UAE INTERNATIONAL INVESTORS COUNCIL

UAEIIC

2022 – 2023

R E P O R T

10 floor, Liwa Tower, Al Rawdah - Al Ma'arid

Abu Dhabi, United Arab Emirates

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About US

UAE International Investors Council (UAEIIC), established in 2009, as per UAE cabinet resolution, No. (429/2/2009), aims at supporting the UAE economic development path, ensuring that the Emirati investments abroad support the local economy through diversity, innovation, and knowledge fostering sustainable competitiveness through consolidating the efforts of the Emirati investors abroad and successfully contributing to minimizing the challenges they face through insights and continuous coordination with the competent governmental entities.

UAEIIC has succeeded in establishing itself as an essential consolidation platform for the private and public sectors. In fact, the Council has been adopting a clear vision aimed at supporting and protecting the interests of Emirati companies and investments in more than 80 countries around the world. In Addition, the portfolio of the Emirati member companies is deemed as one of the biggest portfolios in the World.

UAEIIC

Chairman Message

Dear UAEIIC Members and UAE Investment Community,

I would like to take this opportunity to reflect on the extraordinary trade and investment performance of the United Arab Emirates (UAE) over 2022-2023 and our position as a thriving economic powerhouse in the region and globally.

Over the years, the UAE has established itself as a strategic hub for international trade and investment, attracting businesses from around the world. Our visionary leadership and forward-thinking policies have created an environment conducive to business growth, innovation, and prosperity.

Through our strategic location, state of the art infrastructure, and diverse economy, the UAE has become a gateway connecting the East and the West. Our world-class seaports, airports, and logistics capabilities have transformed the UAE into a global trade hub, facilitating the flow of goods and services across continents.

Furthermore, our commitment to economic diversification has yielded remarkable results, reducing our dependence on oil and gas, and fostering the growth of the non-oil sectors. Investments in key industries such as technology, renewable energy, tourism, healthcare, and finance have not only propelled our economy forward but have also positioned us as a leader in these emerging sectors.

The UAE's relentless pursuit of innovation and entrepreneurship has cultivated a vibrant ecosystem that encourages both local and foreign investors to thrive. Our robust regulatory framework, ease of doing business, and investor-friendly policies have earned us international recognition and accolades.

As a testament to our economic resilience, the UAE has successfully weathered the challenges posed by the global challenges.

Today, the UAE stands tall among global economies, demonstrating resilience, stability, and a commitment to sustainable growth. Our strategic partnerships and international collaborations have bolstered our position as a trusted and reliable trade and investment partner.

As members of the UAE International Investors Council (UAEIIC) and active participants in the UAE's investment landscape, your contributions play a pivotal role in driving our nation's economic success. Together, we continue to attract foreign direct investment, foster economic growth, and create opportunities that benefit our nation, our partners, and the global community.

I invite you to leverage the global outlook and insights presented in the 2022-2023 report to explore the vast investment potential in global economies, regions and vital sectors. Let us seize the opportunities that lie before us, working hand in hand to shape a prosperous and sustainable future for our beloved nation.

Thank you for your unwavering support, dedication, and commitment to the UAE's trade and investment landscape. I am confident that together, we will continue to achieve new heights and consolidate the UAE's position as a global trade and investment powerhouse.

Warm regards,

H.E. Abdullah Bin Touq Al Marri

Chairman, UAE International Investors Council

Chairman Executive Committee Message

UAEIIC

Dear UAEIIC Members and UAE Investment Community,

I am delighted to present the highly anticipated mid-year report, a comprehensive analysis of the global macroeconomy, regional economies, Sovereign Wealth Fund, and investment prospects in promising Sectors and countries.

This report stands as a testament to the collective expertise and dedication of our research team, aimed at providing valuable insights to our esteemed members and the broader UAE investment community. In the face of ongoing challenges posed by the COVID-19 pandemic and its economic ramifications, staying well-informed and adaptable is of paramount importance. This report serves as a guiding light, illuminating the current economic conditions and unveiling potential investment opportunities across regions and sectors.

To our esteemed UAEIIC members, I urge you to utilize the knowledge encapsulated in this report to make well-informed investment decisions and capitalize on the multitude of prospects before us. Your vision and entrepreneurial spirit have been instrumental in driving the growth and success of the UAE's international investment landscape.

To the dedicated UAEIIC staff, I extend my deepest gratitude for your unwavering commitment in compiling this report. Your meticulous efforts in gathering accurate data, conducting in-depth analysis, and presenting complex information have resulted in a resource that will undoubtedly benefit our members and the wider investment community.

As we forge ahead into the future, let us remain vigilant and proactive in identifying opportunities that align with our strategic goals. The UAEIIC is an emblem of excellence in promoting foreign direct investment outflow, and through our collective efforts, we can contribute to the economic prosperity not only of our nation but also of global economies at large.

I encourage each of you to delve into the report with diligence, extracting valuable insights and engaging in fruitful discussions. Together, let us continue shaping a brighter future for the UAE and beyond.

Warm regards,

H.E. Saif Mohammad Khalfan Al Mazrouei

Chairman, Executive Committee

UAE International Investors Council (UAEIIC)

UAEIIC

Secretary General Message

Dear UAEIIC Members and Colleagues,

I am pleased to present to you the highly anticipated 2022-2023 Report, which not only provides valuable insights into the global Economy and investment landscape but also highlights the activities and initiatives undertaken by the UAE International Investors Council (UAEIIC) during the first half of 2023.

In addition to its comprehensive analysis of the macroeconomic outlook, regional economies, and investment prospects, the report showcases the significant strides made by the UAEIIC in advancing our mission of supporting the Council Members foreign direct investment outflow in regional and Global Markets.

Throughout the year, the UAEIIC has actively engaged in fostering meaningful connections, building strategic partnerships, and facilitating knowledge exchange within our diverse community. The 2022-2023 Report provides a glimpse into the numerous activities and initiatives that have taken place, highlighting the impact we have collectively made.

By leveraging our extensive network and expertise, the UAEIIC has played a pivotal role in connecting our members with investment opportunities in key regions and sectors. We have facilitated dialogue and collaboration, fostering an environment that encourages innovation, entrepreneurship, and sustainable growth.

As you navigate through the report, you will find a wealth of information on the initiatives undertaken by the UAEIIC, including conferences, workshops, and knowledge-sharing sessions. These activities have served as platforms for thought leadership, fostering an exchange of ideas and best practices among our esteemed members.

I encourage you to explore the report thoroughly and engage in discussions surrounding the insights and initiatives presented. It is through our collective engagement and collaboration that we can continue to make a tangible difference in the global investment landscape and drive the UAE's position as a hub for international investors.

Thank you for your continued support and participation in the UAEIIC. Together, let us seize the opportunities that lie ahead and build a prosperous future for international investment.

Warm regards,

H.E. Jamal Bin Saif Al Jarawan

Secretary General

UAE International Investors Council (UAEIIC)

Executive Summary
Global Trade

The global economy remains in a precarious state amid the protracted effects of the overlapping negative shocks of the pandemic, the Russian Federation's invasion of Ukraine, and the sharp tightening of monetary policy to contain high inflation.

Global growth is projected to slow significantly in the second half of this year, with weakness continuing in 2024. Inflation pressures persist, and tight monetary policy is expected to weigh substantially on activity.

Recent banking sector stress in advanced economies will also likely dampen activity through more restrictive credit conditions. The possibility of more widespread bank turmoil and tighter monetary policy could result in even weaker global growth. Rising borrowing costs in advanced economies could lead to financial dislocations in the more vulnerable emerging market and developing economies (EMDEs).

In low-income countries, in particular, fiscal positions are increasingly precarious. Comprehensive policy action is needed at the global and national levels to foster macroeconomic and financial stability. Among many EMDEs, and especially in low-income countries, bolstering fiscal sustainability will require generating higher revenues, making spending more efficient, and improving debt management practices.

Continued international cooperation is also necessary to tackle climate change, support populations affected by crises and hunger, and provide debt relief where needed. In the longer term, reversing a projected decline in EMDE potential growth will require reforms to bolster physical and human capital and labor-supply growth.

After growing 3.1 percent last year, the global economy is set to slow substantially in 2023, to 2.1 percent, amid continued monetary policy tightening to rein in high inflation, before a tepid recovery in 2024, to 2.4 percent.

Tight global financial conditions and subdued external demand are expected to weigh on growth across emerging market and developing economies (EMDEs).

Projections for many countries have been revised down over the forecast horizon, with upgrades primarily due to stronger-than-expected data at the beginning of 2023 more than offset by downgrades thereafter.

Inflation has been persistent but is projected to decline gradually as demand weakens and commodity prices moderate, provided longer-term inflation expectations remain anchored.

Global growth could be weaker than anticipated in the event of more widespread banking sector stress, or if more persistent inflation pressures prompt tighter-than-expected monetary policy. Weak growth prospects and heightened risks in the near term compound a long-term slowdown in potential growth, which has been exacerbated by the overlapping shocks of the pandemic, the Russian Federation's invasion of Ukraine, and the sharp tightening of global financial conditions.

This difficult context highlights a multitude of policy challenges.

Recent bank failures call for a renewed focus on global financial regulatory reform. Global cooperation is also necessary to accelerate the clean energy transition, mitigate climate change, and provide debt relief for the rising number of countries experiencing debt distress. At the national level, it is imperative to implement credible policies to contain inflation and ensure macroeconomic and financial stability, as well as undertake reforms to set the foundations for a robust, sustainable, and inclusive development path.

Regional Prospects. Growth is projected to diverge across EMDE regions this year and next. It is expected to pick up in 2023 in East Asia and Pacific (EAP) and Europe and Central Asia (ECA), as China's reopening spurs a recovery and as growth prospects in several large economies improve. In contrast, growth is forecast to moderate in all other regions, particularly in Latin America and the Caribbean (LAC) and the Middle East and North Africa (MNA).

Headwinds from weak external demand, tight global financial conditions, and high inflation will drag on activity this year, especially in LAC, South Asia (SAR), and Sub-Saharan Africa (SSA).

The lingering impact of Russia's invasion of Ukraine will continue to weigh on growth across regions, particularly in ECA.

Next year, growth is projected to moderate in EAP and SAR but to pick up elsewhere as domestic headwinds ease and external demand strengthens. Downside risks to the outlook for all regions include possible further global financial stress and more persistent domestic inflation than projected in the baseline.

Geopolitical tensions, conflict and social unrest, and natural disasters stemming from climate change also present downside risks, to varying degrees. The materialization of such risks could further weaken potential growth, leading to a prolonged period of slower growth in all EMDE regions.

Exceptionally large profit margins have driven higher prices, which highlights the concentration of market power in key industries. In developing countries, food inflation remains high, while the impact of energy costs varies depending on local regulations.

The financialization of commodity trading has made financial markets the dominant influence on food traders' profitability. The report emphasizes that in early 2023, food inflation remains elevated, despite a decrease in overall inflation, with 25% to 62% of the headline figure driven by food inflation

UNCTAD calls for a bold agenda to support developing countries: global debt architecture overhaul, greater liquidity and more robust financial regulations

Global growth is expected to be lower than earlier projected, signaling a potential economic downturn.

Developing countries face mounting debt and insufficient international support, risking another lost decade.

The banking crisis highlights long-neglected financial fragilities and regulatory weaknesses.

Declining energy costs lead to lower inflation, but elevated food prices maintain a high cost of living in many developing countries.

Growing global asymmetries threaten developing countries' resilience, requiring stronger multilateral action and an urgent focus on sovereign debt architecture.

Annual growth across large parts of the global economy will fall below the performance registered before the pandemic and well below the decade of strong growth before the global financial crisis.

The UN trade and development body estimates that interest rates hikes will cost developing countries more than $800 billion in foregone income over the coming years. UNCTAD expects global growth in 2023 to drop to 2.1%, compared to the 2.2% projected in September 2022, assuming the financial fallout from higher interest rates is contained to the bank runs and bailouts of the first quarter.

Record profits for agricultural commodity traders have been driven by economic uncertainty and market volatility.

How to put the global economy back on track - Five steps can make the difference:

1. Mitigating financial contagion:

Central banks especially those in advanced economies can curb the risk of disruptive spillovers to global financial markets by communicating their intentions as early and clearly as possible and calibrating their strategies so as to avoid abrupt changes in the policy outlook.

2. Reducing domestic vulnerabilities:

EMDE monetary authorities may need to tighten their own policies in order to moderate capital outflows, currency depreciation, and resultant increases in inflation. Prudential standards and capital and liquidity buffers at EMDE banks and other financial institutions can be shored up to reduce the risk of financial contagion from banks in advanced economies. In addition, EMDEs need to rebuild currency reserve buffers to mitigate the impact of volatile capital flows.

3. Restoring fiscal sustainability.

Among EMDEs, tax collection and administration must be improved to shore up revenues. Revenues in low-income countries have long been well below EMDE averages—and heavily dependent on grants from donors. But since 2015, grant financing has been declining as a share of their GDP. These countries will need to prioritize domestic resource mobilization, spending efficiency, and better debt management.

4. Reinvigorating long term growth. The slowdown in potential growth can be reversed with steps to accelerate productivity enhancing investment, strengthen health systems, improve student learning, and increase the participation of women and older workers in the labor force. Policies that promote trade and private capital mobilization particularly for investments in digital technology and climate related projects will help a great deal.

5. Alleviating debt distress and strengthening the global financial safety net. This means ensuring that international financial institutions are adequately funded and focused on rapid support for EMDEs in distress. It also requires new mechanisms to speedily and sensibly restructure the public debt of countries in debt distress. In the wake of bank failures in advanced economies, a renewed focus on global financial regulatory reform is also necessary.

Executive Summary

Sovereign Wealth Fund

In fact, 2022 was the first year ever that Sovereign Wealth Funds (SWFs) shrank in value. The scale of the drop is debatable as most SWFs report with significant delays, if at all – but Global SWF estimates the impact totaled US$ 1 trillion. Similarly, Public Pension Funds (PPFs) have reduced their assets by US$ 1.3 trillion, with the subsequent worsening of funding ratios.

The regional preferences of the Top 10 investors keep adapting to the new financial environment and geopolitics. Five of the funds invested more in North America, three focused on Europe, and only ADQ continued betting on emerging markets. Overall, only 20% of the capital went into developing economies.

State-Owned Investors also sustained significant divestment activity, especially in the UAE. DP World sold a third of Jebel Ali to international investors, Mubadala transferred 25% of OMV and Borealis to ADNOC, and ADQ sold 8.6% of TAQA to Multiply and ADPF. IPOs were also a great conduit for sales, as Middle East bourses gained in volume and transparency.

Both SWFs and PPFs increased their allocation, and IMF estimate they hold US$ 0.5 trillion in hedge funds, i.e., a 25% of the total industry size.

For the "Region of the Year", countries or regions with increasing appeal as investment destinations for sovereign investors. After China & India (2020) and Australia (2021), this year IMF decided to go with Indonesia, which has seen an increasing flow of investors due to the country's ongoing transformation and strong prospects. (Source IMF).

The "Industry of the Year" was inevitably infrastructure, including energy-related assets.

At a time of economic distress, heightened risk and energy transition, infrastructure assets are tangible, with long-term predictable cash flows, a residual value, and a great alignment with sovereign investors. We analyze the latest trends in transportation, energy, utilities, and other related sub-segments, and provide an overview of **CPP Investments**' US$ 60 billion portfolio, one of the world's largest in infrastructure and energy. **The "Asset Class of the Year"** was not obvious this year, given the losses suffered by most portfolios. However, IMF reported an uptick in the interest and allocation of sovereign investors into hedge funds due to the simultaneous fall of both stocks and bonds and the needs to find diversification and uncorrelated strategies.

Both SWFs and PPFs increased their allocation, and IMF estimate they hold US$ 0.5 trillion in hedge funds, i.e., a 25% of the total industry size.

Five out of the ten most active investors hail from the Middle East. Abu Dhabi investors are covering all bases with **ADIA** most active in North America, **Mubadala** investing more in Europe in 2022, and **ADQ** investing across emerging markets. Saudi Arabia's **PIF** has been incredibly active both at home and overseas, and Qatar's **QIA** is back at the leaderboard thanks to a very active year, as predicted by **Global SWF** last year.

Middle Eastern SWFs are readier than ever to shine. Overseas, they have more than doubled their investments in Western economies, including the US and Europe, from US$ 21.8 billion in 2021 to US$ 51.6 billion in 2022. Of the top 10 most active sovereign investors this year, five are from the Gulf region.

The overall balance between regions has remained constant with 80% in developed markets and only 20% in emerging markets, which is the lowest figure in the past six years. The big winner is Developed Asia-Pacific (especially, Australia), which now attracts a fifth of all capital invested by sovereign investors globally.

In 2023 and beyond, Middle Eastern sovereign investors will likely continue to be very active in Europe and North America, where there will be plenty of opportunities to buy listed equities or direct stakes, to pursue co-investments or buy into PE firms, and to find distressed portfolios and special situations.

Domestic Vs International: The answer to this question is not universal as it depends on each economy's capacity to absorb capital, other vehicles the government may own or manage, a country's ability to attract FDI, the supply of investable opportunities, the strength and liquidity of the domestic stock markets, and the capabilities of investment teams and / or external managers, among other conditions. Of the industry's global AuM of US$ 11.2 trillion, Global SWF estimates that 40%, i.e., US$ 4.6 trillion, is invested by SWFs within their respective economies.

There are many factors counting in favor of sovereign fund investment in infrastructure. Digital infrastructure and telecommunications serve as the backbone of the digital economy, which is expanding rapidly. Meanwhile, renewables are heavily sought-after as SOIs seek to decarbonize their portfolios and achieve net zero goals, as well as taking advantage of state support for energy transition.

SOI infrastructure allocations in 2022, with a US$ 10 billion increase in transportation assets up to US$ 34.4 billion investment in 2022. This figure does not include Saudi Arabia latest carrier RIA, which is being developed by **PIF** with a staggering US$ 30 billion of planned investment, or the transfer of Etihad Aviation Group (estimated at US$ 2.5 billion) from the Government of Abu Dhabi to **ADQ**.

In 2022, SOI investment in renewables assets totaled US$ 18.7 billion, slightly behind 2021 figures. SOIs increased investment in European renewables by 45% to US$ 8.4 billion, while Developed Asia and Pacific investments more than doubled to US$ 4.7 billion.

Executive Summary

Global Foreign Direct Investment

Global foreign direct investment (FDI) declined by 12 per cent in 2022, to $1.3 trillion. The slowdown was driven by the global polycrisis: the war in Ukraine, high food and energy prices, and debt pressures.

International project finance and cross-border mergers and acquisitions (M&As) were especially affected by tighter financing conditions, rising interest rates and uncertainty in capital markets.

The global environment for international business and cross-border investment remains challenging in 2023. Although the economic headwinds shaping investment trends in 2022 have somewhat subsided, they have not disappeared.

Geopolitical tensions are still high. Recent financial sector turmoil has added to investor uncertainty. UNCTAD expects downward pressure on global FDI to continue in 2023. Early indicators for Q1 2023 show weak trends in international project finance and M&As..

Greenfield investment trends provide a positive counter weight. The number of project announcements was up 15 per cent in 2022, and Q1 2023 data also shows resilience. Trends in international investment in real productive assets are therefore more positive than the headline FDI data suggests.

UNCTAD expects the downward trend of global FDI to continue in 2023. Early indicators confirm the negative FDI outlook: FDI project activity in the first quarter of 2023 shows that investors are uncertain and risk averse. According to preliminary data, the number of international project finance deals in the first quarter of 2023 was down significantly.

The 2022 decline in FDI flows was driven mostly by financial transactions of multinational enterprises (MNEs) in developed economies, where FDI fell by 37 per cent to $378 billion.

The number of actual Greenfield and project finance announcements increased by 5 per cent. In developing countries, FDI increased by 4 per cent to $916 billion, or more than 70 per cent of global flows, a record share.

The number of Greenfield investment projects announced in developing countries increased by 37 per cent, and international project finance deals by 5 per cent. This is a positive sign for investment prospects in industry and in infrastructure

Despite the increase in developing countries overall, FDI in the 46 least developed countries (LDCs) fell by 16 per cent to $22 billion – less than 2 per cent of global FDI. Greenfield project announcements to LDCs recovered some ground after the 2020–2021 decline, but they remained well below their 10-year average. Landlocked developing countries (LLDCs) and Small Island developing States (SIDS) saw small increases in FDI.

Industry trends showed increasing project numbers in infrastructure and global value chain (GVC)-intensive industries, stable numbers in energy and a slowdown in digital economy sectors. GVC-intensive industries that face supply-chain restructuring pressures, including electronics, automotive and machinery, saw project numbers and values grow. Three of the five largest announced investment projects were in semiconductors, in response to global chip shortages.

International investment in sectors relevant for the Sustainable Development Goals (SDGs) in developing countries increased in 2022. Infrastructure, energy, water and sanitation, agrifood systems, health and education all saw higher project numbers. Yet the increase since 2015, when the SDGs were adopted, is relatively modest, due to weak growth in the early years and the sharp decline in investment during the pandemic.

A review of investment needs at the midpoint of the 2030 Agenda for Sustainable Development shows that **the investment gap across all SDG sectors** has increased from $2.5 trillion – estimated in WIR2014, on the eve of the adoption of the SDGs – to more than $4 trillion per year today. The largest gaps are in energy, water and transport infrastructure. The increase is the result of both underinvestment and additional needs.

The number of M&A deals withdrawn because of regulatory or political concerns increased by a third. Investment facilitation measures featured prominently in both developed and developing countries. Most measures adopted by developing countries focused on facilitation and the opening of new sectors or activities to FDI.

Countries at different levels of development adopt different policy measures to promote renewable energy investment.

Developing countries, including LDCs, often use tax incentives that do not require initial expenditures of scarce public funds, whereas developed economies favour financial incentives as well as more sophisticated instruments such as feed-in tariffs. **Fossil fuel subsidies** around the world amounted to $1 trillion in 2022 – a record level, and eight times the value of subsidies provided to renewable energy.

As of the end of 2022, more than half a trillion dollars, or 30 per cent of the holdings of UNCTAD monitored funds, were committed to eight SDG relevant sectors, up from 26 per cent in 2021.

Health, renewable energy, agrifood systems, and water and sanitation remain the largest recipients of funding, accounting for 95 per cent of the assets committed to SDG sectors.

The European Union, China and the United States maintained their momentum in sustainable finance policymaking, with continued progress on disclosure requirements and standards-setting. Broadly, the European Union has predominantly adopted a regulatory approach, prioritizing the establishment of a comprehensive framework for sustainable finance.

The investment needs associated with the energy transition are enormous. To stay close to the goal of limiting global warming to 1.5°C, the world needs about 1.5 times today's global GDP in investment between now and 2050.

FDI flows to developed economies fell by 37 per cent, to $378 billion. Much of the decline was driven by one-off transactions and financial flows, and there were signs of investment strength in new projects. Announced Greenfield projects were up 4 per cent in number and 37 per cent in value.

FDI flows to developing economies rose by 4 per cent, to $916 billion – the highest level ever recorded. Announcements of Greenfield projects in developing countries rose by 37 per cent in number, and their value more than doubled. This increase was mostly the result of megaprojects announced in the renewable energy sector, including five of the 10 highest-value projects.

Flows to the United Arab Emirates <u>increased by 10 per cent to $23 billion – the highest ever recorded. The country received the fourth largest number of Greenfield projects (997), an 84 per cent increase.</u>

The UAE, the Arab world's second-biggest economy, attracted around 60% of total FDI into the six-member Gulf Cooperation Council (GCC) bloc, which more than doubled to $37 billion.

Two of the largest projects included the building of a neutron therapy hospital, medical university and convention centre in Abu Dhabi by Star Energy (Austria) in a $1.8 billion joint venture with locally based Royal Strategic Partners and MIG Group, and the building of a $1 billion green hydrogen plant at Khalifa Industrial Zone in Abu Dhabi by Korea Electric Power (Republic of Korea).

Greenfield investment trends in 2022, the value of announced Greenfield investment projects rose by 64 per cent to $1.2 trillion – the second highest level recorded since 2008.

It more than doubled in developing economies to $573 billion (with project numbers up 37 per cent) and rose by 37 per cent in developed countries (with project numbers up 4 per cent).

The sectoral distribution of Greenfield megaprojects announced in 2022 illustrates key trends in cross-border investment. Of the 10 largest announced projects, 3 were in semiconductors, in response to global shortages and supply chain restructuring trends, and 5 were in renewables.

Cross-border M&A sales reached $707 billion in 2022 – down 4 per cent (table I.7).

In manufacturing, cross-border M&As fell by 42 per cent to $142 billion, while deals targeting services decreased slightly, by 5 per cent, to $442 billion.

In the primary sector, M&A values more than quadrupled to $122 billion, breaking the decade long downward trend.

The number of international project finance deals rose by 8 per cent, but their value was 25 per cent lower than in 2021.

International project finance in renewable energy, which has accounted for much of the growth in project finance in recent years, slowed down.

While the number of deals remained stable, values fell by almost 30 per cent to $368 billion.

Large projects included the $15 billion construction of floating marine wind farms in Italy by Falck Renewables (Italy) and Bluefloat Energy (Spain), and the construction of a 4,000 MW offshore wind power plant in Binh Thuan, Viet Nam by AES (United States) for $13 billion.

UNCTAD proposes a Global Action Compact for Investment in Sustainable Energy for All.

It contains a set of guiding principles covering the three objectives of the energy transition meeting climate goals, providing affordable energy for all and ensuring energy security.

It puts forward six action packages covering national and international investment policymaking; global, regional and South–South partnerships and cooperation; financing mechanisms and tools; and sustainable finance markets.

6 actions packages

01

NATIONAL INVESTMENT POLICIES

Reorient general investment incentives to consider emissions' performance
Customize investment promotion mechanisms for energy transition investment
Strengthen the capacity of investment promotion institutions to attract energy transition investment
Leverage special economic zones as energy transition models for the economy and to incubate sustainable energy investment.

02

INTERNATIONAL INVESTMENT POLICIES

Mainstream sustainable development as a core objective of IIAs
Prohibit the lowering of environmental standards as a means to compete for investment
Strengthen the promotion and facilitation dimension of IIAs
Reform IIAs and investor–State dispute settlement to lower the risk of cases on sustainable energy policymaking.

03

GLOBAL PARTNERSHIPS

Set up a one-stop shop for sustainable energy investment solutions, technical assistance and capacity-building
Promote partnerships for support to groups of vulnerable economies with specific energy transition needs, such as least developed countries and small island developing states.
Promote partnerships for developing investment initiatives in high-emissions and high-impact sectors, such as industry, agriculture and tourism.

04

REGIONAL AND SOUTH–SOUTH COOPERATION

Support regional industrial clusters and regional value chains in new strategic energy transition sectors
Leverage regional economic cooperation in sustainable energy infrastructure development
Factor in promotion of energy transition investment in regional trade, investment and industrial cooperation agreements.

05

FINANCING MECHANISMS AND TOOLS

Maximize the lending and de-risking capacity of development finance institutions (DFIs), their focus on catalysing energy transition investment, and their weight in countries with low access to electricity.
Leverage private-public partnerships, in combination with DFIs, to lower financing costs for private investors and to turn projects into fiduciary assets for institutional investors.
Increase deployment of blended finance to mobilize additional private capital.

06

CAPITAL MARKETS AND SUSTAINABLE FINANCE

Ensure adequate standards, disclosure requirements and monitoring capacity to eliminate greenwashing.
Expand requirements to private markets to minimize risks in the process of fossil fuel asset sell-offs.
Expand coverage of carbon markets and exploit cross-border impact potential of voluntary carbon markets.
Raise awareness and capacity to grow sustainable finance in emerging markets.

Global Economy and Trade Outlook

Global Economy and Trade Outlook

Global Outlook

After growing 3.1 percent last year, the global economy is set to slow substantially in 2023, to 2.1 percent, amid continued monetary policy tightening to rein in high inflation, before a tepid recovery in 2024, to 2.4 percent.

Tight global financial conditions and subdued external demand are expected to weigh on growth across emerging market and developing economies (EMDEs). Projections for many countries have been revised down over the forecast horizon, with upgrades primarily due to stronger-than-expected data at the beginning of 2023 more than offset by downgrades thereafter.

Inflation has been persistent but is projected to decline gradually as demand weakens and commodity prices moderate, provided longer-term inflation expectations remain anchored. Global growth could be weaker than anticipated in the event of more widespread banking sector stress, or if more persistent inflation pressures prompt tighter-than-expected monetary policy.

Weak growth prospects and heightened risks in the near term compound a long-term slowdown in potential growth, which has been exacerbated by the overlapping shocks of the pandemic, the Russian Federation's invasion of Ukraine, and the sharp tightening of global financial conditions.

Real GDP

	2020	2021	2022e	2023f	2024f	2025f	2023f	2024f
World	**-3.1**	**6.0**	**3.1**	**2.1**	**2.4**	**3.0**	**0.4**	**-0.3**
Advanced economies	**-4.3**	**5.4**	**2.6**	**0.7**	**1.2**	**2.2**	**0.2**	**-0.4**
United States	-2.8	5.9	2.1	1.1	0.8	2.3	0.6	-0.8
Euro area	-6.1	5.4	3.5	0.4	1.3	2.3	0.4	-0.3
Japan	-4.3	2.2	1.0	0.8	0.7	0.6	-0.2	0.0
Emerging market and developing economies	**-1.5**	**6.9**	**3.7**	**4.0**	**3.9**	**4.0**	**0.6**	**-0.2**
East Asia and Pacific	1.2	7.5	3.5	5.5	4.6	4.5	1.2	-0.3
China	2.2	8.4	3.0	5.6	4.6	4.4	1.3	-0.4
Indonesia	-2.1	3.7	5.3	4.9	4.9	5.0	0.1	0.0
Thailand	-6.1	1.5	2.6	3.9	3.6	3.4	0.3	-0.1
Europe and Central Asia	-1.7	7.1	1.2	1.4	2.7	2.7	1.3	-0.1
Russian Federation	-2.7	5.6	-2.1	-0.2	1.2	0.8	3.1	-0.4
Türkiye	1.9	11.4	5.6	3.2	4.3	4.1	0.5	0.3
Poland	-2.0	6.9	5.1	0.7	2.6	3.2	0.0	0.4
Latin America and the Caribbean	-6.2	6.9	3.7	1.5	2.0	2.6	0.2	-0.4
Brazil	-3.3	5.0	2.9	1.2	1.4	2.4	0.4	-0.6
Mexico	-8.0	4.7	3.0	2.5	1.9	2.0	1.6	-0.4
Argentina	-9.9	10.4	5.2	-2.0	2.3	2.0	-4.0	0.3
Middle East and North Africa	-3.8	3.8	5.9	2.2	3.3	3.0	-1.3	0.6
Saudi Arabia	-4.3	3.9	8.7	2.2	3.3	2.5	-1.5	1.0
Iran, Islamic Rep. [2]	1.9	4.7	2.9	2.2	2.0	1.9	0.0	0.1
Egypt, Arab Rep. [3]	3.6	3.3	6.6	4.0	4.0	4.7	-0.5	-0.8
South Asia	-4.1	8.3	6.0	5.9	5.1	6.4	0.4	-0.7
India [3]	-5.8	9.1	7.2	6.3	6.4	6.5	-0.3	0.3
Pakistan [3]	-0.9	5.8	6.1	0.4	2.0	3.0	-1.6	-1.2
Bangladesh [3]	3.4	6.9	7.1	5.2	6.2	6.4	0.0	0.0
Sub-Saharan Africa	-2.0	4.4	3.7	3.2	3.9	4.0	-0.4	0.0
Nigeria	-1.8	3.6	3.3	2.8	3.0	3.1	-0.1	0.1
South Africa	-6.3	4.9	2.0	0.3	1.5	1.6	-1.1	-0.3
Angola	-5.6	1.1	3.5	2.6	3.3	3.1	-0.2	0.4
Memorandum items:								
Real GDP [1]								
High-income countries	-4.3	5.4	2.8	0.8	1.3	2.3	0.2	-0.3
Middle-income countries	-1.2	7.1	3.4	4.2	4.0	4.1	0.8	-0.3
Low-income countries	1.4	4.2	4.8	5.1	5.9	5.9	0.1	0.3
EMDEs excluding China	-3.8	5.9	4.1	2.9	3.4	3.8	0.2	-0.2
Commodity-exporting EMDEs	-3.7	5.1	3.2	1.9	2.8	2.9	0.0	0.0
Commodity-importing EMDEs	-0.3	7.9	3.9	5.0	4.4	4.5	0.9	-0.4
Commodity-importing EMDEs excluding China	-4.0	7.0	5.3	4.2	4.2	4.8	0.4	-0.3
EM7	-0.4	7.7	3.3	4.7	4.1	4.2	1.2	-0.4
World (PPP weights) [3]	-2.8	6.3	3.3	2.7	2.9	3.4	0.5	-0.3
World trade volume [4]	**-7.8**	**11.0**	**6.0**	**1.7**	**2.8**	**3.0**	**0.1**	**-0.6**
							Level differences from January 2023 projections	
Commodity prices [5]								
WBG commodity price index	63.1	101.0	143.3	110.1	109.2	110.5	-14.9	-7.3
Energy index	52.7	95.4	152.6	108.9	109.1	111.0	-21.6	-9.2
Oil (US$ per barrel)	42.3	70.4	99.8	80.0	82.0	84.4	-8.0	2.0
Non-energy index	84.1	112.5	124.4	112.5	109.5	109.5	-1.2	-3.5

Source: World Bank.

This difficult context highlights a multitude of policy challenges.

Recent bank failures call for a renewed focus on global financial regulatory reform. Global cooperation is also necessary to accelerate the clean energy transition, mitigate climate change, and provide debt relief for the rising number of countries experiencing debt distress.

At the national level, it is imperative to implement credible policies to contain inflation and ensure macroeconomic and financial stability, as well as undertake reforms to set the foundations for a robust, sustainable, and inclusive development path.

Global Economy

On the surface, the global economy appears poised for a gradual recovery from the powerful blows of the pandemic and of Russia's unprovoked war on Ukraine.

China is rebounding strongly following the reopening of its economy. Supply-chain disruptions are unwinding, while the dislocations to energy and food markets caused by the war are receding.

Simultaneously, the massive and synchronous tightening of **monetary policy** by most central banks should start to bear fruit, with inflation moving back toward its targets.

Global growth will bottom out at 2.8 percent this year before rising modestly to 3.0 percent in 2024. Global inflation will decrease, although more slowly than initially anticipated, from 8.7 percent in 2022 to 7.0 percent this year and 4.9 percent in 2024.

Notably, emerging market and developing economies are already powering ahead in many cases, with growth rates (fourth quarter over fourth quarter) jumping from 2.8 percent in 2022 to 4.5 percent this year.

The slowdown is concentrated in advanced economies, especially the euro area and the United Kingdom, where growth (also fourth quarter over fourth quarter) is expected to fall to 0.7 percent and –0.4 percent, respectively, this year before rebounding to 1.8 and 2.0 percent in 2024.

Inflation is much stickier than anticipated even a few months ago. While global inflation has declined, that reflects mostly the sharp reversal in energy and food prices. But core inflation, excluding the volatile energy and food components, has not yet peaked in many countries. It is expected to decline to 5.1 percent this year (fourth quarter over fourth quarter), a sizable upward revision of 0.6 percentage point from our January update, well above target.

Signs of resilience as **labor markets** remain historically tight in most advanced economies. At this point in the tightening cycle, we would expect to see stronger signs of output and employment softening. Instead, both output and inflation estimates have been revised upward for the past two quarters, suggesting stronger-than-expected demand, which may require monetary policy to tighten further or to stay tighter for longer.

Corporate margins have surged in recent years this is the flip side of steeply higher prices but only modestly higher wages and should be able to absorb rising labor costs on average. As long as inflation expectations remain well anchored, that process should not spin out of control. It may well, however, take some time.

The financial instability last fall in the gilt market in the United Kingdom and the recent banking turbulence in the United States with the collapse of a few regional banks illustrate that significant vulnerabilities exist both among banks and nonbank financial institutions. In both cases the authorities took quick and strong action and have been able to contain the spread of the crisis so far.

Financial institutions with excess leverage, credit risk or interest rate exposure, too much dependence on short term funding, or located in jurisdictions with limited fiscal space could become the next target.

Could countries with weaker perceived fundamentals. A sharp tightening of global financial conditions a "'risk-off" shock could have a dramatic impact on credit conditions and public finances especially in emerging market and developing economies, with large capital outflows, a sudden increase in risk premia, a dollar appreciation in a rush toward safety, and major declines in global activity amid lower confidence, household spending, and investment.

In such a severe downside scenario, global GDP per capita could come close to falling an outcome whose probability we estimate at about 15 percent. "Source IMF".

Overall slowdown in medium-term growth forecasts. Five year ahead growth forecasts declined steadily from 4.6 percent in 2011 to 3.0 percent in 2023. Some of this decline reflects the growth slowdown of previously rapidly growing economies such as China and Korea.

This is predictable: Growth slows down as countries converge. But some of the more recent slowdown may also reflect more ominous forces:

the scarring impact of the pandemic; a slower pace of structural reforms, as well as the rising threat of geoeconomic fragmentation leading to more trade tensions; less direct investment; and a slower pace of innovation and technology adoption across fragmented 'blocs'.

The baseline forecast is for growth to fall from 3.4 percent in 2022 to 2.8 percent in 2023, before settling at 3.0 percent in 2024.

Advanced economies are expected to see an especially pronounced growth slowdown, from 2.7 percent in 2022 to 1.3 percent in 2023.

In a plausible alternative scenario with further financial sector stress, global growth declines to about 2.5 percent in 2023 with advanced economy growth falling below 1 percent.

