

NEW GCC ERA

MOST FAVORED FDI DESTINATION



GCC MASTER COHESION POLICY

FDI COHESION POLICY

The constructive legislative environment, which was mostly characterized by ease and flexibility among the states of the EU, has witnessed significant development in terms of leading investments in the right track, so that within 7 years up to one million jobs has been achieved. Since the implementation of EU cohesion policy, the EU witnessed noticeable increase of about 94 billion euros in investments, particularly small and medium enterprises (SMEs). “ Thus , in a uniform GCC Business scene and in the absence of a cohesive policy difficulties in doing business across GCC countries difficulty in attracting FDI, and further diversifying GCC economy are inevitable “

Similar to the EU, adopting a cohesion policy in the GCC countries has its own share of importance, in light of the global digital and material changes as well. Such policy covers an array of segments ranging from creating job opportunities, to promoting economic growth, sustainable development and improving living conditions. In absence of which; scope of businesses will remain local; GCC self-sufficiency will hardly be attainable due to restriction and difficulties in business establishment, expansion and human capital restrictions.

The scope of the cohesion policy can vastly assist in elevating the GCC countries in expanding post oil, gas and World Cup era, which will enhance their economic position and is a major factor in achieving self-sufficiency. Creating a "cohesive" system means creating a benefit for the GCC, which aspires to be a favorable FDI destination. Most importantly, it will conserve the region's identity.

R.4

FDI ECO-FRIENDLY COHESION POLICY

GCC countries should legislate and develop a unified commercial law (like the EU company law), which concerns the formation of companies in the GCC and helps businesses expand and operate across all GCC countries easily. This commercial law should not only include local investments but also foreign investments.

R.1

FDI GCC-FRIENDLY COHESION POLICY

Create an inclusive, tailored framework for promoting FDI that strikes both ends of spectrum. 1- fits GCC state countries and does not compromise its identity 2- matches world developments

R.2

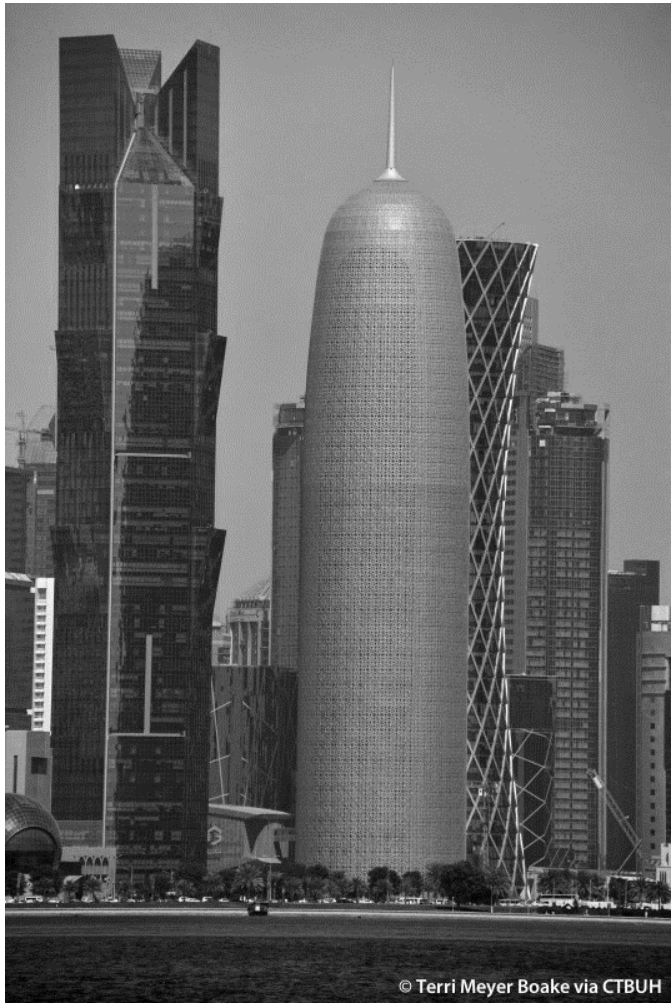
FDI GCC-FRIENDLY COHESION POLICY

GCC countries shall achieve comprehensive and equal economic diversification and not be limited to the energy field only. To achieve self-sufficiency in as long term a pattern of economic growth must be set and agreed on.

R.3

FDI ECO-FRIENDLY COHESION POLICY

GCC cohesion policy shall stress on environmental aspect as it has been proven that a byproduct of cohesion policy is more FDI and MORE environmental damages .



