Global Opportunity Index 2020

Focus on the GCC Countries

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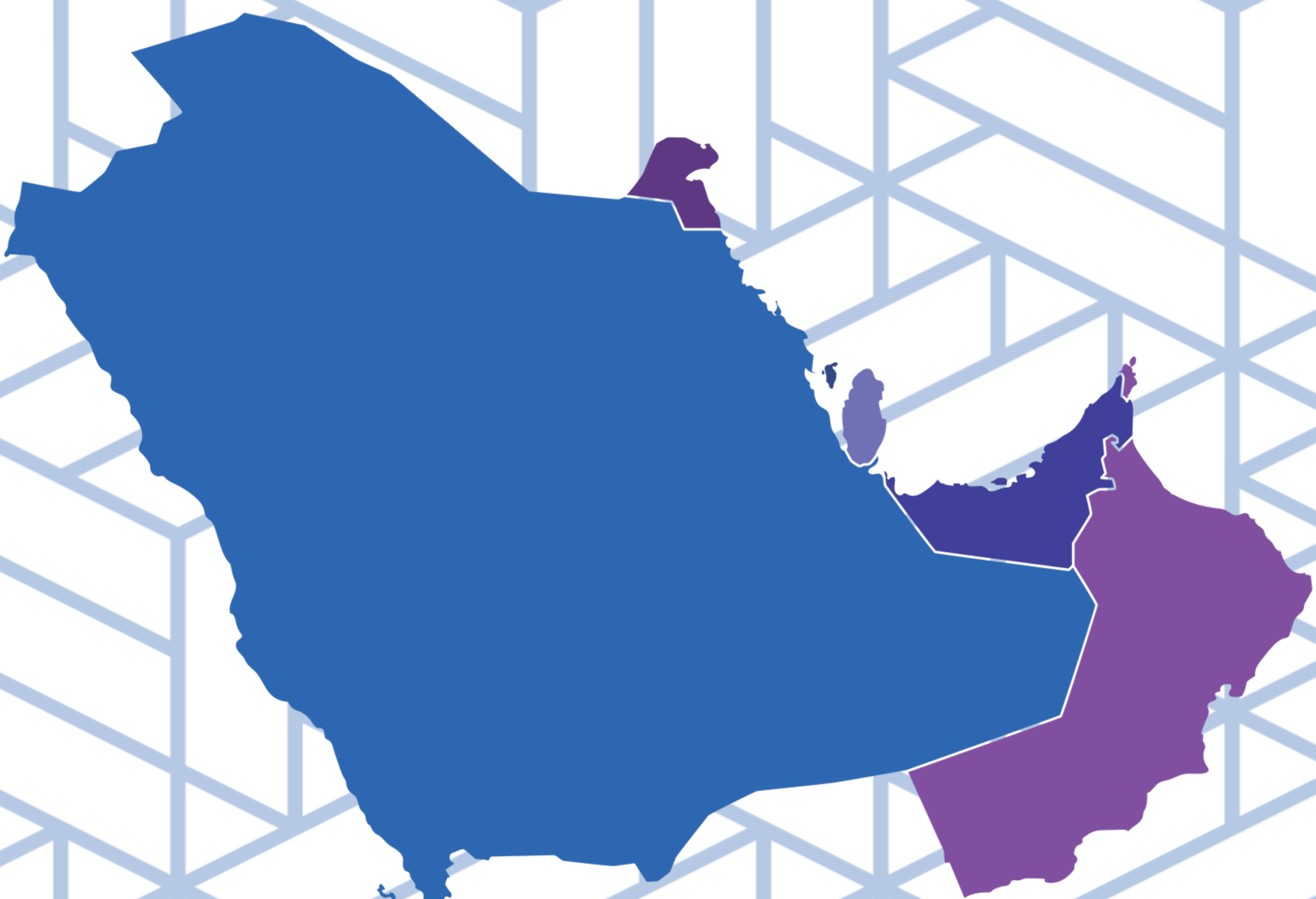

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GLOBAL OPPORTUNITY INDEX 2020

Focus on the GCC Countries

ABSTRACT

Saudi Arabia's presidency of the 2020 G20 and the Expo 2020 in Dubai offer a unique opportunity to showcase the region's ongoing efforts to attract international investments.

This report uses the Global Opportunity Index and its different categories to assess the region's improvements in 2019. More specifically, it compares the Gulf Cooperation Council (GCC) countries' performances to those of a reference group, the upper-middle-income countries. The analysis provides a better understanding of the countries' economic development and readiness to welcome a more diversified pool of international investors.

The GCC countries align with the upper-middle-income group performance in the cost of starting a business, the burden of labor regulation and taxes, the age and health of the working population, the efficiency of the legal system, and access to financial services and financial depth of the economy.

However, their performance lags in four categories that affect foreign investors' potential interest in the region:

- **Protection of the investor**, including the recovery and resolution process and investors' rights
- **Transparency** regarding the quality and quantity of information that can be easily collected from the public and private sectors
- **Workforce talent**, including the qualifications of the labor force and its diversity
- **Economic openness,** including trade agreements and tariffs

All of these categories are important. Yet, prioritizing the first two points would reassure investors as they relate directly to the rule of law—to their ability to recover part of their investment and to assess the quality of their investment. It would help diversify the pool of investors away from the local ones. Ultimately, it could also help diversify the economy away from oil.

INTRODUCTION: WHY FOCUS ON THE GCC COUNTRIES?