Global headline inflation in the baseline is set to fall from 8.7 percent in 2022 to 7.0 percent in 2023 on the back of lower commodity prices but underlying (core) inflation is likely to decline more slowly. Inflation's return to target is unlikely before 2025 in most cases.

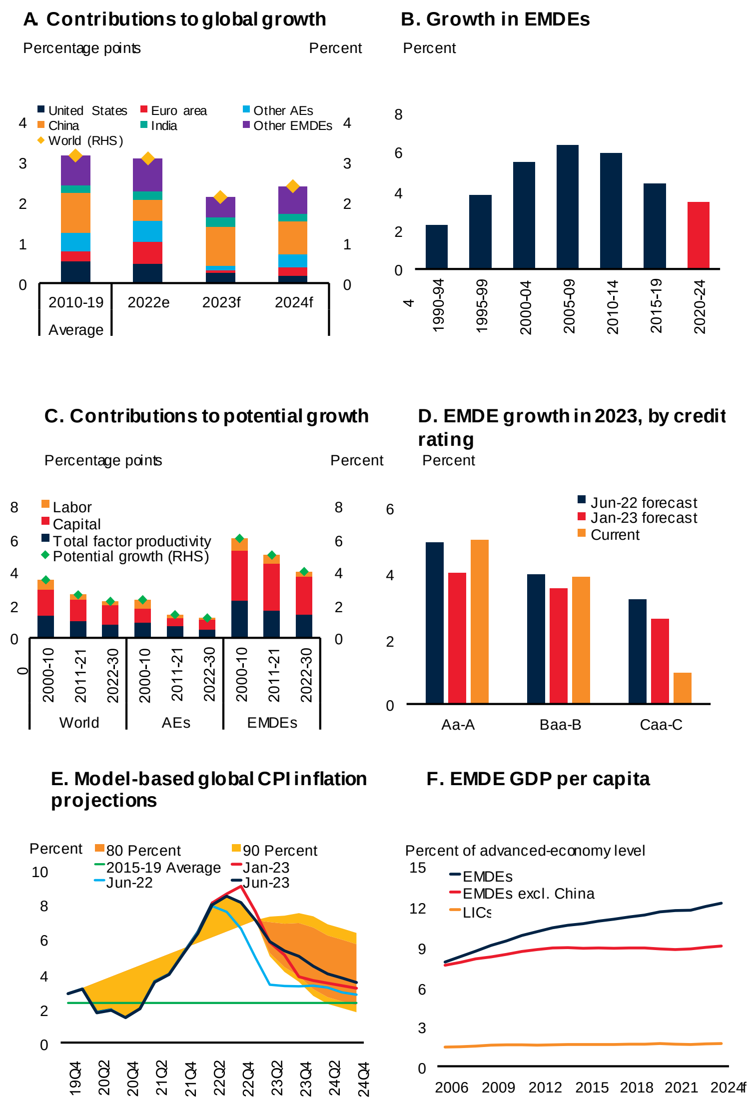
Global Prospect

The global economy is yet again at a highly uncertain moment, with the cumulative effects of the past three years of adverse shocks most notably, the COVID-19 pandemic and Russia's invasion of Ukraine manifesting in unforeseen ways. Spurred by pent-up demand, lingering supply disruptions, and commodity price spikes, inflation reached multidecade highs last year in many economies, leading central banks to tighten aggressively to bring it back toward their targets and keep inflation expectations anchored.

The global economy is projected to slow substantially this year, with a pronounced deceleration in advanced economies. The first half of the 2020s is expected to be one of the weakest half-decades of the past 30 years for emerging market and developing economies (EMDEs), as a result of both cyclical dynamics and slowing potential growth.

EMDEs with lower credit ratings are set to experience a particularly sharp slowdown this year. Inflation remains elevated in many countries and is envisaged to remain above pre pandemic levels beyond 2024. Excluding China, EMDEs are expected to make next to no progress at closing the gap in per capita incomes with advanced economies over the forecast horizon

Energy prices have eased considerably since their peak in 2022 on account of weaker global growth prospects and a warmer-than-expected Northern winter, which reduced natural gas and electricity consumption. Metal prices increased in early 2023, reflecting signs of a stronger than anticipated recovery in China, but subsequently retraced those gains. Agricultural prices have been easing on the back of good production prospects for most crops.



Sources: Consensus Economics; Haver Analytics; Kose and Ohnsorge (2023a); Moody's Analytics; Oxford Economics; Penn World Tables; World Bank.

Note: AEs = advanced economies; CPI = consumer price index; EMDEs = emerging market and developing economies; LICs = low-income countries.

A.B.F. Aggregate growth rates and GDP per capita calculated using real U.S. dollar GDP weights at average 2010-19 prices and market exchange rates. Data for 2023-24 are forecasts. B. Figure shows the non-overlapping 5-year average growth in EMDEs.

C. Figure shows GDP-weighted averages of production function-based potential growth estimates for 29 advanced economies and 53 EMDEs, as in Kose and Ohnsorge (2023a). Data for 2022-30 are forecasts.

D. Comparison of GDP-weighted growth across editions of the Global Economic Prospects report, by credit ratings. Sample includes 9 Aa-A, 62 Baa-B, and 25 Caa-C EMDEs.

E. Model-based GDP-weighted projections of year-on-year country-level CPI inflation using Oxford Economics' Global Economic Model, using global oil price forecasts presented in table 1.1. Uncertainty bands constructed from the distribution of forecast errors for total CPI from Consensus Economics for an unbalanced panel of 18 economies.

F. GDP per capita aggregates calculated as aggregated GDP divided by the aggregate population.

The major forces that affected the world in 2022 central banks' tight monetary stances to allay inflation, limited fiscal buffers to absorb shocks amid historically high debt levels, commodity price spikes and geo-economics fragmentation with Russia's war in Ukraine, and China's economic reopening seem likely to continue into 2023. But these forces are now overlaid by and interacting with new financial stability concerns.

A hard landing particularly for advanced economies has become a much larger risk. Policymakers may face difficult trade-offs to bring sticky inflation down and maintain growth while also preserving financial stability.

The unexpected failures of two specialized regional banks in the United States in mid-March 2023 and the collapse of confidence in Credit Suisse a globally significant bank have roiled financial markets, with bank depositors and investors reevaluating the safety of their holdings and shifting away from institutions and investments perceived as vulnerable.

Bank equity indices across major markets have fallen below their levels prior to the turmoil, but bank equities have come under extreme pressure.

Prior to recent financial sector ructions, activity in the world economy had shown nascent signs of stabilizing in early 2023 after the adverse shocks of last year.

With the recent increase in financial market volatility and multiple indicators pointing in different directions, the fog around the world economic outlook has thickened. Uncertainty is high, and the balance of risks has shifted firmly to the downside so long as the financial sector remains unsettled.

A Challenging Outlook

A return of the world economy to the pace of economic growth that prevailed before the bevy of shocks in 2022 and the recent financial sector turmoil is increasingly elusive.

More than a year after Russia's invasion of Ukraine and the outbreak of more contagious COVID-19 variants, many economies are still absorbing the shocks. The recent tightening in global financial conditions is also hampering the recovery.

As a result, many economies are likely to experience slower growth in incomes in 2023, amid rising joblessness. Moreover, even with central banks having driven up interest rates to reduce inflation, the road back to price stability could be long.

Over the medium term, the prospects for growth now seem dimmer than in decades. This section first describes the baseline projections for the global economy and the assumptions on which they are predicated.

The baseline scenario assumes that the recent financial sector turmoil is contained and does not generate material disruptions to global economic activity with widespread recession (a broad-based contraction in economic activity that usually lasts more than a few months).

Fuel and nonfuel commodity prices are generally expected to decline in 2023, amid slowing global demand (see the Commodity Special Feature). Crude oil prices are projected to fall by about 24 percent in 2023 and a further 5.8 percent in 2024, while nonfuel commodity prices are expected to remain broadly unchanged.

Global Inflation:

Still High but Falling the baseline forecast is for global headline (consumer price index) inflation to decline from 8.7% in 2022 to 7.0% in 2023.

This forecast is higher (by 0.4 percentage point) than that of January 2023 but nearly double the January 2022 forecast (Figure 1.16). Disinflation is expected in all major country groups, with about 76 percent of economies expected to experience lower headline inflation in 2023.

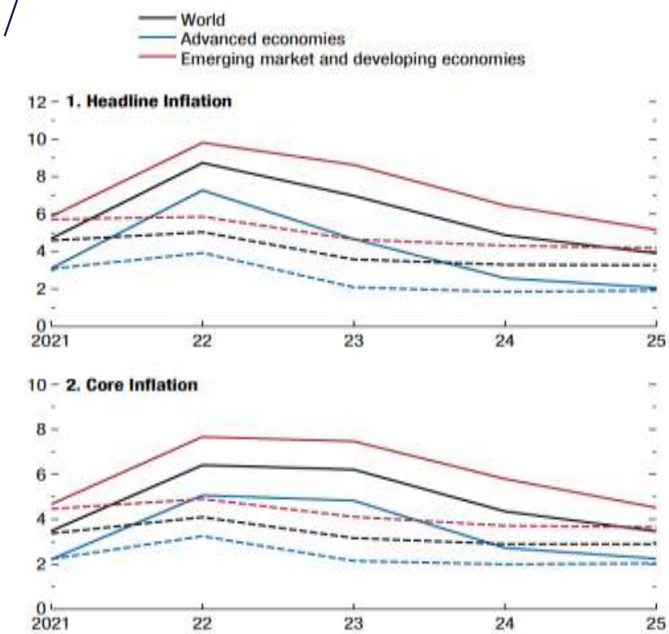
Initial differences in the level of inflation between advanced economies and emerging market and developing economies are, however, expected to persist. The projected disinflation reflects declining fuel and nonfuel commodity prices as well as the expected cooling effects of monetary tightening on economic activity. At the same time, inflation excluding that for food and energy is expected to decline globally.

The world economy is not currently expected to return over the medium term to the rates of growth that prevailed before the pandemic. Looking out to 2028, global growth is forecast at 3.0 percent.

The decline in medium-term global growth prospects reflects the progress that several economies, such as China and Korea, have made in increasing their living standards and the associated decline in the rate of change.

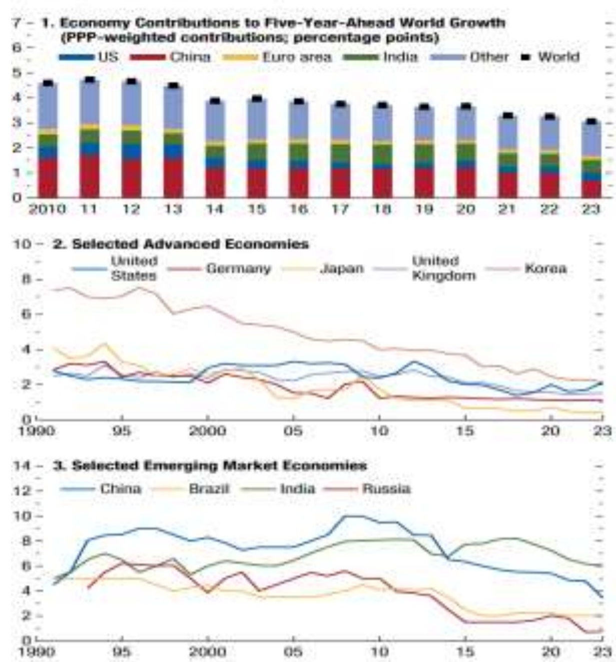
Geoeconomic fragmentation, including developments stemming from Brexit, ongoing US-China trade disputes, and Russia's invasion of Ukraine (Aiyar and others 2023), has also contributed to the weaker outlook, as has a slower expected pace of supply-enhancing reforms.

Dimmer prospects for growth in China and other large emerging market economies will weigh on the prospects of trading partners through the world's highly integrated supply chains. It will also complicate the efforts of middle- and low-income countries seeking to converge to higher standards of living.



Source: IMF staff calculations.
Note: Inflation is based on the consumer price index. Core inflation excludes volatile food and energy prices. Emerging market and developing economies' core inflation from January 2022 WEO *Update* is estimated using available data.
WEO = *World Economic Outlook*.

***World Economic Outlook* Forecast Vintage**
(Percent; unless noted otherwise)



Global Trade

Global Trade

Global trade growth returns but outlook is poor

- Trade growth among major economies was mixed in Q1 2023; with notable export growth in China and India.
- Trade interdependence between China and the United States has decreased, amid global friend-shoring trends.
- Growth in services trade outperformed growth in goods trade. Trade in ICT related products continued to decline.
- Trade growth is projected to weaken in Q2 2023, with an unfavourable outlook for the latter half of the year.

Trade Decoupling

Trade interdependence between China and the United States is declining

Source: UNCTAD secretariat calculations based on national data of China and the United States.
Note: China export dependence on the United States is calculated as China exports to the United States over total China exports. The United States import dependence on China is calculated as United States imports to China over total United States imports. The overall trade interdependence is calculated as bilateral trade (imports+exports) of United States and China over the sum of total trade of the two countries.

Global trade trends and nowcast

During the first quarter of 2023, trade growth was positive for both goods and services. After the downturn in the second half of 2022, trade in goods rebounded in Q1 2023, adding about US$ 100 billion from Q4 2022.

Global growth in trade of services also rebounded and increased by about US$ 50 billion in Q1 2023. The UNCTAD nowcast suggests that global trade to be weak in Q2 2023, as it is expected to remain at similar levels to Q1 2023, both for goods and services.

The value of trade increases in the first half of 2023, but growth remains low

Sources: UNCTADstat; UNCTAD calculations based on national statistics.
Note: Quarterly growth is the quarter over quarter growth rate of seasonally adjusted values. Annual growth refers to the last four quarters. Figures for Q1 2023 are estimates. Q2 2023 is a nowcast.

Trade volumes resumed their growth in Q1 2023 and have returned to a pattern like that of trade values. Trade volumes are expected to slow down in Q2 compared to Q1 2023.

Trade volumes also resumed growth

Index Q1 2019 =100

Source: UNCTADstat.

Summary and outlook

Following two consecutive quarters of decline, global trade in goods and services rebounded in Q1 2023, increasing by about 2 per cent relative to Q4 2022. Compared to Q4 2022, global trade in goods increased by 1.9 per cent in Q1 2023, driven by a revival of economic activity in China, and by an increase in the trade of road vehicles and pharmaceuticals. On the other hand, easing energy prices contribute to low global trade growth. Global trade in services has remained resilient throughout 2022 and increased about 2.8 per cent in Q1 2023. Part of this growth reflects the continuing rebound in tourism and travel following the COVID-19 pandemic.

The current projection for Q2 2023 indicates a slowdown in global trade growth. Global economic forecasts have recently been revised downwards, and factors such as persistent inflation and, financial vulnerabilities, along with the ongoing war in Ukraine and geopolitical tensions, pose challenges to global trade. Overall, the outlook for global trade in the second half of 2023 is pessimistic, as negative factors dominate the positive.

Positive factors:

- **Increasing demand for services**

Global commercial services are expected to continue growing in the second half of 2023, primarily driven by a rise in demand for information and communication technology (ICT) services and by the rebound in travel and tourism sectors.

- **Trade supporting the green transition**

The patterns of international trade are anticipated to become more closely tied to the transition towards a greener global economy. Trade and industrial policies reflecting climate commitments would necessarily affect trade flows, especially in goods and services related energy efficient products and renewable energy production.

Shipping costs remain low Global shipping capacity remains strong. The Shanghai containerized freight rate index has returned to pre-pandemic levels, and is expected to remain low throughout 2023.

Negative factors:

- **Geopolitical factors** The war in Ukraine and geopolitical tensions remain the biggest factors impacting international trade thorough 2023.
- **Weakening global economy** Global economic forecasts are being revised downwards and economic growth in many countries is expected to remain below historical trends.
- **Potential rise in trade restrictive measures** Persistent inward-looking policies in large economies could result in an increase in trade restrictive measures, which would hold back international trade growth.
- **Slowing industrial output Both China and the United States** Purchasing Managers Index declined in May 2023, suggesting a decline in industrial production for the next quarters. China exports for May 2023 were also below expectations, signaling weak global demand for goods.
- **Inflation, commodity prices and interest rates** Many economies are expected to maintain relatively high interest rates as a result of ongoing inflationary pressures. Despite a downward trajectory, commodity prices, particularly in the energy, food, and metals sectors, are projected to remain above pre-pandemic averages.
- **Concerns of debt sustainability** The current record levels of global debt, coupled with high interest rates, will continue to negatively affect the macroeconomic conditions of many countries. Economies with underlying vulnerabilities could see further increases in borrowing costs.

Trade trends in the major economies

Merchandise trade growth has been mixed among the major economies during the last four quarters. Brazil, India, United States and the European Union saw significant increases both in relation to their imports and exports.

On the other hand, other major economies' trade growth was mixed and often negative, especially in relation to exports. On a quarter-over quarter basis, trade trends in Q1 2023 for the major economies have been more subdued, and in many cases negative.

The notable exception is significant growth in exports for China and India.

Trade performance has been mixed among the major economies

Trade performance has been mixed among the major economies

GOODS (Q1 2023)	Quarterly growth		Annual growth	
	Imports	Exports	Imports	Exports
Brazil	↓ 6%	↓ 2%	↑ 17%	↑ 13%
China	↑ 2%	↑ 11%	↓ 3%	↑ 4%
India	↓ 4%	↑ 7%	↑ 17%	↑ 4%
Japan	↓ 4%	↓ 2%	↑ 10%	↓ 4%
Republic of Korea	↓ 2%	↓ 1%	↑ 11%	↓ 1%
Russian Federation	↑ 6%	↓ 19%	↓ 10%	↓ 3%
South Africa	0%	↑ 1%	↑ 14%	↓ 5%
United States	0%	↑ 2%	↑ 8%	↑ 15%
European Union	↓ 8%	↑ 3%	↑ 14%	↑ 4%

Data on services is only available with a lag of one quarter. Due to the recovery from the COVID-19 pandemic, trade in services for most major economies was higher during the last 4 quarters. However, quarterly growth rates for Q4 2022 indicate that these positive trends have turned negative, with trade in services being considerably lower than in Q3 2022.

SERVICES (Q4 2022)	Quarterly growth		Annual growth	
	Imports	Exports	Imports	Exports
Brazil	↓ 1%	↓ 1%	↑ 36%	↑ 26%
China	↓ 3%	↓ 15%	↑ 5%	↑ 9%
India	↓ 4%	↑ 1%	↑ 29%	↑ 29%
Japan	↓ 7%	↑ 2%	↑ 2%	↑ 2%
Republic of Korea	↓ 6%	↓ 8%	↑ 8%	↑ 9%
Russian Federation	↑ 1%	↓ 6%	↓ 6%	↓ 12%
South Africa	↓ 10%	↓ 6%	↑ 33%	↑ 38%
United States	↓ 2%	↓ 2%	↑ 24%	↑ 17%
European Union	↓ 8%	↓ 2%	↑ 10%	↑ 10%

Source: UNCTAD calculations based on national statistics.
Note: Quarterly growth rates are relative to the previous quarter. Annual growth refers to the last four quarters. Data is seasonally adjusted. Data excludes intra-European Union trade.

Regional trade trends in Q1 2023

In average terms, recent trends in global trade are similar across developing and developed countries. On a yearly basis, both imports and exports of developing countries grew by an average of 6 per cent. However, when East Asian economies are excluded, yearly trade growth for developing countries was substantially higher, about 14 per cent.

Figures on a quarter-over-quarter basis indicate that the trade stagnation was widespread during Q1 2023.

Aggregate trade patterns are similar for developed and developing countries

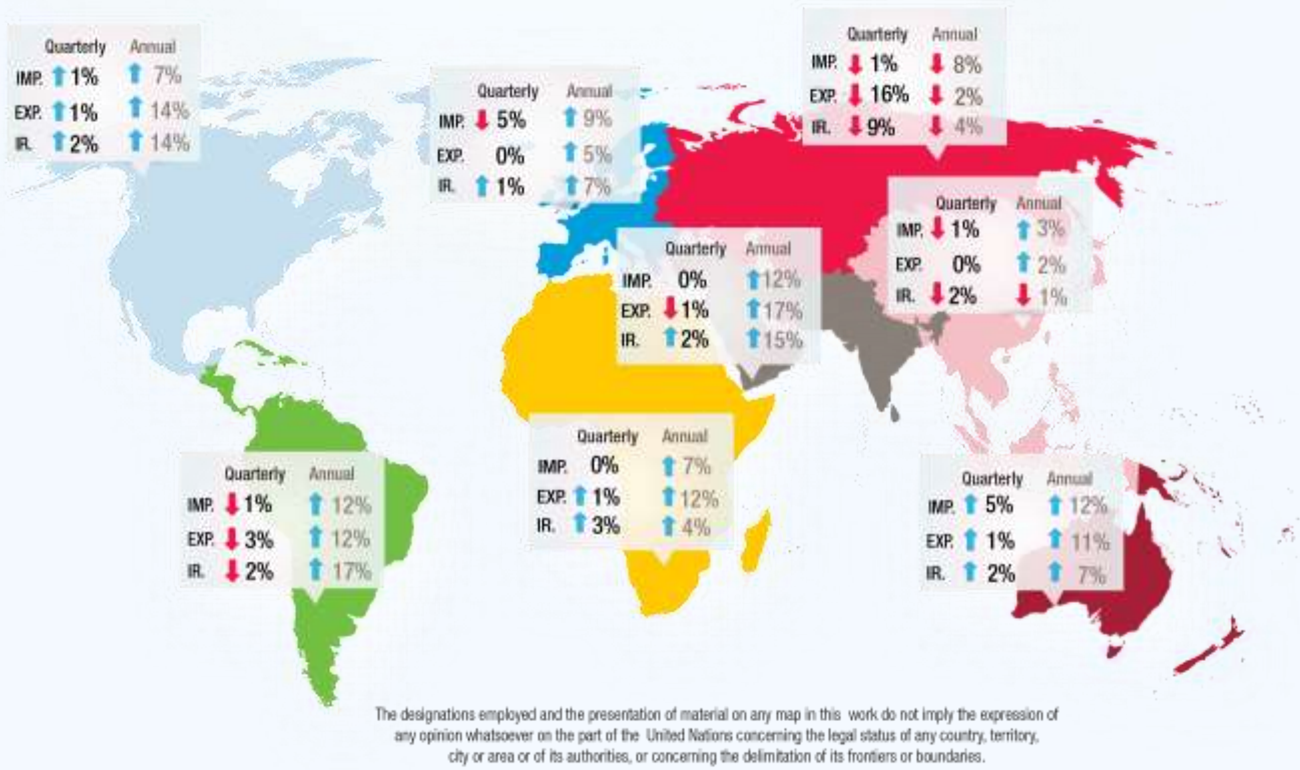
	Quarterly growth		Annual growth	
	Imports	Exports	Imports	Exports
Developed countries	↓ 1%	0%	↑ 7%	↑ 6%
Developing countries	0%	0%	↑ 6%	↑ 6%
South-South Trade	↓ 1%		↑ 6%	
Developing countries (excluding East Asia)	0%	↓ 1%	↑ 12%	↑ 15%
South-South Trade (excluding East Asia)	↓ 1%		↑ 13%	

Source: UNCTAD estimates based on national statistics.
Note: Quarterly growth rates are relative to the previous quarter. Annual growth refers to the last four quarters. Data is seasonally adjusted. Data does not include trade in services.

Except for the region comprising the Russian Federation and central Asian economies, global trade growth has been positive on a yearly basis in all geographic regions. However, trade growth in the East Asian region has been significantly below average. When considering trade growth on a quarter-over-quarter basis, Q1 2023 witnessed a decline in the value of trade in most regions, except for the Pacific region, North America, and Africa.

However, trade growth in these regions was marginal during Q1 2023. Similar patterns are observed in terms of intra-regional trade. Notably, during Q1 2023, trade growth within Africa showed a 3 per cent increase, outperforming other intra-regional trade

Trade remains positive for North America, Africa and the Pacific region



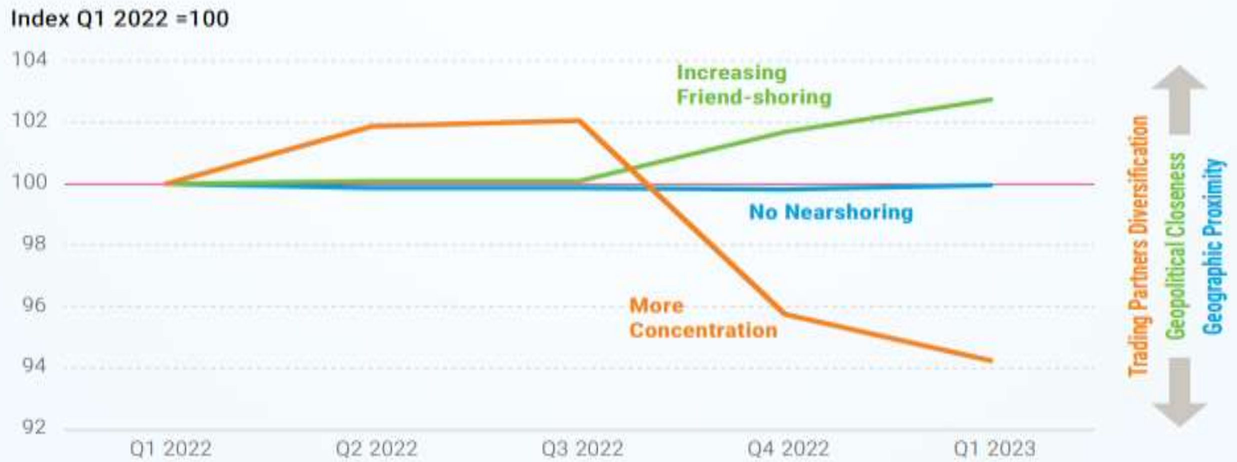
Source: UNCTAD estimates based on national statistics.

Note: Quarterly growth rates are relative to the previous quarter. Annual growth refers to the last four quarters. IR denotes intra-regional. Data is seasonally adjusted. Data does not include trade in services. Imports and exports exclude intra-EU trade.

Global trade dynamics and trade dependence

During 2022 and Q1 2023, the geographical proximity of international trade remained relatively stable, suggesting a lack of significant nearshoring or far-shoring trends, at least on average. However, there has been a notable increase in the political proximity of trade since the latter part of 2022. This indicates a reorientation of bilateral trade flows to prioritize countries that share similar political values (friend-shoring). Concurrently, there has been a decline in diversification of trade partners, implying that global trade has become more concentrated among major trade relationships.

Friend-shoring and increasing concentration for global trade



Source: UNCTAD secretariat calculations based on national data, UN voting data, and CEPII geographical data.
Note: Geographic proximity is based on the average geodesic distance of global trade. Geopolitical closeness is measured by the similarity of foreign policy position based on voting patterns at the United Nations General Assembly. Trading partners' diversification is based on the Herfindahl concentration index. All variables are normalized to 100 in Q1 2022.

The war in Ukraine, the decoupling of the United States-China trade relationship, and the consequences of Brexit have played a significant role in shaping key bilateral trade trends over the past four quarters. These factors show in the changes of bilateral trade relationships among the interested economies and their main trading partners.

Trade dependencies have shifted due to the war in Ukraine, United States-China tensions, and Brexit

Increasing trade dependence		Change in dependence	Decreasing trade dependence		Change in dependence
Dependent	**Depending on**		**Dependent**	**Depending on**	
Ukraine	European Union	20.5%	Russian Federation	European Union	-5.6%
Belarus	Russian Federation	8.5%	Taiwan Province of China	China	-2.7%
Norway	European Union	3.8%	Australia	China	-2.2%
Russian Federation	China	3.7%	Brazil	China	-2.2%
Canada	United States	1.2%	United Kingdom	European Union	-2.0%
Taiwan Province of China	United States	1.1%	United States	China	-2.0%
United Kingdom	United States	1.0%	Republic of Korea	China	-1.9%
United States	European Union	0.8%	China	United States	-0.9%
United States	Mexico	0.8%	India	United States	-0.5%
European Union	United States	0.4%	European Union	China	-0.4%

Source: UNCTAD calculations based on national statistics.
Note: The dependence of an economy on another is calculated as the ratio of their bilateral trade over the total trade of the dependent economy. Percentage point change is computed as a four-quarter (Q2 2022 – Q1 2023) average relative to the same period in the previous year (Q2 2021 – Q1 2022).

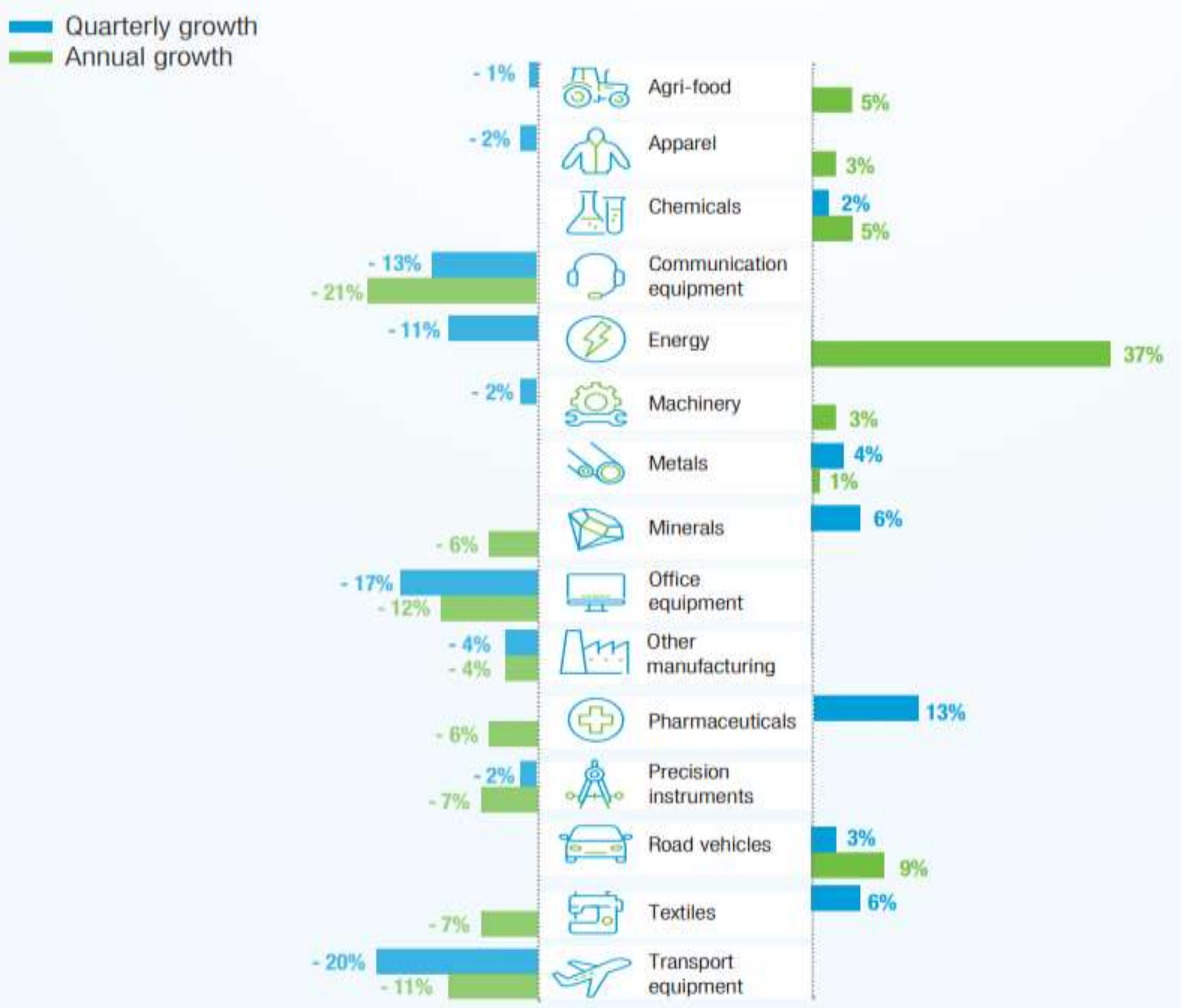
Global trade trends at the sectoral level in Q1 2023

Global trade trends over the past four quarters were influenced by several factors, but mainly by the energy sector, where the rise in energy prices resulted in higher trade values. Other sectors experiencing trade increases were agri-food products, apparel, chemicals, and road vehicles.

Conversely, trade declined in the office and communication equipment, and in the transport sectors. On a quarterly basis, the value of trade in the energy sector experienced a reversal and declined in Q1 2023 relative to Q4 2022.

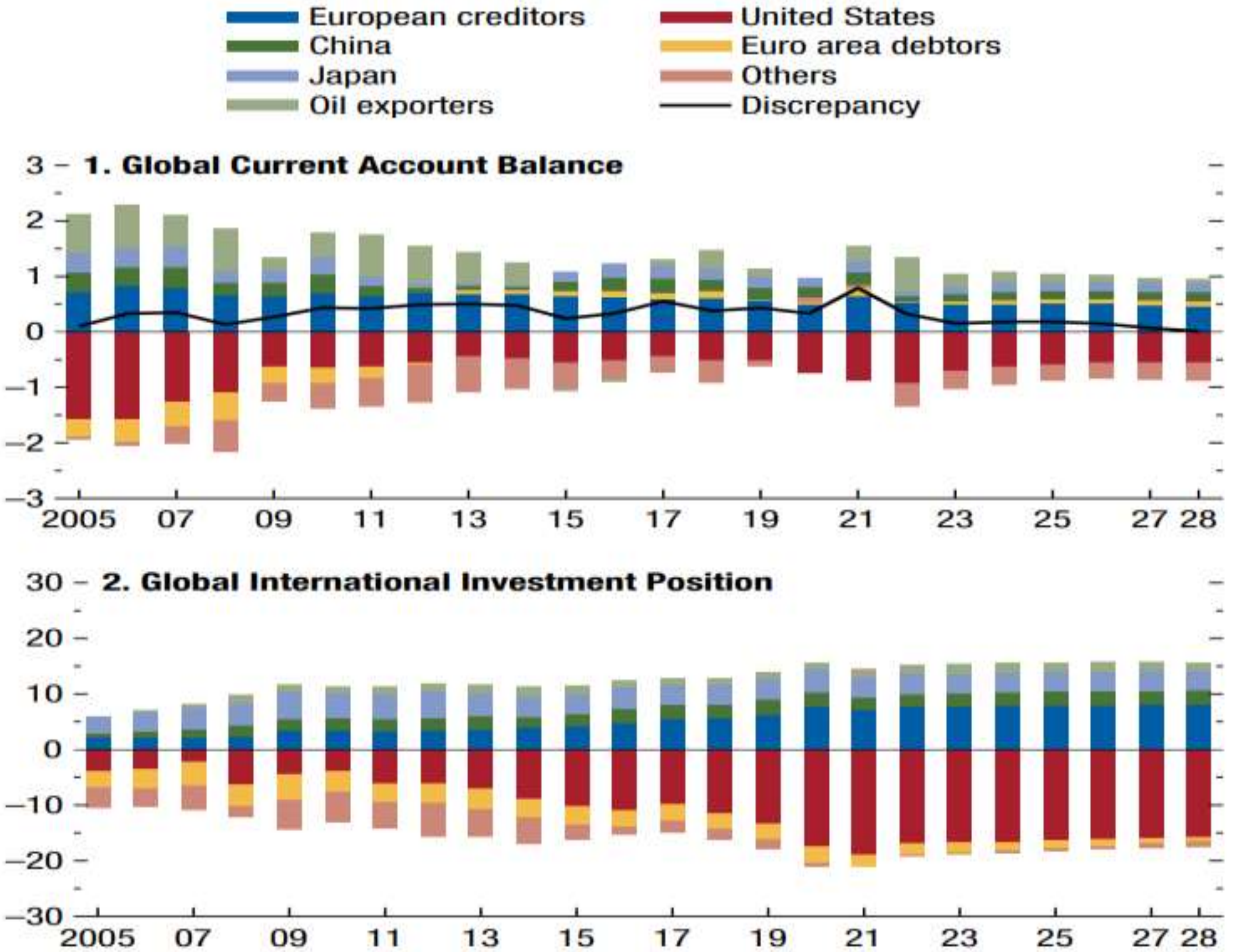
During the same period, the downward trend continued for trade in office and communication equipment. On the other hand, trade increased for metals, chemicals, minerals, pharmaceuticals, and motor vehicles sectors.

During Q1 2023 trade in the transport and ICT related sectors has continued to decline



Source: UNCTAD estimates based on national statistics of China, European Union and the United States.
Note: Quarterly growth is the quarter over quarter growth rate of seasonally adjusted values. Annual growth refers to the last four quarters.

Current Account and International Investment



Source: IMF staff calculations.
Note: European creditors = Austria, Belgium, Denmark, Finland, Germany, Luxembourg, The Netherlands, Norway, Sweden, Switzerland; euro area debtors = Cyprus, Greece, Ireland, Italy, Portugal, Slovenia, Spain; oil exporters = Algeria, Azerbaijan, Iran, Kazakhstan, Kuwait, Nigeria, Oman, Qatar, Russia, Saudi Arabia, United Arab Emirates, Venezuela.

Growth in the volume of world trade is expected to decline from 5.1 percent in 2022 to 2.4 percent in 2023, echoing the slowdown in global demand after two years of rapid catch-up growth from the pandemic recession and the shift in the composition of spending from traded goods back toward domestic services.

Rising trade barriers and the lagged effects of US dollar appreciation in 2022.

Which made traded products more costly for numerous economies given the dollar's dominant role in invoicing, are also expected to weigh on trade growth in 2023.