GCC EFFORTS IN STIMULATING BUSINESSES

Although oil and gas are the GCC's primary sources of funding, we will need to consider supportive sources that could become the primary one day. The GCC has enacted policies that have boosted employment and the economy.

As mentioned earlier, GCC countries need to create an alternative source to rely on in improving the economy other than energy-centered sources. Despite that “the region's average ease of doing business score improved by 2.9 points” which resulted in creating more jobs in the region, There must always be room for improvement. Creating more business creates more jobs, and will attract many people to the country eventually. As a result, the economy of the country will flourish

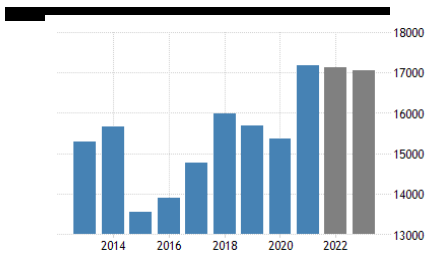


CHART 1: European economy's GDP

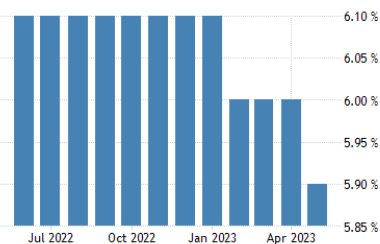
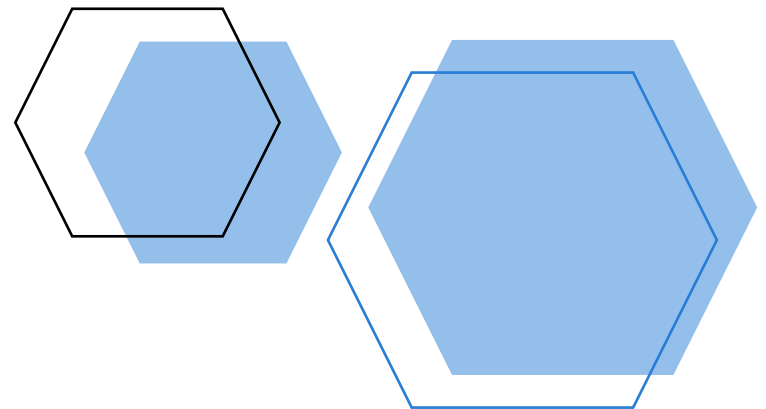


CHART 2: EU unemployment rate

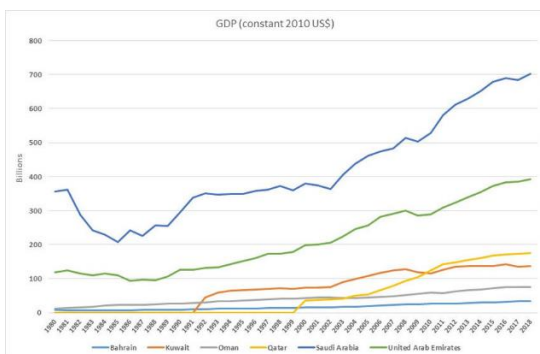
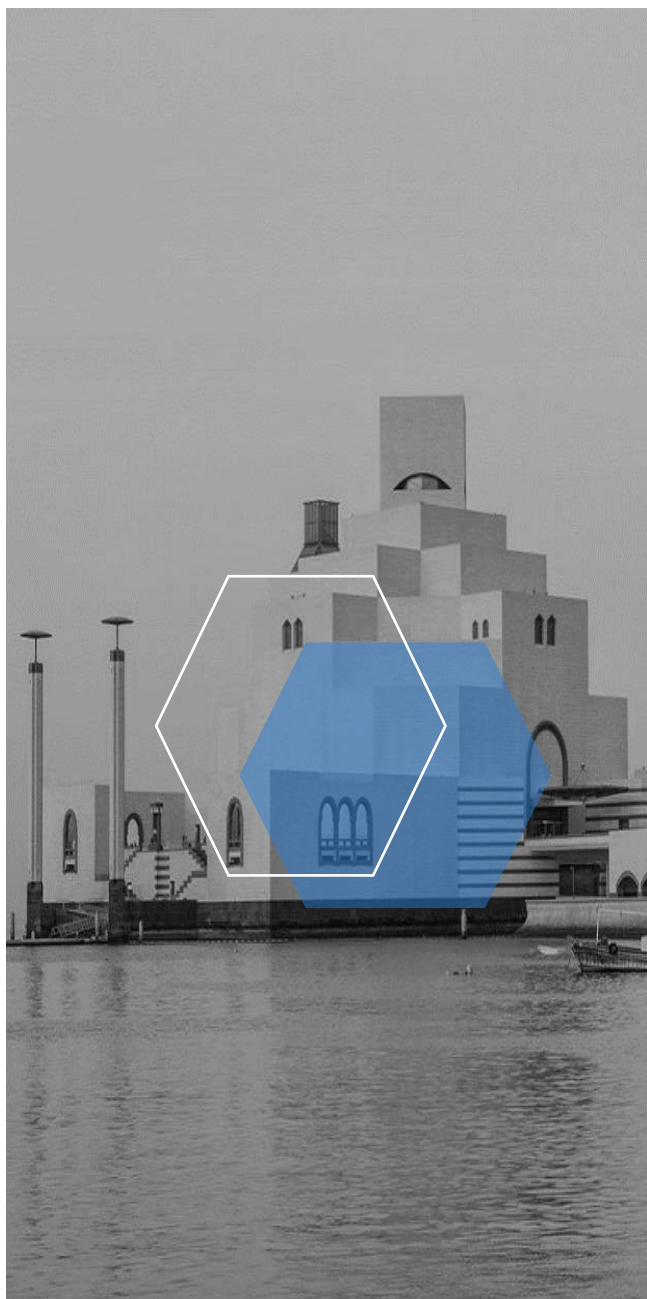