The year 2020 will be a big year for the GCC region, as it will host two major global events for the first time: the Expo in Dubai and the G20 Summit in Saudi Arabia. Both events are unique opportunities to showcase the region's efforts to attract international investments.[1]

In the past decade or so, the GCC countries have produced economic plans addressing the barriers to future development (see Table 1). The region agrees that the rapid depletion and technical obsolescence of hydrocarbon reserves, as well as oil price fluctuations, make its current economic model unsustainable. The over-arching goal of these national plans is to diversify the economy away from oil by modernizing the legislative framework and enhancing the business environment of the region. Ultimately, the plans will spur a transition to a set of economies with a vibrant private sector that will generate economic growth and job creation.

Table 1: GCC National Visions

Year	Country	Legislation
1995	Oman	Oman 2020: Visions for Oman's Economy
2008	Bahrain	Economic Vision 2030
2008	Qatar	Qatar National Vision 2030
2010	Kuwait	Kuwait Vision 2035
2010	UAE	Vision 2021
2016	Saudi Arabia	Saudi Vision 2030
2017	Kuwait	New Vision 2035

Source: Coates Ulrichsen (2017)

1. The GCC countries include Bahrain, Kuwait, Qatar, Oman, Saudi Arabia, and the United Arab Emirates (UAE).

The countries' oil and gas reserves strongly influence the tone of these plans: Oman and Bahrain, the two smallest economies in Table 2, are looking to diversify quickly, while Kuwait, Qatar, and the UAE are reforming at a more moderate pace. Saudi Arabia is the only exception: Its population of 34.2 million people makes job creation a priority and a challenge, explaining its ambitious timeline.

Table 2: GCC Countries' Population and Income per Capita

Country	Population in 2019 (in millions)	Gross National Income Per Capita (in USD)
Bahrain	1.6	44,620
Kuwait	4.2	83,390
Qatar	2.8	124,130
Oman	5.0	41,230
Saudi Arabia	34.2	55,650
UAE	9.7	75,300

Source: World Bank (2019a)

The credibility of these economic roadmaps, especially in the eyes of international investors, lies in their implementation. This report will assess such implementations by focusing on the GCC performance in the Global Opportunity Index and highlighting reforms that would help reassure international investors and strengthen interest in the region.

The analysis shows that when assessing economic development, the GCC countries compare well with the upper-middle-income countries group. That is especially in the cost of opening a business, the burden of labor regulation and taxes, the age and health of the working population, and the efficiency of the legal systems. By contrast, investor protections, including the recovery and resolution process and investors' rights, the access to information regarding the public and private sectors, the skill levels and qualifications of the labor force, and economic openness, including trade agreements and tariffs, align more with lower-middle-income countries.

We recommend prioritizing the first two, as they would have an immediate impact on the investment climate by reassuring investors regarding the rule of law, enabling them to assess the quality of their investments. These priorities would help address two major concerns for the region: its strong regional exposure when it comes to investors (see the merger and acquisition analysis in the report) and, ultimately, the lack of horizontal diversification of the economies outside of oil.

SECTION 1: THE GOI FOR GCC COUNTRIES

As oil producers, the GCC countries are among the world's wealthiest, with a per-capita income ranging from $41,230 for Oman to $124,130 for Qatar. Yet, their income levels provide little information on their economic development and their readiness to deal with international investors.

The Global Opportunity Index (GOI) considers economic and financial factors that influence foreign investment activities as well as key business, legal, and regulatory policies that governments can modify to support and often drive investments. Overall, it tracks countries' performances using five categories (see Appendix 1 for more details):

- **Business Perception** measures explicit and implicit costs associated with business operations such as tax burden, transparency, etc.
- **Financial Services** measures the size and access to financial services in a country by looking at the country's financial infrastructure and access to credit.
- **Institutional Framework** measures the extent to which an individual country's institutions provide a supportive framework for businesses.
- **Economic Fundamentals** indicates the current economic strength of a country vis-à-vis the global economic outlook. The assessment focuses on the country's macroeconomic performance, trade openness, quality and structure of the labor force, and modern infrastructure.
- **International Standards and Policy** reflects the extent to which a country's institutions, policies, and legal system facilitate international integration by following international standards.

Beyond ranking the GCC countries, the GOI provides several insights about these countries when comparing their performance to other groups of countries with different incomes. Identifying the peer group for each category gives international investors interested in emerging countries some perspective about the strengths and challenges of the region.

The GOI rankings, global and subcategories reported in Table 3, underscore the heterogeneity of the GCC countries. Their performances are particularly spread out for the Business Perception and the Institutional Framework categories, with rankings ranging from 38 (Bahrain) to 106 (Saudi Arabia) for the former, and from 15 (UAE) to 75 (Kuwait) for the latter.

Table 3: GOI Component Ranking for the GCC Countries

	Business Perception	Economic Fundamentals	Financial Services	Institutional Framework	International Standards and Policy	Ranking 2020
Bahrain	38	29	45	55	48	42
Kuwait	74	77	36	75	62	58
Oman	49	85	49	66	53	53
Qatar	56	31	32	40	41	38
Saudi Arabia	106	80	59	44	56	66
United Arab Emirates	44	50	34	15	29	26

Color key for numerical ranking				
	1-34	35-69	70-99	100 and up

Source: Milken Institute analysis for Global Opportunity Index (2020)

Digging deeper into the rankings, Table 4 compares the GCC performances with the median country of three different income groups, using the World Bank definitions:

- The high-income group, with a per-capita income of more than $12,375;
- The upper-middle-income, with a per-capita income ranging from $3,996 to $12,375; and
- The lower-middle-income, with a per-capita income ranging from $1,025 to $3,996.