Overall, the outlook is for weaker trade growth than during the two pre-pandemic decades (2000–19), when it averaged 4.9 percent. Meanwhile, global current account balances—the sums of absolute surpluses and deficits—are expected to narrow in 2023, following their significant increase in 2022.

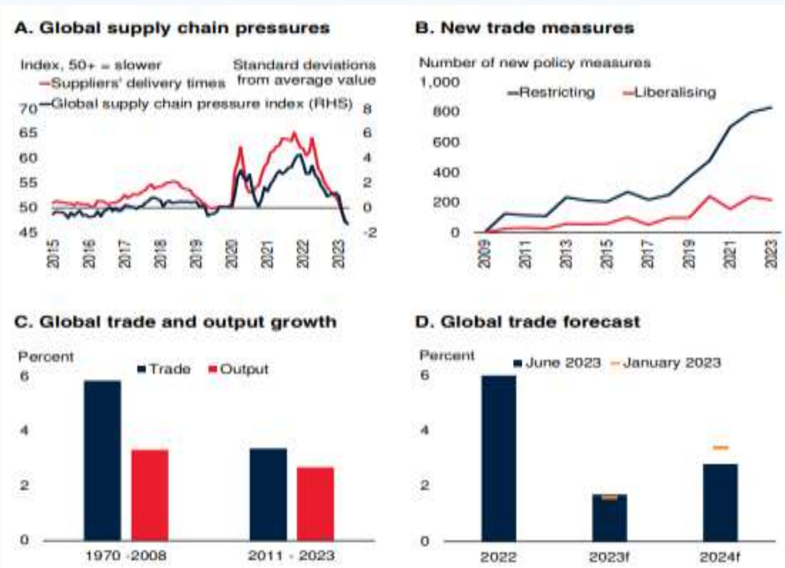
Global context

Global trade is being dampened by subdued global demand and the continued rotation of consumption toward services.

Energy prices have eased considerably since their peak in 2022 as a result of weaker global growth prospects and a warmer-than-usual winter, which reduced demand for energy for heating. Core inflation around the world has been persistent, resulting in continued monetary tightening.

Emerging Markets Developing Economies, EMDE financial conditions continue to be restrictive, with less creditworthy borrowers facing greater financial strains. Global trade Global goods trade growth slowed in the first half of 2023 in tandem with weakening global industrial production.

Pressures on global supply chains have abated as goods demand has weakened and global shipping conditions have improved. The global supply chain pressures index and suppliers delivery times reached their lowest levels in almost four years in the first half of 2023 and are expected to remain low.



Sources: Federal Reserve Bank of New York; GTA (database); Haver Analytics; World Bank.
A. Figure shows manufacturing Purchasing Managers' Index (PMI) suppliers' delivery times and the Global Supply Chain Pressure Index (GSCPI). Data for delivery times are inverted by subtracting data from 100; therefore, increasing (decreasing) PMI data indicate slower (faster) delivery times. GSCPI is normalized such that zero indicates the average value for January 1998-April 2023, while positive (negative) values represent how many standard deviations the index is above (below) the average. Last observation is April 2023.
B. Figure shows the number of implemented trade policy interventions since November 2008. Restrictive (liberalizing) measures are interventions that discriminate against (benefit) foreign commercial interests. Last observation is May 24, 2023.
C. Bars indicate annual average growth. Global output growth is real GDP growth computed as a weighted average at 2010-19 average prices and exchange rates. Trade growth is the average growth of import and export volumes.
D. Trade is measured as the average of export and import volumes. "June 2023" and "January 2023" refer to the forecasts presented in the respective editions of the *Global Economic Prospects* report.

As global consumption returns to its pre-pandemic mix between goods and services, trade is expected to recover to 2.8 percent in 2024, only slightly stronger than GDP growth. The trade outlook is subject to various downside risks, including weaker-than-expected global demand, tighter global financial conditions, worsening trade tensions between major economies, mounting geopolitical uncertainty, and a further rise in protectionist measures

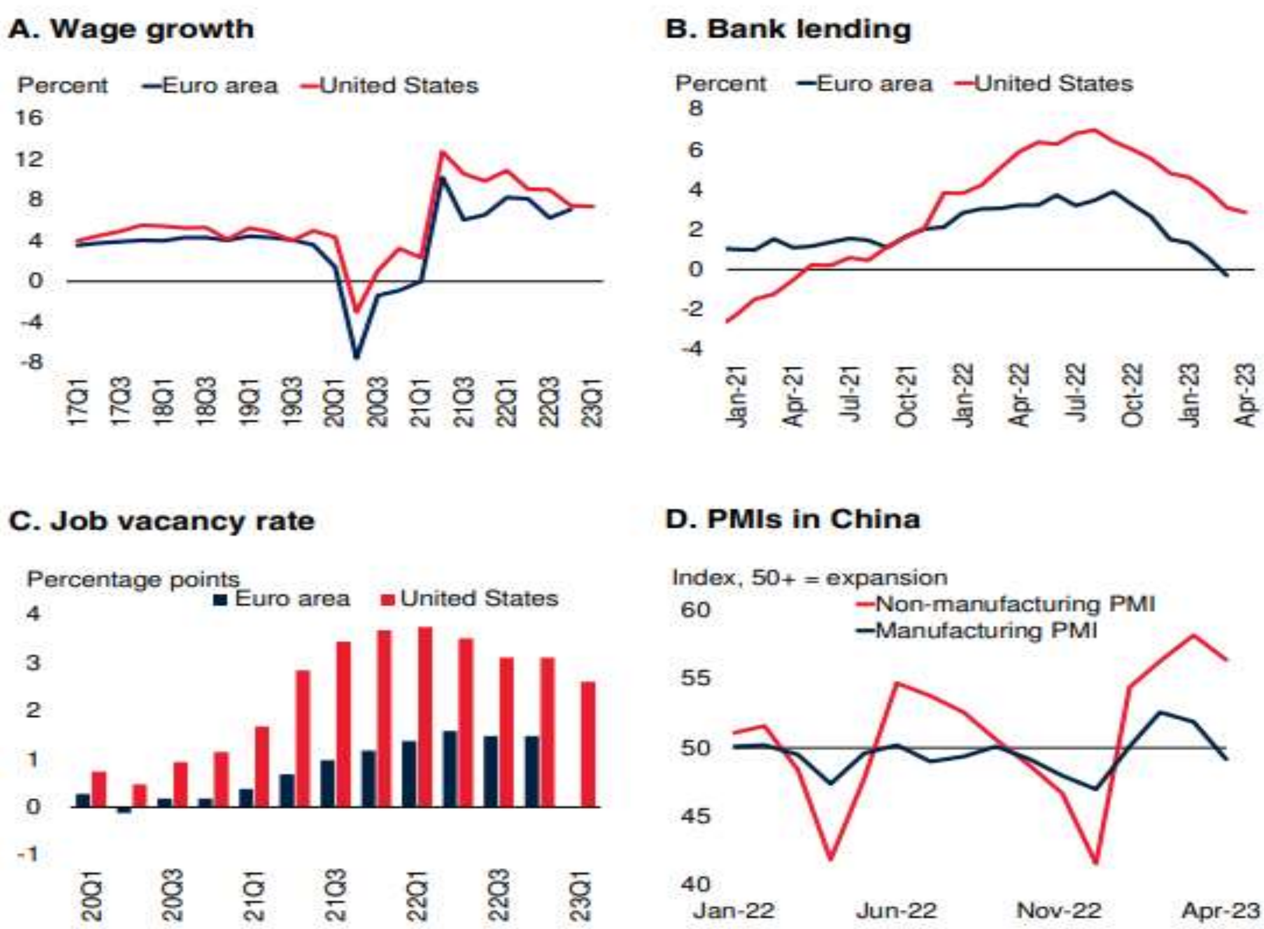
Supply chain pressures and supplier delivery times have dropped back to pre-pandemic levels as goods demand has weakened and global shipping conditions have improved. A rising number of new trade measures have been protectionist. The ongoing shift in global consumption toward less trade-intensive goods will likely continue to lower the growth rate of trade relative to output. This shift and subdued demand are expected to dampen global trade growth substantially this year.

Advanced Economies

Advanced Economies

Growth in advanced economies in late 2022 and early 2023 slowed less than expected, as tight labor markets supported robust wage growth and prevented a sharper slowdown in consumption. The tightness in labor markets is in part related to a slowdown in labor supply, with labor force participation rates falling (partly because of a rise in early retirements) and, in the United States, a decline in hours worked by those employed (Lee, Park, and Shin 2023).

United States: In the first quarter of 2023, GDP expanded by 1.1 percent in the United States on a quarterly basis, supported by broadly robust consumption. Euro area GDP grew by 0.3 percent at an annualized rate, reflecting lower energy prices, easing supply bottlenecks, and fiscal policy support for firms and households. Advanced-economy growth is projected to slow to an annual average of 0.7 percent in 2023. This largely reflects the continued effect of considerable central bank policy rate hikes since early 2022.

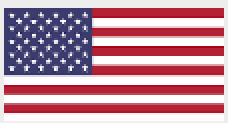


Sources: European Central Bank; Eurostat; Federal Reserve Economic Data; Haver Analytics; National Bureau of Statistics of China; U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics; World Bank.

A. Figure shows the year-on-year percentage change in wages and salaries. Last observation is 2023Q1 for the United States and 2022Q4 for the euro area.

B. Figure shows six-month percentage change in the stock of credit, which is bank lending to nonfinancial private sector, monthly end of period, for the euro area and bank loans and leases from the H8 release by the Federal Reserve, monthly end of period, for the United States. Last observation is April 2023 for the United States and March 2023 for the euro area.

C. Figure shows job openings rate in the United States and the job vacancy rate in the euro area, More restrictive credit conditions due to banking sector stress in advanced economies should slow domestic demand further in 2023. Past increases in energy prices and the expected softening in labor markets are also projected to weigh on activity. Growth is expected to accelerate modestly to 1.2 percent in 2024 due to a pickup in the euro area. Stronger-than-expected activity in early 2023 is projected to push average annual growth 0.2 percentage point above the January forecast, despite an expected weakening in the second half. In contrast, the pickup in growth in 2024 is weaker than previously forecast, owing to the more delayed impact of monetary policy rate increases, as well as additional headwinds from tighter credit conditions.



In the United States, growth is expected to weaken significantly through 2023 and early 2024, mainly as a result of the lagged effects of the sharp rise in policy rates over the past year and a half aimed at bringing down the highest inflation.

Major economies:

Recent developments and outlook

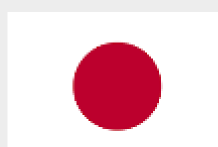
Tight labor markets and high wage growth prevented a sharper slowdown in advanced economies in early 2023. Policy rate hikes and recent bank failures have contributed to a tightening of financial conditions and a slowdown in bank lending. Historically high job vacancy rates should decline as labor markets slow in advanced economies.

The recovery in China is expected to be led by services activity, which tends to be less trade intensive.

In the euro area: growth proved more resilient than expected at the turn of the year, supported by warmer weather and lower natural gas prices. Energy price pressures have been fading, but core inflation has remained elevated, reflecting the strength of the labor market, robust wage growth, lagged effects from high gas and electricity prices, and broadening price pressures.

The persistence of underlying inflation pressures, as seen in the core services component which excludes shelter, suggests that monetary policy may need to be tighter than previously expected. Growth is forecast to slow to 0.4 percent in 2023, from 3.5 percent in 2022, owing mainly to the lagged effects of monetary policy tightening. The upward revision of 0.4 percentage point to growth this year relative to January mainly reflects the better-than-expected data at the beginning of the year and the downgrade to energy price projections.

After bottoming out in 2023, growth is expected to firm to 1.3 percent in 2024, supported by reforms and investments funded by the Recovery and Resilience Facility. **The 0.3 percentage point downward revision to the forecast for 2024 partly reflects the effects of tight monetary policy over a longer period than previously expected.**



In Japan: growth is expected to slow to 0.8 percent in 2023, as the lagged effects of synchronized monetary policy tightening in major advanced economies weigh on external demand.

Although price pressures are expected to subside in the second half of 2023 as the pass-through from a surge in import prices runs its course, persistent weakness in real wage growth will hold back consumer demand. Growth is anticipated to edge down further to 0.7 percent in 2024, partly as a result of the gradual unwinding of macroeconomic policy support.

China Economic: activity in China bounced back in early 2023, spurred by the earlier-than-expected economic reopening, which bolstered consumer spending, including on services-related activity (figure 1.7.D).

The property sector began to emerge from a protracted slump, supported by wide-ranging policies.

These included liquidity provisions to developers and measures to ensure the completion of unfinished projects.

Meanwhile, goods trade remained subdued. Growth is projected to rebound to 5.6 percent in 2023, as the economic reopening drives consumer spending, particularly on domestic services.

Investment is expected to pick up only modestly as infrastructure-related stimulus fades, and high debt levels weigh on the property sector recovery. Weak external demand will also dampen growth. While the reopening will support services trade, subdued infrastructure and manufacturing sector activity will weigh on overall trade, as services activity tends to be less trade intensive.

Inflation is expected to remain below target, allowing monetary policy to remain mildly accommodative.

The fiscal policy stance is expected to be broadly neutral. With the reopening boost fading in the second half of the year, growth will slow to 4.6 percent in 2024, as moderating consumption offsets a small pickup in exports.

Key downside risks include continuing stress in the real estate sector, a sharper-than-anticipated slowdown in global growth and trade, and the lingering possibility of disruptive COVID-19 waves. On the upside, a more vigorous consumption recovery could support growth for longer than expected.

Regional Prospects

Regional Prospects

Growth is projected to diverge across EMDE regions this year and next. It is expected to pick up in 2023 in East Asia and Pacific (EAP) and Europe and Central Asia (ECA), as China's reopening spurs a recovery and as growth prospects in several large economies improve.

In contrast, growth is forecast to moderate in all other regions, particularly in Latin America and the Caribbean (LAC) and the Middle East and North Africa (MNA).

Headwinds from weak external demand, tight global financial conditions, and high inflation will drag on activity this year, especially in LAC, South Asia (SAR), and Sub-Saharan Africa (SSA). The lingering impact of Russia's invasion of Ukraine will continue to weigh on growth across regions. "Source World Bank"

Particularly in ECA. Next year, growth is projected to moderate in EAP and SAR but to pick up elsewhere as domestic headwinds ease and external demand strengthens.

Downside risks to the outlook for all regions include possible further global financial stress and more persistent domestic inflation than projected in the baseline. Geopolitical tensions, conflict and social unrest, and natural disasters stemming from climate change also present downside risks, to varying degrees.

The materialization of such risks could further weaken potential growth, leading to a prolonged period of slower growth in all EMDE regions.

Commodity Special Feature:

Special Feature Head Macroeconomic Impact of Declines in Fossil Fuel Extraction

Primary commodity prices declined 28.2 percent between August 2022 and February 2023. The decrease was led by energy commodities, down 46.4 percent. European natural gas prices declined by 76.1 percent amid lower consumption and high storage levels. Base and precious metal prices rebounded by 19.7 and 3.3 percent, respectively, whereas food prices increased slightly, by 1.9 percent.

This Special Feature analyzes the impact of declines in the extraction of fossil fuel and other minerals on the macroeconomic activity of commodity exporters. Commodity Market Developments Energy prices waver. Crude oil prices retreated by 15.7 percent between August 2022 and February 2023 as the slowing global economy weakened demand (Figure 1.SF.1, panels 1 and 3).

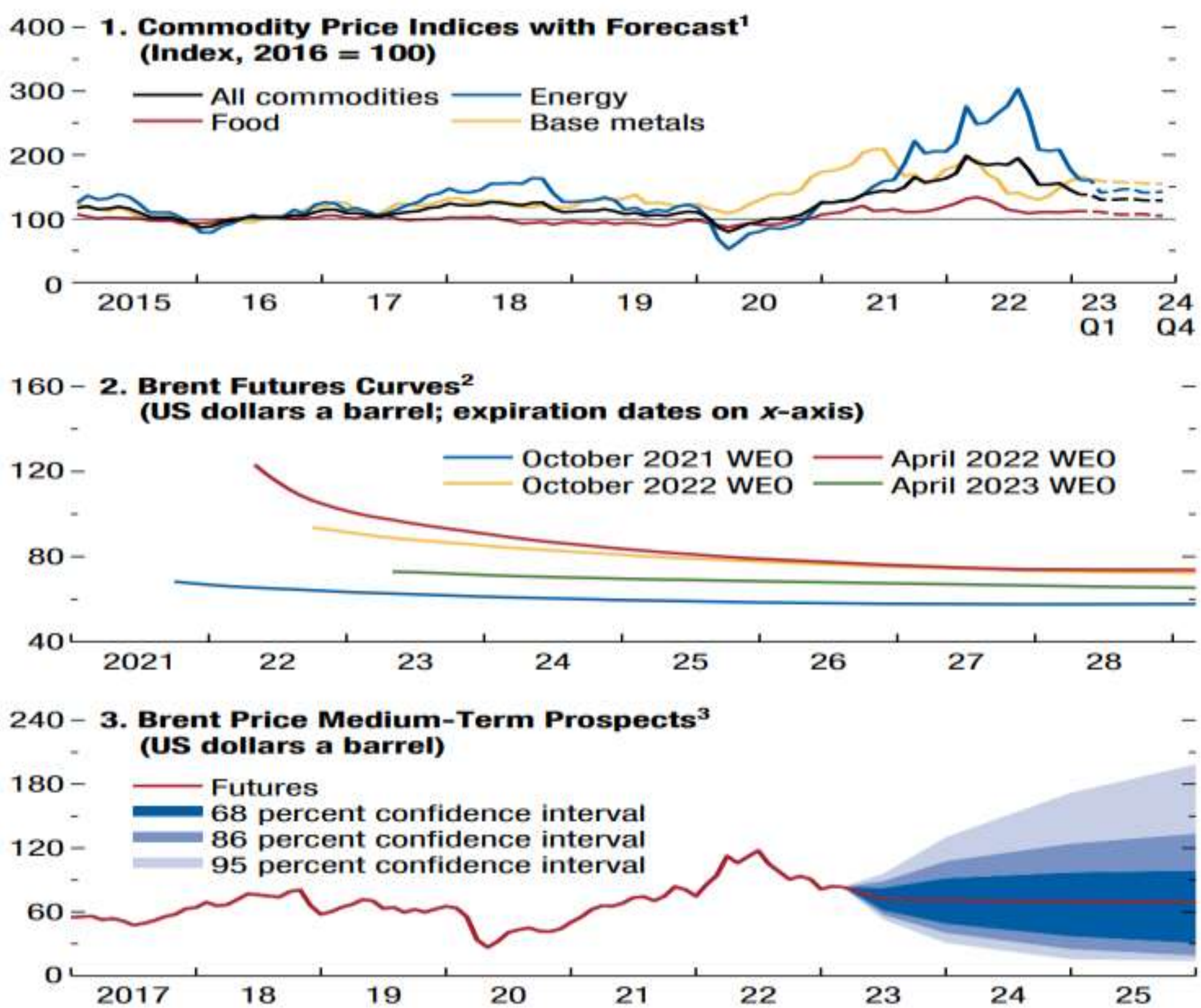
China experienced its first annual decline in oil consumption this century amid repeated shutdowns in response to COVID-19 outbreaks and a faltering real estate market. Recession fears due to higher-than-expected inflation and tighter monetary policy in many major economies and banking woes sparked concerns about flagging demand. On the supply side, uncertainty over the effects of Western sanctions on Russian crude oil exports whipsawed expectations about global market balances.

As of March, Russian crude oil exports had held steady since implementation of the Group of Seven (G7) price cap and ban on crude oil imports on December 5. Russia rerouted its oil, reportedly sold at a major discount to Brent oil prices, to non- sanctioning countries, primarily India and China.

Commodity Market Developments

Downside supply risks did not materialize until Russia's recent announcement of a modest production reduction.

A sizable release of strategic petroleum reserves by Organization for Economic Co-operation and Development member countries also helped keep oil markets well supplied, in part offsetting underproduction and reduced targets by OPEC+ (Organization of the Petroleum Exporting Countries plus selected nonmember countries).



Futures markets suggest that crude oil prices will slide by 24.1 percent, to average $73.1 a barrel, in 2023 (from $96.4 in 2022) and continue to fall in the coming years, to $65.4 in 2026 (Figure 1.SF.1, panel 2). Uncertainty around this price outlook is elevated in part due to the uncertain rebound in China's growth, as well as the energy transition.

Metal prices recover after steep drop. The base metal price index dropped below levels preceding Russia's invasion of Ukraine. It surged after the invasion but experienced a broad-based retreat amid slowing Chinese metal demand (accounting for roughly half of global consumption of major metals) and monetary policy tightening.

With China's reopening and increased infrastructure spending, as well as an expected slower pace of interest rate hikes from the Federal Reserve, base metal prices partially rebounded, increasing by 19.7 percent from August 2022 to February 2023. Recent banking distress presents significant downside risks to prices.

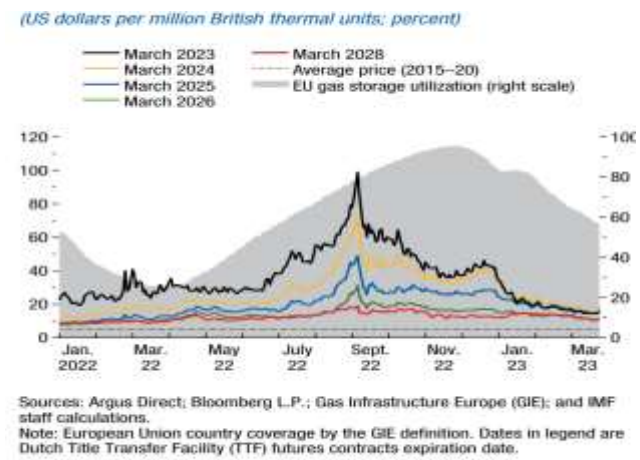
The IMF's energy transition metal index increased 14.3 percent.

Gold prices rose by 5.1 percent, and central banks' net purchases broke a 55-year record. The base metal price index is projected to increase 3.5 percent in 2023 and then decrease 2.6 percent in 2024. Traders seem to price in a potential rebound in demand from China.

EU Gas Storage and Futures Contract Prices (US dollars per million British thermal units; percent)

Natural gas prices at the European Title Transfer Facility trading hub receded 76.1 percent from record highs in August 2022 to $16.7 a million British thermal units (MMBtus) in February 2023 as concerns about supply shortages faded. Prices reached nearly $100 a MMBtu in late August when EU countries raced to refill their gas storage facilities amid fears of supply shortages during the winter.

This followed Russia's progressive shutdown of roughly 80 percent of pipeline gas supplies to European countries. Prices in the global liquefied natural gas market followed in lockstep



Agricultural prices continue on a downward trend. Drawdowns of stocks of staple foods in major exporting countries, due to major shocks in the past two years from the pandemic and the war in Ukraine, have stopped as supply and demand have reacted to higher prices.

Food and beverage prices peaked in May 2022 and are up 1.3 percent from last August. They remain 22.3 percent above the past-five-year average and 39.1 percent above pre-pandemic levels.

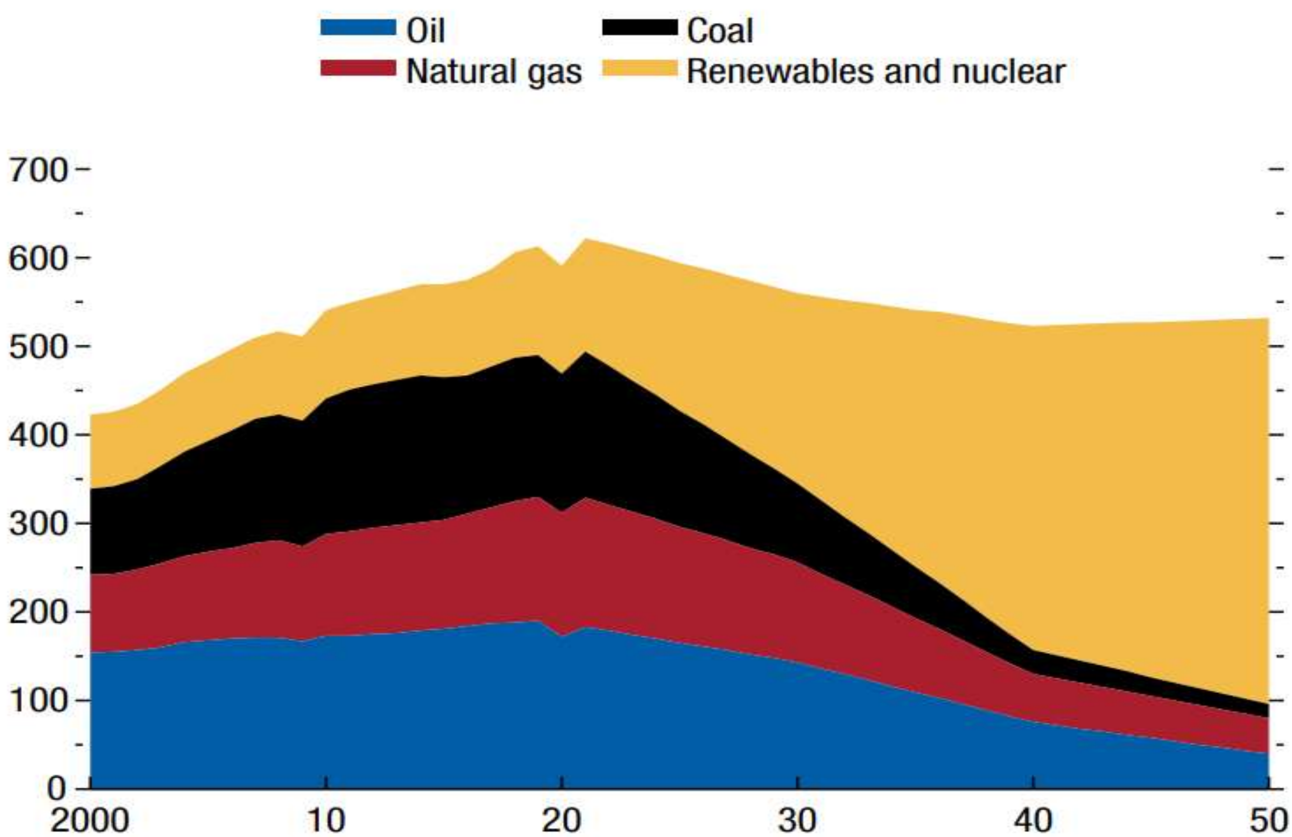
The supply outlook improved as Ukrainian wheat and other products entered the global market after the Black Sea corridor initiative was renewed last November. High prices also provided incentives to other regions, such as the European Union and India, to step up wheat production. However, some of the correction has likely come from demand destruction of price-elastic components such as meat and biofuels.

Risks remain balanced as spillovers from gas to fertilizer prices and a possible abrupt ending of the Black Sea corridor deal offset possibly reduced consumption and a potentially stronger supply reaction. Prices of raw agricultural materials declined by 9.1 percent from last August amid slowing global demand but, like base metal prices, have partly rebounded in recent months.

The Macroeconomic Impact of Declines in Fossil Fuel Extraction

Reaching net zero emissions by 2050 will require an 80 percent reduction in global fossil fuel extraction compared with 2021 levels, according to the International Energy Agency (2022) Though the situation is highly uncertain, it is worth asking what economic repercussions a contraction in fossil fuel extraction could have for fossil fuel exporters. A large amount of literature emphasizes the negative impact a sizable extraction industry has on a country's economic growth because it weighs on the performance of the manufacturing sector.

60 Percent in a Net Zero Emissions Scenario
(Exajoule)



Sources: International Energy Agency; and IMF staff calculations.
Note: Renewables include solar, wind, hydro, bioenergy, and traditional use of biomass. Fossil fuel production includes fossil fuels for non-energy use (for example, petrochemicals) as well as carbon capture and storage abatement.

Regional outlooks

EAST ASIA and PACIFIC

Regional outlooks

East Asia and Pacific

Growth in the East Asia and Pacific (EAP) region is projected to strengthen to 5.5 percent in 2023 from 3.5 percent in 2022, as a recovery in China offsets slowing activity in most other regional economies.

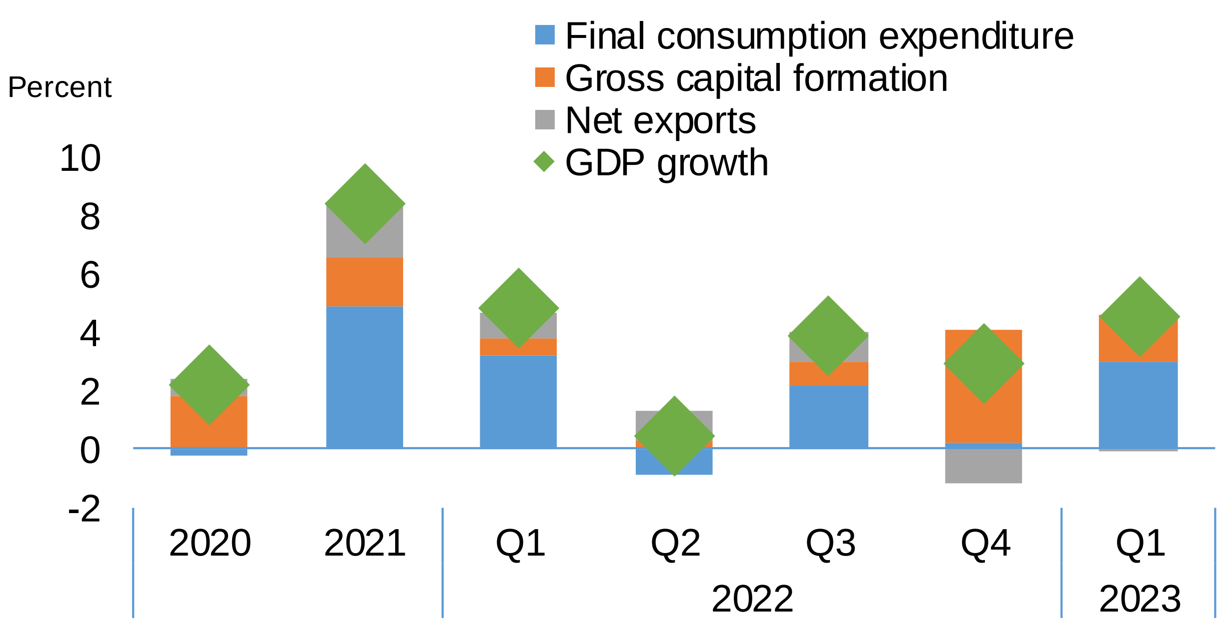
Projected growth in China this year has been revised upward following a faster-than-expected reopening of the economy, which is bolstering near-term consumer spending, particularly on services.

Growth in the region excluding China is set to slow to 4.8 percent in 2023 from 5.8 percent in 2022, as the boost from earlier reopening fades in several large economies.

Regional trade growth will remain subdued amid weak global demand and domestic services-led growth in China. In 2024, growth in EAP is projected to ease to 4.6 percent as the effects of China's reopening fade.

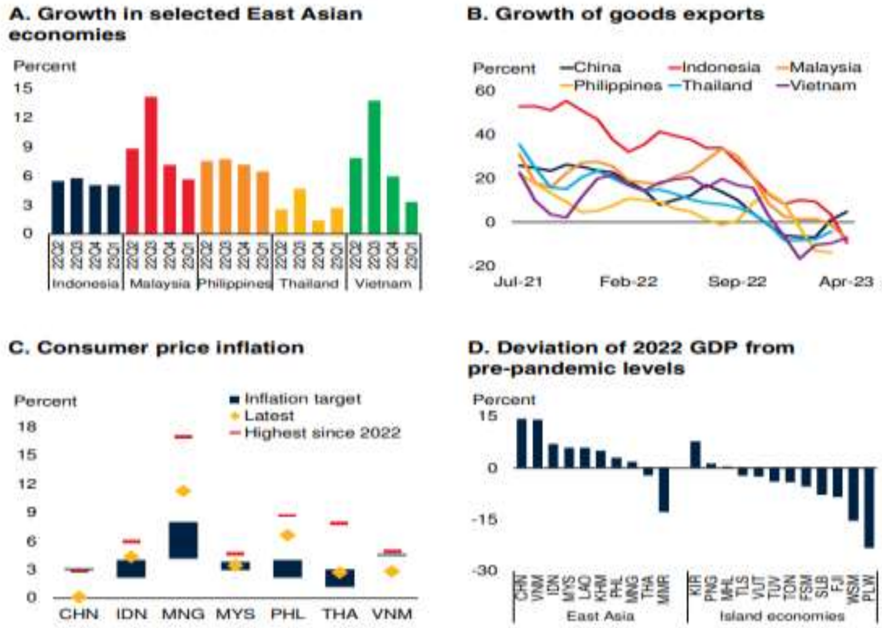
Downside risks to the outlook include tighter-than-expected global financial conditions; stubbornly high inflation; protracted weakness in China's property sector; geopolitical tensions; and, particularly for smaller economies, natural disasters, including climate-change-related extreme weather events.

China Contribution to Growth

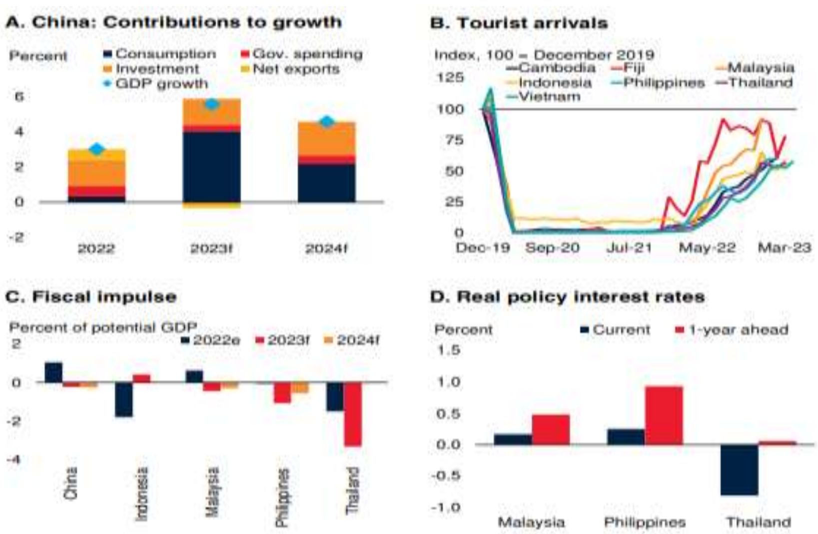


In EAP excluding China, growth is expected to moderate to a still-strong 4.8 percent this year as the tailwinds from reopening and pent-up demand fade. Positive spillovers from China's recovery are expected to be limited given its concentration on domestic services activity. Furthermore, these positive spillovers are likely to be outweighed in some cases by domestic headwinds, particularly elevated inflation and the continued effects of domestic monetary policy tightening.

While both core and headline inflation are expected to ease through 2023, in the near-term headline inflation is likely to remain above central bank targets in some countries (Mongolia,



Sources: Haver Analytics; World Bank.
Note: In East Asia, CHN = China, IDN = Indonesia, LAO = Lao PDR, KHM = Cambodia, MMR = Myanmar, MNG = Mongolia, MYS = Malaysia, PHL = the Philippines, THA = Thailand, VNM = Vietnam. In Island economies, FJI = Fiji, FSM = Micronesia, Fed. Sts, KIR = Kiribati, MHL = Marshall Islands, PLW = Palau, PNG = Papua New Guinea, SLB = Solomon Islands, TLS = Timor-Leste, TON = Tonga, TUV = Tuvalu, VUT = Vanuatu, WSM = Samoa.
A. Year-on-year real GDP growth. Last observation is 2023Q1.
B. Figure shows 3-month moving average of year-on-year growth in the value of goods exports in U.S. dollars. Last observation is March 2023 for the Philippines and Thailand. Last observation is April 2023 for China, Indonesia, Malaysia and Vietnam.
C. Year-on-year consumer price inflation. "Highest" refers to the highest inflation rate since January 2022. "Inflation target" refers to the targets set by the respective central banks. Last observation is March 2023 for Malaysia. Last observation is April 2023 for China, Indonesia, Mongolia, the Philippines, Thailand, and Vietnam.
D. Figure shows the percent change in real GDP from 2019 to 2022.



Sources: Bloomberg; Consensus Economics; Haver Analytics; International Monetary Fund; World Bank.
Note: e = estimate; f = forecast.
A. Annual real GDP growth and expenditure contributions to real GDP growth. 2023 and 2024 are projected by World Bank. Last observation is 2022.
B. Index of tourist arrivals. Last observation is April 2023 for Vietnam. Last observation is March 2023 for Fiji, Indonesia, and Thailand. Last observation is February 2023 for Cambodia and the Philippines. Last observation is December 2022 for Malaysia.
C. Bars denote change in general government structural balance. World Bank staff calculations based on IMF estimates. A positive value indicates a positive fiscal impulse to GDP.
D. Current real rate is the current policy rate minus the Consensus Economics 2023 inflation forecast; "1-year ahead" is the 30-day rolling average of the one-year-ahead market implied policy rate minus the Consensus Economics 2024 inflation forecast. Last observation is May 25, 2023.

Outlook East Asia Pacific

Growth in the region is projected to strengthen to 5.5 percent in 2023, buoyed by a consumption-led rebound in China, before easing to 4.6 percent in 2024 and 4.5 percent in 2025.

For most of region, weakness in global goods trade is a headwind; however, tourism dependent economies will see a boost from the continued recovery in global tourism, including that from China.