CHART 3: GCC GDP growth 1980 – 2018



The EU is a great economic power, which makes it the second largest economy in the world in terms of nominal value, with a “nominal” gross product estimated at about \$22.9 trillion. The EU witnessed development in various industrial sectors such as oil, nuclear technology, and automobile. Further power factors are, political and security stability that led to the prosperity of the economy in the EU with low unemployment rate, which has reached 6% recently.

Consequently; EU’s GDP was estimated at about \$17 trillion, representing 14% of the global economy as a whole, according to statistics that were studied in 2021, and the per capita share reached \$ 43.1 of the GDP in that year. As for the Gulf economy, it ranked 12th in the world and accounted for 1.75% of the global economy, reaching \$1.68 trillion of the global GDP, which represents \$96.2 trillion during 2021, and this had constituted a remarkable increase and growth for the Gulf economy compared to 2020, due to a factor and catalyst. The main one is *the rise in oil prices*.

RESOURCES

- 1- POLICY CONTRIBUTION ISSU NO.8 MAY 2019 P.7 ([HTTP://AEI.PITT.EDU/100995/1/WP-2019-07.PDF](http://AEI.PITT.EDU/100995/1/WP-2019-07.PDF))
- 2- [HTTPS://GCCSTAT.ORG/AR/STATISTIC/PUBLICATIONS/FEATURES-OF-ECONOMIC-PERFORMANCE](https://GCCSTAT.ORG/AR/STATISTIC/PUBLICATIONS/FEATURES-OF-ECONOMIC-PERFORMANCE)
- 3- [HTTPS://EUROPEAN-UNION.EUROPA.EU/PRINCIPLES-COUNTRIES-HISTORY/KEY-FACTS-AND-FIGURES/ECONOMY_EN](https://EUROPEAN-UNION.EUROPA.EU/PRINCIPLES-COUNTRIES-HISTORY/KEY-FACTS-AND-FIGURES/ECONOMY_EN)
- 4- [HTTPS://AR.TRADINGECONOMICS.COM/EUROPEAN-UNION/UNEMPLOYMENT-RATE](https://AR.TRADINGECONOMICS.COM/EUROPEAN-UNION/UNEMPLOYMENT-RATE)
- 5- World Bank Group (2019) *Doing business 2020: Gulf Cooperation Council states implement record number of Business Climate Reforms*, World Bank. Available at: <https://www.worldbank.org/en/news/press-release/2019/10/24/doing-business-2020-gulf-cooperation-council-states-implement-record-number-of-business-climate-reforms#:~:text=All%20GCC%20economies%20carried%20out,diversification%20and%20foreign%20direct%20investment.> (Accessed: 27 June 2023).



CONCLUSION

POST – OIL , GAS AND WOLD CUP ERA.

Despite that, the GCC legislative environment is keeping pace with global developments; some countries still cannot match economically and developmentally with their peers in the Gulf Cooperation Council.

As is the case with the European Union countries. And; accordingly, The need for a stable and binding tool for countries with fair and promising political and economic dimensions that the state party is bound by a clear five-year plan and that the interest of the group prevails over the individual without neglecting the individual national requirements.

As a result, this will reinforce GCC economic junction, and further achieves self-sufficiency, especially in light of the existence of “A consensus” on huge investment decisions, without overlooking the role of each concerned state, where all public sectors in each state, such as business and civil societies, are explored.



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