Table 4: Comparison of the Sub-categories of the GOI with Other Income Group

		Bahrain	Kuwait	Oman	Qatar	Saudi Arabia	United Arab Emirates
Business Perception	Business Constraint						
	Recovery and Resolution Process						
Economic Fundamentals*	Future Environment of Growth						
	Workforce Talent						
Financial Services	Financial Access						
	Financial Depth						
Institutional Framework	Transparency						
	Innovation						
	Investors' Rights						
	Public Governance						
International Standards and Policy*	Economic Openness						
	Patent and Trademark						

Source: Authors' calculations (2020)

**Economic performance and tax and regulation have been removed, as these categories are not appropriate for this type of analysis: Emerging countries had better economic performances than many high-level countries in recent years, and low tax levels are not automatically a good thing for the resilience of the economy, especially for the GCC countries.*

- Better than the median high-income country
- Between the median high-income and upper-medium income countries
- Between the median upper-middle and lower-middle-income countries
- Worse than the median lower-middle-income country

In summary, Table 4 shows that the GCC countries compare well with upper-middle-income countries in the following five categories. It is worth noting that Bahrain and the UAE perform as well as the high-income countries on at least two of these categories.

- **Business constraint**, which includes the cost and effectiveness of starting a business and the percentage of firms identifying corruption, labor regulation, protection of minority shareholders, and tax rate as a challenge

- **Future environment of growth**, which captures the youth, health, and digital connectivity of the working population

- **Financial services,** including broad access to financial services and the financial depth of the economy

- **Public governance**, which includes the efficiency of the legal system in settling disputes and challenging regulation, as well as judicial independence and political stability

- **Patent and trademark**, which focuses on the number of trademark and patent applications at the international level

By contrast, there are barriers to investment and business in the region beyond the level that would be expected in upper-middle-income countries. With rare exceptions, the GCC region needs to improve the following categories:

- **Protection of the investor**, including a recovery and resolution process and investors' rights

- **Workforce talent**, which accounts for the qualifications of the labor force and its diversity

Finally, the region has mixed performances for:

- **Economic openness**, including trade agreements and tariffs

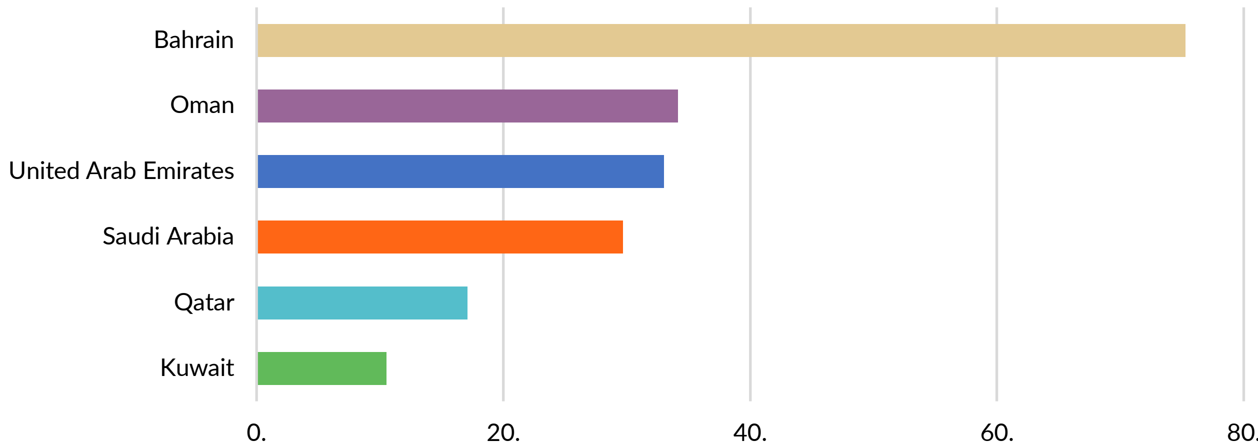
- **Transparency**, which captures the availability and ease of obtaining reliable information from the public and private sector

While these four categories have a direct impact on the investment climate, both the protection of the investors and transparency should be prioritized, as they would reassure investors, strengthening their interest in the region. The former relates directly to the application of the rule of law and the unpredictability of rules enforcement, while the latter refers to assessing the quality of an investment.

SECTION 2: FROM THE GOI ASSESSMENT TO INTERNATIONAL INVESTMENT

The difference in the GCC countries' wealth reported in Table 2 reflects their reliance on oil and gas and their resulting openness to external funding. Chart 1 shows that Bahrain, one of the GCC countries with, historically, the least amount of oil and gas reserves, has the highest level of foreign direct investment (FDI) with a stock of about 75 percent of GDP. By contrast, Kuwait's FDI stock represents 10 percent of GDP.

Chart 1: Inwards FDI Stock, 2018 (percent of GDP)



Source: World Bank (2019a)

Independent of the level of their natural resources, the GCC countries have invested a lot of time and energy in attracting FDI over the past decade. Most of them have even adopted standalone FDI legislation (see Table 5). In addition, many of the GCC countries have been facilitating foreign ownership across different sectors as a strategy to encourage economic diversification (see Appendix 2 for more details).

These reforms have contributed to the diversification of the GCC economies; Table 6 shows that most of the GCC countries export a more diversified set of products than in 2000.[2] Yet, this diversification remains mostly vertical, concentrated in the standard petrochemicals and energy-intensive segments, such as steel and aluminum.[3]

2. Qatar, which has had to deal with a regional boycott from its main trading partners since 2017, is the exception.
3. See International Monetary Fund (2018).