Macroeconomic policy headwinds are expected to intensify this year as fiscal consolidation proceeds and central banks hold back easing in the face of persistent inflation, resulting in higher real interest rates.

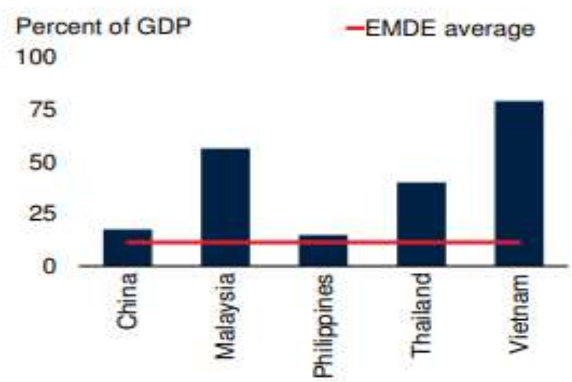
Risk East Asia Pacific

Trade and growth in the region could be dampened by tighter-than expected financial conditions due to additional monetary policy rate hikes, domestically or in major advanced economies; renewed global financial instability; or heightened investor risk aversion.

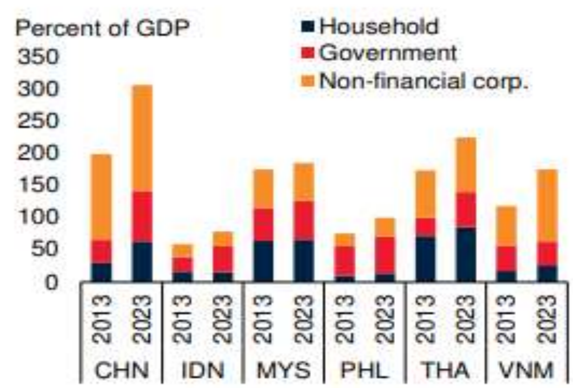
Increased debt in the region adds to the risk of debt distress and also reduces fiscal space, limiting policy room to maneuver in the event of deteriorating conditions.

Against a backdrop of slowing urban population growth, weakness in China's property sector could endure. Heightened uncertainty in China in response to further disruptive COVID-19 waves could hold back consumption.

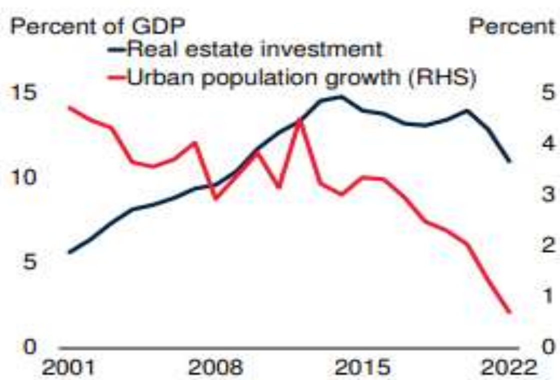
A. Manufacturing exports



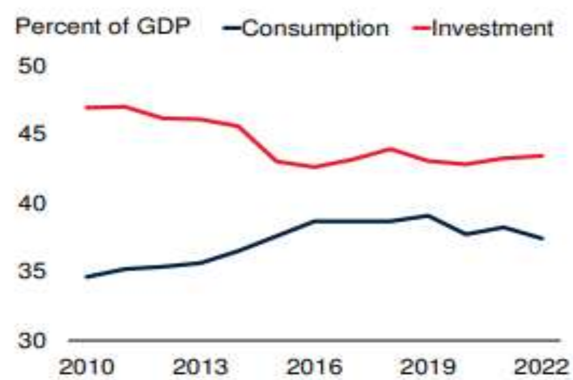
B. Debt



C. China: Real estate investment and urban population growth



D. China: Consumption and investment shares of GDP



Sources: Haver Analytics; Institute of International Finance (database); National Bureau of Statistics of China; World Bank.

Note: EMDEs = emerging market and developing economies. CHN = China; IDN = Indonesia; MYS = Malaysia; PHL = the Philippines; THA = Thailand; VNM = Vietnam.

A. Manufacturing exports as a share of GDP in 2021. Line is the simple average of 99 EMDEs.

B. Components of countries' debt as a share of GDP. Observation for 2013 is 2013Q1 and for 2023 is 2023Q1. Last observation is 2023Q1.

C. Figure shows investment completed in real estate development as share of GDP (left axis) and annual growth of urban population (right axis). Last observation is 2022.

D. Figure shows consumption and investment shares of GDP. Last observation is 2022.

EUROPE and CENTRAL ASIA

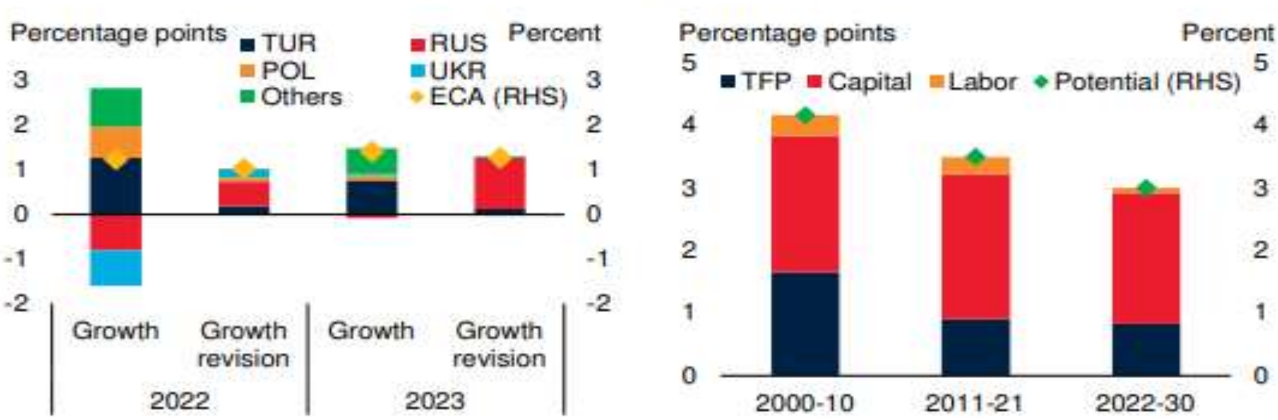
Europe and Central Asia

Economic prospects in Europe and Central Asia (ECA) continue to be held back by the Russian Federation's invasion of Ukraine. Growth in ECA is projected to remain weak in 2023, edging up to a modest 1.4 percent, as the effects of the invasion, high inflation, tight monetary policies, and subdued external demand weigh on activity.

Regional growth is forecast to pick up to 2.7 percent in 2024, as inflation gradually recedes and demand firms. Risks to the outlook are tilted to the downside and include an intensification of Russia's invasion in Ukraine, rising geopolitical tensions elsewhere in the region, higher and more sustained inflation, a sharper economic slowdown than expected in the region's main trading partners, and further financial sector turmoil.

Growth in ECA is projected to firm modestly in 2023, as activity stabilizes in the Russian Federation and Ukraine. Potential growth in the region is expected to slow further in the current decade following the trend decline since 2000. In Ukraine, large-scale emigration and significant disruptions in education exacerbate long-term damage to the country's human capital and potential output. Central Europe will benefit from funding from the EU Recovery and Resilience Facility (RRF).

A. Contributions to ECA GDP growth | **B. Contributions to potential output growth**

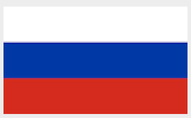


Sources: Kilic Celik, Kose, and Ohnsorge (2023); NGEU tracker; Pfeiffer, Varga, and in't Veld (2021); UNHCR; World Bank. Note: ECA = Europe and Central Asia; NGEU = NextGenerationEU; POL = Poland; RRF = Recovery and Resilience Facility; RUS = Russian Federation; TFP = total factor productivity; TUR = Türkiye; UKR = Ukraine. A. Figure shows the contributions to ECA GDP growth and the growth revisions compared with January 2023 (World Bank 2023b). B. Period averages of annual GDP-weighted averages. Estimates based on production function approach. The sample includes 9 ECA countries (Türkiye, 2 in Central Asia, 4 in Central Europe, 1 in South Caucasus, and 1 in Western Balkans). The Russian Federation and Ukraine are excluded.

Recent developments: Growth in Europe and Central Asia (ECA) plummeted to 1.2 percent in 2022—the slowest growth among the six EMDE regions. Even after excluding Russia and Ukraine, regional growth still softened last year to 4.8 percent.

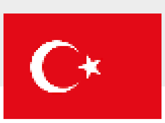
The slowdown was broad-based, including most of the region's economies, reflecting disruptions from Russia's invasion, reduced business and consumer confidence, a surge in inflation, marked monetary tightening, and energy supply disruptions. Output fell by 20.2 percent in Eastern Europe, with contractions mainly in Ukraine, but also elsewhere in the sub region.

In Central Europe and the Western Balkans, which are more closely integrated into European Union (EU) value chains, growth was dampened by steep energy price increases, energy supply disruptions, and monetary policy tightening. In contrast, growth was more resilient in the South Caucasus and Türkiye, amid inflows of trade, migrants, and finance from Russia and Ukraine—factors that also supported growth in Central Asia. The slowdown in commodity exporters other than Russia was limited by higher global commodity prices.



In Russia, ECA's largest economy, output contracted 2.1 percent in 2022, amid international sanctions imposed in response to Russia's invasion of Ukraine. The recession was less severe than projected earlier, due to higher oil production, the redirection of oil exports away from traditional markets, and more government fiscal support than initially assumed. Clear signs of trade diversion emerged following the invasion, with the value of Russian fuel exports to the EU declining by over 40 percent last year, while exports to India and China increased.

Russian imports from Türkiye more than doubled. Those trends were also reinforced since the beginning of the year, with Russia's fuel exports to the EU falling by 87 percent in March from a year earlier.



In Turkey, despite the headwinds the earthquake and inflation rates, the country remains a key contributor to ECA growth, and the economy remained resilient in the first quarter of

Growth in Türkiye is anticipated to slow to 3.2 percent in 2023 before rebounding to 4.3 percent in 2024, assuming normalization in macroeconomic policies with a tightening of the policy mix, with domestic demand remaining the key driver.2 Despite the damage caused by the earthquakes in early 2023, forecasted growth in both years is slightly higher than previously projected, partly owing to positive momentum from strong growth in late 2022 and additional government support to households. Reconstruction efforts are expected to support investment.

In Central Europe, growth is anticipated to experience a significant further decline to 1.1 percent this year, as a result of the slowdown in the euro area and the tightening of domestic monetary policies. Growth is expected to gather pace in 2024-25, partly owing to increased use of funding from the EU Recovery and Resilience Facility (RRF), including by Bulgaria and Croatia, a new member of the euro area since January 2023

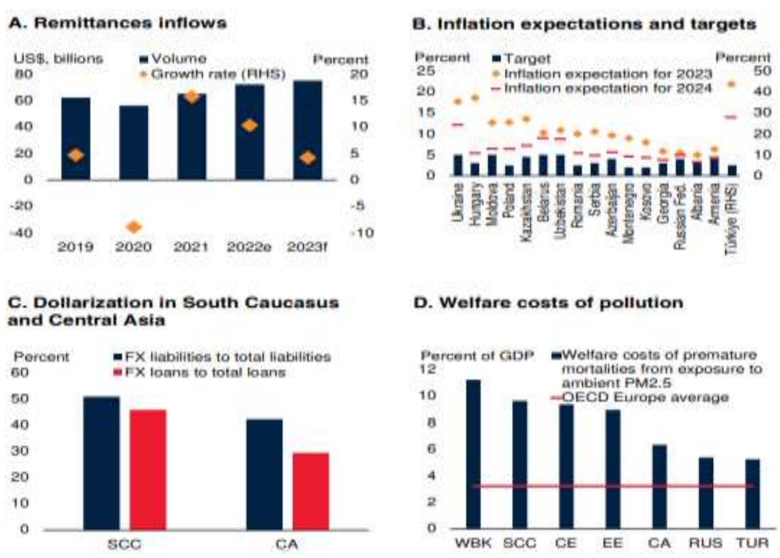
In the Western Balkans, growth is forecast to decelerate to 2.6 percent in 2023, reflecting spillovers from Russia's invasion of Ukraine, lower private consumption, tight global financial conditions, and weaker growth of demand from the euro area. Fiscal consolidation should be limited, with higher fiscal spending expected in several economies. Growth should pick up moderately in 2024-2025, driven partly by strengthening growth in the EU

In the South Caucasus, growth in 2023 is projected to slow to 3 percent, as growth weakens in the EU and migrant and capital flows from Russia ease. Private sector growth remains constrained by poor connectivity and infrastructure, skills mismatch, and weaknesses in the business environment. Growth in the sub region is projected to pick up somewhat, to an annual average of 3.5 percent, in 2024-25.

In Central Asia, growth is anticipated to remain flat at 4 percent in 2023. Slower growth in the Kyrgyz Republic, Tajikistan, and Uzbekistan, due to lower remittances from Russia, is offset by robust, energy sector-driven growth in Kazakhstan. Growth is expected to increase modestly in 2024-25, as investment growth strengthens thanks to FDI in mining, and inflation returns to prepandemic rates in tandem with global inflation, mainly reflecting lower energy prices. Energy access remains an important challenge for countries like the Kyrgyz Republic and Tajikistan.

Structural reforms to increase international competitiveness and boost the private sector are likely to increase potential growth in the longer term.

In Uzbekistan, the government aims to partially privatize state-owned enterprises (SOEs) and state-owned banks, while in Kazakhstan, a new independent competition agency and a privatization plan for 2021-2025 should help to reduce the role of SOEs.



Sources: Consensus Economics; IMF financial soundness indicators; national sources; OECD Stats; World Bank.

Note: e = estimate; f = forecast; PM2.5 = fine particulate matter of size 2.5 micrometers. CA = Central Asia; CE = Central Europe and Baltic Countries; ECA = Europe and Central Asia; EE = Eastern Europe; RUS = Russian Federation; SCC = South Caucasus; TUR = Türkiye; WBK = Western Balkans.

A. Blue bars represent estimates and projections of remittance volume, represented in billions of U.S. dollars, in the ECA region. The yellow diamond represents estimates and projections of the growth rate of remittance flows.

B. Figure shows the median Consensus Economics forecast of headline CPI inflation for 2023-24 based on the May 2023 surveys of 16 ECA economies. Inflation targets as of May 2023.

C. Blue columns show the average foreign currency-denominated liabilities to total liabilities ratio for the countries of the subregion. Red columns show the foreign currency-denominated loans to total loans ratio for the countries of the subregion. Annual data as of 2022 when available (2021 or 2020 data used otherwise).

D. Blue columns represent the welfare costs of premature mortalities to ambient PM2.5 pollution, in percent of GDP. Red line represents the OECD Europe average. This indicator uses estimates of premature mortality and morbidity attributable to ambient PM2.5 air pollution to value the economic cost in dollar terms. Data as of 2020.

Risks

Risks to the regional outlook remain tilted to the downside. These include the possibility of a more intense or prolonged Russia's invasion of Ukraine, a protracted period of tighter monetary policies amid elevated inflation, and weaker-than-expected external demand. Downside risks also include financial sector stress, the possibility of an escalation in geopolitical tensions in other parts of the region, and greater dislocations from possible adverse weather events associated with climate change. An escalation of the invasion of Ukraine could increase the risk of energy insecurity, as the region continues to be vulnerable to supply disruptions and its dependency on Russia. A steeper than expected slowdown in the euro area could further dampen external demand.

Countries in Central Europe and the Western Balkans would be hardest hit since the euro area accounts for a relatively high proportion of their exports—about 52 percent on average.

LATIN AMERICA and THE CARIBBEAN

Latin America and the Caribbean

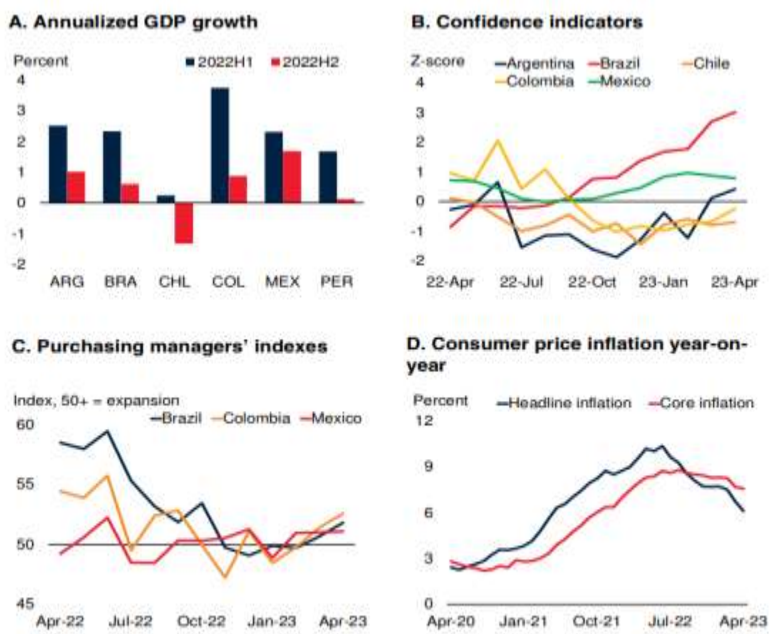
Growth in Latin America and the Caribbean is expected to slow sharply from 3.7 percent in 2022 to 1.5 percent in 2023. With core and headline inflation above most central bank targets across the region, monetary policy is likely to remain tight in the near term, dampening growth. Policy uncertainty in some countries is damaging business and consumer confidence.

Downside risks to the baseline forecast include slower growth in major trading partners, as well as tighter monetary policies and renewed financial stress in advanced economies, which would have adverse spillovers in the region through weaker trade or more restrictive financial conditions. Climate change poses a significant risk as well given the increasing frequency of extreme weather events.

Growth weakened significantly in all major LAC countries in the second half of 2022, but purchasing managers' indexes suggest a stabilization of private sector activity more recently. Consumer confidence has been buoyant in Brazil and Mexico but weaker in Argentina and Colombia, like business confidence in Chile.

Headline inflation has fallen from its peaks but remains above central bank targets in most countries, while core consumer and investor confidence.

At the start of this year, significant protests took place in Peru after the ousting of the previous president, while Chile is currently discussing a new constitutional reform after a previous proposal was rejected in a referendum. Argentina, where annual consumer price inflation has recently risen significantly, is facing possible policy adjustments amid the drought, while Brazil is debating changes in its fiscal rules, including possible adjustments to caps on spending



Sources: Haver Analytics; World Bank.
Note: ARG = Argentina, BRA = Brazil; CHL = Chile; COL = Colombia; MEX = Mexico; PER = Peru.
A. Annualized growth rates. 2022H1 is seasonally adjusted GDP growth in the first half of 2022 compared with the second half of 2021. 2022H2 is seasonally adjusted GDP growth in the second half of 2022 compared with the first half of 2022.
B. Figure shows the z-score of business confidence for Chile and consumer confidence for Argentina, Brazil, Colombia, and Mexico. Last observation is April 2023.
C. A Purchasing Managers' Index (PMI) of 50 or higher (lower) indicates expansion (contraction). Composite PMI for Brazil and manufacturing PMI for Colombia and Mexico. Last observation is April 2023.
D. Aggregate is GDP-weighted average and includes five major economies in the region (Brazil, Chile, Colombia, Mexico, and Peru). Last observation is April 2023.

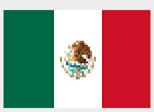
Outlook

Growth in LAC is projected to slow further in 2023, to 1.5 percent. Weak growth in advanced economies is expected to weigh on export demand, while continuing tight monetary policies in those economies, together with persistently high domestic inflation, are likely to prevent any material near-term easing of financial conditions. However, domestic monetary policy easing is expected to commence toward the end of the year, allowing growth to pick up to 2 percent in 2024.

Projected growth implies only limited per capita growth, and therefore marginal reductions in poverty in the region. U.S. dollar prices for LAC's main export commodities are expected to fall, on average, in 2023, beyond the decline that was already expected in January. Metal prices are expected to remain broadly stable, while agriculture and energy prices are projected to be lower than last year, with a particularly large drop in the case of energy.

Although activity in China, LAC's largest trading partner, is projected to accelerate this year, the services-focused nature of China's recovery will limit beneficial spillovers to commodity exporters in LAC. Movements in terms of trade are unlikely to support investment in the region in 2023; in recent decades, terms of trade and investment have moved together closely (figure 2.3.2.A).

In Brazil, growth is expected to slow to 1.2 percent in 2023, and then pick up slightly to 1.4 percent in 2024. Headline and core inflation have declined from their peaks and have recently fallen below the upper bound of the central bank's target range. Policy rates are expected to ease in the second half of the year as inflation recedes further, allowing recovery in 2024. Uncertainty about fiscal policy continues to harm business confidence and investment. Although agricultural exports are projected to grow strongly this year because of robust soybean and corn harvests, external demand is not expected to support growth significantly in 2023.

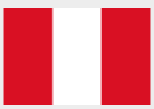


Mexico's growth rate is expected to slow slightly to 2.5 percent this year, amid tighter monetary policy. With inflation having fallen from its peak last year, the central bank has paused the monetary contraction. This comes after a series of rate hikes, from 4 percent in mid-2021, and reaching 11.25 percent in April 2023. Growth is expected to continue expanding in 2024, rising by 1.9 percent as monetary policy eases. Fiscal policy is not expected to support growth in 2023 given its focus on the completion of landmark public investment projects and social programs. Investment and consumption, which were stronger than expected in late 2022, are expected to be somewhat subdued this year as a result of high interest rates and inflation.

Output in Argentina is projected to fall 2 percent in 2023 and then grow by 2.3 percent in 2024 as the economy recovers from this year's major drought. The drought has caused declines in the harvests of soybeans and maize—the major export commodities—equivalent to 3 percent of GDP. The drought has also badly affected wheat production. Meanwhile, this year's economic slowdown in Brazil, Argentina's main trading partner, will weigh on the country's non-commodity exports. The resulting scarcity of foreign exchange will create difficulties for importers, notably those in non-agricultural industries. Additionally, inflation has continued to rise, surging somewhat above 100 percent on a 12-month base.

Colombia's growth is projected to weaken from 7.5 percent in 2022 to 1.7 percent in 2023. The central bank began raising interest rates later than those of other LAC countries, which has contributed to a delayed peak in core inflation. Given high inflation and interest rates, consumption is expected to grow at a weak pace of 0.7 percent in 2023. As inflation subsides in response to monetary tightening and falling global energy and food prices, and as external demand gradually recovers, growth is expected to pick up to 2 percent in 2024.

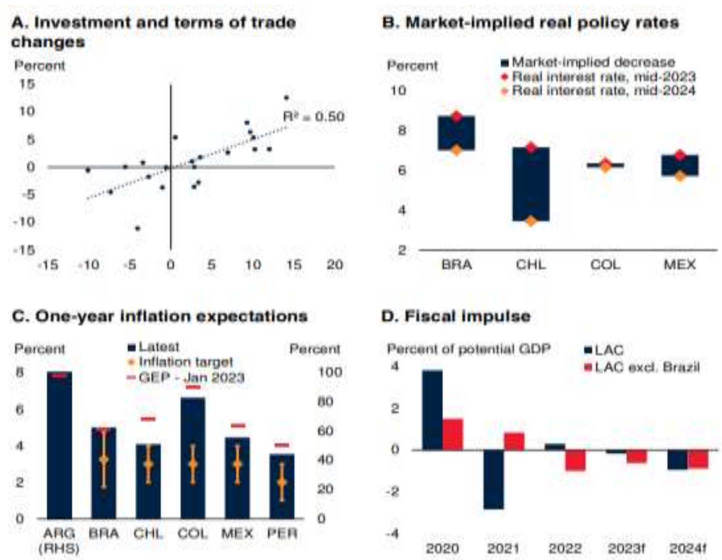
Output in Chile is projected to contract by 0.4 percent in 2023. The projected full-year recession in 2023 is a result of the carry-over effects from three quarters of negative growth in 2022.



Peru's growth in 2023 is projected at 2.2 percent, slightly weaker than in 2022, with increased government consumption partly offsetting a weakening in investment. Monetary policy interest rates are likely to remain elevated throughout the year due to persistent, above-target core inflation. Despite output disruptions caused by protests at copper mines at the beginning of this year, exports are expected to continue growing by about 5 percent a year.

LAC: Outlook

The region's terms of trade are expected to remain fairly stable, providing limited support to investment. As core inflation remains stubborn across the region, markets continue to expect above-target inflation in 2023. This implies elevated real interest rates throughout the year. Given limited fiscal space, fiscal policy is not expected to support growth over the next two years.



Growth in Central America is projected to slow to 3.6 percent in 2023 from 5.4 percent in 2022. Recoveries in remittances, helped by the tight labor market in the United States, and in tourism are expected to support activity this year. Growth in Central America is projected to pick up slightly to 3.8 percent in 2024 as advanced economies rebound and monetary policy eases. Following strong growth of 7.9 percent in 2022, output in the Caribbean economies is set to expand by 5.1 percent in 2023.

The subregion's outlook partly reflects the oil boom in Guyana, where GDP is expected to grow by 25.2 percent this year and 21.2 percent in 2024 as production at new oil fields continues to ramp up. Output in the rest of the subregion's countries is expected to grow at an average rate of 3.3 percent in 2023, boosted by continued recovery in tourism and buoyant remittances.

The Dominican Republic's economy is expected to grow by 4.1 percent in 2023 amid strong export growth. In contrast, Haiti's economy is expected to continue to contract amid increased violence and instability. This will further worsen the country's food security situation, as almost half of households have recently experienced limitations in accessing food (FAO 2022).

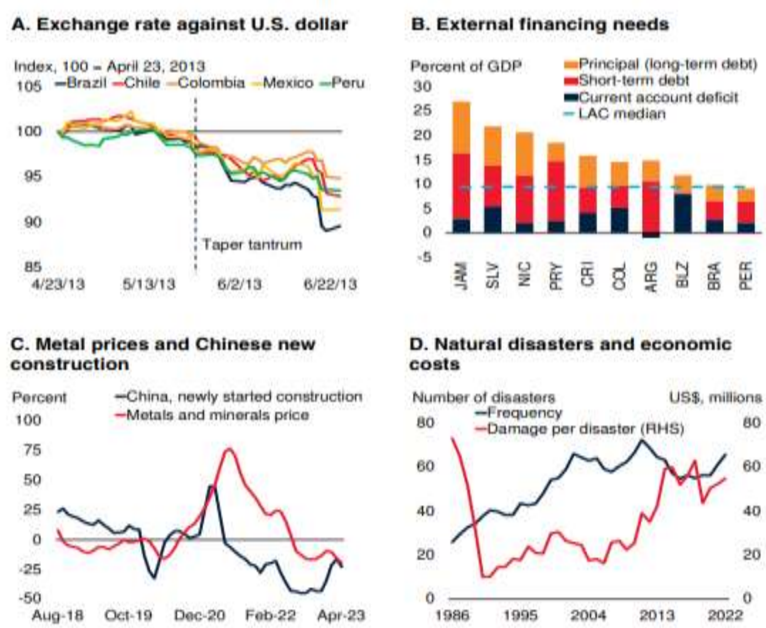
For 2024, aside from Guyana, the Caribbean is expected to grow by 3.9 percent as external demand from advanced economies recovers.

LAC: Risks

External financing needs are elevated in many LAC countries, exposing them to unexpected market turbulence.

This could be triggered by additional increases in advanced-economy policy rates or a deterioration in risk appetite. In either case, domestic currencies may depreciate, as has occurred in the past for example, 2013.

A further weakening of China's real estate sector could reduce metal and other global commodity prices, as demand for these would fall. Climate change is imposing more frequent and rising costs in the region.



Sources: EM-DAT (database); Haver Analytics; International Monetary Fund; national sources; World Bank.

Note: ARG = Argentina; BLZ = Belize; BRA = Brazil; COL = Colombia; CRI = Costa Rica; JAM = Jamaica; NIC = Nicaragua; PER = Peru; PRY = Paraguay; SLV = El Salvador.

A. Daily exchange rate—U.S. dollars per unit of local currency—one month before and after the taper tantrum (May 23, 2013).

B. Figure shows current account balance and debt obligations coming due in 2023. Debt obligations coming due are the sum of short-term and long-term debt principal payments and interest payments (the latter being within the current account). Short-term external debt in 2023 is estimated. GDP and current account balance in 2023 are projections. Blue dashed line denotes the regional median which excludes member economies in the Organization of Eastern Caribbean States.

C. Three-month moving averages of year-on-year growth in the nominal U.S. dollar price of metals and minerals, and in the floor space area of newly started construction in China. Last observation is April 2023.

D. Five-year moving averages of frequency and damage per disaster. Disasters refers to droughts, floods, and extreme temperatures. Last observation is end-2022.

MIDDLE EAST and NORTH AFRICA

Middle East and North Africa

Following a solid recovery in 2022, growth in the Middle East and North Africa (MNA) is forecast to slow to 2.2 percent in 2023, 1.3 percentage points below the January forecast, with growth revised downward for both oil exporters and oil importers.

Growth in oil exporters is expected to slow sharply to 2.0 percent this year, reflecting lower oil prices and production, whereas growth in oil importers is projected to edge down to 3.4 percent due to high inflation, dollar shortages, and fiscal and monetary policy tightening.

Risks to the outlook remain predominantly to the downside and include falling external demand due to banking stress or further policy tightening; rising violence and social tensions, perhaps arising from the high levels of unemployment in much of the region; a greater incidence of financial crises.

MNA: Recent developments

Economic growth in early 2023 remained solid in oil exporters, benefiting from still-high oil prices, but weak in oil importers, undermined by high inflation.

Oil production in the region in early 2023 was about 1.1 million barrels below its 2022 peaks, reflecting agreed-upon production cuts.

Among countries with floating exchange rates, the currencies of Morocco and Tunisia have depreciated slightly against the U.S. dollar since mid2022, but the Egyptian pound has depreciated significantly. Consumer price inflation has remained high in several economies.

Sources: Haver Analytics; International Energy Agency; International Monetary Fund; J.P. Morgan; World Bank.

Note: EMDEs = emerging market and developing economies; GCC = Gulf Cooperation Council; UAE = United Arab Emirates.

A. Historical range reflects the 5th and 95th percentile from as far back as January 2006. Latest observation is April 2023.

B. GCC includes Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates. Latest observation is April 2023.

C. Lower numbers reflect depreciation. Latest observation is May 2023 (data through the 19th of the month).

D. GCC is median observation for Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates. Latest observation is April 2023.

The Middle East and North Africa (MNA) region entered 2023 with solid growth momentum in oil exporting economies owing to high oil prices— which had helped these economies grow at a decade-high rate in 2022—and ongoing recoveries in services sectors.

Purchasing managers' indexes in oil exporters were in expansion territory in the first half of 2023 (figure 2.4.1.A). In the region's oil-importing economies, however, growth slowed markedly at about the turn of the year as high inflation sapped the purchasing power of households and raised the import costs of productive inputs.

While declines in global food and energy prices helped boost the terms of trade of oil importers and narrowed wide current account deficits, foreign exchange reserves remain low. With the boon from high oil prices for oil exporters fading and global demand wavering, OPEC+ announced an oil production cut in April 2023 (figure 2.4.1.B). Total oil and gas production in the Gulf Cooperation Council (GCC) countries subsequently dropped to about 22.7 million barrels a day in April 2023, about 0.9 million barrels a day below its recent peak last September with further cuts announced.

Despite slowing oil production, output in Saudi Arabia expanded in the first quarter of 2023 owing to robust growth of 5.8 percent on a year ago in the non-oil sector. The unemployment rate also dropped to a two-decade low, with unemployment among Saudi nationals at 8.0 percent.

In Qatar, economic growth slowed in early 2023 following decade-high growth in the final quarter of 2022 helped by the FIFA World Cup tournament. The country has recently signed several long-term gas supply agreements with China and Germany and started construction on projects to rapidly expand production. Despite above trend growth in oil exporters, consumer price inflation in these economies has remained below much of the world, at a median of 3.7 percent on an annual basis in April, reflecting their fixed exchange rates against the U.S. dollar and consumer subsidies.

In oil importers, economic growth was weak in early 2023 with real incomes under pressure from high inflation. Additionally, several economies faced vulnerabilities based on large current account deficits, low foreign exchange reserves, and deteriorating sentiment.

In the Arab Republic of Egypt, limited access to foreign currency and shift to a more flexible exchange rate saw the pound lose about half its value against the U.S. dollar and equity prices in U.S. dollar terms fall by 26 percent between the start of 2022 and May 2023. Rising costs, difficulties securing imported inputs, and slowing global demand weighed on activity, with industrial production (excluding oil) Contracting by 6.0 percent on a year ago in January 2023.

In Egypt, growth is projected to slow to 4.0 percent in FY2022/23 (July-June), a 0.5 percentage point downward revision from January. Significant increases in interest rates, severe currency depreciation, high and rising inflation, limited access to foreign currency, and higher production costs are expected to continue constraining both consumption by households and

In Morocco, the persistent drought and high inflation are weakening growth, with unemployment rising to reach 12.9 percent in March 2023, above its pandemic peak, and labor force participation falling to 43.1 percent. In Tunisia, adverse terms of trade shocks, slow reform progress and policy uncertainty held back activity in late 2022. As a result, Tunisia is one of few economies in the region whose output is still below pre-pandemic levels.

Several economies in the region continue to grapple with fragility, armed conflict, financial stress, and political crisis. In Lebanon, persistently high inflation and policy uncertainty continue to undermine growth, with output contracting further in the first quarter of 2023.

In the Syrian Arab Republic, output also contracted further in early 2023, undermined by armed conflict, fuel shortages, and higher input costs; one-half of the country's oil supplies and one-third of its cereal consumption is imported (World Bank 2023i). The earthquakes that hit the northern and western parts of the country in February are estimated to have caused $5.2 billion in losses and damage (World Bank 2023j).

In Yemen, output is estimated to have grown by 1.5 percent in 2022, supported by inflows of remittances and aid, a temporary truce, and reforms that improved exchange rate stability.

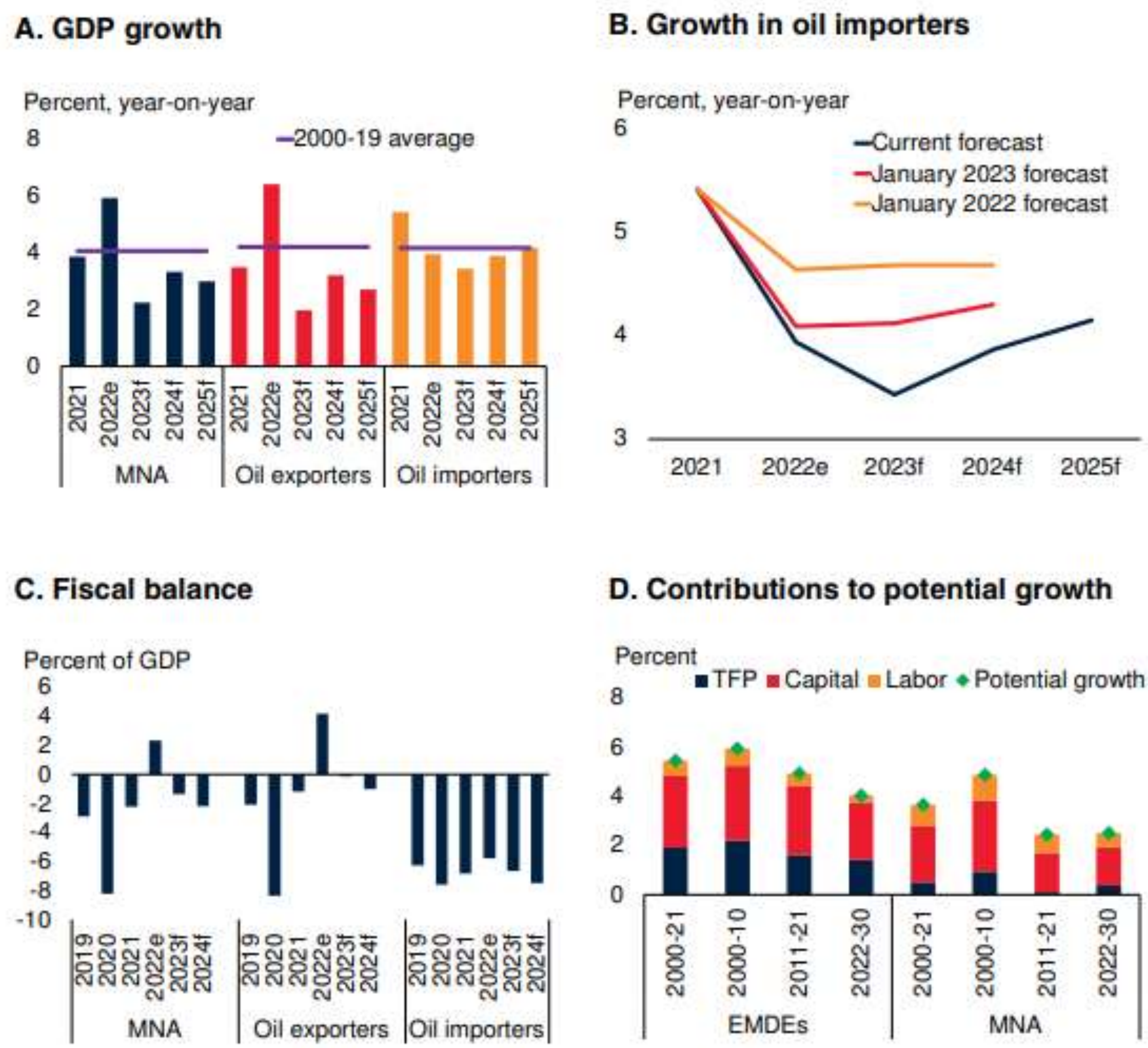
However, oil production continues to be undermined by an export embargo, and the truce between Houthis and the internationally recognized government that expired in October has yet to be renewed.

