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Arab Investment Improvement in the region

Based on latest investment research of Arab countries, the tendency for local investment is rising due to the increasing availability of investment opportunities, but the West is still the main attraction for funds.

Gulf countries enjoy a US$ 600 M daily from oil revenues, which is expected to reach between US$ 35 – US$ 40 billion more than 2003 due to the rise in oil prices and production.

The economical infrastructure of business in the Middle East has changed. The Capitals, which used to be transferred to Europe and US are kept in safe haven locally, especially after Sept. 11 event. This is due to:

1 - Attractive rate of return in the area.
2 - Population growth.
3 - New financial regulations to liberate local economies.
4 - Higher oil prices.
5 - Availability of professional qualifications.
6 - Local sector participation.
7 - The prosperity of the real estate market.

In Kuwait the real estate index experienced a rise of 94% in 2003. In addition the stock markets in the Gulf countries have been raised from US$ 100 billion in 2000 to US$ 400 billion in Aug. 2004; 50% of it in the Saudi market.

Regarding financing of projects, the Arab countries are expected to spend US$200 billion in project financing in the coming 3 years.

The local economic public incentives failed to attract more than 85% of private funds equivalent of US$ 1.5 trillion, which is still active in USA, Europe and Japan. Some investors are targeting the Far East growing markets because the local market cannot absorb such bulk amount and also to diversify the investment activities.

Lebanon is experiencing part of this investment inflows in the touristic and real estate sectors despite the current political status internally, regionally and internationally.

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