Table 5: GCC FDI legislations

Country	Year	Legislation	100% Foreign Ownership
Bahrain	N/A	Series of reforms aimed at facilitating business investment—see Lopez et al. (2020) for more details	in some sectors since 2016
Oman	1994	Foreign Capital Investment Law, Oman Sultani Decree No. 102/1994 to Promulgate the Foreign Capital Investment Law	for US firms since 2009
Qatar	2000	Qatar Law No. 13/2000 on the Regulation of the Foreign Capital Investment in the Economic Activity	in all sectors since 2019
Saudi Arabia	2002	Saudi Arabia Royal Decree No. M1/1421 on the Approval of the Foreign Investment Law	in some sectors since 2016
Kuwait	2013	Kuwait Law No. 116/2013 Amending the Law on the Regulation of Direct Investment of Foreign Capital in the State of Kuwait	in some sectors since 2014
UAE	2018	UAE Federal Decree Law No. 19/2018 on Foreign Direct Investment	in some sectors since 2019

Source: Authors' compilation (2020)

Table 6: Concentration and Diversification of Exported Products

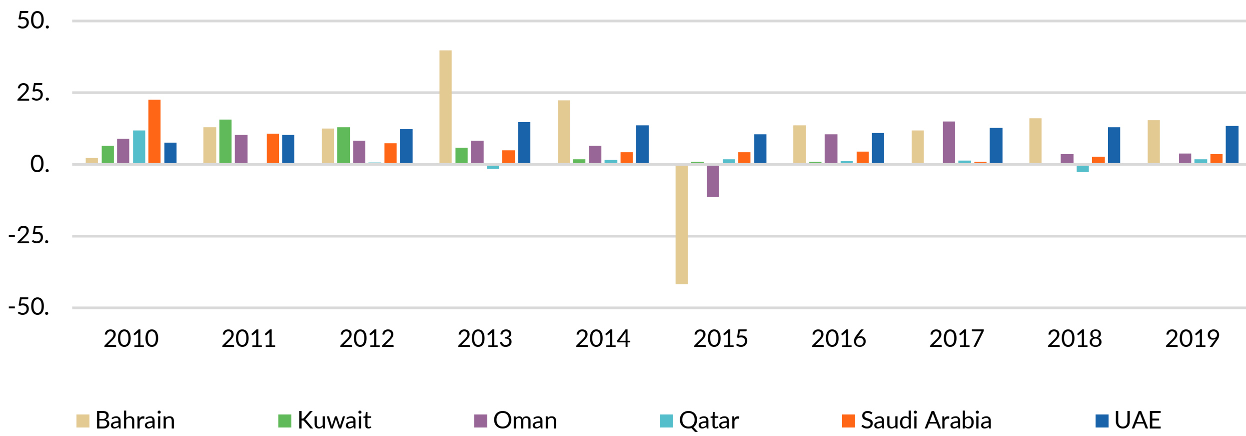
	2000			2018		
	Number of Products	Concentration Index	Diversification Index	Number of Products	Concentration Index	Diversification Index
Bahrain	188	0.412	0.790	226	0.340	0.692
Kuwait	171	0.639	0.884	220	0.660	0.760
Oman	149	0.802	0.785	241	0.583	0.680
Qatar	245	0.603	0.841	196	0.517	0.790
Saudi Arabia	245	0.692	0.809	248	0.692	0.756
UAE	254	0.462	0.654	258	0.344	0.494
High-income	260	0.073	0.072	260	0.073	0.105
Upper-middle-income	260	0.120	0.258	260	0.088	0.203
Lower-middle-income	258	0.141	0.434	260	0.089	0.355

Source: UNCTAD (2019)

Note: The diversification index ranges between 0 and 1; 0 means the country's exports match the world average. Higher values indicate the country's dependence on a small number of products. The concentration index ranges between 0 and 1; 1 means a country's exports are highly concentrated on a few products. Lower values indicate exports are more evenly distributed among a series of products.

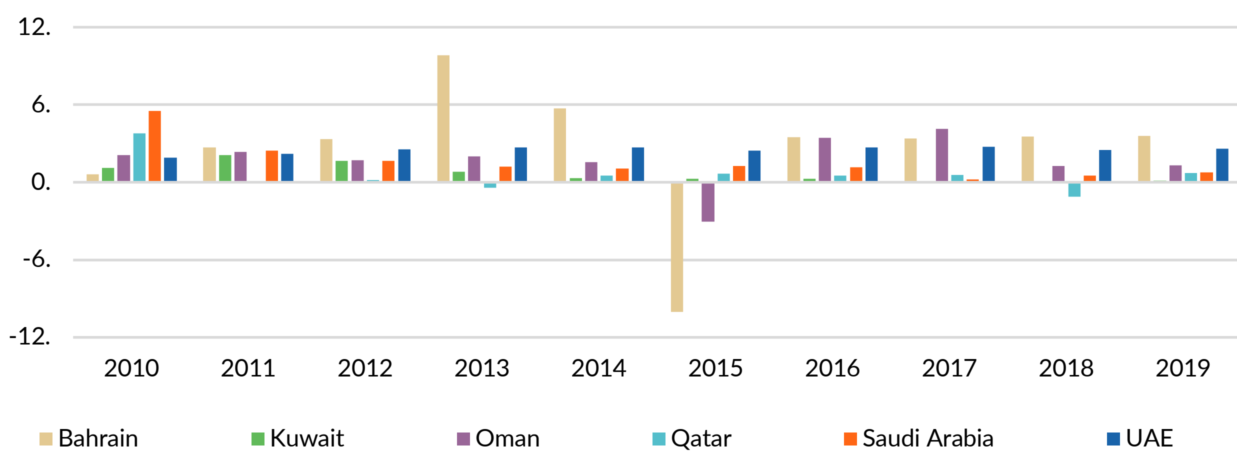
The impact of these reforms on the FDI flows, as a percentage of GDP or a fraction of the total investment, is less clear, as shown in Charts 2 and 3. The only exception may be Bahrain, whose strategy has been to implement a series of structural reforms throughout the economy instead of having a standalone FDI law. These changes have strengthened the level of competition by facilitating access to markets for newcomers, enhanced administrative efficiency by digitalizing many services, and strengthened investors' protection by implementing different initiatives such as a transparent insolvency regime (see Appendix 3).