MNA Outlook

Growth in the Middle East and North Africa is projected to slow to 2.2 percent in 2023 before picking up to 3.3 in 2024, well below its pace in the two decades before the pandemic.

Growth in oil importers in 2023 has been substantially revised downward since early 2022.

Potential growth in the region has slowed significantly in the past decade and is expected to remain low throughout the coming decade. While oil exporters run fiscal surpluses, oil importers face wide deficits caused partly by large debt service bills.



Sources: International Monetary Fund; Kilic Celik, Kose, and Ohnsorge (2023); World Bank.
Note: e = estimate; EMDEs = emerging market and developing economies; f = forecast; MNA = Middle East and North Africa; TFP = total factor productivity.
C. GDP-weighted average based on five oil importers and nine oil exporters.
D. Period averages of annual GDP-weighted averages. Estimates based on the production function approach in Kilic Celik, Kose, and Ohnsorge (2023). Sample includes 5 MNA economies and 53 EMDEs. GDP weights are calculated using average real U.S. dollar GDP (at average 2010-19 prices and market exchange rates) for the period 2011-21. Data for 2022-30 are forecasts.

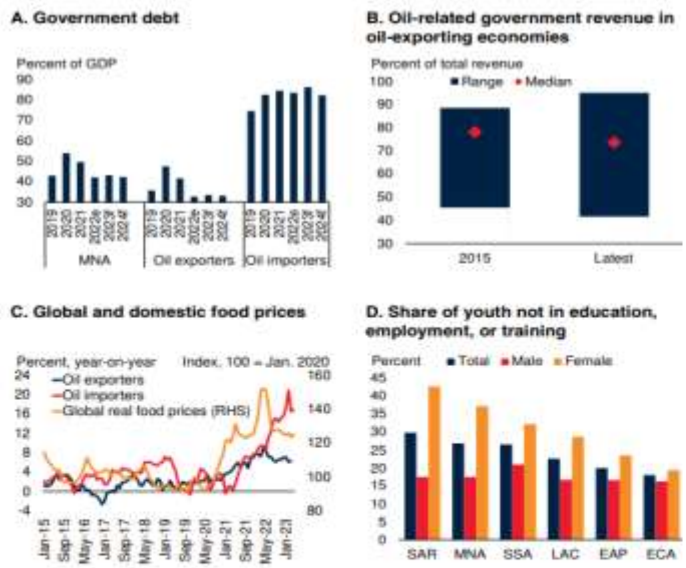
MNA Risk

Government debt levels remain elevated among oil-importing economies, limiting fiscal space to respond to future slowdowns. Oil remains the major source of government revenue in oil exporters, implying risks in the short term from lower oil prices and in the long term from the energy transition.

High global and regional food prices and the risk of future increases could undermine growth, impart lasting scars on the population, and increase fiscal and current account deficits. The region continues to see one of the highest levels of youth not in education, employment, or training, which could become a flash point for rising social tensions.

Oil-importing economies in the region are expected to achieve higher growth than their oil exporting peers; however, the balance of risks among oil importers is more significantly skewed to the downside. Oil importers generally have more government debt, lower foreign exchange reserves, weaker macroeconomic management, and they generally also run both fiscal and current account deficits.

Several economies also have a large state-owned enterprises footprint with significant fiscal costs. Further increases in borrowing costs, currency depreciations, or food and energy price spikes could jeopardize debt sustainability in several oil importing economies and lead to significantly slower growth. Limited progress on structural reforms has perpetuated weak growth in several oil importers, increasing risks to the outlook through higher incidence of poverty and social unrest, and less favorable debt dynamics. In December, Egypt entered into a new International Monetary Fund (IMF) arrangement in support of a policy program designed to address vulnerabilities (IMF 2023c). Morocco has become the first lower middle income economy to sign a Flexible Credit Line with the IMF. This precautionary arrangement is a testament to the country's strong policies, institutional frameworks, and economic fundamentals.



Sources: Haver Analytics; International Labour Organization; International Monetary Fund; World Bank.

Note: e = estimate; f = forecast. EAP = East Asia and Pacific; ECA = Europe and Central Asia; LAC = Latin America and the Caribbean; MNA = Middle East and North Africa; SAR = South Asia; SSA = Sub-Saharan Africa.

A. GDP-weighted average of 5 oil importers and 9 oil exporters.

B. Based on data for 7 economies. "Latest" reflects data for 2021-22 where available. "Range" reflects maximum and minimum country shares.

C. Consumer food inflation based on medians of 5 oil importers and 8 oil exporters. Latest observation is April 2023.

D. Data for 2022. Data may differ from nationally reported figures and the Global SDG Indicators Database on account of differences in sources and/or reference years. The share of youth not in education, employment or training (also known as the NEET rate) conveys the number of young persons not in education, employment, or training as a percentage of the total youth population.

SOUTH ASIA

South Asia Region

Growth in South Asia is expected to slow marginally in 2023, to 5.9 percent, and more significantly in 2024, to 5.1 percent. Unexpected resilience in private consumption and investment, and robust growth in the services sector in India, underlie an upward revision to growth in 2023. The lagged impact of tightening domestic policy and global financial conditions, and the aftermath of crises and natural disasters in several economies, are expected to temper growth in 2024.

Risks to the outlook are mainly to the downside and include adverse spillovers from possible further advanced-economy monetary policy tightening or banking sector stress, sharper than-expected tightening of domestic macroeconomic policies to anchor inflation expectations or stabilize foreign exchange reserves, social tensions arising from food insecurity, and extreme weather events related to climate change. The materialization of such risks could worsen economic and humanitarian crises in Afghanistan and Sri Lanka and/or give rise to crises in other economies in the region.

Recent developments

In 2022, South Asia (SAR) endured significant negative spillovers from rapid monetary policy tightening in advanced economies, weak growth in China, and the Russian Federation's invasion of Ukraine. The peak impact of these shocks appears to have passed, and regional economic conditions have improved so far in 2023, however, the economic and financial consequence of these shocks persist.

Terms of trade have become more favorable since the second half of 2022, and large trade deficits caused by high import commodity prices have partially receded.

Maldives, the region's fastest-growing economy in 2022, benefited from sustained high levels of tourists from Europe, India, and Russia, and returning tourism from China since early this year.

Import restrictions imposed by several economies (Bangladesh, Nepal, Pakistan, Sri Lanka), which adversely affected economic activity, have been relaxed as external imbalances have improved and exchange rate pressures have eased. Food export bans, however, are expected to remain in place in Bangladesh, India, and Pakistan through 2023 despite falling global prices.

In India, which accounts for three-quarters of output in the region, growth in early 2023 remained below what it achieved in the decade before the pandemic as higher prices and rising borrowing costs weighed on private consumption. However, manufacturing rebounded into 2023 after contracting in the second half of 2022, and investment growth remained buoyant as the government ramped up capital expenditure.

Private investment was also likely boosted by increasing corporate profits. Unemployment declined to 6.8 percent in the first quarter of 2023, the lowest since the onset of the COVID-19 pandemic, and labor force participation increased. India's headline consumer price inflation has returned to within the central bank's 2-6 percent tolerance band.

In Bangladesh, continued import suppression measures and energy shortages have weighed on both industrial production and the services sector. Real household earnings are yet to recover to prepandemic levels despite an improvement in employment.

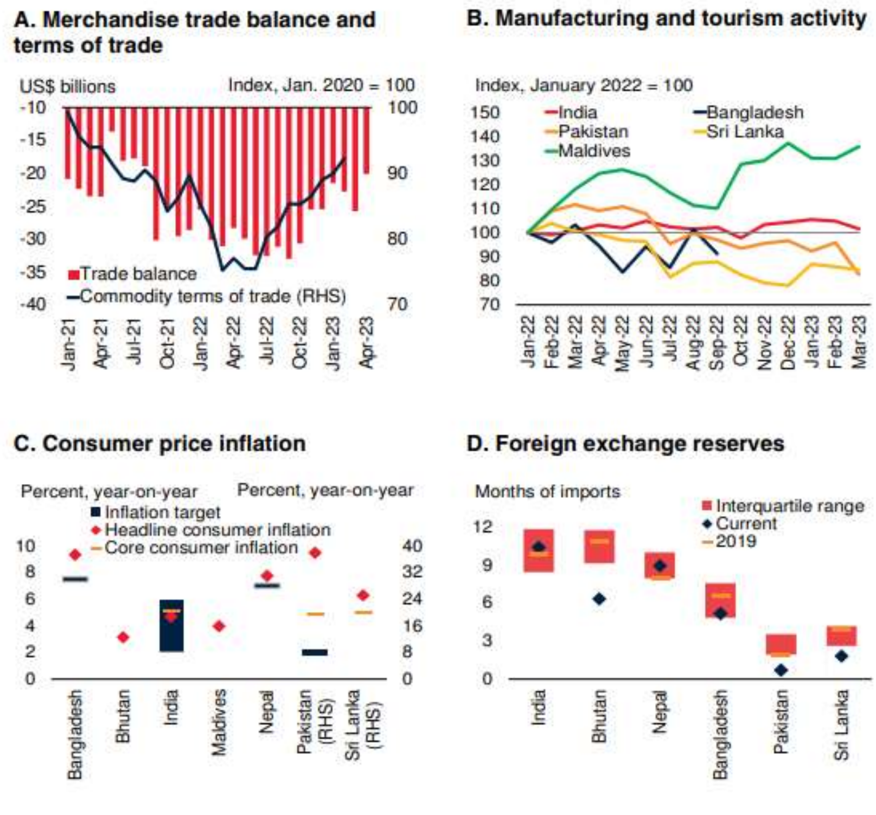
Since the start of the year, the Sri Lankan rupee has partially reversed some of its earlier losses against the U.S. dollar but remained about two-thirds its value compared with that in early March 2022, prior to its debt suspension announcement. Consumer price inflation in Colombo reached a peak of close to 70 percent in the year to September 2022, but had declined to 25.2 percent by May.

SAR: Recent developments

Merchandise trade deficits in the region have narrowed since mid-2022 as terms of trade have improved on falling global oil and food commodity prices.

Regional economic activity diverged widely in the latter part of 2022, with industrial production contracting in Pakistan and Sri Lanka and tourism recovering in Maldives. Consumer price inflation remains above target in most economies and is particularly high in Pakistan and Sri Lanka.

Limited foreign exchange reserve cover in some economies limits access to imported intermediate goods for production.



Sources: CEIC; Haver Analytics; International Monetary Fund; World Bank.

Note: EMDEs = emerging market and developing economies.

A. "Trade balance" based on Bangladesh, India, Nepal, Pakistan, and Sri Lanka. "Terms of trade" is the net export price across economies weighted by using 2022 real GDP in U.S. dollars.

B. Data for Bangladesh, India, Pakistan, and Sri Lanka are industrial production. Data for Maldives are international tourist arrivals (seasonally adjusted using X13-ARIMA-SEATS).

C. Colombo consumer price index used in Sri Lanka. Latest observations are March-May 2023.

D. Reserves are expressed in number of months of imports they could pay for. Based on monthly data from January 2000 to April 2023 or where available. "2019" reflects an average for the year.

In Pakistan, the lasting effects of the August 2022 floods, along with policy uncertainty and limited foreign exchange resources to pay for imports of food, energy, and intermediate inputs, have depressed activity, with industrial production contracting by about 25 percent in the year to March 2023. With dwindling foreign exchange reserves and stagnant remittances, the government has increased exchange rate flexibility, allowing the Pakistani rupee to depreciate by 20 percent since the start of the year (figure 2.5.1.D). Consequently, headline consumer price inflation has risen sharply, reaching 38 percent in the year to May, its highest level since records began in the late 1970s.

In Afghanistan, poverty is widespread, with 92 percent of the population having insufficient food because of inadequate incomes (WFP 2023a). Consumer price inflation declined from double digit rates in July 2022 to 1.9 percent, year-on year, in March 2023. Income-generating opportunities for the self-employed and casual workers weakened during adverse winter weather that set back agriculture, construction, and related activities.

Outlook South Asia Region

Growth in the region is expected to slow marginally to 5.9 percent in 2023 and more significantly to 5.1 percent in 2024. Relative to January projections, this is a 0.4 percentage point upward revision in 2023 and a 0.7 percentage point downward revision for 2024.

Greater-than expected resilience in private consumption and investment, and a robust services sector in India, is supporting growth in 2023. The downward revision in 2024 mainly reflects the lagged impact of tightening domestic policy and global financing conditions, the aftermath of floods and policy uncertainty in Pakistan, and the humanitarian crisis in Afghanistan.

As domestic and global headwinds dissipate, output growth is expected to pick up to 6.4 percent in 2025, close to the region's potential growth rate. In the longer term, potential growth in SAR is forecast to remain above 6 percent over the rest of this decade—the fastest of all emerging market and developing economy (EMDE) regions.

Growth in India is expected to slow further to 6.3 percent in FY2023/24 (April-March), a 0.3 percentage point downward revision from January. This slowdown is attributed to private consumption being constrained by high inflation and rising borrowing costs, while government consumption is impacted by fiscal consolidation. Growth is projected to pick up slightly through FY2025/26 as inflation moves back toward the midpoint of the tolerance range and reforms payoff. India will remain the fastest-growing economy (in terms of both aggregate and per capita GDP) of the largest EMDEs.

In SAR excluding India, growth is expected to slow to 2.9 percent in 2023 before rebounding to 4.3 percent in 2024. **In Bangladesh**, elevated inflation, policy uncertainty, and weakening external demand are expected to slow growth to 5.2 percent in FY2022/23 (July-June) from 7.1 percent in the previous fiscal year.

Gains in market share in key export markets are expected to sustain export growth, offsetting the effects of weaker growth in advanced economies. Growth is projected to accelerate to 6.2 percent in FY2023/24 as inflationary pressures ease, reform implementation accelerates, and transportation and energy infrastructure megaprojects are completed.

In Pakistan, continuing effects of the August 2022 floods, compounded by worsening social tensions, high inflation, and policy uncertainty, are estimated to have limited growth to 0.4 percent in FY2022/23 (July-June), a 1.6 percentage-point downward revision from January.

South Asia Outlook

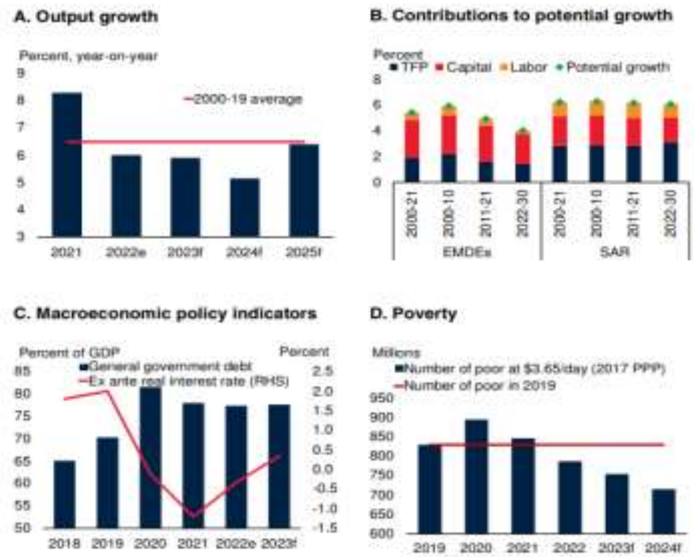
Regional growth is projected to weaken in 2023-24 because of ongoing and lagged impacts of domestic and global policy tightening and the aftermath of crises and disasters in several economies.

Growth is not expected to return to its 2000-19 average until 2025.

Potential growth in South Asia is forecast to remain above 6 percent in the coming decade, in contrast to the slowdown facing other emerging market and developing economy regions.

The number of poor in the region is expected to continue its downward trend in the years ahead, but at a slower pace, after the 2020-21 COVID-19-induced increase. Domestic monetary policy tightening has slowed in economies facing crisis and high inflation.

Government debt burdens persist at high levels despite benefiting from fiscal policy consolidation, and high nominal growth.



Sources: Consensus Economics; Haver Analytics; Kilic Celik, Kose, and Ohnsorge (2023); World Bank.

Note: e = estimate; EMDEs = emerging market and developing economies; f = forecast; SAR = South Asia; TFP = total factor productivity.

B. Period averages of annual GDP-weighted averages. Estimates based on the production function approach in Kilic Celik, Kose, and Ohnsorge (2023). Sample includes three SAR economies and 53 EMDEs. GDP weights are calculated using average real U.S. dollar GDP (at average 2010-19 prices and market exchange rates) for the period 2011-21. Data for 2022-30 are forecasts.

C. Ex ante real interest rate is based on one-year-ahead forecasts of consumer inflation from Consensus Economics. GDP-weighted average for Bangladesh, India, Pakistan, and Sri Lanka. 2023 is based on the first two quarters of the year. "General government debt" is GDP-weighted gross debt for SAR (Afghanistan and Sri Lanka are excluded).

D. Nowcast until 2022. For India, the latest estimates based on official data are from 2011. Estimations for later years up to 2021 are based on imputed consumption using the Consumer Pyramid Household Surveys and following Sinha Roy and van der Weide (2022). From 2022 onward, a microsimulation uses growth rates for five sectors and a pass-through factor of 0.65. As Afghanistan did not participate in the International Comparison Program exercise, the number of poor is adjusted with the rest of the region's poverty rate and Afghanistan's population projection.

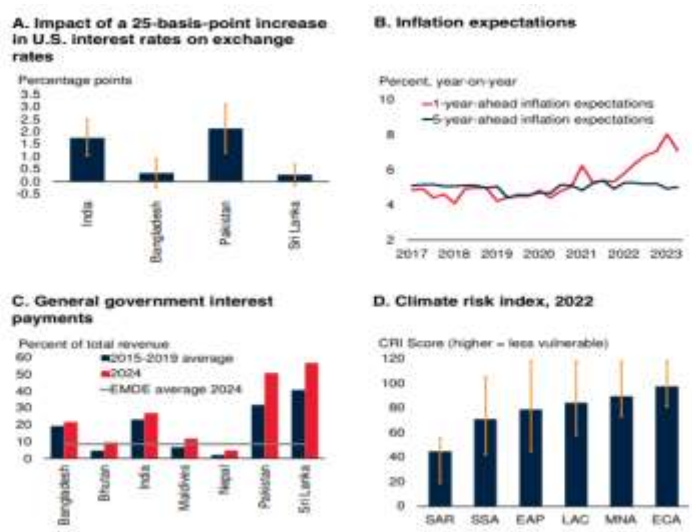
SAR Risk to the Outlook

Further tightening of global monetary policy, and renewed banking stress, could have adverse impacts in South Asian economies. These impacts would include putting downward pressure on currency values, with further drawdowns of foreign exchange reserves or currency depreciations.

Inflation expectations could de-anchor, requiring further domestic monetary policy tightening and slowing activity.

High debt-service payments could limit governments' ability to respond to future emergencies.

South Asia is the most vulnerable emerging market and developing economy region to shocks related to climate change.



Sources: Arteta, Kamin, and Ruch (2022); Consensus Economics; Germanwatch; World Bank.

Note: EAP = East Asia and Pacific; ECA = Europe and Central Asia; LAC = Latin America and the Caribbean; MNA = Middle East and North Africa; SAR = South Asia; SSA = Sub-Saharan Africa.

A. Results from local projection models for each country, to reaction-function shocks (for example, a pivot toward a more hawkish monetary policy stance). Shocks are estimated from a sign-restricted Bayesian vector autoregression (VAR) model with stochastic volatility. Local projection models include monthly data from as long as June 2001 to September 2022 for short- and long-term interest rates, equity prices, exchange rates to the U.S. dollar, real exports, consumer inflation, and foreign exchange reserves. Dummies for the global financial crisis and COVID-19 pandemic included. Orange whiskers reflect 90 percent confidence intervals. First-month response. Exchange rate is local currency per U.S. dollar with positive values reflecting a depreciation. Official exchange rate in Bangladesh.

B. GDP-weighted based on data for Bangladesh, India, Pakistan, and Sri Lanka.

C. Based on share of interest payments of total revenue and grants.

D. Based on the average climate risk index (CRI) score by region. Orange whiskers show the interquartile range.

SUB-SAHARAN AFRICA

Sub-Saharan Africa

Growth in Sub-Saharan Africa is projected to slow to 3.2 percent in 2023, as external headwinds, persistent inflation, higher borrowing costs, and increased insecurity weigh on activity. Recoveries from the pandemic remain incomplete in many countries, with elevated costs of living tempering the growth of consumption. Fiscal space has narrowed further, while surging import bills and higher debt burdens have heightened financing needs.

Although the baseline projection for 2024-25 envisions a pickup in growth, per capita incomes are expected to expand much more slowly than needed to make progress in reducing extreme poverty. Risks to the baseline remain tilted to the downside. These include a deeper-than-expected global economic slowdown, deteriorating terms of trade, higher inflation along with further domestic and international monetary policy tightening, renewed financial distress in advanced economies, and more adverse weather events. Materialization of these risks would not only dampen growth, but also exacerbate poverty and limit the ability of many countries to strengthen climate resilience.

Recent developments

Private sector activity in Sub-Saharan Africa (SSA) softened markedly in early 2023, reflecting various country-specific challenges and heightened external economic headwinds. While many economies across the region are still coping with repercussions of earlier adverse economic and climate shocks, recoveries have been tempered by weaker external demand, further tightening of global financial conditions, domestic policy tightening, and recent flareups of violence and social unrest (Kenya, Sudan).

Elevated costs of living across SSA—partly reflecting the effects of last year's rise in global food and energy prices have severely worsened the economic hardship of the poor and sharply increased food insecurity.

Moreover, in several countries, prolonged droughts (East Africa) and armed conflicts have compounded these effects.

As a result, the region entered this year with nearly 180 million people in acute food insecurity—35 million more than at the start of 2022 (WFP 2023b).

Although SSA headline inflation has recently moderated, annual food price inflation has remained above 20 percent in several large SSA economies (Ethiopia, Ghana, Rwanda), and in double digits in over 60 percent of countries— reflecting large currency depreciations and supply disruptions induced by conflict and adverse weather events.

Growth in Nigeria, the region's largest economy, eased further in early 2023 as a rebound in oil output remained constrained by persistent production challenges. The recovery in the non-oil sector, which propelled activity last year, lost momentum early this year amid persistently high inflation, foreign exchange shortages, and shortages of banknotes caused by currency redesign.

Activity in Angola last year expanded at its fastest pace since 2014; however, growth lost some momentum in early 2023 as oil production—a key driver of 2022's growth performance—slowed. Meanwhile, high oil prices have boosted the current account and fiscal balances which, together with government debt falling below 65 percent of GDP last year, have helped trim external financing needs.

Elsewhere in the region, capacity expansions in extractive sectors have boosted growth in some resource-rich countries (Democratic Republic of Congo, Niger, and Senegal). In other resource-rich countries, however, recoveries have remained subdued. Several oil producers have continued to face production challenges because of aging oil fields and underinvestment (Equatorial Guinea), and disruptions owing to insecurity and weather (Chad, South Sudan). In some metal exporters, political uncertainty, policy tightening, and high inflation (Liberia, Mauritania, and Sierra Leone) have weakened growth.

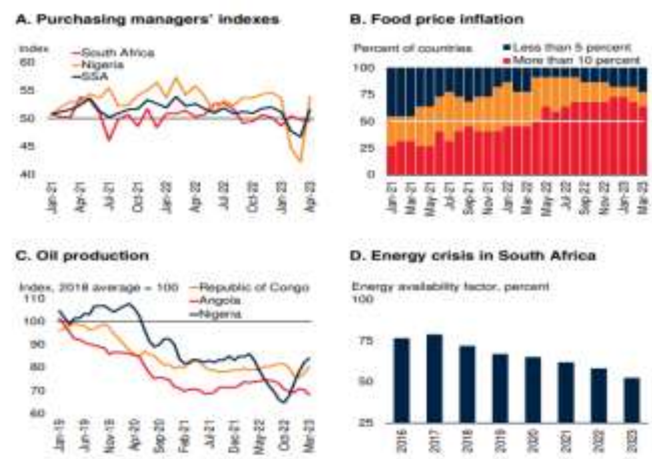
Recent Development

Private sector activity in Sub-Saharan Africa (SSA) softened in early 2023 as country-specific challenges were amplified by a less favorable global environment.

Although headline inflation has receded from last year's highs, elevated food prices continue to exacerbate poverty across the region.

Oil production is recovering in Nigeria, but remains well below its pre-pandemic level.

Meanwhile, record-high power outages in South Africa have crippled the region's second-largest economy.



Sources: CSIR Energy Centre; Eskom; Haver Analytics; OPEC; World Bank.
Note: SSA = Sub-Saharan Africa.
A. Purchasing Managers' Index (PMI) values above 50 indicate expansion in private activity. Composite PMI covers manufacturing and services; SSA represents GDP weighted average for Ghana, Kenya, Mozambique, Nigeria, South Africa, Uganda, and Zambia. SSA average = Real GDP weighted average. Last observation is April 2023.
B. Sample include 22 countries. Last observation is March 2023.
C. Three-month moving averages. Last observation is March 2023.
D. Energy availability factor is the percentage of the time that power generating capacity is available to provide electricity to the grid. Last observation is January-March 2023.

Growth in South Africa decelerated sharply in early 2023, reflecting policy tightening and the impact of an intensifying energy crisis. The country's power utility, Eskom, beset by chronic unprofitability and lack of maintenance, has been struggling to meet a post-pandemic rebound in electricity demand. Power outages have hit record highs this year and crippled the economy. Headline inflation has receded from its peak, but it has been above the 6 percent upper bound of the central bank's target range since April 2022, prompting even more policy tightening in the first half of this year.

Recoveries in non-resource-rich countries have slowed amid deteriorating terms of trade, widening current account and fiscal deficits, and sharp cost-of-living increases. Most of these countries are agricultural commodity producers where farming activity has been curbed by high production costs, unfavorable weather, and insecurity. Increased fragility, owing to political uncertainty and intercommunal violence, has been amplifying these negative developments.

Growth in small agricultural commodity producers affected by fragility (Burkina Faso, Mali) eased to just 1.2 percent last year—almost four percentage points slower than in other SSA agricultural commodity producers.

Growth in Ethiopia—SSA's largest agricultural commodity producer and its most populous lowincome country—is estimated at 6.4 percent for the current fiscal year ending in July, driven by stronger-than-expected activity in agriculture and services.

Outlook Sub-Saharan Africa

Growth in SSA is expected to slow from 3.7 percent in 2022 to 3.2 percent this year—a 0.4 percentage point downgrade from January forecasts—with a moderate improvement to 3.9 percent next year. Over half of the 2023 downgrade is attributable to an abrupt slowdown in South Africa. However, downgrades are widespread across energy and metal producers, and non-resource-rich countries.

Excluding South Africa, growth in SSA is expected to slow from 4.2 percent in 2022 to 3.9 percent this year. While this represents a minor downgrade from January, this pace of expansion is still a full percentage point below the 2000-19 average. Although the reopening of China is expected to boost exports of some countries this year, limited access to external borrowing is forecast to hold back recoveries as debt burdens and financing needs increase.

More broadly, high costs of living across the region are projected to continue to restrain private consumption, while limited fiscal space and tight monetary policies are likely to weigh on investment growth. These elevated domestic vulnerabilities together with tight global financial conditions and weak global growth are expected to keep recoveries subdued over the forecast horizon.

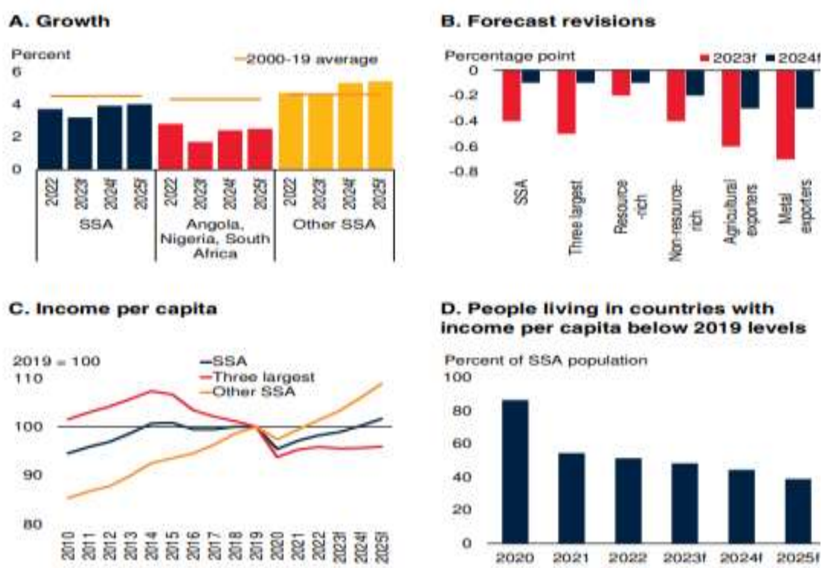
The three largest economies in Sub-Saharan Africa—Nigeria, South Africa, and Angola which are projected to grow by about 2.1 percent annually over 2023-24, a rate more than 2 percentage points per year below the 2000-19 average, are expected to continue to inhibit the overall growth of the region.

The outlook for smaller producers of metals, oil, and agricultural commodities is dimmed by an expected weakening of global commodity prices, with growth forecasts for these groups of countries downgraded for both 2023 and 2024.

In addition to multiple external and domestic headwinds, many of these countries are confronted with increased fragility because of pervasive insecurity and political instability, as well as persistent poverty. Growth in Nigeria is projected at 2.8 percent in 2023, revised down marginally since January, and is forecast to inch up to 3.0 percent in 2024.

Growth in SSA is projected to firm next year 2024, although the recovery will be tempered by elevated domestic vulnerabilities, continued policy tightening, and moderating commodity prices.

As a result, per capita income growth is projected to remain well below its long-term trend, further delaying the reversal of income losses and poverty increases inflicted by the pandemic and subsequent cost-of-living shocks.



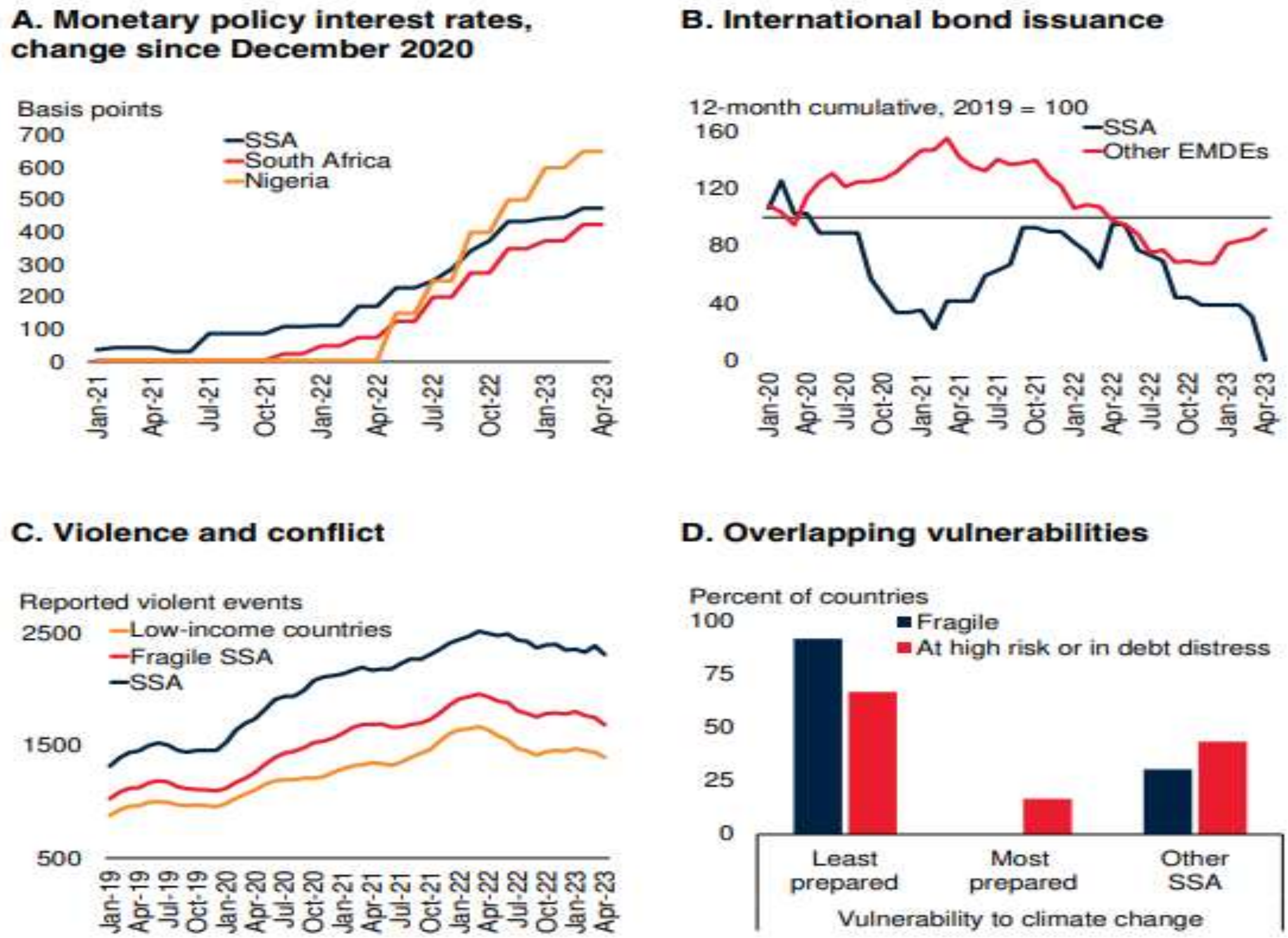
Sources: World Bank.
Note: f = forecast; SSA = Sub-Saharan Africa. Three largest countries include Nigeria, South Africa, and Angola.
A. Aggregate growth rates calculated using constant GDP weights at average 2010-19 prices and market exchange rates.
B. Revisions relative to forecast published in the January 2023 *Global Economic Prospects* report. Resource-rich countries include metal and oil producers; agricultural commodity exporters exclude Ethiopia; metal exporters exclude the Democratic Republic of Congo, South Africa, and Zambia.

Risk in Sub-Saharan Africa

The outlook is subject to multiple downside risks. Domestic and global macroeconomic policies could tighten by more than assumed if inflation pressures persist or if access to international borrowing becomes more difficult.

Violence and insecurity could escalate, especially in fragile countries. More severe and frequent adverse weather events could amplify damage from domestic and global shocks.

In the countries least prepared for the effects of climate change, overlapping vulnerabilities could prolong and deepen humanitarian crises.



Sources: ACLED (database); Dealogic; International Monetary Fund; Notre Dame Global Adaptation Initiative (ND-GAIN), University of Notre Dame; World Bank.

Note: EMDEs = emerging market and developing economies; Fragile SSA = SSA EMDEs with fragile and conflict affected situations; SSA = Sub-Saharan Africa.

A. SSA average = simple average for 8 SSA EMDEs. Last observation is April 2023.

B. Twelve-month cumulative issuance of bonds by SSA and EMDE governments. Last observation April 2023.

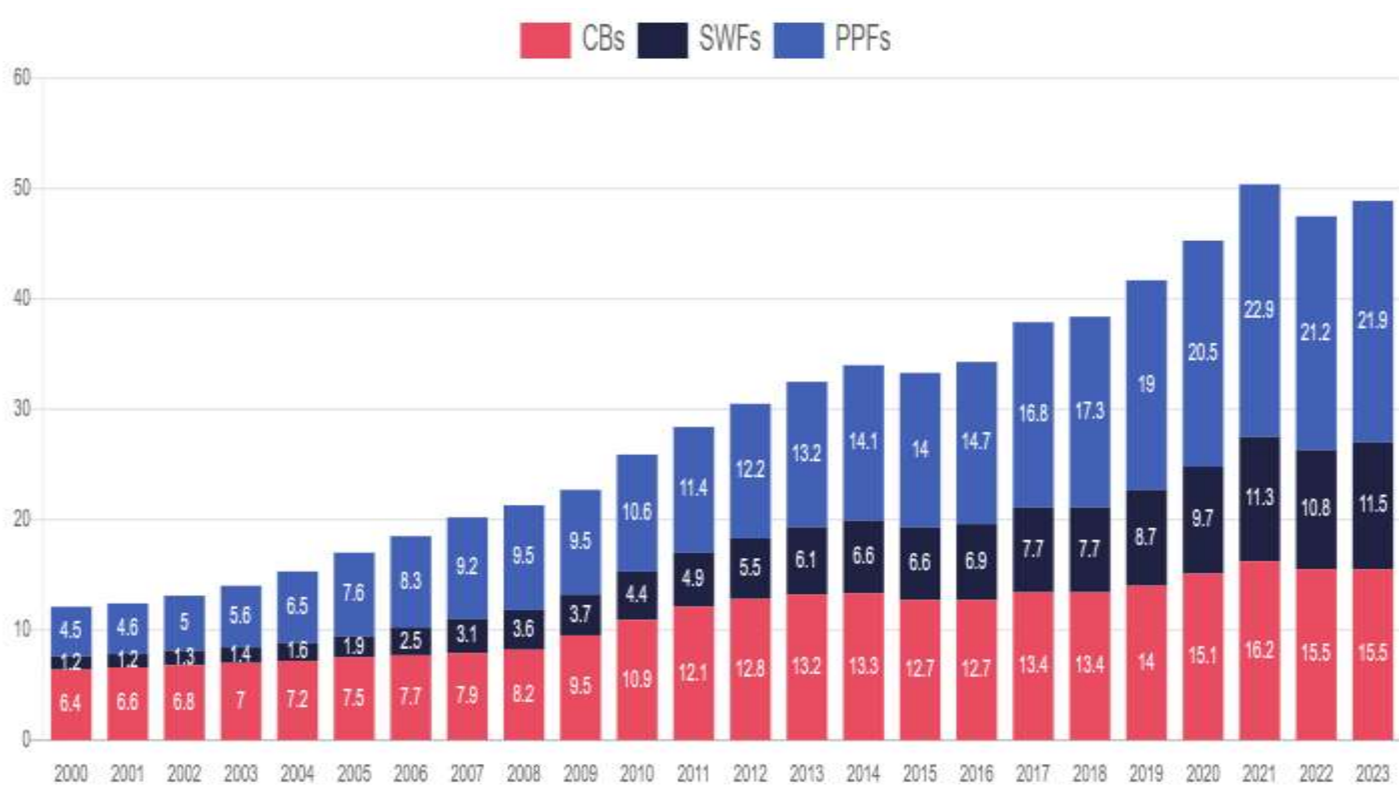
C. Six-month moving averages; violent events include battles, explosions, violence against civilians, riots and protests. Last observation is April 2023.

