were not in the optimal way, and this is an inevitable result of the health crisis that struck the world as a whole, but what distinguished the UAE is its rapid rise from the negative repercussions of the "Covid 19" crisis, and the lack of great vulnerability, especially if compared to other Arab countries, which distinguishes this experience in facing challenges and overcoming sanctions and difficulties.

According to these indicators, it can be said that the United Arab Emirates has succeeded in providing a safe economic environment and an encouraging investment and business climate, as the policy of diversifying sources of income and building a productive economy early played a major role in this success and achieving positive values in most of the performance indicators of its economy, in addition to the other strategies and policies it has adopted, all of which are aimed at providing the appropriate climate to attract foreign direct investment by granting it many guaranteed advantages and incentives that help build confidence between the country. Host and host investor.

2. Qualitative Assessment

There is another type of assessment that must be taken into account, which is the qualitative indicator adopted by the most important international institutions interested in the analysis of the investment climate in order to classify and arrange them, the objective being to

create competition and competitiveness as well as facilitate investment decision making for the investor, as there are many international indicators that attempt to monitor the business environment and investment climate in countries. During this component, the classification and status of the UAE will be discussed according to some of these indicators as follows:

Table n° (2): Ranking of the United Arab Emirates among certain Investment climate attractiveness indicators for the period (2010-2021)

years	index of economic freedom		business environment index		Global Competitiveness Index		An indicator of investment attractiveness	
	Rank	indicator	Rank	indicator	Rank	indicator	Rank	indicator
2010	46	67.3	33	-	25	4.9	—	—
2011	47	67.8	40	-	27	4.9	—	—
2012	35	69.3	33	-	24	5.1	—	—
2013	28	71.1	26	-	19	5.1	38	37.2
2014	28	71.4	23	-	12	5.3	33	49.9
2015	25	72.4	30	-	17	5.2	29	54.3
2016	25	72.6	31	75.10	16	5.3	-	-
2017	8	76.6	26	76.89	17	5.3	23	58
2018	10	77.6	21	78.73	-	-	23	60
2019	09	77.1	16	-	25	-	21	62
2020	18	76.2	16	-	-	-	-	-
2021	-	-	16	-	09	-	-	-

Source: The Heritage Foundation, "Index Of Economic Freedom", AWorld Bank Group Flagship Report, Doing business.

— World Economic Forum, "The Competitiveness Reports" 2007, 2008,2012,2015,2017.
 Arab Investment and Export Credit Guarantee Corporation, "Guarantee Investment Attractiveness Index" for the period 2013 20 22.
 Federal Competitiveness and Statistics Center fcsc.gov.ae:HTTP.

By reading Table (2), we notice that the UAE has excelled significantly in providing an investment climate characterized by elements and qualifications that make it competitive with the largest developed countries in the world, as it has ranked well according to its global ranking according to the Index of Economic Freedom from 46th in 2010 to 7th and 8th in 2017, 2018 respectively out of 186 countries, this superiority is due to its strong and free economy, according to the latest report for the year 2022 issued by The Heritage Foundation The ten sub-indicators of this index are superior in all their indicators, including property rights (64), government integrity (25), tax burden (01), and government spending. 86)), Financial Solidity (34) It topped the Arab ranking in the indicators of freedom of work, freedom of business, tax burden and government integrity.

It also enjoys a good investment environment according to the Business Environment Index, in 2017 it ranked 21st globally to be among the countries that provide the most protection for investors and provide the necessary financing for all its projects, meet its financial obligations, and spend in its public budgets without financial difficulties, in addition to the

decrease in the number of procedures necessary to start the project, which reached (6 procedures at a rate of 8 days), obtaining the necessary licenses, whether for construction (8 procedures at a rate of 43 days) or electricity connection (3 procedures at a rate of 32 days), in addition to the lack of tax payments (4 payments at a rate of 12 hours), the index of access to finance, which reached the index 7 from the field of (0-8) according to the depth of credit information index, according to the World Bank's report on the ease of starting a business index for the year 2019, and in 2020, according to the same report scheduled for the same year, the UAE strengthened its position as an ideal destination for investment, and was able to rank 16th globally, due to the improvement of its supportive legal and regulatory environment. As for the Global Competitiveness Index, it ranked 17th in 2017 and this superiority is due to its good results for its sub-indicators, as it ranks first according to the macroeconomic stability index by achieving the 100/100 index in partnership with 31 other countries, and its superiority in the ICT index ranked 6th globally, while the infrastructure index, due to its great efforts, ranked 15th with an index of 86. 2/100, and in 2021 it ranked 09th globally, which makes us claim that the success of this country is persistent and competitive even to the largest economies in the world.