Chart 2: Foreign Direct Investment, Percent of Total Investment



Source: UNCTAD (2019)

Chart 3: Foreign Direct Investment, as Percentage of GDP



Source: UNCTAD (2019)

In short, the GCC countries' performances in the GOI show that their economic development should align with upper-middle-income countries. Any performance below that benchmark means that the country's barriers to investment and business in that category go beyond what would be normally expected. In other words, they would deter international investors and undermine other policy efforts to attract FDI.

The heterogeneity of the GOI assessment reported in Table 4 underscores how each GCC country differs in its implementation of policies to achieve its national economic vision. Yet, Bahrain and the UAE stand out. Overall, both countries have a level of economic development that most aligns with the upper-middle-income countries group. They also have attracted the most FDI relative to the size of their economies.

The analysis of Table 4 identifies four categories where most of the GCC countries underperform and that have an impact on the investment climate. Addressing two of these categories could have a significant, positive impact on investors' perceptions of the region in a short time by resolving unpredictable rules enforcement and allowing investors to better assess the quality of investments in the region:

- **Strengthening investors' protection**—including the adoption of a modern insolvency framework that facilitates legal, corporate restructuring and protection of property rights

- **Enhancing information disclosure**—the quality and quantity of information available

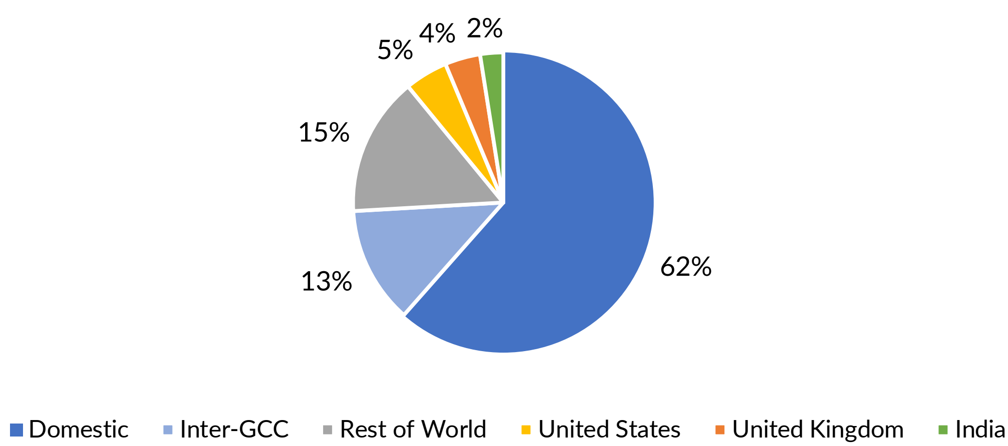
The investment in a skilled labor force and increased economic openness (trade agreement, tariffs, and exchange rate flexibility) require longer-term policies than the two previous ones to be addressed.

SECTION 3: INVESTMENT LANSDSCAPE

As previously discussed, attracting FDI has become a priority for the GCC countries in their efforts to diversify their economies. Mergers and acquisitions (M&A) and greenfield investment represent the largest part of FDI.

Chart 4 shows that 75 percent of M&A activity remains within the region with a strong domestic bias: 62 percent of the M&A transactions are domestic consolidation. The international (i.e., non-GCC) investors capture 25 percent of the volume of activity, with the US, the UK, and India being the most important. While the overall volume of M&A in the region has declined by 10 percent, its distribution across investors remains unchanged when comparing pre- and post-2015 oil price drops.

Chart 4: Number of Transactions



Source: Refinitiv Eikon (2019) and authors' calculation (2020)

The UAE is driving a large part of the inter-GCC M&A expansion from its slowing home market and looking to take advantage of growth potential in the region, especially in Saudi Arabia (see Table 7). Saudi Arabia is the second most prolific M&A investor in the region. Both economies, beyond being the largest, have well-established sovereign wealth funds and nationalized energy conglomerates (i.e., Saudi Aramco, Abu Dhabi National Oil Company [ADNOC]) that play major roles. More specifically, Saudi Aramco and ADNOC tend to invest across the entire stack of energy production, while the sovereign wealth funds invest across several promising sectors, such as Technology and Telecom, and Consumer and Retail. The lack of activities with Qatar is a direct result of the region boycotting the country since 2017.

Table 7: M&A Activity with the GCC Countries, 2015-Present

		Acquirer Country					
		Bahrain	Kuwait	Oman	Qatar	Saudi Arabia	UAE
Target Country	Bahrain	30	3	0	1	3	9
	Kuwait	2	150	3	1	4	13
	Oman	0	2	60	3	2	7
	Qatar	0	0	0	32	0	2
	Saudi Arabia	9	5	1	1	193	28
	UAE	7	8	8	6	24	278