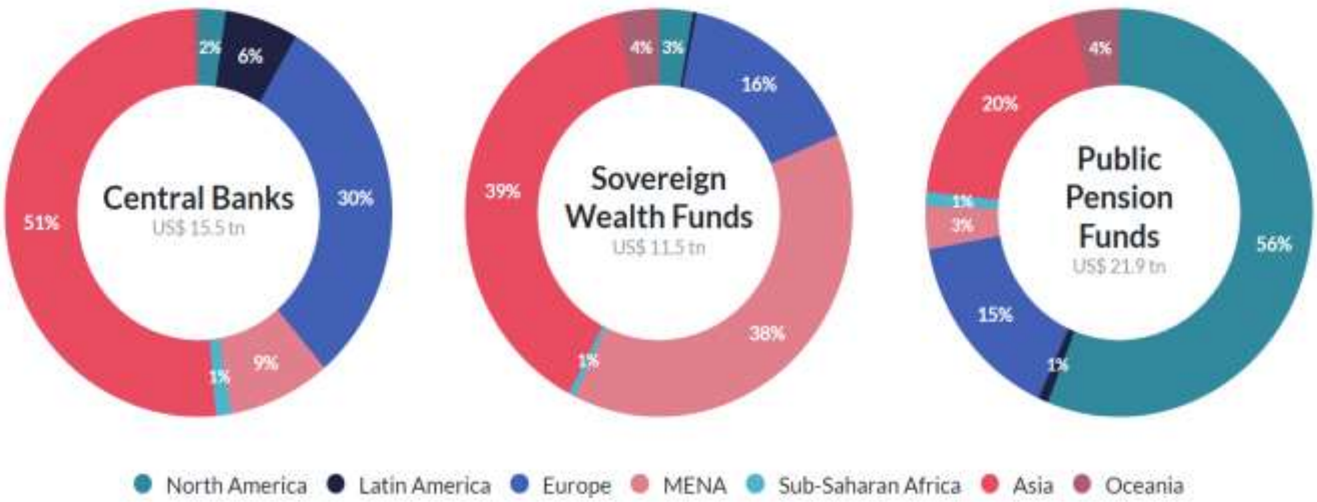
D. Least (most) prepared SSA include countries in the bottom (top) 25 percent of ND-GAIN's vulnerability to climate change index. Debt distress assessment as of the end of February 2023.

Global Sovereign Fund

Sovereign Wealth Funds (SWFs) globally manage

11,539,573,734,159 USD



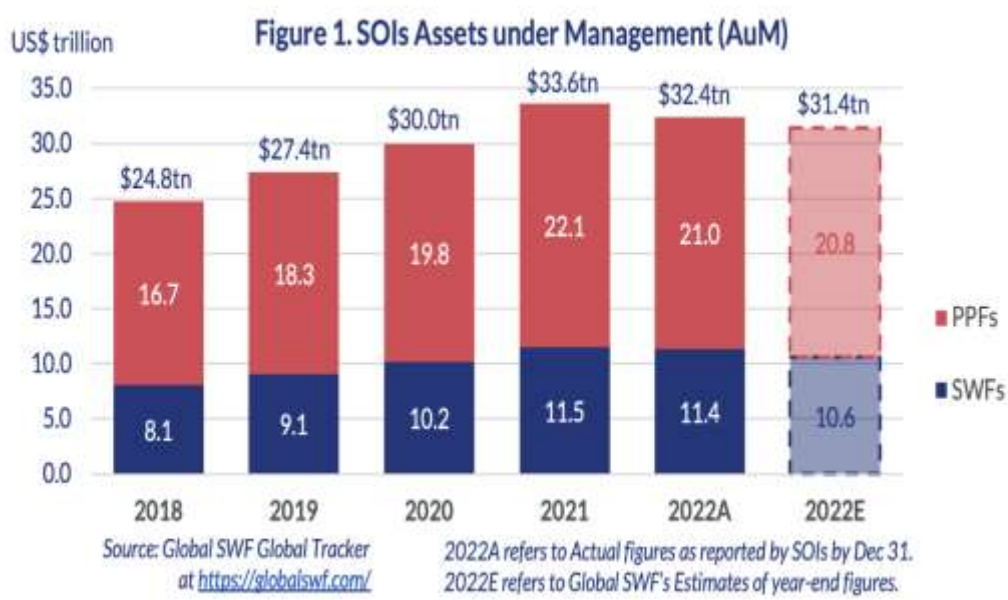


Source: Global SWF. Last updated June 2023

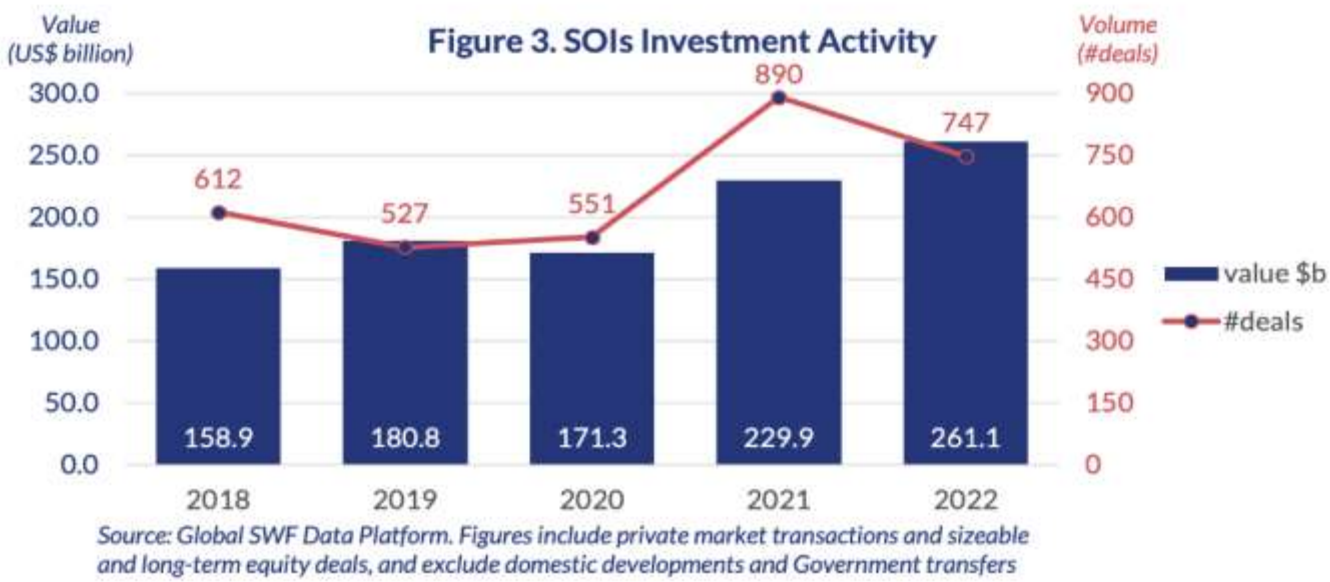
State Owned Investors (SOIs)

2022 was one of the most difficult years for State-Owned Investors (SOIs) in recent history. It started with Russia's military invasion of Ukraine, which boosted oil prices and drove inflation rates to levels not seen in 40 years. In response, interest rates were hiked, with central banks trying to cool down inflationary pressures. The year finished with what some may call the burst of the cryptocurrency frenzy. It represented the end of bull markets, which had rebounded quickly from Covid19, and most analysts agree that a recession is likely in 2023.

In fact, 2022 was the first year ever that Sovereign Wealth Funds (SWFs) shrank in value. The scale of the drop is debatable as most SWFs report with significant delays, if at all – but Global SWF estimates the impact totaled US$ 1 trillion. Similarly, Public Pension Funds (PPFs) have reduced their assets by US$ 1.3 trillion, with the subsequent worsening of funding ratios.



In 2022, state-owned investors deployed more capital in fewer deals than in 2021. In fact, the reduction in Venture Capital and the increase of mega-deals meant that the average ticket of the year was US$ 0.35 billion, which had not been recorded in over five years. Compared to 2021, SWFs invested 38% more, with **US$ 152.5 billion** in 427 transactions; while PPFs invested 9% less, with **US$ 108.6 billion** in 320 deals.



GIC was once again the lead investor with US$ 40.3 billion deployed in 2022, 17% more than in 2021.

The Singaporean SWF is often seen in some of the world's largest deals, usually in conjunction with other SOIs and private equity firms, and with a slight bias towards European and North American businesses. Behind **GIC**, five Gulf funds confirmed their role as major global dealmakers: the three Abu Dhabi SWFs, plus **PIF** and **QIA**. The third major region for outbound capital was Canada, despite lower activity than in recent years.

The regional preferences of the Top 10 investors keep adapting to the new financial environment and geopolitics. Five of the funds invested more in North America, three focused on Europe, and only **ADQ** continued betting on emerging markets. Overall, only 20% of the capital went into developing economies.

State-Owned Investors also sustained significant divestment activity, especially in the UAE. DP World sold a third of Jebel Ali to international investors, Mubadala transferred 25% of OMV and Borealis to ADNOC, and ADQ sold 8.6% of TAQA to Multiply and ADPF. IPOs were also a great conduit for sales, as Middle East bourses gained in volume and transparency

Three major trends continue in 2023:

The re-emergence of Gulf SWFs, as important financiers of Western assets, using **QIA** as a case study

The balance between domestic and international investments for SOIs, using **Temasek**'s example

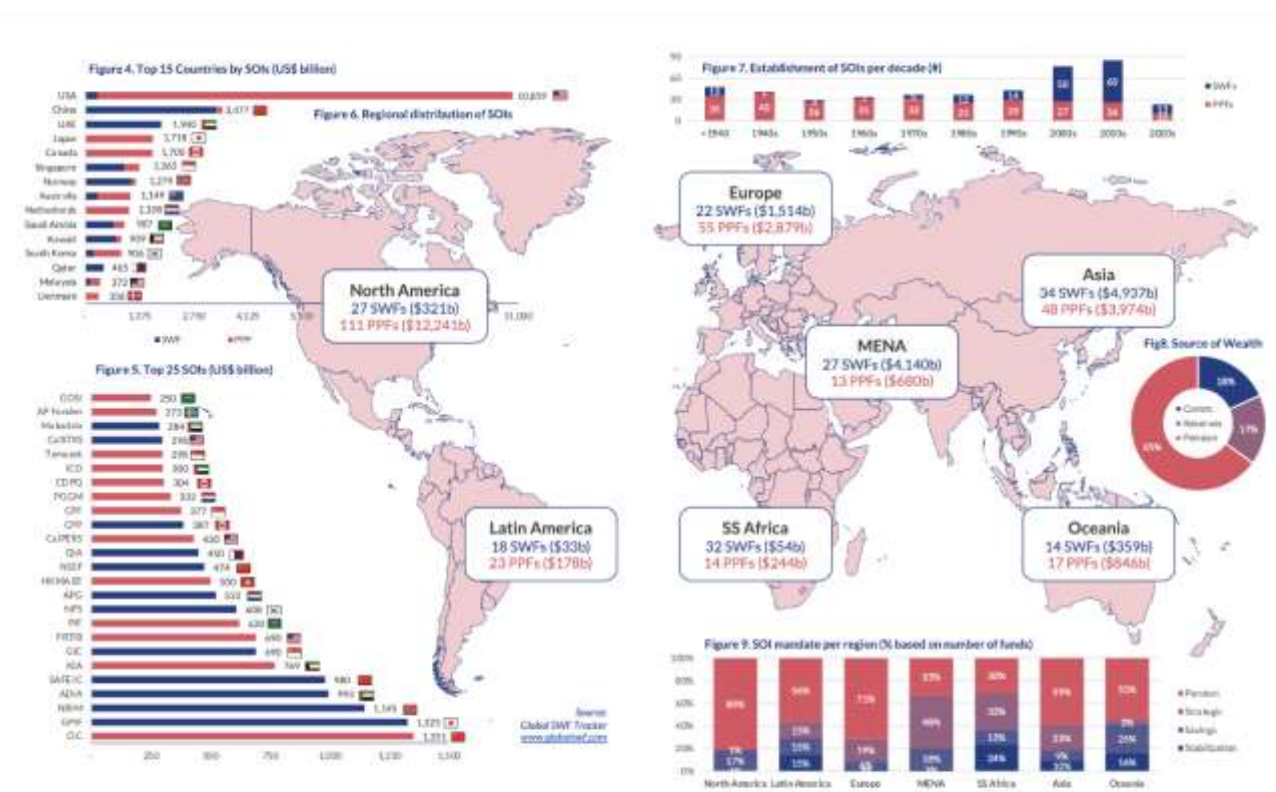
The increasing activity of SOIs in renewable energy, using the case study of **Abu Dhabi's Masdar**

The "Asset Class of the Year" was not obvious this year, given the losses suffered by most portfolios. However, IMF reported an uptick in the interest and allocation of sovereign investors into hedge funds due to the simultaneous fall of both stocks and bonds and the needs to find diversification and uncorrelated strategies. Both SWFs and PPFs increased their allocation, and IMF estimate they hold US$ 0.5 trillion in hedge funds, i.e., a 25% of the total industry size.

Year 2022 in Review

For the "Region of the Year", countries or regions with increasing appeal as investment destinations for sovereign investors. After China & India (2020) and Australia (2021), this year IMF decided to go with Indonesia, which has seen an increasing flow of investors due to the country's ongoing transformation and strong prospects. The analysis is supported by an extensive case study of the **INA**, which we believe will continue as the nation's investment gatekeeper regardless of the results of the 2024 presidential elections. (Source IMF).

The "Industry of the Year" was inevitably infrastructure, including energy-related assets. At a time of economic distress, heightened risk and energy transition, infrastructure assets are tangible, with long-term predictable cash flows, a residual value, and a great alignment with sovereign investors. We analyze the latest trends in transportation, energy, utilities, and other related sub-segments, and provide an overview of **CPP Investments**' US$ 60 billion portfolio, one of the world's largest in infrastructure and energy.



The two largest tickets of the year were paid by Singaporean investors **Temasek** and **GIC**. The former acquired UK testing company Element for US$ 7.0 billion in January, while the latter spent roughly the same amount in taking private American real estate investment trust (REIT) Store Capital alongside Oak Street in September.

The year also saw significant collaboration among sovereign investors. **ADIA** and **GIC** continued their "evolving relationship" and co-invested in several assets including Zendesk (US), Taibang Biologic (China), Triveni Turbine (India) and Climate Technology (US). Other significant club deals included Direct Chassis (**GIC**, **KIA**, **OMERS**), and Haddington ESP (**GIC**, **AIMCo**, **OTPP**). The Singaporean SWF was everywhere and topped the ranking of top spenders, for fifth year in a row, with US$ 40.3 billion deployed in 73 different transactions.

Table 2. Top 10 SOIs by fresh capital deployed* in the past 5 years (US$ billion)

Fund	2018	Fund	2019	Fund	2020	Fund	2021	Fund	2022
GIC	18.8	= GIC	24.0	= GIC	17.7	= GIC	34.5	= GIC	40.3
CDPQ	13.7	↑ CPP	17.4	= CPP	14.6	= CPP	23.7	↑ ADIA	25.9
CPP	13.3	↑ Temasek	13.7	↑ CDPQ	12.1	↑ Mubadala	14.5	↑ PIF	20.7
NYSCRF	11.7	↑ QIC	12.2	↑ Mubadala	11.9	↓ CDPQ	14.4	↑ Temasek	13.5
Temasek	8.2	↑ PIC	11.5	↓ Temasek	11.4	↑ APG	13.5	↓ CPP	12.1
PIC	6.5	↑ ADIA	10.2	↑ NYSCRF	11.3	↑ OTPP	12.7	↓ Mubadala	11.3
OTPP	5.9	↓ NYSCRF	9.3	↑ ADQ	8.6	↑ OMERS	12.7	↓ CDPQ	10.3
OMERS	5.8	↓ CDPQ	8.0	↑ DP World	8.5	↑ ADIA	10.8	↑ ADQ	8.7
PSP	5.7	= PSP	7.8	↑ NPS	7.9	↓ Temasek	10.6	↓ OTPP	7.9
TCorp	4.6	↑ Mubadala	7.6	↑ PIF	7.9	↓ ADQ	7.2	↑ QIA	7.1

*Source: Global SWF Data Platform. * Investment data refers to private market transactions (RE, Infra, PE) and certain public market deals that are sizable and long-term in nature. It does not include domestic developments (e.g., PIF's RIA) or transfers from Government (e.g., ADQ's Etihad).*

The 2022 league table is led, once again, by **GIC**. The Singaporean SWF completed 73 deals for US$ 40.3 billion, 17% more than it did in 2021. Over half of that capital was invested in real estate, with a clear bias towards logistics. This was followed by industrials (11%), infrastructure (10%) and technology (9%). **GIC** continued to prefer developed markets, with over 69% of the capital deployed in Europe and North America.

Five out of the ten most active investors hail from the Middle East. Abu Dhabi investors are covering all bases with **ADIA** most active in North America, **Mubadala** investing more in Europe in 2022, and **ADQ** investing across emerging markets. Saudi Arabia's **PIF** has been incredibly active both at home and overseas, and Qatar's **QIA** is back at the leaderboard thanks to a very active year, as predicted by **Global SWF** last year.

The regional preference of the most active sovereign investors have changed slightly in 2022. Five of the funds invested mostly in North America: **GIC**, **ADIA**, **PIF**, **CDPQ**, and **OTPP**. Another group led by **Temasek**, **Mubadala**, and **QIA** have invested more in Europe in 2022. **ADQ** continues to be an emerging market story. And **CPP** had a very balanced year, with a slight preference over Europe and developing economies.

The overall balance between regions has remained constant with 80% in developed markets and only 20% in emerging markets, which is the lowest figure in the past six years. The big winner is Developed Asia-Pacific (especially, Australia), which now attracts a fifth of all capital invested by sovereign investors globally.

Figure 12. Region of Focus of Top 10 SOIs in 2022 (US$ billion)

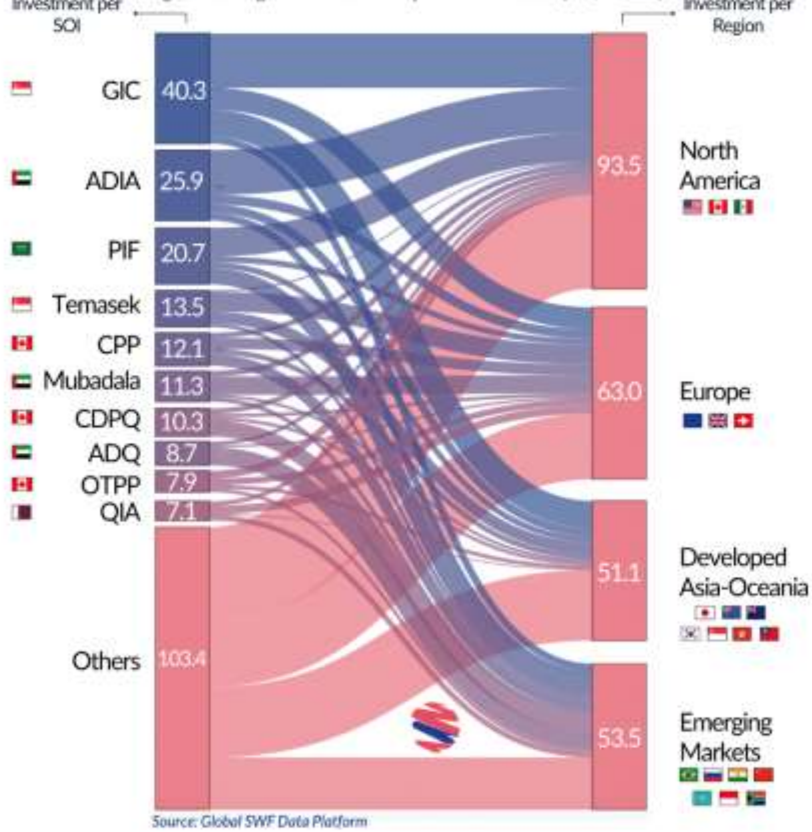
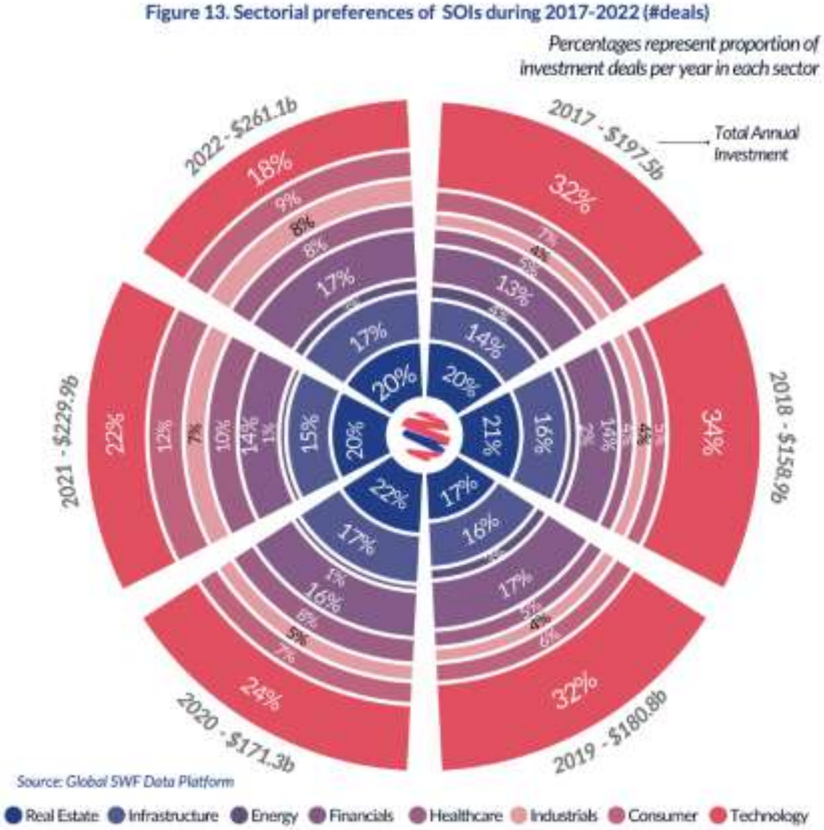


Figure 13. Sectorial preferences of SOIs during 2017-2022 (#deals)



The exercise sheds an important light on the activity of funds in 2022: infrastructure, energy, financials, and industrials have grown in interest, while healthcare, consumer and technology have lost momentum with the end of the pandemic and the recalibration of venture capital. Real estate has stayed constant at 20% of the total, with residential and office assets re-gaining some of the ground lost to logistics in the past few years.

Major Trends

Middle Eastern White Knights:

In the global context of geopolitical, economic, and financial uncertainty, Middle Eastern funds are shining more than ever. Most funds have shattered stereotypes of following hidden agendas and only hunting trophy assets and are now recognized as smart, flexible, and mature investors that can move the needle locally and overseas. The 40 Middle Eastern SOIs manage US$ 4.8 trillion in financial capital and 12,000 personnel in human capital.

In this context, Middle Eastern SWFs are readier than ever to shine. Overseas, they have more than doubled their investments in Western economies, including the US and Europe, from US$ 21.8 billion in 2021 to US$ 51.6 billion in 2022. Of the top 10 most active sovereign investors this year, five are from the Gulf region.

This means that Middle Eastern investors are driving forward with the pursuit of "cheap" assets in Europe (including the UK) and in the US, and with more limited competition coming from their international peers. While the push in 2008 was focused only on financial institutions (and was broader than just ME funds), today, it is Middle Eastern funds that are enjoying that privileged position to chase deals across all industries.

Among the largest exits of the year, there were several domestic IPOs and "lateral transfers". In Abu Dhabi Inc, **Mubadala** transferred certain assets to ADNOC, including 25% of OMV and Borealis, which were originally pursued by ADNOC-JV IPIC; as well as Masdar's renewable and hydrogen assets. **ADQ** sold 9% of TAQA to Multiply (also chaired by Sh. Tahnoon) and **ADPF**. The emirate's finances are increasingly interlinked.

Other significant exits in 2022 included **DP World**'s divestment of 33% of Jebel Ali free zone to **CDPQ** and **GOSI**; the US$ 5.0 billion sale of LeasePlan to ALD, which was recently approved by the European Commission and involves several SOIs; and **Temasek**'s exit of AusNet, via Singapore Power. In September, **CPP** and **OMERS** sold 67% of Chicago Skyway after holding it for six years, at a 1.8x multiple-of-money

Table 4. Top 15 divestments by SOIs in 2022

Fund/s	Divestment	Country	Buyer	Industry	Value ($b)	Stake (%)
DP World	Jebel Ali Assets		CDPQ, GOSI-HIC	Transport	7.4	33%
ADIA, GIC, ATP, PGGM	LeasePlan		ALD Auto	Consumer	4.4	80%
Mubadala	OMV		ADNOC	Energy	4.1	25%
Temasek	AusNet (via SP)		Brookfield	Telecom	3.8	32%
ADQ	TAQA		Multiply, ADPF	Utilities	3.6	9%
PIF	Elm Company		IPO - Tadawul	Technology	3.2	n.a.
Mubadala	Borealis		ADNOC	Energy	3.0	25%
Dubai Holding	Dubai Creek Harbor		Emaar (ICD 24%)	Real Estate	2.0	100%
CPP, OMERS	Chicago Skyway		Atlas Arteria	Transport	2.0	67%
CPP	Puget Sound		OTPP, Macquarie	Utilities	1.8	32%
Mubadala	Masdar		ADNOC, TAQA	Renewables	1.3	67%
Mubadala	ADGM Towers		Aldar (MIC 25%)	Real Estate	1.2	100%
QIA	Glencore		2ndaries-LSE	Energy	1.1	1%
ADQ	AD Ports		IPO - ADX	Transport	1.1	25%
CDPQ	Fluxys Europe		EIP	Energy	1.0	20%

Source: Global SWF Data Platform

Of this year's 60 mega-deals, i.e., tickets deployed by sovereign investors of US$ 1.0 billion or more, 26 were carried out by Middle Eastern SWFs, and 17 of them were in American or European assets. The largest commitment was made by **ADIA**, when it invested US$ 4.0 billion in Ardian's fund ASF IX and US$ 2.0 billion for joint co-investments. This a reversed situation than in 2014, when the secondaries investor bought stakes worth US$ 2 billion from the SWF. Both firms share some investments including Italian healthcare software provider Dedalus, and **ADIA** is reportedly considering buying a stake in Ardian's management company.

Buying into a PE management company is not new, as we began seeing it in 2007 with **ADIA** (Ares, Apollo), **CIC** (Blackstone), **Dubai Holding** (Och-Ziff), and **Mubadala** (Carlyle). The latter also bought a 5% stake into Silver Lake in 2021, and **ADQ** took over a slice in Vistria's management company in 2022.

In 2023 and beyond, Middle Eastern sovereign investors will likely continue to be very active in Europe and North America, where there will be plenty of opportunities to buy listed equities or direct stakes, to pursue co-investments or buy into PE firms, and to find distressed portfolios and special situations.

Table 8. Largest deals of Gulf SWFs in "Western" assets

Fund	Asset	HQ	Coinvestor	Value $b
ADIA	Ardian Funds	🇫🇷	Ardian	6.0
ADIA	VTG AG	🇩🇪	GIP	2.6
Mubadala	Skyborn Renewables	🇩🇪	PIF	2.5
ADIA	Zendesk	🇺🇸	GIC,H&F,PA	2.5
QIA	RWE AG	🇩🇪	-	2.4
ADIA	Climate Technologies	🇺🇸	Blackstone	2.4
KIA	Direct Chassis Inc	🇺🇸	GIC,OMERS	1.5
Mubadala	Envirotainer	🇸🇪	EQT	1.5
PIF	Savvy: ESL, FACEIT	🇺🇸	-	1.5
ADIA	Merchants Fleet	🇺🇸	Bain Capital	1.3
Mubadala	Pharma Intelligence	🇬🇧	WP	1.2
PIF	Embracer	🇸🇪	-	1.1
ADQ	Vistria	🇺🇸	Vistria	1.0
ADIA	Landmark JV	🇺🇸	Landmark	1.0
ADIA	Apollo S3	🇺🇸	Apollo	1.0
ADIA	Rockpoint JV	🇺🇸	Rockpoint	1.0

Source: Global SWF Data Platform

Domestic vs International Investments:

The answer to this question is not universal as it depends on each economy's capacity to absorb capital, other vehicles the government may own or manage, a country's ability to attract FDI, the supply of investable opportunities, the strength and liquidity of the domestic stock markets, and the capabilities of investment teams and / or external managers, among other conditions. Of the industry's global AuM of US$ 11.2 trillion, **Global SWF** estimates that 40%, i.e., US$ 4.6 trillion, is invested by SWFs within their respective economies.

The trend of rising domestic investments will likely be sustained for two reasons: (i) the emergence of new strategic funds with the mission to attract capital; and (ii) the increased activity of some of the existing funds. A good example is **PIF**, which reached US$ 620 billion in AuM as of March 31, 2022. The Saudi fund is sponsoring significantly large initiatives that have not yet been capitalized into its balance sheet. So, while the current portfolio is 29% international and the leadership is targeting to increase this percentage over time, the domestic giga-projects (e.g., US$ 500 billion NEOM) may offset that target if they are to remain under **PIF**.

The benefit of having regionally diversified strategic vehicles is clear but managing them may be more challenging than operating conventional institutional investors. Most SWFs today are not only asked to perform financially, but also to create jobs, to propel the domestic economy and to contribute to decarbonization goals. Job descriptions for investment managers will become more complicated with time.

Table 9: Geographical limitations of SWFs

SWFs that can be asked for capital		SWFs that can be asked to invest domestically	
Funds that invest abroad only	*Funds that invest both abroad and at home ("flexible")*	*Percentage of portfolio held in domestic assets and securities (2022)*	*Funds that invest at home only*
ADIA	KIA	10%	Agaciro
BIA	HKMA	13%	AIH
CADF	NZSF	13%	ANIF
ESSF-PRF	Future Fund	20%	Bpifrance
FAE	Mubadala	25%	CDP Eq
FAP	SOFAZ	25%	COFIDES
FEIP-FMP	Temasek	27%	EIH
FGRF	QIA	29%	FGIS
GIC	LIA	35%	FONSIS
GPF	ICD	49%	FSD
HSF	EIA	60%	HCAP
KIC	Mumtalakat	62%	INA
KWAN	OIA	62%	Ithmar
Nauru	CIC	67%	MGI
NBIM	Khazanah	67%	NDFI
NIC	PIF	71%	NIIF
NRF	Alaska	73%	PIF.PS
Pula Fund	ISIF	73%	RDIF
RERF	NSIA	80%	Samruk
SAFE IC	ADQ	89%	SCIC
TLPF	NSSF	91%	TSFE
Welwitschia	FSDEA	93%	TWF

Source: Global SWF Data Platform

Green Investing: Here to Stay:

Renewable energy is a highly attractive infrastructure sub-segment for SOIs, both offering the stable, inflation hedging qualities of infrastructure and supporting net zero objectives. Several governments have signed up to the Paris agreement on climate change and their SWFs are following suit. Pension funds are also reacting to policy holders' demands for greater environmental sensitivity with several joining the Net Zero Asset Owners Alliance, described by UN Secretary António Guterres as the "gold standard for net zero commitments".

The Alliance saw Gabon's **FGIS** become its third SWF member, after Germany's **KENFO** and **NZ Super**. Others including Norway's **NBIM** and Saudi's **PIF** have pledged to reach Net Zero goals without formally joining NZAOA. Several others have expressed their skepticism about reaching a net-zero economy under the current conditions. Singapore's **GIC** for one has no plans to set a net-zero target, which it believes does not help in fighting climate change, and it prefers to invest in green tech and to support the transition of its energy assets.

Supply arises, capital follows

In 2022, SOI investment in renewables assets totaled US$ 18.7 billion, slightly behind 2021 figures. If we isolate the US$ 6.0 billion commitment of **ADQ** and **Samruk-Kazyna** to build wind farms in Kazakhstan in 2021, this year would have been a record high for green investing. North America and Western Europe are the most popular destinations thanks to a high level of opportunity and a positive regulatory environment, as well as the FDI efforts in certain countries. In 2022, SOIs increased investment in European renewables by 45% to US$ 8.4 billion, while Developed Asia and Pacific investments more than doubled to US$ 4.7 billion.

Canadian funds were collectively the biggest source of capital, making up 33% of the total, while Gulf investors contributed 29% and Singapore 26% - altogether these three jurisdictions represented almost 90% of SOI renewables capital. The largest single investor in renewables this year was **GIC**, followed by **Mubadala**.

Europe's dominance of SOI investment in renewables is explained by the more proactive approach by governments to meeting Paris-aligned net zero targets and, latterly, the strategic need to ween the region off Russian gas imports through greater self-sufficiency in electricity generation. In May 2022, the EU launched plans for a massive increase in solar and wind power that will require US$ 210 billion in the next five years.

European pension funds, particularly **APG** and **PGGM**, have also focused on deal origination in Europe. In mid-2022, the former teamed up with **OMERS** to acquire Groendus, a new leader in the Netherlands' energy transition with 170 MW of solar capacity installed. Another European investor, **NBIM**, failed to keep up with its push for renewables, which it started in 2021 with a US$ 1.6 billion ticket in Danish windfarm Borssele.

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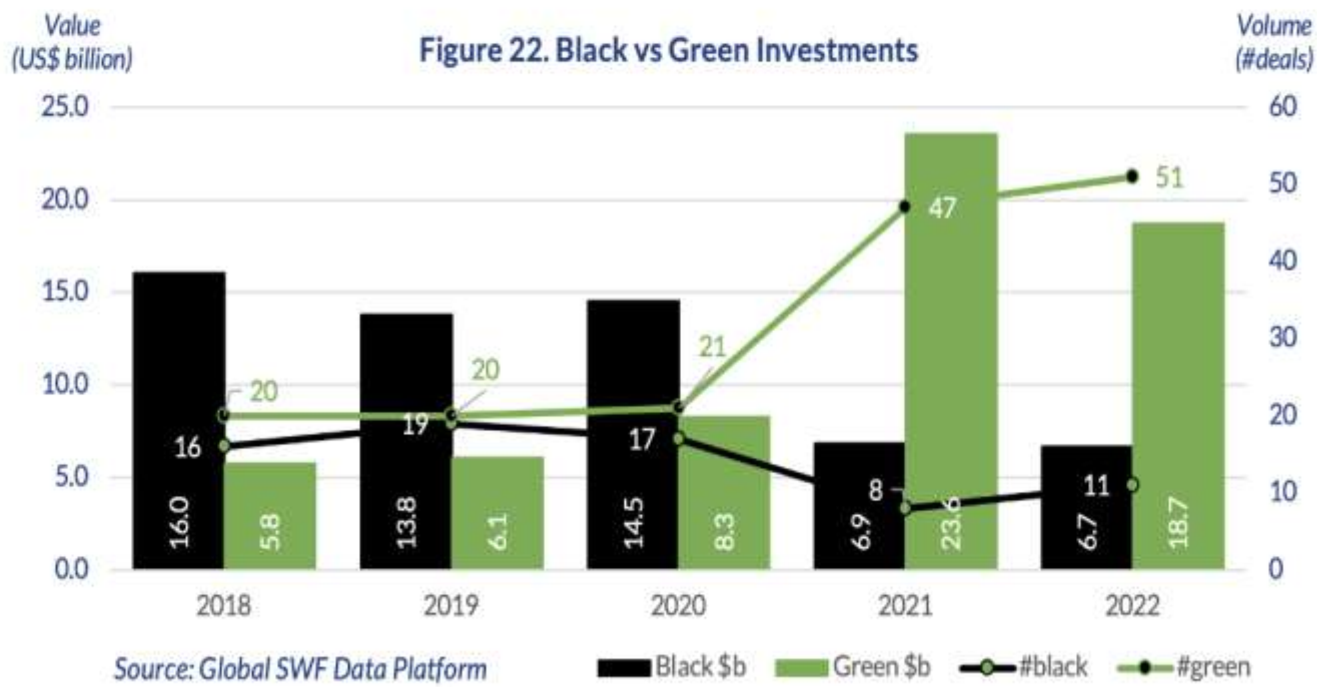


Industry of the Year

INFRASTRUCTURE

There are many factors counting in favor of sovereign fund investment in infrastructure at a time of both heightened risk and energy transition. Infrastructure is a tangible asset which retains a residual value, making it attractive at a time of economic distress. At the same time, it provides a predictable long-term cashflow that chimes with the inter-generational horizon of state-owned investors.