As for the Daman Index of Investment Attractiveness, in its first release in 2013, it ranked 38th in the world, after which it improved and reached the 23rd rank in 2017 and 2018, which is a good classification due to the newness of the index and the difficulty of competing with the largest countries in the world. In 2019, it ranked 22nd, with the issuing institution focusing on developments The situation after the Covid 19 crisis and the political risks surrounding the Arab world, and in this context, the report on the investment climate for the year 2022 showed that the UAE ranked fifth in the world with more than 100 bilateral investment agreements in 2022, followed by Egypt in the second place in the Arab world and seventh in the world with 100 agreements, Which proves the firm desire for the UAE to continue to attract more foreign investments, especially direct ones.

In addition to the previous indicators, another group of indicators was selected in order to assess the investment climate for the largest possible number of indicators, due to their large number and because we were unable to address them in full. The following table shows the classification and position of the UAE globally according to the following indicators:

Table No. (3): Classification of the United Arab Emirates among some indicators of the attractiveness of the investment climate for the period (2012-2020)

years	Procedures to register property (number)	Strength of legal rights index (0=weak to 12=strong)	Logistics Performance Index Efficiency of customs clearance process (1=low to 5=high)	Time required to get electricity (days)	Logistics Performance Index The quality of intra-transportation trade (1=low to 5=high)
2012	2	2	3.52	40	3.81
2013	2	2	-	35	-
2014	2	2	3.61	35	3.84
2015	2	2	-	32	-
2016	2	2	3.41	28	3.70
2017	2	2	-	10	-
2018	2	6	3.83	10	4.06
2019	2	6	-	7	-
2020	2	-	3.63	-	4.02

Source: World Bank data: data.elbankeldawli.com

We note from Table (3) that the UAE ranked well according to the property registration procedures index, as its number throughout the period (2010-2020) was estimated at two procedures, which is a very good indicator, in addition to the days of electricity connection, which witnessed a significant decrease from 40 days to only 7 days, these things help investors to start their projects quickly and easily localized on UAE territory, unlike other countries, while other indicators, which are very important, are the logistical performance index, whether for efficiency Customs clearance or related to trade, infrastructure and transport – this index is published every two years – we note the great interest of the UAE in this area through the noticeable improvement in the index from medium to strong performance that reached Index No. 4, so we find superiority in the volume of exports for the UAE due to the facilities provided, whether for domestic or foreign continuous.

After addressing the attractiveness of the investment climate in a selected number of quantitative and qualitative indicators, we will now come to the stage of assessing the strategy and policies adopted by highlighting the volume of FDI inflows to the UAE.

The third axis: Evolution of Foreign Investment Inflows to the UAE

According to the aforementioned about the investment climate in the United Arab Emirates and its capabilities and qualifications that distinguish it, and the privileges and guarantees granted to local and foreign investors alike, and below we will try to find out the effectiveness of these components and the aforementioned factors in attracting foreign direct investment to it, and this is through the volume of foreign investments attracted, and the most important countries interested in investing in the UAE and which sectors are more attractive than others.

1. The volume of foreign direct investment inward to the United Arab Emirates during the period (1990-2020)

The evolution of the total volume of foreign direct investment incoming to the United Arab Emirates during the period (1990-2021) is shown in the following table:

Table No. (4): The volume of foreign direct investment incoming to the United Arab Emirates for the period (1990-2021) Unit: billion dollars

years	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
V-FDI	(0.11)	0.02	0.12	0.40	0.06	0.39	0.30	0.23	0.25	(0.98)	(0.506)
years	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
V-FDI	1.183	0.095	4.256	10.003	10.89	12.8	14.18	5.06	1.13	8.769	7.151
years	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	-
V-FDI	9.567	9.765	11.072	8.55	9.60	10.35	10.38	17.875	19.884	20.7	-

Source: Prepared by the researchers based on: Arab Investment and Export Credit Guarantee Corporation reports, Investment climate in the Arab countries for the years: 2012/2013, p. 95, 2014, p. 107, 2015, p. 108, 2016, p. 12, 2018, p. 51, 2022 The official website of the United Arab Emirates government.

We note from Table (4) that the nineties period witnessed a weak outcome of foreign direct investment incoming to the United Arab Emirates, as it achieved a negative value estimated at (0.11) billion dollars in 1990, after which it achieved positive results from 1991 to 1998, coinciding with the start of the UAE government to implement the economic diversification strategy in 1995, but it always remains weak and below the required level, and