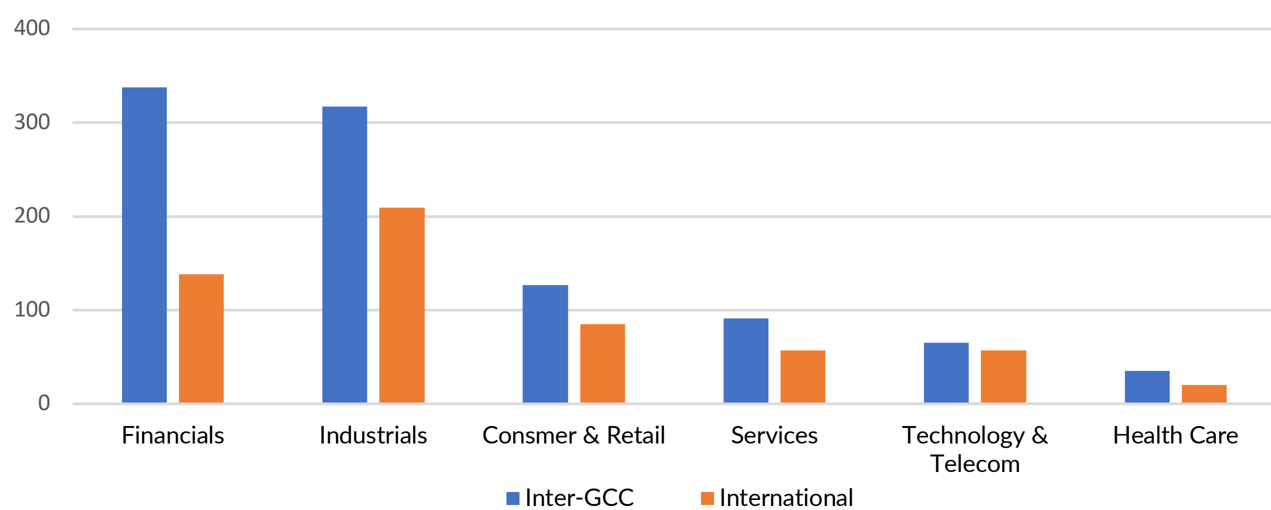
Source: Refinitiv EIKON (2019)

Since the 2015 drop in oil price, the number of M&A has decreased, especially in the financial sector and from international investors (see Charts 5 and 6). However, most of the M&A deals remain concentrated in the financials and industrials sectors. This regional trend of restructuring reflects the companies' responses to growing cost pressures, increased competition, and the need to expand globally.

The Technology and Telecom sector, one of the economic segments pushed by all the GCC countries in their national economic plans, is the only one in which the participation of international investors has increased. The regulatory shift of this underserved region, as well as its geographic location and its wealthy population, led to some strategic acquisitions. Among them, three examples stand out, one at the regional level and two at the international level:

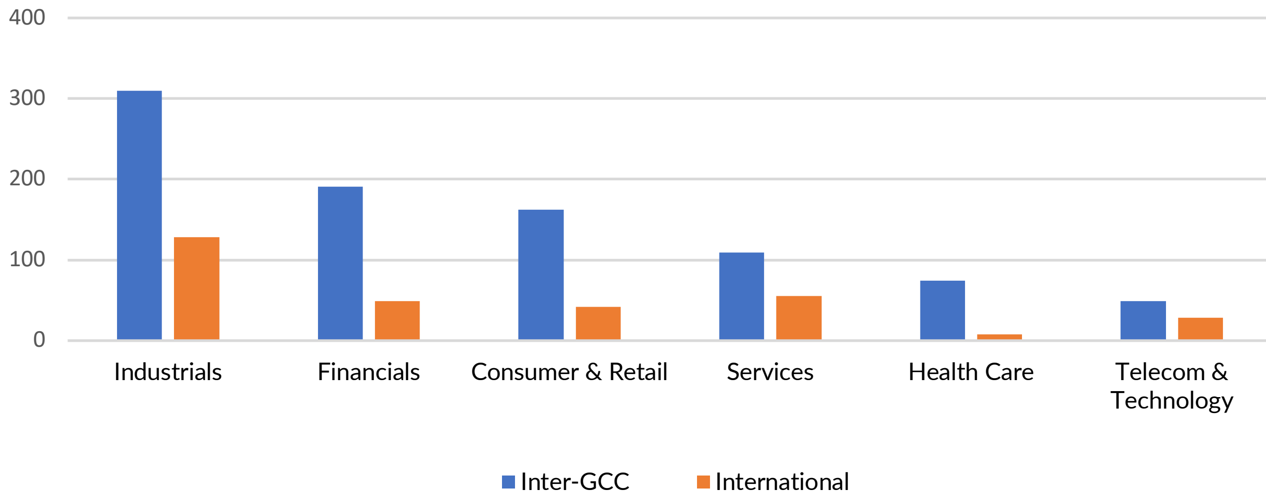
- At the regional level, Oman Telecommunications (Omantel) completed a deal to buy 12.1 percent of shares in the Kuwait-based Mobile Telecommunications Company in November 2017, making it the second-largest shareholder with a 21.9 percent stake. With this acquisition, Omantel became the third-largest, combined telecom group in the Middle East and North Africa (MENA) region, serving 10 markets and over 51 million customers.
- At the international level, Amazon completed its purchase of e-commerce firm Souq.com, a Dubai-based internet retailer, for $580 million in March 2017. The acquisition led to the launch two years later of a new Middle East marketplace selling over 30 million products. More recently, in March 2019, Uber reached an agreement with Dubai-based transportation network innovator Careem to acquire the entity for $3.1 billion. The transaction is expected to close in the first quarter of 2020. It will allow Uber to serve the greater Middle East region, ranging from Morocco to Pakistan.

Chart 5: Number of Deals per Target Sector, 2010-2014



Source: Pitchbook (2019)

Chart 6: Number of Deals per Target Sector, 2015 to Present



Source: Pitchbook (2019)

CONCLUSION: MOVING FORWARD

The inclusion of Kuwait, Qatar, Saudi Arabia, and the UAE in some of the main emerging market indices (S&P Dow Jones Emerging Market Indices', Global Benchmark Indices, MSCI Emerging Market, FTSE Russell) underline the improvements outlined in this report. This trend will help spotlight the region to global investors and funds, potentially leading to much-needed diversification outside of domestic and regional investors. In turn, that could also help diversify the economies away from oil.