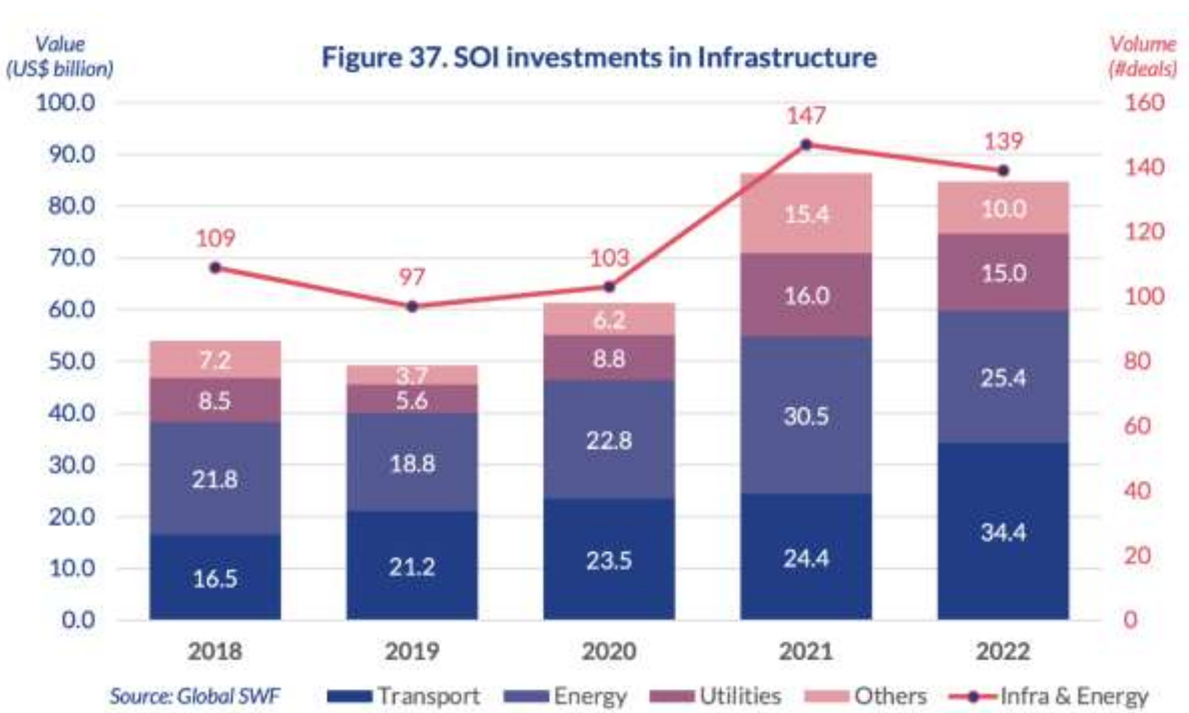
Regulated assets such as toll roads and utilities usually involve inflation-indexed increases in charges, which ensures a hedge against inflation a particularly important factor at a time of heightened inflationary pressures. Digital infrastructure and telecommunications serve as the backbone of the digital economy, which is expanding rapidly. Meanwhile, renewables are heavily sought-after as SOIs seek to decarbonize their portfolios and achieve net zero goals, as well as taking advantage of state support for energy transition.

Infrastructure also allows state-owned investors an opportunity to add value to assets and expand portfolios. Unlike venture capital, infrastructure has a high barrier of entry that prevents competitors, giving its operators a monopolistic position in the market.

All these factors helped boost SOI infrastructure allocations in 2022, with a US$ 10 billion increase in transportation assets up to US$ 34.4 billion investment in 2022. This figure does not include Saudi Arabia latest carrier RIA, which is being developed by **PIF** with a staggering US$ 30 billion of planned investment, or the transfer of Etihad Aviation Group (estimated at US$ 2.5 billion) from the Government of Abu Dhabi to **ADQ**.

In energy, oil and gas infrastructure investment slumped while investments in renewable energy continued the strong trajectory of the past seven years. We expect these figures to keep rising significantly over the short- to medium-term as funds commit to ambitious green goals. Utilities had another strong year too, with several SOIs exchanging hands in some major assets like AusNet, TAQA and DEWA.

Lastly, sovereign investors were very active in telecom towers in both developed and emerging economies, with seven important investments during the year. The less active and staffed pension funds from North America and Europe sought exposure to the industry via external managers, committing large sums of capital to generic funds run by managers like Blackrock, Stonepeak, GIP, Macquarie, Brookfield, KKR or ISQ.



Transportation

SOI direct investment in transportation has averaged US$ 24.0 billion annually from 2018, but segment exposures, including maritime, air and land, change every year according to long-term potential for returns. If the pandemic demonstrated anything, it was the crucial importance of supply chains to the functioning of national and international markets, with transportation the glue that binds producers with consumers.

Interest in the aviation sector was revived in 2022 amid the lifting of lockdown restrictions as the global pandemic eased, leading to big ticket investments. Like Saudi Arabia with the new airline RIA under **PIF**, Abu Dhabi restructured the aviation sector under the auspices of **ADQ**, taking full control of Etihad Aviation Group, including Abu Dhabi Airports, Wizz Air Abu Dhabi and ADQ Aviation & Aerospace Services Company. **ADQ** also took a controlling stake in Abu Dhabi Aviation and merged the helicopter operator with its portfolio of engineering and aviation services firms creating a "globally competitive", US$ 2.6 billion aviation business.

The focus on aviation is not simply a strategic concern of SWFs. Sydney Airport attracted US$ 5.2 billion from three Australian super funds – **UniSuper**, **AustralianSuper** and **Australian Retirement Trust** – as part of a US$ 16.0 billion take-over led by GIP and IFM. Meanwhile, **CPP** increased its stake in Aéroports de Paris, which operates Charles de Gaulle, Orly and Le Bourget airports, to 5.6%, worth US$ 0.7 billion.

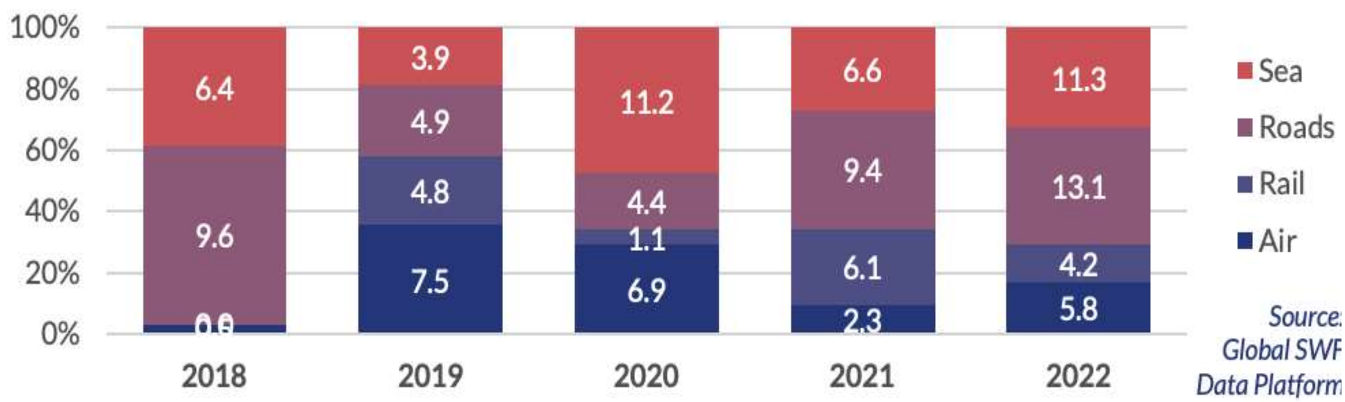
Seaports received US$ 11.3 billion in SOI investment in 2022, most of which was invested by **CDPQ** and **GOSI** for a 32% stake in three assets in UAE owned by port operator **DP World**: Jebel Ali Port, Jebel Ali Free Zone and National Industries Park. India's **NIIF** also forged a partnership with **DP World**, acquiring a 23% stake in Hindustan Ports Ltd (HPL) as part of the US$ 3.0 billion platform to invest in ports, terminals, and logistics businesses in India. HPL operates five terminals across the country representing a 20% market share.

Strategic goals drove port investment in the Red Sea, with **ADQ** subsidiary Abu Dhabi Ports throwing its backing behind a new US$ 4.0 billion port in Sudan, modelled after Jebel Ali. Further south, land-locked Ethiopia deployed its newly launched **EIH** to bolster energy security through the development of an oil storage facility in Djibouti's Damerjog Industrial Park. Port development will continue to be a focal point for SWFs as they connect countries and regions to global markets with multiplier effects for industrial sectors.

Investment in roads continued to be dominated by emerging markets, where the sector will be a key driver of transport infrastructure development over the next decade. Indonesia's **INA** scored the biggest investment with the toll roads on the islands of Sumatra and Java worth more than US$ 2.7 billion.

The signings are **INA**'s first steps since forming a US$ 3.8 billion toll road fund in 2021 along with **ADIA**, **APG**, and **CDPQ**.

Figure 38: Investments in Transportation by SOIs (US$ billion)



India has also demonstrated an enduring appeal for SOIs with a large pipeline of projects amid efforts to modernize highways and upgrade the quality of roads, and US$ 270 billion pledged by the government over the next five years as part of the country's National Infrastructure Pipeline. In 2022, **CPP** (46% stake) and **OMERS** (22%) invested US$ 0.8 billion to support Indinfravit Trust take over certain toll roads from Brookfield. The manager currently holds 13 operational road concessions with about 5,000 km in five Indian states.

Energy:

Although energy prices spiked in 2022, SOI investment in oil and gas infrastructure declined. One key reason was their commitment to sustainability, but also the growing realization that despite short-term market trends there are long-term downsides to maintaining exposures to fossil fuels. Many PPFs and some SWFs have set ambitious net zero targets and some of them adopted plans for tighter environmental sustainability policies.

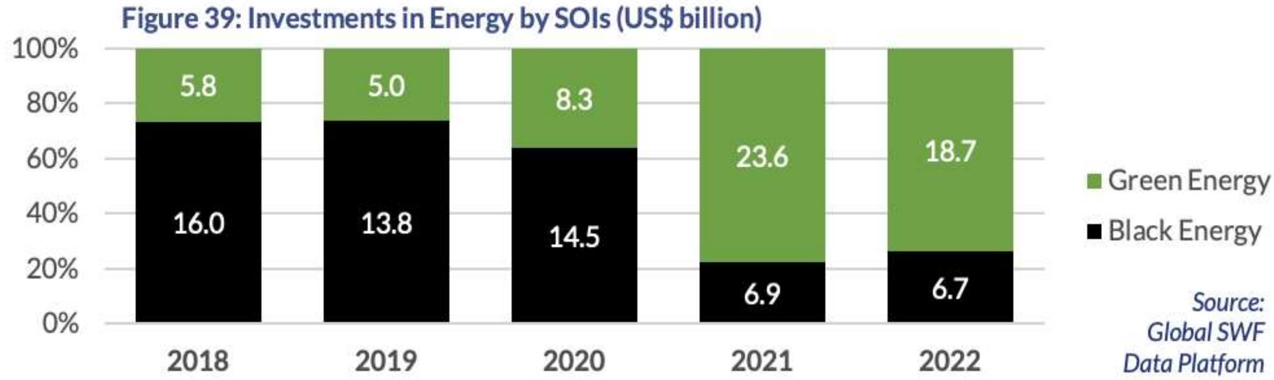
Investments in finite sources of energy fell below US$ 7.0 billion, just like 2021. The biggest deal involved the sale of a 60% stake in the UK's National Grid gas transmission and metering business to **BCI** and Macquarie for US$ 7.6 billion. In another deal, **AIMCo** upped its stake in US business Howard Energy Partners, which owns and operates around 1,000km of natural gas pipelines. And on the mining side, **OTPP** invested US$ 112 million in BC-based KSM, seeking inflation protection, real returns, and cash flow diversification.

The rest of the capital invested in energy went to renewable sources, which has quickly eaten a large share of the pie since the start of the pandemic. In 2022, SOI investment in renewables assets totaled US$ 18.7 billion, slightly behind 2021 figures. SOIs increased investment in European renewables by 45% to US$ 8.4 billion, while Developed Asia and Pacific investments more than doubled to US$ 4.7 billion.

The largest investor in renewables was **GIC** with the year's largest investment in Australia's InterContinental Energy, which operates a portfolio of 200 GW of onshore wind and solar capacity. There were several high-profile deals in Europe, including: **CPP**'s increased commitment via Renewable Power Capital; **Mubadala** and **PIF** investment in Skyborn Renewables, which operates 7 GW of capacity completed in offshore wind generation; and **GIC**'s acquisition of Eneus Energy, in its pursuit to develop green ammonia projects.

Dutch pension fund **APG** was very active both at home, with its acquisition of Groendus along with **OMERS**, and overseas, with its US$ 1.2 billion investment in Gemini Solar + Storage project near Las Vegas.

Figure 39: Investments in Energy by SOIs (US$ billion)



Utilities:

SOI investment in utilities reached US$ 15 billion in 2022, just 7% down from 2021, and with a strong tilt towards electricity. As essential infrastructure, utilities have a captive market, but some segments offer considerable long-term growth potential particularly in emerging markets, with the digital economy and the need to align electricity transmission and supply to the development of renewables.

The largest deal of the year took place Down Under, with the US$ 12 billion acquisition of AusNet by an array of Canadian (**HOOPP**, **IMCO**, and **PSP**) and Australian (**ART**) funds, led by Brookfield. Serving 1.5 million customers in Victoria, AusNet is a leader in electricity distribution and transmission and gas distribution. The company is looking to enable renewable generation to support Victoria state to be a net zero economy by 2050.

Another big deal came with the IPO of the Dubai Electricity and Water Authority (DEWA), which raised US$ 6.1 billion from **ADQ**, **EIA**, and **GIC**, among others. The company is expected to capitalize on rising demand for electricity, water desalination and cooling systems as Dubai's population swells. In September, **ADQ** sold 8.6% of utility conglomerate TAQA to other local investors including Multiply Group and **ADPF**.

Others:

"Others" consisted of investments in infrastructure funds and in telecom towers. The growth of the digital economy, particularly broadband cell networks to support the need for higher bandwidth and increased connectivity, requires the development of telecommunications infrastructure and sovereign investors are at the forefront of this growth. The largest deal of the year came from **PIF**, when it bought 60% of Zain's tower business for US$ 0.6 billion. The transaction is set to help bolster the Saudi IT and communications ecosystem.

OMERS was also very active in this space, spending US$ 1.3 billion in two deals in Australia: a portfolio of 428 towers and 809 rooftops from TPG, and 100% of Stilmark Group, which operates 75 towers. The Australian assets are part of **OMERS**'s growing digital infrastructure platform, which also includes Germany's Deutsche Glasfaser and France's XP Fibre. Other significant deals in this sub-segment in 2022 included **OTPP**'s 70% stake in Spark TowerCo NZ, **KIA**'s 10% stake in Phoenix Tower and **PIF**'s investment in American Tower.

Global Foreign Direct Investment

EXECUTIVE SUMMARY

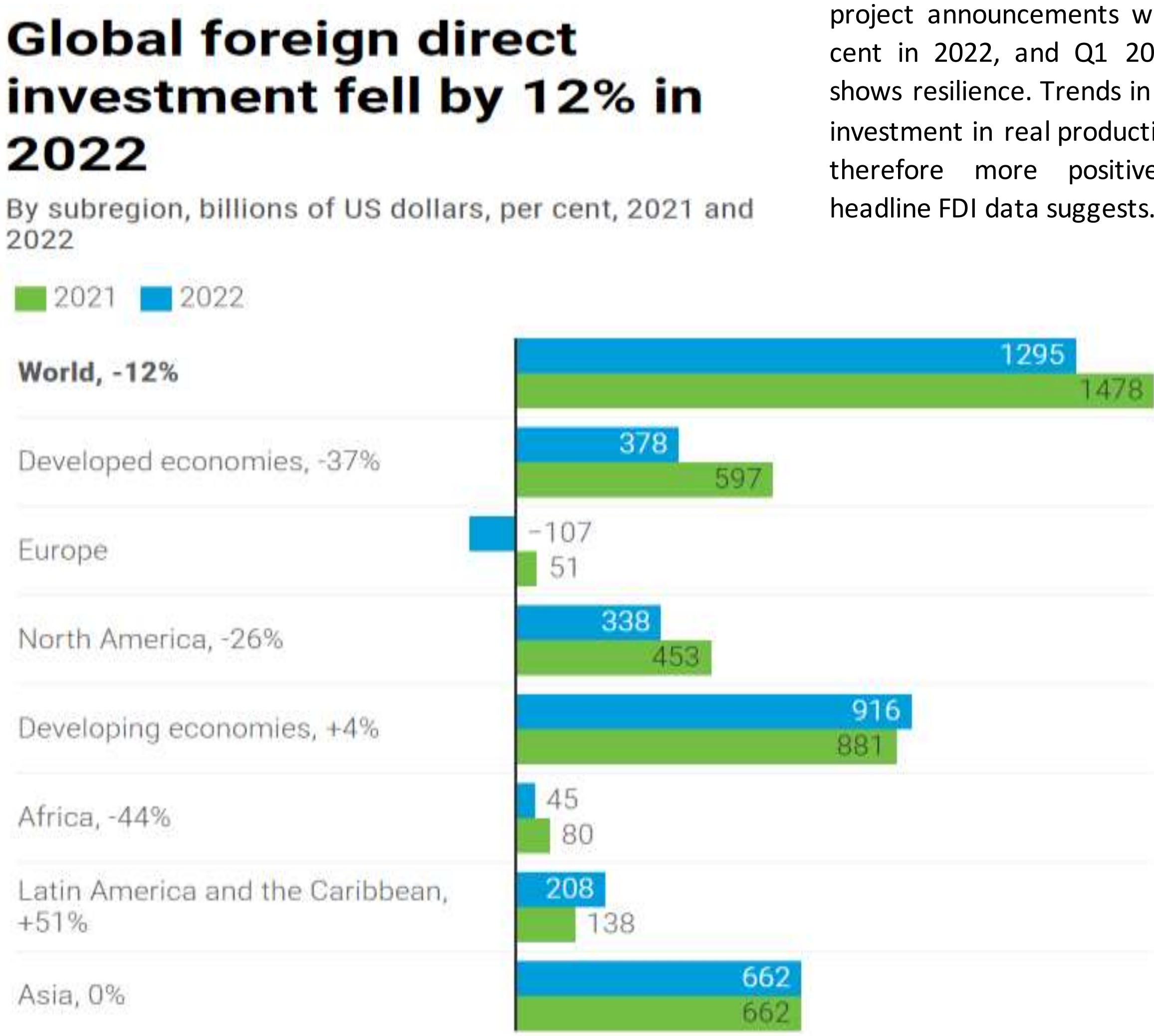
INTERNATIONAL INVESTMENT TRENDS

After a steep drop in 2020 and a strong rebound in 2021, global foreign direct investment (FDI) declined by 12 per cent in 2022, to $1.3 trillion. The slowdown was driven by the global polycrisis: the war in Ukraine, high food and energy prices, and debt pressures.

International project finance and cross-border mergers and acquisitions (M&As) were especially affected by tighter financing conditions, rising interest rates and uncertainty in capital markets. The global environment for international business and cross-border investment remains challenging in 2023. Although the economic headwinds shaping investment trends in 2022 have somewhat subsided, they have not disappeared.

Geopolitical tensions are still high. Recent financial sector turmoil has added to investor uncertainty. UNCTAD expects downward pressure on global FDI to continue in 2023. Early indicators for Q1 2023 show weak trends in international project finance and M&As..

Greenfield investment trends provide a positive counter weight. The number of project announcements was up 15 per cent in 2022, and Q1 2023 data also shows resilience. Trends in international investment in real productive assets are therefore more positive than the headline FDI data suggests.



The 2022 decline in FDI flows was driven mostly by financial transactions of multinational enterprises (MNEs) in developed economies, where FDI fell by 37 per cent to $378 billion.

The number of actual greenfield and project finance announcements increased by 5 per cent. In developing countries, FDI increased by 4 per cent to $916 billion, or more than 70 per cent of global flows, a record share. The number of greenfield investment projects announced in developing countries increased by 37 per cent, and international project finance deals by 5 per cent. This is a positive sign for investment prospects in industry and in infrastructure.

The FDI increase in developing countries was unevenly shared. Much of the growth was concentrated in a few large emerging economies.

• **FDI in Africa** fell back to the 2019 level of $45 billion after anomalously high levels in 2021 caused by a single financial transaction. Greenfield project announcements increased by 39 per cent, and international project finance deals by 15 per cent. The energy sector, both extractives and energy generation, saw the biggest increase.

• **FDI inflows in developing Asia** were flat at $662 billion but still accounted for more than half of global FDI. India and ASEAN were the most buoyant recipients, with increases of 10 and 5 per cent, respectively, and strong growth in project announcements. China, the second largest FDI host country in the world, saw a 5 per cent increase. FDI in the Gulf region declined, but the number of project announcements increased by two thirds.

• **Flows to Latin America and the Caribbean**

Increased by 51 per cent, reaching $208 billion, the highest level ever recorded. High commodity prices pushed up reinvested earnings of foreign affiliates in extractive industries. Project growth across the region was more modest, with 14 per cent more greenfield announcements and a decline in international project finance deals.

FDI flows to the structurally weak and vulnerable economies declined. Despite the increase in developing countries overall, FDI in the 46 least developed countries (LDCs) fell by 16 per cent to $22 billion – less than 2 per cent of global FDI. Greenfield project announcements to LDCs recovered some ground after the 2020–2021 decline, but they remained well below their 10-year average. Landlocked developing countries (LLDCs) and Small Island developing States (SIDS) saw small increases in FDI.

Industry trends showed increasing project numbers in infrastructure and global value chain (GVC)-intensive industries, stable numbers in energy and a slowdown in digital economy sectors. GVC-intensive industries that face supply-chain restructuring pressures, including electronics, automotive and machinery, saw project numbers and values grow. Three of the five largest announced investment projects were in semiconductors, in response to global chip shortages.

The degree of internationalization – the ratio of foreign over total assets, sales and employment – of the largest MNEs remained stable overall. The trend documented in successive WIRs of overseas sales growing at a faster pace than assets and employment continued in 2022. Whereas in previous years this was driven by asset-light MNEs in the digital economy, in 2022 it was caused by high energy prices, which boosted revenues of companies in oil and gas, commodity trading and utilities. Overseas sales of the top 100 MNEs increased by more than 10 per cent, while the value of their overseas assets declined marginally.

International investment in sectors relevant for the Sustainable Development Goals (SDGs) in developing countries increased in 2022. Infrastructure, energy, water and sanitation, agrifood systems, health and education all saw higher project numbers. Yet the increase since 2015, when the SDGs were adopted, is relatively modest, due to weak growth in the early years and the sharp decline in investment during the pandemic.

A review of investment needs at the midpoint of the 2030 Agenda for Sustainable Development shows that **the investment gap across all SDG sectors** has increased from $2.5 trillion – estimated in WIR2014, on the eve of the adoption of the SDGs – to more than $4 trillion per year today. The largest gaps are in energy, water and transport infrastructure. The increase is the result of both underinvestment and additional needs.

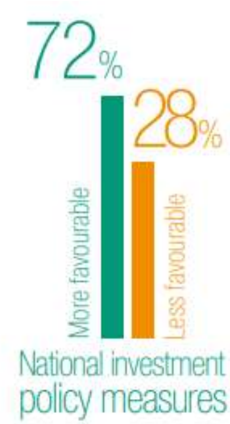
The growth of investment in renewable energy slowed down in 2022. Greenfield investment announcements doubled but international project finance deals, which are usually larger, declined. Although total international investment in renewables has nearly tripled since 2015, in developing countries the growth rate has exceeded growth in gross domestic product (GDP) only marginally. In LDCs, the growth of renewables investment has substantially lagged GDP growth.

International investment in the renewable energy supply chain is growing. The number of new projects announced in critical minerals in 2021 and 2022 was more than double the average level of the last decade. Investment projects in solar and wind component manufacturing are also increasing, although from a low level. In 2022, the value of announced projects in battery manufacturing tripled, to more than $100 billion. Most projects are in the United States and in European manufacturing hubs, but a few developing countries attracted sizeable investment.

Energy companies in the ranking of the top 100 MNEs are divesting fossil fuel assets at a rate of about $15 billion per year. Buyers include mostly private equity funds, smaller operators within the sector and commodity traders. A key concern is that such private (non-listed) buyers often have lower or no emission-reduction goals and weaker climate reporting standards. This calls for a new model of climate-aligned dealmaking.

INVESTMENT POLICY DEVELOPMENTS

Investment policymaking activity surged in 2022, as many countries adopted measures to counter an expected economic downturn. The number of measures favourable to investment reached 102, nearly doubling from the previous year and regaining their prepandemic share of total measures.



The trend towards increased screening of FDI continued. The number of countries conducting investment screening on national security grounds increased to 37. The introduction or tightening of national security regulations affecting FDI represented almost half of the policy measures less favourable to investment. Most of these measures were introduced by developed countries. **In total, countries with FDI screening regimes accounted for 68 per cent of FDI stock in 2022**.

The number of M&A deals withdrawn because of regulatory or political concerns increased by a third. Investment facilitation measures featured prominently in both developed and developing countries. Most measures adopted by developing countries focused on facilitation and the opening of new sectors or activities to FDI.

Countries at different levels of development adopt different policy measures to promote renewable energy investment. Developing countries, including LDCs, often use tax incentives that do not require initial expenditures of scarce public funds, whereas developed economies favour financial incentives as well as more sophisticated instruments such as feed-in tariffs. **Fossil fuel subsidies** around the world amounted to $1 trillion in 2022 – a record level, and eight times the value of subsidies provided to renewable energy.

CAPITAL MARKETS AND SUSTAINABLE FINANCE

Sustainability-themed investments remain resilient amid volatile capital markets. The value of the overall sustainable finance market (bonds, funds and voluntary carbon markets) reached $5.8 trillion in 2022, despite the turbulent economic environment, including high inflation, rising interest rates, poor market returns and the looming risk of a recession, which all affected financial markets.

Sustainable funds continued to be more attractive to investors than traditional funds. Despite a decline in the market value of the global sustainable fund market from its high of $2.7 trillion in 2021 to $2.5 trillion in 2022, net inflows to the market were positive, in contrast to traditional funds, which experienced net outflows. Sustainable funds make a significant contribution to the SDGs.

As of the end of 2022, more than half a trillion dollars, or 30 per cent of the holdings of UNCTAD-monitored funds, were committed to eight SDG-relevant sectors, up from 26 per cent in 2021. Health, renewable energy, agrifood systems, and water and sanitation remain the largest recipients of funding, accounting for 95 per cent of the assets committed to SDG sectors.

The European Union, China and the United States maintained their momentum in sustainable finance policymaking, with continued progress on disclosure requirements and standards-setting. Broadly, the European Union has predominantly adopted a regulatory approach, prioritizing the establishment of a comprehensive framework for sustainable finance.

INVESTMENT IN SUSTAINABLE ENERGY FOR ALL

The investment needs associated with the energy transition are enormous. To stay close to the goal of limiting global warming to 1.5°C, the world needs about 1.5 times today's global GDP in investment between now and 2050.

Placing international investment in the context of total energy transition investment confirms that FDI plays a significant role. In the renewable energy sector, international project finance accounts for 55 per cent of total project finance values. This share increases for developing countries, exceeding 75 per cent in LDCs.

To date, 31 developing countries, including 11 LDCs, have not yet registered a single utility-sized international investment project in renewables or other energy transition sectors.

The cost of capital in project finance varies depending on the stakeholders involved. In developing countries, on average, bringing in international investors lowers the spread on debt finance by 8 per cent; adding in multilateral development banks (MDBs) lowers it by 10 per cent. Combining international, MDB and government stakes in public private partnerships reduces the spread by 40 per cent. This shows the importance of promoting such partnerships and lends support to the shift in MDB lending priorities towards sustainable energy and infrastructure assets.

Institutional investors, pension funds and sovereign wealth funds are ideally placed to help finance sustainable energy. However, they often lack access to investment opportunities in developing countries as they are prevented from investing in non-investment-grade projects. Policy action is needed to transform non-fiduciary investment opportunities in developing economies into fiduciary investment assets through international support for de-risking activities.

FOREGIN DIRECT INVESTMENT

1. Global trends

Global foreign direct investment (FDI) flows in 2022 declined by 12 per cent to $1.3 trillion, after nosediving in 2020 and rebounding in 2021.[1] The multitude of crises and challenges on the global stage – the war in Ukraine, high food and energy prices, risks of recession and debt pressures in many countries – negatively affected global FDI.

International project finance values and cross-border mergers and acquisitions (M&As) were especially shaken by stiffer financing conditions, rising interest rates and uncertainty in financial markets. The value of international project finance deals fell by 25 per cent in 2022, while cross-border M&A sales were 4 per cent lower.

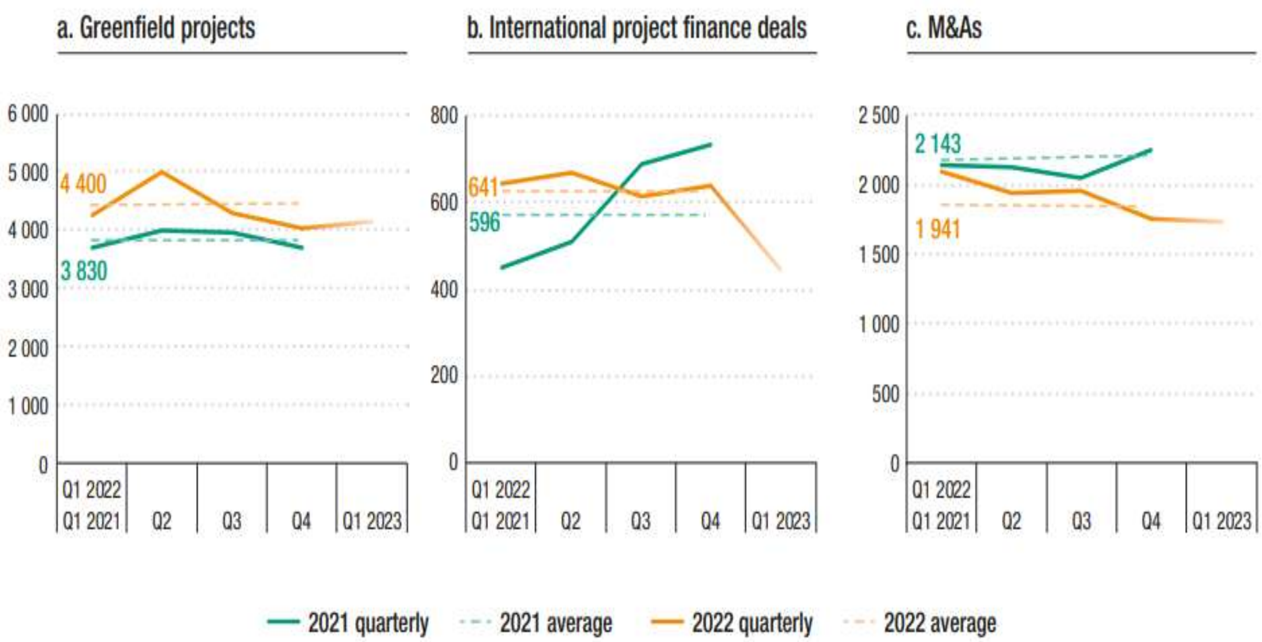
The global environment for international business and cross-border investment remains challenging in 2023. Although the economic headwinds shaping investment trends in 2022 have somewhat subsided, they have not disappeared. Commodity prices that rose sharply with the war in Ukraine have tempered, but the war continues, and geopolitical tensions are still high. Recent financial sector turmoil in some developed countries adds to investor uncertainty. In developing countries, continuing high debt levels limit fiscal space.

UNCTAD expects the downward trend of global FDI to continue in 2023. Early indicators confirm the negative FDI outlook: FDI project activity in the first quarter of 2023 shows that investors are uncertain and risk averse. According to preliminary data, the number of international project finance deals in the first quarter of 2023 was down significantly.

Announced Greenfield Projects, international project finance deals and cross-border M&As, Q1 2021–Q1 2023 (Number and per cent)

FDI flows to developed economies fell by 37 per cent, to $378 billion. Much of the decline was driven by one-off transactions and financial flows, and there were signs of investment strength in new projects. Announced greenfield projects were up 4 per cent in number and 37 per cent in value.

FDI flows to developing economies rose by 4 per cent, to $916 billion – the highest level ever recorded. Announcements of greenfield projects in developing countries rose by 37 per cent in number, and their value more than doubled. This increase was mostly the result of megaprojects announced in the renewable energy sector, including five of the 10 highest-value projects.



Source: UNCTAD, based on information from the Financial Times Ltd, fDi Markets (fDimarkets.com) and Refinitiv SA.

2. Trend by Geography

FDI inflows

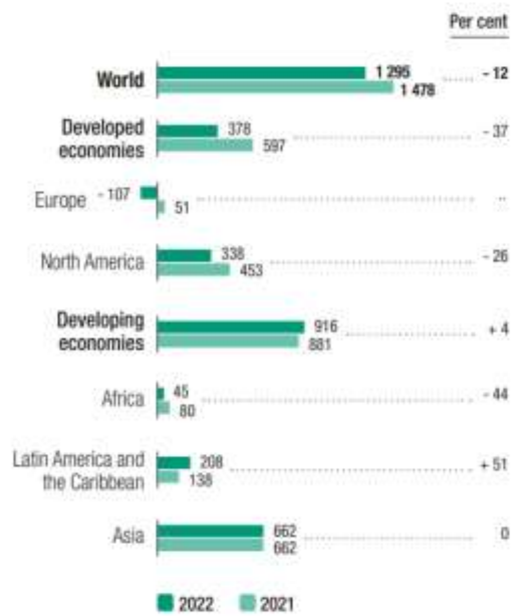
The 2022 decline in developed economies reflected the uncertainty in financial markets and the winding up of stimulus packages, but the volatile nature of FDI flows in developed markets also continued to affect aggregate values.

In Europe, FDI totals were affected by fluctuations in the major conduit economies as well as by a large withdrawal of capital by a telecommunication MNE operating in Luxembourg. In the United States, where inflows fell by 26 per cent, the halving of cross-border M&A values played a role. FDI flows to developing economies as a group increased Inflows to developing Asia remained flat at $662 billion.

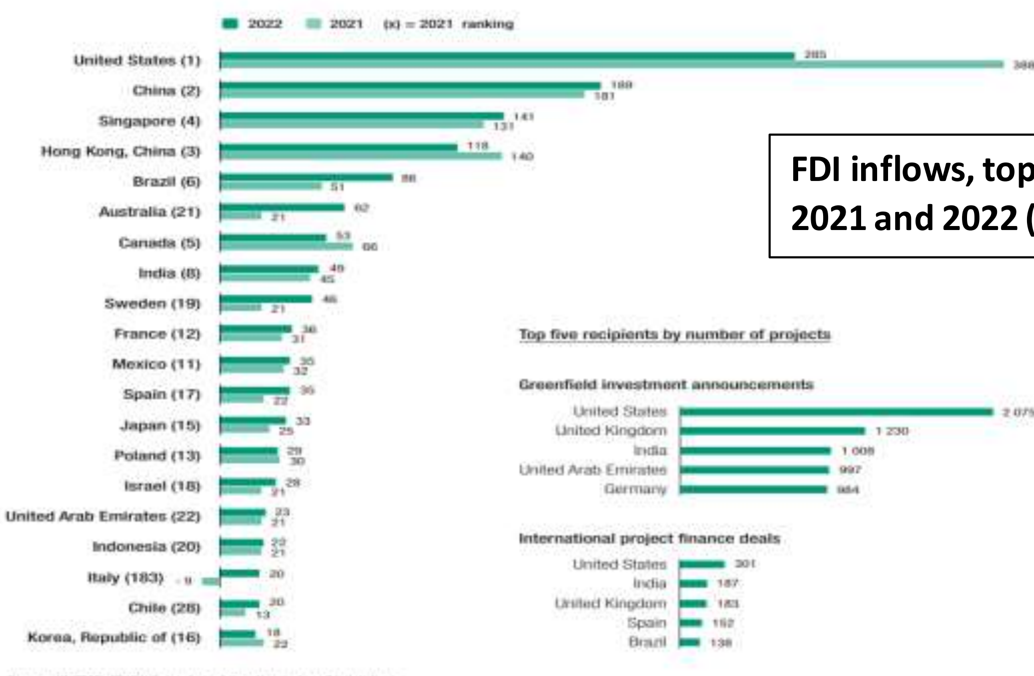
Those to Latin America and the Caribbean rose by 51 per cent to $208 billion – a record level. And inflows to Africa fell by 44 per cent following the anomalous peak in 2021 caused by a large corporate reconfiguration in South Africa.

The United States remained the largest host for announced greenfield projects and international project finance deals, followed by the United Kingdom, India, the United Arab Emirates and Germany for greenfield projects, and by India, the United Kingdom, Spain and Brazil for project finance deals

FDI inflows by region, 2021–2022 (Billions of dollars and per cent)



FDI inflows, top 20 host economies, 2021 and 2022 (Billions of dollars)



Developed economies

In 2022, FDI flows to developed countries as a group fell by 37 per cent, largely in Europe and North America. In the other developed countries, they rose. In the United States, flows declined by 26 per cent to $285 billion, mainly due to the halving of cross-border M&As, which generally account for a large share of inflows. Among the 10 largest sales, only one occurred in the United States.