to return to decline in 1999 and 2000 and achieve negative values after foreign investors liquidated their projects and Not attracting new investments, after which the UAE took successful steps starting in 2001, so the year 2004 was a great success and highlighted as one of the most attractive countries for investment, achieving \$ 10.004 billion, due to the success of the policies and strategies followed by the government, which began in 2000, to take an upward trend until it reached the highest value estimated at \$ 14.18 billion in 2007, and this is evidence of the strong desire to succeed in attracting foreign direct investment to it, Then the years 2008 and 2009 decreased and collected the values of 5.06 and 1.13 billion dollars, respectively, this decline was behind the impact of the UAE economy on the global financial crisis, as one of the most Arab economies opened up to the outside world, but soon the volume of investment returned to rise in 2010 by \$ 8.76 billion, and this is evidence of the strength of the UAE economy and its ability to overcome crises quickly, to continue to rise until 2014, achieving a value of 11.072 billion dollars, and ranked first in attracting foreign direct investment for the same year according to the United Nations report (UNCTAD), so its strategy set in 2014 had a positive impact on improving the investment environment. And making it one of the most attractive countries, especially in light of the unique excellence of the UAE in this field and its interest in most of the details related to investors in terms of incentives and exemptions and ease and simplification of procedures, and as a rentier country The decline in oil prices at the end of 2014 and the beginning of 2015 had an impact on the volume of incoming investments to it, but that impact was not severe on the UAE economy, as it achieved an inflow of foreign investment in 2015 worth \$ 8.15 billion, which is evidence of the extent of the diversity of this In 2016 and 2017, according to the competitiveness report, the UAE ranked first and considered its business environment one of the most competitive countries to attract foreign direct investment, achieving the values of \$ 9.60 and \$ 10.35 billion, respectively, and continues at \$ 10.38 in 2018.

Foreign direct investment inward to the United Arab Emirates achieved a growth of 4% during the year 2021 compared to 2020, reaching \$ 20.7 billion, despite the repercussions of the "Covid-19" pandemic, which cast a shadow on the volume of investment, trade and world economies, and the cumulative balance rose to \$ 171.6 billion, as the year 2021 accounted for 31% of the total foreign direct investment received to the Middle East and North Africa, as studying this experience had great benefits through which it can Many countries benefit from their experience, especially when proving this after the health crisis that struck the whole world, and the repercussions of the Corona crisis had a significant negative impact on the economies of countries, whether developing or developed, as the UAE was able to obtain the first ranks in FDI inflows and outflows in West Asia and MENA regions.

What can be concluded from this successful experience is that it was able to quickly recover from the negative repercussions of the Covid-19 crisis, which affected many lives, as well as touched many economic aspects, but the UAE achieved good results that competed with the world in the number of new projects that were its share, and the following table shows the new foreign investment projects for 2021, which were distributed between Dubai, Abu Dhabi and Doha respectively.

2- New foreign investment projects for 2021.

We will dedicate this element to new foreign investment projects for 2021, according to the following schedule:

.Table (5):New Foreign Investment Projects for 2021

Number of Projects	Number of Companies	Number of Jobs	Average Jobs	Investment cost (million dollars)	Average costs	Country
455	426	20996	46	6566.9	14.4	U.A.E

Source: Arab Investment and Export Credit Guarantee Corporation, Investment Climate in the Arab Countries, Kuwait, 2022, p. 48.

We note through Table (5) that the United Arab Emirates has already proven its seriousness in attracting the largest possible number of projects flowing inward in 2021, reaching 455 projects with a total of 426 companies, and an investment cost estimated at \$ 6566.9 million, ranking 19th in the world in the flow of foreign inward investment, and 17th in the flow of foreign outward investment in 2021. This is an explicit and clear evidence of the speed of the UAE's overcoming of the Covid-19 pandemic and its negative effects that have affected most indicators of the economy at the national and even global levels.

Conclusion

The United Arab Emirates is considered one of the most successful countries in attracting foreign direct investment, as it has been able to be one of the most important and best investment destinations across the world, through its adoption of successful and distinguished development models, both in the economic diversification model and even in attracting many foreign investors, so this study is considered one of the most successful experiences that can be benefited from in many aspects, especially rentier countries such as Algeria and other Arab countries.

Finally, the study reached a set of results, which we summarize in the following points:

1. For the first time, the UAE has joined the list of the top 20 countries around the world, considered by investors to be a trustworthy and safe investment destination, as it topped in 2021 15th place in the FDI Confidence Index, as the revision of the UAE's business environment laws such as the Commercial Companies Law has led to an increase in their investment desire.
2. In 2020, the UAE was rated AA by Fitch International, due to its government's support for business and corporate sectors and low levels of public debt;
3. The UAE is the largest host country for regional international companies in the Middle East, the UAE is an ideal city for doing business and investment, offering its state-of-the-art infrastructure and means State-of-the-art connectivity, outstanding facilities and government support for international companies A suitable working environment for international companies to manage their regional offices from the UAE;
4. The UAE has worked to protect and encourage investments through the country's conclusion of 101 agreements to protect and encourage investments that included most of the country's trading partners, as these agreements aim to protect investments from all non-commercial risks such as nationalization, confiscation, judicial seizure and freezing, and allow the establishment of investments and grant licenses for these investments and emphasize the transfer of profits and other revenues in a free convertible currency.

5. The UAE has largely succeeded in its experience in improving its attractiveness to the investment climate, due to the various policies followed, whether investment or economic, and the good classification of the United Arab Emirates among most qualitative and quantitative indicators is the best evidence of this impressive success to become one of the largest economies attracting and attracting foreign direct investment.

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