However, the inclusion in these global indices means extra scrutiny from investors and new challenges for the listed firms, especially information disclosure. The delays in Aramco's IPO illustrate the importance of these components when dealing with international investors.

More specifically, this report confirms that the GCC countries' performance in the GOI tends to lag when compared to the performance of the upper-middle-income countries group for:

- **Strengthening investors' protection**—including the adoption of a modern insolvency framework that facilitates legal, corporate restructuring and protection of property rights
- **Enhancing information disclosure**—the quality and quantity of information available

Both are essential to improve investors' perceptions about unpredictable rules enforcement and allow them to assess the quality of an investment in the region.

The second set of potential improvements requires longer-term policies as they evolve around developing local skilled workers and enhancing institutional trade agreements.

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APPENDIX 1: THE GLOBAL OPPORTUNITY INDEX (GOI)

The GOI considers economic and financial factors that influence foreign investment activities as well as key business, legal, and regulatory policies that governments can modify to support and often drive investments. Overall, it tracks countries' performances using five categories:

- **Business Perception** measures explicit and implicit costs associated with business operations, such as tax burden, transparency, etc.
- **Financial Services** measures the size and access to financial services in a country by looking at the country's financial infrastructure and access to credit.
- **Institutional Framework** measures the extent to which a country's institutions provide a supportive framework for businesses.
- **Economic Fundamentals** indicates the current economic strength of a country vis-à-vis the global economic outlook. The assessment focuses on the country's macroeconomic performance, trade openness, quality and structure of the labor force, and modern infrastructure.
- **International Standards and Policy** reflects the extent to which a country's institutions, policies, and legal system facilitate international integration by following international standards.

The list of the variables for each category is provided below.

Business Perception

measures explicit and implicit costs associated with business operations, such as tax burden, transparency, etc.

Business constraint

- Cost to start a business (percent of income per capita)
- Ease of shareholder suits index
- Percent of firms identifying corruption as a major constraint
- Percent of firms identifying labor regulations as a major constraint
- Percent of firms identifying tax rates as a major constraint
- Time required to start a business (days)
- Willingness to delegate authority

Recovery and resolution process

- Enforcing contracts: cost (percent of claim)
- Resolving insolvency: cost (percent of estate)
- Resolving insolvency: recovery rate (cents on the dollar)
- Insolvency regulatory framework
- Time required to enforce a contract (days)
- Time to resolve insolvency (years)

Economic Fundamentals

indicates the current economic strength of a country vis-à-vis the global economic outlook. The assessment focuses on the country's macro-performance, trade openness, quality and structure of the labor force, and modern infrastructure.

Economic performance

- Central government debt, total (percent of GDP)
- GDP growth (annual percentage)
- GDP per capita (current US$)
- Inflation, consumer prices (annual percentage)
- Real interest rate (percent)
- Total factor productivity
- Trade (percent of GDP)
- Unemployment, total (percent of total labor force)

Workforce talent

- Labor force participation rate age 15+ (percent of total)
- Labor force with secondary education (percent of total)
- Labor participation rate, female (percent of female population, age 15+)
- Mean years of schooling
- Pupil-to-teacher ratio in primary education
- School life expectancy
- Self-employed, total (percent of total employment)

Future environment of growth

- Age dependency ratio (percent of working-age population)
- Fixed-broadband Internet subscriptions
- Healthy life expectancy
- Internet users
- Mobile phone subscribers (per 100 people)
- Mobile-broadband subscriptions
- MSME density (micro, small, and medium-sized enterprise)

  Public spending on health care

Institutional Framework

measures the extent to which an individual country's institutions provide a supportive network for businesses.

Transparency

- Budget transparency
- Conflict of interest regulation
- Credit depth of information
- E-Participation Index
- Extent of disclosure
- Incidence of corruption (Corruption perception index)
- Startup procedures to register a business
- Strength of auditing and reporting standards
- Transparency of government policymaking
- Voice and accountability: estimate

Innovation

- Buyer sophistication
- Quality of research institutions
- R&D expenditures
- Scientific publications

Investors' rights

- Protecting minority investors (Extent of Director Liability Index)
- Protection of property rights
- Quality of land administration
- Strength of investor protection
- Strength of legal rights index

Public governance

- Burden of government regulation
- Efficiency of legal framework in challenging regulations
- Efficiency of legal framework in settling disputes
- Judicial independence
- Political stability and absence of violence/terrorism: estimate
- Public trust in politicians
- State of cluster development

Financial Services

measures the size and access to financial services in a country by looking at the country's financial infrastructure and access to credit.

Financial access

- Automated teller machines (per 100,000 adults)
- Banks branches (per 100,00 adults)
- Domestic credit provided by financial sector (percent of GDP)
- Domestic credit to private sector (percent of GDP)
- Financing of SMEs
- Venture capital availability
- Credit card ownership (percent aged 15+)
- Debit card ownership (percent aged 15+)
- Depositors with commercial banks (per 1,000 adults)

Financial depth

- Life insurance premium volume to GDP (percent)
- Mutual fund assets to GDP
- Nonlife insurance premium volume to GDP (percent)
- Nonperforming Loans to Total Gross Loans (percent)
- Pension fund assets to GDP
- Private credit by banks, percentage of GDP
- Private credit coverage (percentage of adults)
- Public credit coverage (percentage of adults)
- Size of the banking system
- Total private debt, loans, and debt securities (percentage of GDP)
- Total non-government securities

International Standards and Policies

reflects the extent to which a country's institutions, policies, and legal systems facilitate international integration by following international standards.

Economic openness

- Bilateral trade agreements
- Chinn-Ito
- Exchange rate regime
- Tariff rate, applied, weighted mean, all products (percent)
- Treaties with investment provisions

Patent and Trademark

- IP5 international patent applications
- Patent applications
- Trademark applications

Tax and Regulation

- Corporate tax rate (percent)
- Income tax rate (percent)
- Labor regulation rigidity index
- Regulation of securities exchanges

APPENDIX 2: GCC FOREIGN OWNERSHIP REGULATIONS

Country	Legislation	Eligible Industries/Sectors	Restricted Industries/Sectors or Disqualifying Factors
Bahrain	Amendment to Law No. 50/2014 and Law No. 28/2015 and Amendment to Article 345 Ministerial resolution No.17 of 2018 Enacted: July 18, 2016, and June 4, 2019	2016: Financial Services, Manufacturing, Logistics, Tourism & Leisure, Information & Communications Technology, Real Estate, Health & Social Work, Metals & Mining, Food & Beverage, and Entertainment & Leisure 2019: Oil & Gas Drilling Activities	Bahrain does not trade with countries where there is a United Nations measure in place that prohibits trade with that country. In June 2017, Bahrain severed diplomatic ties with Qatar and cut trade and transport links.
Kuwait	Law #74 of 1979—Real Estate Ownership Law Law #68 of 1980—Article 23/24 of Kuwaiti Commercial Code Decree 694 Enacted: December 15, 2018	A non-resident investor/holding group may own up to 49 percent of the Consumer & Retail, Health Care, Services, and Telecom & Technology sectors and up to 5 percent of Financial Services firms	Non-GCC citizens may not own land in Kuwait. Non-citizens may not own more than 5 percent interest in a Kuwaiti Bank without the Kuwaiti Central Bank's approval. Disqualifying factors include 1. extraction of crude oil; 2. extraction of natural gas; 3. manufacturing of coke ovens and products related to it; 4. manufacturing of fertilizers and nitrogenous formulas; 5. manufacturing of coal gas and distribution of gaseous fuels through main pipelines; 6. real estate activities, except for construction development projects for private operations; 7. activities related to security and investigations; 8. membership organizations; or 9. activities for the sourcing of labor, including household workers.

	Foreign Capital Investment Law, issued under Royal Decree No. 50/2019 To be enacted: January 2, 2020	The Government of Oman has set a goal of 81 percent of GDP by 2020 for the non-oil sector, with the private sector representing 91 percent of the economy by that year. No sectors are off limits for foreign ownership, but special consideration and incentives are provided for FDI in the Industrial, Food Processing, Logistics, IT, Tourism, Health Care, Fisheries, and Higher Education facets of the Oman economy	None
Qatar	Law no. (1) of 2019—The Foreign Investment Law Enacted: January 7, 2019	All Sectors are eligible to allow up to 100 percent foreign investment ownership except for banking and insurance, which carry additional stipulations	Banking and Insurance (unless exempted by a Council of Ministers' decision)
Saudi Arabia	Foreign Strategic Investors' Ownership in Listed Companies (the FSI Instructions) Enacted: June 26, 2019	A non-resident investor/holding group may own interests in the following sectors: Consumer & Retail (e.g., Publishing), Health Care, Services (e.g., Security and Investigative), and Telecom & Technology	1. Manufacturing 2. Investigation and Security Services 3. Madinah and Makkah Real Estate Investment 4. Real Estate Brokerage 5. Drilling, Production, and Exploration of Oil 6. Fisheries 7. Printing and Publishing 8. Employment and Recruiting Services 9. Banking and Insurance Institutions (with some exceptions)
United Arab Emirates	Foreign Direct Investment Law (Federal Law No.19 of 2018) Enacted: September 23, 2018	Renewable Energy, Agriculture, Info and Communications, Food Services, Hospitality, Logistics, Manufacturing, Space, Transport, Professional/Scientific/Technical Activities, Educational Activities, Health Care, Art and Entertainment, and Construction	Oil and Gas, Banking, Utilities, Road and Air Transport, Telecoms, Medical Retail

APPENDIX 3: RESOLVING INSOLVENCY AND ENFORCING CONTRACTS

Table 8: Resolving Insolvency in the GCC Countries

	Resolving Insolvency Rank	Recovery Rate (cents on the dollar)	Time (years)	Cost (percent of estate)	Strength of Insolvency Framework Index (0-16)
Bahrain	60	41.3	2.5	9.5	11.5
Kuwait	115	32.2	4.2	10.0	7
Oman	97	41.1	3	7.0	7
Qatar	123	30.0	2.8	22.0	7
Saudi Arabia	168	0	No practice	No practice	0
UAE	80	27.7	3.2	20.0	11
MENA	118	27.3	2.7	14.0	6.3
OECD High Income	28	70.2	1.7	9.3	11.9

Source: Doing Business 2020, World Bank

Table 9: Enforcing Contracts in the GCC Countries

	Enforcing Contracts Rank	Time (days)	Cost (percent of claim value)	Quality of Judicial Processes Index (0-18)
Bahrain	59	635	14.7	9
Kuwait	74	566	18.6	7.5
Oman	69	598	15.1	7.5
Qatar	115	570	21.6	4.5
Saudi Arabia	51	575	27.5	11.5
UAE	9	445	21.0	14
MENA	102	622	24.7	6.6
OECD High Income	46	590	21.5	11.7

Source: Doing Business 2020, World Bank

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