The decrease in M&As had a direct impact on the equity component of FDI, which fell by 35 per cent. Inflows declined strongly in chemicals, computer and electronic products and finance. Information and communication remained the largest recipient industry ($51 billion) – a 21 per cent increase from 2021.

FDI in Canada decreased by 20 per cent to $53 billion, as cross-border M&A sales fell by 37 per cent. As in 2021, large sales occurred in extractive industries. For example, Rio Tinto (United Kingdom) acquired Turquoise Hill Resources, an operator of copper and nickel ore mines, for $3.3 billion, and Newcrest Mining (Australia) acquired Pretium Resources, an operator of a gold ore mine, for $2.8 billion.

Total values for FDI inflows in developed countries, Europe and the EU are distorted by large fluctuations in conduit economies and by one-off M&A transactions. Excluding Luxembourg, inflows to the EU increased from $127 billion to $197 billion. Sweden saw FDI inflows more than double to $46 billion – making it the largest EU recipient of FDI. Equity investment accounted for two thirds of total inflows, mostly the result of a steep rise in cross-border M&As, to $35 billion. Flows in France were up 18 per cent to $36 billion, also mainly due to large M&A deals (from $4.6 billion to $31 billion), in transportation and storage, information and communication, and finance and insurance. Greenfield projects announced in France reacached $20 billion, up from $14 billion in 2021.

FDI also grew in Italy, from -$9 billion to $20 billion. While cross-border M&As declined to $11 billion, announced greenfield projects rose 28 per cent, to $25 billion. The number of international project finance deals doubled to 114, making Italy the sixth largest recipient of such deals.

In Germany, FDI flows fell by 76 per cent, to $11 billion, owing to a decline in equity investment caused mostly by the acquisition of a Finnish-owned affiliate by the German State, for $20 billion. In Switzerland and the United Kingdom, flows turned positive after large negative values in 2021.

In Switzerland, there was a large deal in pharmaceuticals with CSL Behring (Australia) acquiring Vifor Pharma for $11 billion. FDI flows to the United Kingdom rose to $14 billion after a revised -$71 billion in 2021. Cross-border M&A sales doubled to $202 billion**. In the Russian Federation**, FDI flows fell to -$19 billion in 2022 from $39 billion in 2021, as more large companies divested. Flows to Ukraine fell to $1 billion from $7 billion last year. Most other developed economies saw FDI inflows rise in 2022. **In Australia**, flows tripled to $62 billion as M&A sales almost tripled. In Israel, FDI continued its upward trend, to $28 billion. **FDI flows to Japan** also increased again, reaching $33 billion – the highest level ever recorded. Flows to the Republic of Korea fell by 18 per cent, to $18 billion.

The value of announced greenfield projects in developed economies rose by 37 per cent to a record $639 billion, while the number of projects rose by 4 per cent.

<u>The value of projects in the primary sector remained low (at $12 billion);</u> in manufacturing and services it rose by 39 and 35 per cent, respectively. **Greenfield projects in electronics and electrical equipment** grew to a record $118 billion. Automotives also saw a rise, to $37 billion. The value of announced projects in **electricity and gas supply** more than doubled, to $196 billion. **The largest deal was in semiconductors**, a plan by Taiwan Semiconductor Manufacturing (Taiwan Province of China) to boost capital spending in the United States to $28 billion.

The number of international project finance deals in developed economies rose by 10 per cent in 2022, reaching 1,549 projects – a record. However, the total value of deals fell by 14 per cent to $665 billion. Renewable energy remained the most important industry, with more than half the deals (855).

Developing economies

FDI flows to developing economies as a group increased by 4 per cent to $916 billion in 2022. The increase was mainly the result of strong growth performance in Latin America and the Caribbean.

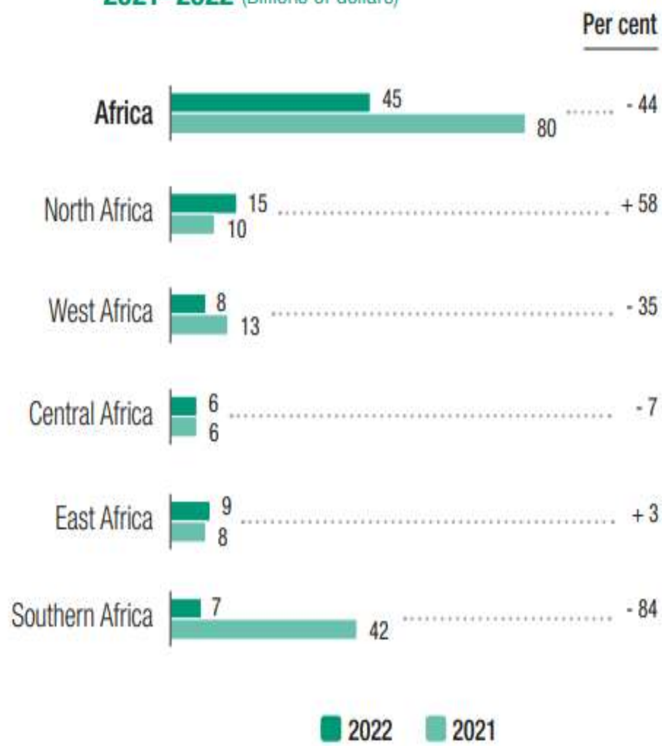
FDI flows continue to be an important source of external finance for developing economies compared with other cross-border capital flow.

Africa FDI flows to Africa fell by 44 per cent to $45 billion, following a record year in 2021 that was due to a single intrafirm financial transaction in South Africa (figure I.7). Excluding this deal, the change in FDI flows to Africa in 2022 would have increased by 7 per cent.

In North Africa, Egypt saw inflows more than double to $11 billion with increased cross-border M&A sales. Announced greenfield projects there more than doubled in number, to 161. And international project finance deals rose in value by two thirds, to $24 billion.

Flows to Morocco decreased slightly, by 6 per cent, to $2.1 billion. Greenfield investment announced in that country quadrupled to $15 billion, with the plans by Total Eren (Luxembourg) to build a hydrogen and green ammonia production plant in Morocco for more than $10 billion.

FDI inflows in Africa, by subregion, 2021–2022 (Billions of dollars)



Source: UNCTAD, FDI/MNE database (https://unctad.org/fdistatistics).

Developing Asia

FDI flows to developing Asia remained flat at $662 billion (figure I.8). The region is the largest recipient of FDI, accounting for half of global inflows. The number of announced greenfield projects and international project finance deals in the region increased by 45 and 20 per cent, respectively.

In East Asia, FDI decreased by 3 per cent to $324 billion in 2022. Flows to China rose by 5 per cent, to a record $189 billion. The increase was concentrated in manufacturing and high-tech industries (mainly electronics and communication equipment) and came mostly from European MNEs. Cross-border M&A sales tripled to $15 billion.

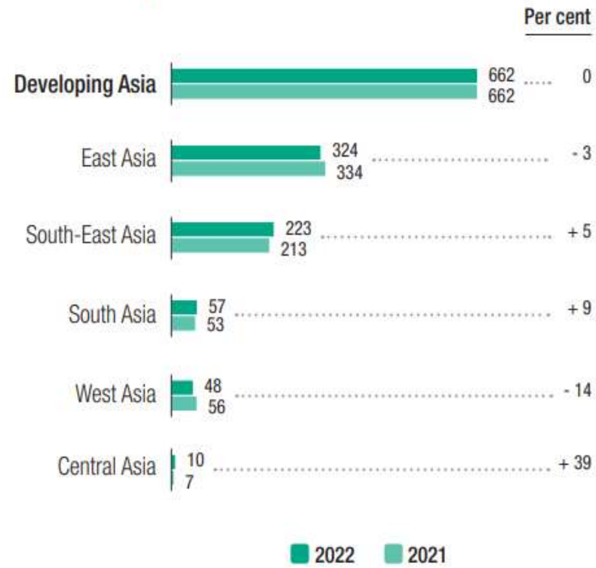
The largest deals were the $4 billion acquisition by BMW (Germany) of a further 25 per cent stake in BMW Brilliance Automotive, a Beijing-based manufacturer and wholesaler, and the $3.4 billion merger of COVA Acquisition (United States) and ECARX Holdings, a Shanghai-based manufacturer of semiconductors and electronics. A number of MNEs have been restructuring their global supply chains, with implications for FDI in China. Flows to South-East Asia increased by 5 per cent to $223 billion – the highest level ever recorded. The values of announced greenfield projects and international project finance deals also increased, by 28 and 49 per cent, respectively. In contrast, the value of crossborder M&As fell by 75 per cent to $12 billion.

Singapore, the largest recipient, registered another record, up 8 per cent to $141 billion (accounting for almost two thirds of flows to the Association of Southeast Asian Nations (ASEAN)). Flows to Malaysia rose by 39 per cent to $17 billion – a new record for the country.

In South Asia, FDI flows to India rose by 10 per cent to $49 billion, making it the third largest host country for announced greenfield projects and the second largest for international project finance deals. Among the largest greenfield projects were the plans by Foxconn (Taiwan Province of China) and Vedanta Resources (India) to build one of the first chip factories in India for $19 billion and a $5 billion project to produce urea from green hydrogen by a joint venture of Total Energies (France) and Adani Group (India).

Flows to Saudi Arabia fell by 59 per cent to 7.9 billion. Cross-border M&A sales remained high. Among the largest deals was the $16 billion acquisition of a 49 per cent stake in Aramco Gas Pipeline by an investor group from the United States, China, Saudi Arabia and Hong Kong, China.

Figure I.8. FDI inflows in developing Asia, by subregion, 2021–2022
(Billions of dollars and per cent)



Source: UNCTAD, FDI/MNE database (https://unctad.org/fdistatistics).

Flows to the United Arab Emirates increased by 10 per cent to $23 billion – the highest ever recorded. The country received the fourth largest number of greenfield projects (997), an 84 per cent increase.

Two of the largest projects included the building of a neutron therapy hospital, medical university and convention centre in Abu Dhabi by Star Energy (Austria) in a $1.8 billion joint venture with locally based Royal Strategic Partners and MIG Group, and the building of a $1 billion green hydrogen plant at Khalifa Industrial Zone in Abu Dhabi by Korea Electric Power (Republic of Korea).

Flows to Türkiye rose by 9 per cent to $13 billion. Banco Bilbao Vizcaya Argentaria (Spain) acquired a stake in Türkiye Garanti Bankasi, an Istanbul-based commercial bank, for $1.5 billion.

Flows to Central Asia increased by 39 per cent to $10 billion. FDI to Kazakhstan almost doubled to $6.1 billion, with increases in the extractive industries (to $4.1 billion), mainly from MNEs in the Netherlands and the United States. Flows rose by 11 per cent to $2.5 billion in Uzbekistan.

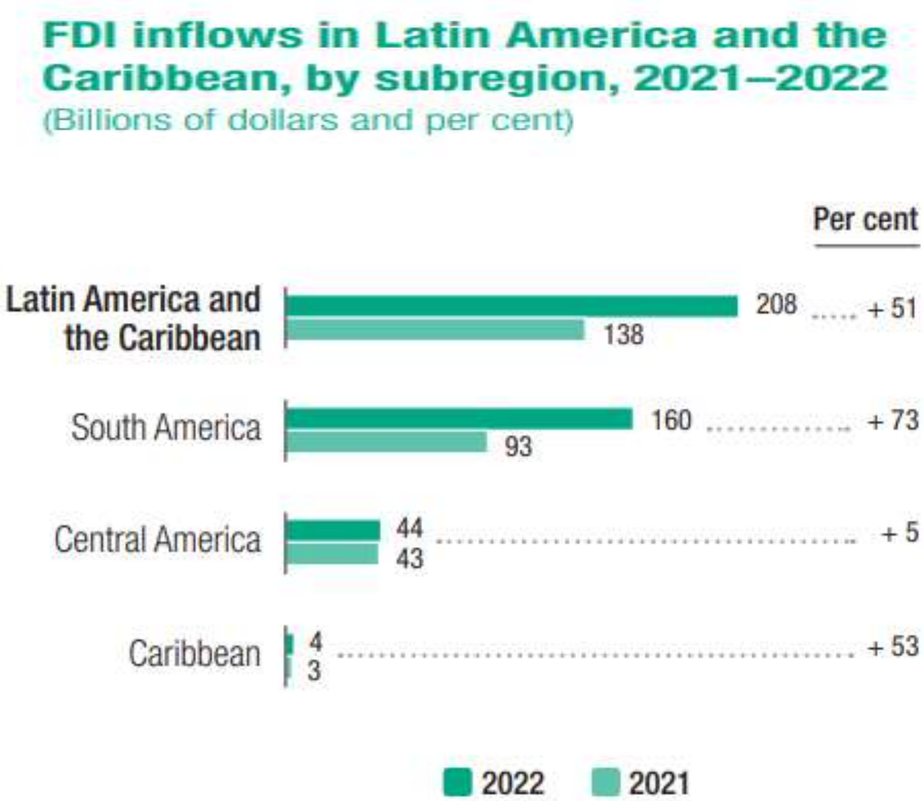
Latin America and the Caribbean In 2022

FDI in Latin America and the Caribbean increased by 51 per cent to $208 billion, sustained by high demand for commodities and critical minerals. In South America all major recipients saw their FDI flows rise, driven by investment in mining and hydrocarbons.

In Brazil, flows rose by two thirds, reaching $86 billion, the second highest value ever recorded. Reinvested earnings doubled to $34 billion – a record. The number of announced greenfield projects and international project finance deals rose by almost 30 per cent, to 242 and 138, respectively. The country ranked fifth worldwide by number of international project finance deals. Large projects included the construction of a palm mill for $3 billion by Empresas Copec (Chile) and of the Rio-Valadares Highway in Brazil for $2.3 billion, sponsored by EcoRodovias (Brazil) and Logistica (Italy).

FDI to Colombia grew by 82 per cent to $17 billion, led by extractives; construction; finance; and transport, logistics and communication services. FDI in Argentina and Peru doubled to $15 billion and $12 billion, respectively.

In Central America, FDI reached $44 billion – up 5 per cent from 2021. Flows to Mexico, the second largest recipient in Latin America, increased by 12 per cent to $35 billion, with a rise in new equity investment and reinvested earnings. The value of net cross-border M&A sales jumped to $8.2 billion (from less than $1 billion in 2021). A large deal was the acquisitio



Source: UNCTAD, FDI/MNE database (https://unctad.org/fdistatistics).

FDI outflows

In 2022, MNEs from developed economies decreased their investment abroad by 17 per cent to $1 trillion. The trend was distorted by the withdrawal of capital by a telecommunication company in Luxembourg (excluding that, FDI outflows would have increased by 9 per cent). The share of developed economies in global outward FDI remained stable, at two thirds.

Aggregate outward investment by European MNEs fell by 61 per cent to $224 billion, down from $573 billion in 2021. Investment by German MNEs declined by 13 per cent, but at $143 billion they remained the largest European investors and the fourth largest country group in the world.

Investment by Swedish MNEs tripled to $62 billion, reflecting a large increase in cross-border M&As. Deals included EQT's purchase of Baring Private Equity Asia (Hong Kong, China) for $7.6 billion and the merger of Telefonaktiebolaget LM Ericsson with Vonage Holdings (United States) for $5.7 billion. MNEs from Spain and France increased investment to $39 billion and $48 billion, respectively.

MNEs from the United Kingdom increased FDI abroad to $130 billion, from $85 billion in 2021, mainly in the form of reinvested earnings and a rise in intracompany loans. Outward FDI flows from Switzerland remained negative (-$23 billion). MNEs from the United States increased their investment abroad by 7 per cent, to $373 billion.

Cross-border M&A purchases from the United States rose by 21 per cent to a record $273 billion. The biggest increases were in information and communication and in administrative and support services. Among more than 40 global deals worth more than $5 billion, 15 originated in the United States. Japanese and Australian MNEs increased overseas investment as well.

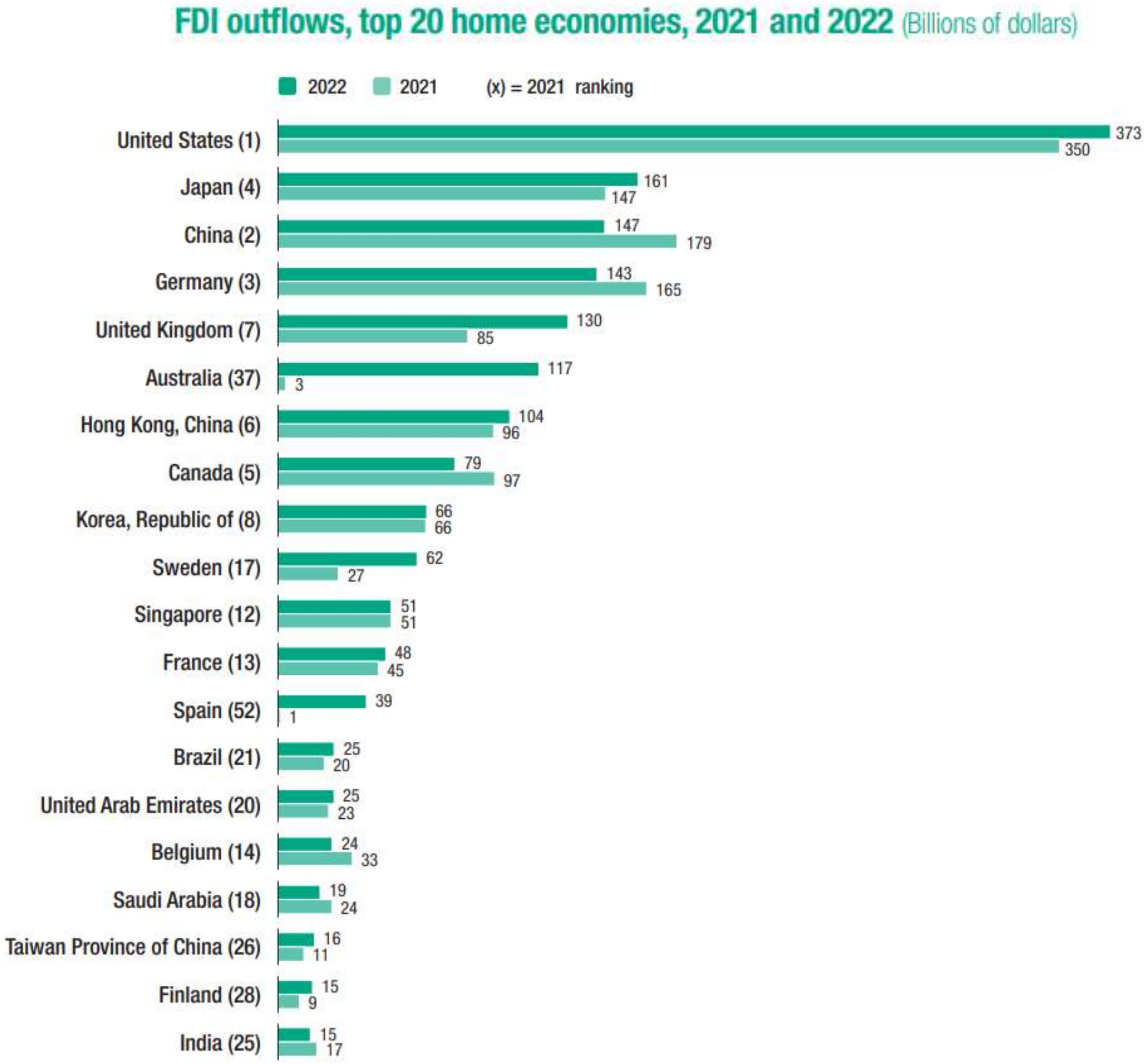
Outflows from Japan rose by 10 per cent to $161 billion – making it the second largest investor country. Announced greenfield projects rose by 47 per cent to $44 billion, while cross-border M&As declined from $60 billion to $6.2 billion.

Outflows from Australia rose from $3.4 billion to $117 billion, mainly due to the acquisition of BHP (United Kingdom) from BHP (Australia).

MNEs from the Republic of Korea continued their investment abroad at a similar rate as in 2021, at $66 billion, with the value of announced greenfield projects increasing for the second year in a row, from $34 billion to $76 billion.

The value of investment activity abroad by MNEs from developing economies decreased by 5 per cent, to $459 billion. Flows from developing Asia fell by 11 per cent, but the region remained an important source of investment, accounting for a quarter of global FDI.

FDI from China fell by 18 per cent to $147 billion. Nevertheless, it was the third largest investor home-country in the world (see figure I.12). The value of cross-border M&A purchases rose to $10 billion from $1 billion, and announced greenfield FDI reached $41 billion, a 24 per cent increase. The largest greenfield announcements by Chinese MNEs were in the battery supply chain: Chinese Contemporary Amperex Technology is to set up its second European plant in Hungary, worth about $7.5 billion, while Gotion High Tech is set to build new electric vehicle battery plants in the United States worth a combined $2.4 billion.



Source: UNCTAD, FDI/MNE database (https://unctad.org/fdistatistics).

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However, greenfield project announcements by Indian MNEs more than tripled to $42 billion. Two of the largest greenfield projects were in renewables, with Acme Group announcing a $13 billion plant in Egypt to produce 2.2 billion tonnes of green hydrogen annually and ReNew Power announcing that it will set up a $8 billion green hydrogen plant in the Suez Canal Economic Zone.

Overseas investment by MNEs in ASEAN rose by 6 per cent, mainly due to the increase of FDI from Malaysia (from $5 billion to $13 billion) and Indonesia (from $4 billion to $7 billion).

Both cross-border M&A purchases and greenfield projects announced by Malaysian MNEs rose. Petronas Chemicals Group (Malaysia) acquired Perstorp Holding (Sweden) for $2.6 billion, and Petronas Hydrogen committed to invest $3.8 billion in India to set up a renewable energy plant.

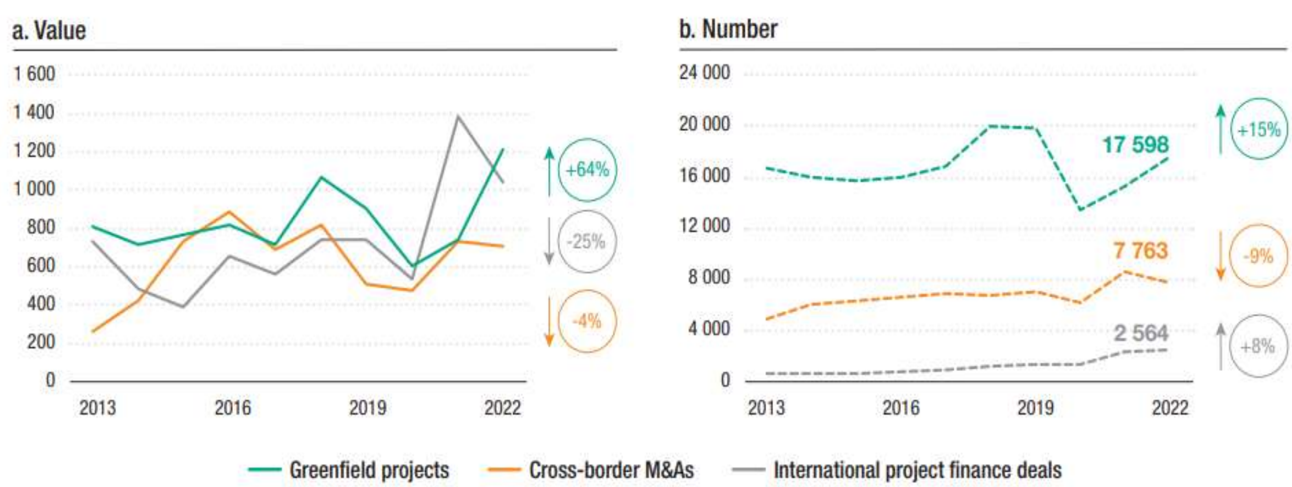
Singaporean MNEs remained the largest investor in the region, with outward FDI of $51 billion – the same value as in 2021. Outward FDI from Latin America and the Caribbean continued its upward trend to $59 billion. FDI outflows from Mexico turned positive to $13 billion from -$2 billion in 2021. Investment by Brazilian MNEs rose by 23 per cent to $25 billion. Flows from Chile also grew, by 4 per cent to $12 billion.

3. Trends by Project type and sector

(I) Greenfield investment trends In 2022

The value of announced greenfield investment projects rose by 64 per cent to $1.2 trillion – the second highest level recorded since 2008. It more than doubled in developing economies to $573 billion (with project numbers up 37 per cent) and rose by 37 per cent in developed countries (with project numbers up 4 per cent). The sectoral distribution of greenfield megaprojects announced in 2022 illustrates key trends in cross-border investment. Of the 10 largest announced projects, 3 were in semiconductors, in response to global shortages and supply chain restructuring trends, and 5 were in renewables.

Value and number of announced greenfield projects, international project finance deals and cross-border M&As, 2013–2022 (Billions of dollars, number and per cent)



Source: UNCTAD, based on information from the Financial Times Ltd, fDi Markets (fDimarkets.com) and Refinitiv SA.

Announced greenfield projects, by sector and top industries, 2021–2022
(Billions of dollars, number and per cent)

Sector/industry	Value (Billions of dollars) 2021	Value (Billions of dollars) 2022	Growth rate, 2021–2022 (%)	Number 2021	Number 2022	Growth rate, 2021–2022 (%)
Total	**739**	**1 213**	**64**	**15 318**	**17 598**	**15**
Primary	13	97	618	103	118	15
Manufacturing	320	437	37	5 934	5 970	1
Services	406	679	68	9 281	11 510	24
Top 10 industries in value terms						
Energy and gas supply	141	362	157	518	556	7
Electronics and electrical equipment	138	181	31	1 100	1 167	6
Information and communication	106	120	14	3 887	5 024	29
Extractive industries	12	95	718	59	89	51
Construction	49	62	27	332	211	-36
Automotive	39	59	53	718	694	-3
Transportation and storage	36	56	58	765	978	28
Basic metal and metal products	12	43	249	228	225	-1
Chemicals	23	26	12	456	474	4
Finance and insurance	15	22	46	727	1 032	42

Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com).

Also emblematic for global investment trends and the effects of the energy crisis was the eightfold increase in the value of greenfield projects in extractive industries.

The number of projects increased by 15 per cent (table I.5). The largest included a $10 billion investment by ExxonMobil (United States) in a fourth oil production project off the coast of Guyana, a $7.5 billion extension of the oil extraction activity of Emirates National Oil Company (United Arab Emirates)

in Turkmenistan and Saudi Aramco's plans to invest in a $7 billion project to produce petrochemicals from crude oil at its refining complex in the port city of Ulsan in the Republic of Korea.

The value of projects in manufacturing rose by 37 per cent to $437 billion – a quarter above the average of the last 10 years. The number of projects, however, remained stagnant at 5,970.

The increase in the number of greenfield project announcements was mostly driven by services, which now account for two thirds of all projects – the highest share on record. The value of greenfield projects in services also reached record highs.

(ii) International project finance trends in 2022

The number of international project finance deals rose by 8 per cent, but their value was 25 per cent lower than in 2021. International project finance in renewable energy, which has accounted for much of the growth in project finance in recent years, slowed down.

While the number of deals remained stable, values fell by almost 30 per cent to $368 billion. Large projects included the $15 billion construction of floating marine wind farms in Italy by Falck Renewables (Italy) and Bluefloat Energy (Spain), and the construction of a 4,000 MW offshore wind power plant in Binh Thuan, Viet Nam by AES (United States) for $13 billion.

Announced international project finance deals, top industries, 2021–2022
(Billions of dollars, number and per cent)

Industry	Value (Billions of dollars)			Number		
	2021	2022	Growth rate (%)	2021	2022	Growth rate (%)
Total	**1 384**	**1 044**	**-25**	**2 383**	**2 564**	**8**
Top 10 industries by number						
Renewable energy	521	368	-29	1 274	1 293	1
Industrial real estate	184	188	2	181	270	49
Residential/commercial real estate	42	48	14	190	223	17
Power	222	120	-46	152	178	17
Telecommunication	84	78	-8	95	118	24
Oil and gas	152	67	-56	126	105	-17
Transport infrastructure	53	44	-17	98	93	-5
Mining	42	42	-1	126	78	-38
Petrochemicals	55	54	-2	62	73	18
Waste and recycling	3	8	124	16	38	138

Source: UNCTAD, based on information from Refinitiv SA.

The number of international project finance deals in industrial real estate has grown for the last two years. In 2022, deal numbers rose further by 49 per cent, to 270 projects, with a value of $188 billion.

The number of deals targeting residential and commercial real estate also increased, by 17 per cent, to 223. International project finance in the oil and gas industry in 2022 fell by 17 per cent in number and 56 per cent in value, showing that much of the activity in the sector has shifted to corporate-financed greenfield investment.

(iii) Cross-border M&A trends

Cross-border M&A sales reached $707 billion in 2022 – down 4 per cent (table I.7). In manufacturing, cross-border M&As fell by 42 per cent to $142 billion, while deals targeting services decreased slightly, by 5 per cent, to $442 billion. In the primary sector, M&A values more than quadrupled to $122 billion, breaking the decade-long downward trend.

After the rise in value in 2021, M&A sales in pharmaceuticals fell by 51 per cent to $36 billion, while the number of deals dropped by 22 per cent to 169. The largest deal of the year was recorded in the pharmaceutical industry: the $11 billion acquisition of Vifor Pharma (Switzerland) by CSL Behring (Australia) and the purchase of the biosimilars business of Viatris (United States) by Biocon Biologics (India) for $3.3 billion.

Net cross-border M&As, by sector and top industries, 2021–2022 (Concluded)
(Billions of dollars, number and per cent)

	Value (Billions of dollars)			Number		
Sector/industry	2021	2022	Growth rate (%)	2021	2022	Growth rate (%)
Top 10 industries in value terms						
Information and communication	135	166	23	2 045	1 799	-12
Extractive industries	25	121	387	420	216	-49
Finance and insurance	75	88	17	714	602	-16
Transportation and storage	53	41	-23	313	297	-5
Pharmaceuticals	73	36	-51	218	169	-22
Electronics and electrical equipment	39	29	-27	299	243	-19
Trade	64	27	-58	643	592	-8
Professional services	38	23	-39	666	730	10
Food, beverages and tobacco	10	21	116	197	157	-20
Real estate	34	20	-42	409	336	-18

Source: UNCTAD, based on information from Refinitiv SA.

b. Selected industries

(i) Infrastructure

In 2022 the combined number of greenfield project announcements and international project finance deals in infrastructure industries rose by 6 per cent, but the value fell by 4 per cent. The decline in value was largely driven by lower investment in power after the boom in 2021. Also, deteriorating financing conditions in 2022 caused a slowdown in highvalue international project finance deals, normally the preferred financing option for large projects in infrastructure.

The effects of large-scale public support packages for infrastructure investment were still noticeable in high values of announced greenfield projects. The number of greenfield projects in renewables rose by 6 per cent to 531. The value of projects more than doubled; COP27 motivated several investors to announce large plans. Other large projects announced in renewables included plans by POSCO (Republic of Korea), a steel producer, to invest $28 billion in green hydrogen manufacturing in Australia and plans by Marubeni (Japan) to develop the 3.6 gigawatt (GW) Ossian offshore wind farm off the east coast of Scotland for $12 billion.

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The number of international project finance deals in transport infrastructure fell by 5 per cent, and values decreased by 17 per cent to $44 billion. The number of projects rose in Europe and developing Asia and fell in North America and in Latin America and the Caribbean. International project finance deals in telecommunication infrastructure rose by 24 per cent to 118 – a record level and several times the average of the last 10 years.

Most of the projects were in information technology, personal communications networks and transmission lines. The bulk of projects were in developed economies, mainly in Europe (57 projects). Among the largest projects were the acquisition by GD Towers of mobile telecommunication towers located in Germany and Austria for $11 billion, sponsored by Digital Bridge Group (Canada), and a fibre-optic expansion project in Germany for $6.9 billion, sponsored by Vodafone Group (United Kingdom) and Altice Group (France).

Table I.8. Infrastructure: announced investment projects, 2020–2022 (Millions of dollars, number and per cent)

	Greenfield projects				International project finance deals			
Sector/industry	**2020**	**2021**	**2022**	**Growth rate, 2021–2022 (%)**	**2020**	**2021**	**2022**	**Growth rate, 2021–2022 (%)**
Infrastructure								
Value	**206 037**	**244 039**	**470 120**	**93**	**342 196**	**880 962**	**609 778**	**-31**
Number of projects	**1 855**	**2 149**	**2 304**	**7**	**1 011**	**1 619**	**1 682**	**4**
Power[a]								
Value	11 828	5 271	8 552	62	30 024	222 177	119 596	-46
Number of projects	51	49	49	0	60	152	178	17
Renewable energy								
Value	110 404	135 971	353 602	160	230 374	521 414	368 306	-29
Number of projects	527	501	531	6	847	1 274	1 293	1
Transport[b]								
Value	26 416	34 822	52 215	50	41 990	53 433	44 245	-17
Number of projects	638	759	969	28	55	98	93	-5
Telecommunication[c]								
Value	57 389	67 976	55 750	- 18	39 808	83 938	77 631	-8
Number of projects	639	840	755	- 10	49	95	118	24

Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fDimarkets.com) and Refinitiv SA.
[a] Excluding renewable energy.

(ii) GVC-intensive industries

Investment projects in global value chain (GVC)-intensive industries, where investment trends are affected by exposure to supply-chain risks and restructuring pressures, rose by 5 per cent in number and by 34 per cent in value.

The number of announced greenfield projects in electronics and electrical equipment rose by 6 per cent. Global shortages for semiconductors prompted several investment megaprojects. Three of the five largest projects announced in 2022 were in semiconductors: Taiwan Semiconductor Manufacturing (Taiwan Province of China) intends to spend more than $28 billion in developing advanced chips and building plant capacity in the United States; Foxconn (Taiwan Province of China) and Vedanta Resources (India) are planning to build one of the first chip factories in India for $19 billion; and Intel (United States) has committed to investing a further $13 billion in its Irish operations.

The value of greenfield projects in the automotive sector rose by 53 per cent, mainly due to projects in electric vehicles. For example, Hyundai (Republic of Korea) plans to spend $5.5 billion to build its first dedicated electric vehicle and battery manufacturing facilities in the United States. Volkswagen (Germany) plans to spend $3.3 billion in the United Kingdom for Bentley, its subsidiary, to build its first battery-powered electric vehicle; it will spend a further $1.9 billion in Spain for SEAT to do the same.

Table I.9. GVC-intensive industries: announced greenfield projects, 2020–2022
(Millions of dollars, number and per cent)

Sector/industry	2020	2021	2022	Growth rate, 2021–2022 (%)
GVC-intensive industries				
Value	**101 373**	**197 388**	**264 813**	**34**
Number of projects	**2 796**	**3 232**	**3 402**	**5**
Electronics and electrical equipment				
Value	47 714	137 928	180 928	31
Number of projects	888	1 100	1 167	6
Semiconductors				
Value	*16 381*	*84 575*	*91 608*	*8*
Number of projects	*55*	*111*	*140*	*26*
Automotive				
Value	35 096	38 567	58 949	53
Number of projects	578	718	694	-3
Machinery and equipment				
Value	7 238	8 061	12 224	52
Number of projects	670	650	727	12
Textiles, clothing and leather				
Value	11 326	12 833	12 712	-1
Number of projects	660	764	814	7

(iii) Digital industries

Typically, digital MNEs engage less in greenfield investment, with most of their investment abroad relating to acquisitions of competitors or valuable start-ups. E-commerce companies are the exception; they need to set up networks of warehouses and distribution facilities. The pandemic-induced boom in e-commerce investment activities remained visible in 2022, although at a slower pace. The number of projects declined by 20 per cent but remained high compared with previous years (table I.10). Much of the decline was accounted for by e-commerce giant Amazon (United States), which announced half as many projects as in 2021; however, the total value at $18 billion was only slightly lower than in 2021.

The largest deals included the launching of new services infrastructure in Europe, based in Switzerland, for $5.9 billion, and cloud infrastructure in Thailand for $5 billion. Internet platforms were also active in greenfield investment in 2022, with a 6 per cent rise in project numbers causing values to double to $6.3 billion. Most of this was accounted for by the largest platforms, Alphabet (United States) and Meta (United States). While Alphabet has been active for some years, with an annual average of $3 billion spent over the last three years, Meta's overseas greenfield investment jumped from $103 million in 2021 to $2.7 billion in 2022. Examples included a $1.5 billion investment in a research and development (R&D) project in Canada and a $1 billion new data centre in Spain.

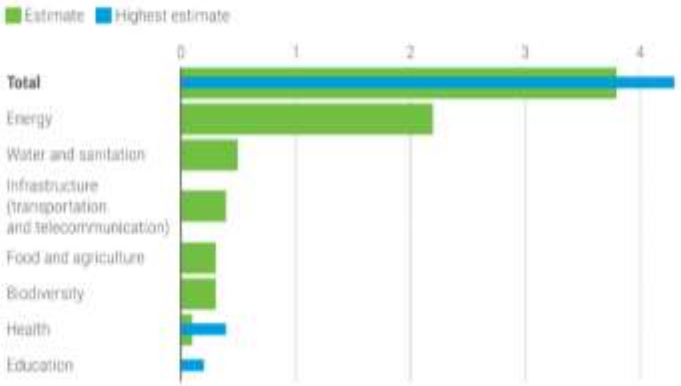
Table I.10. Digital industries: announced greenfield projects, 2020–2022
(Millions of dollars and per cent)

	2020	2021	2022	Growth rate, 2021–2022 (%)
Digital industries				
Value	**21 211**	**31 172**	**32 057**	**3**
Number of projects	**306**	**376**	**338**	**- 10**
Digital content				
Value	506	1 804	506	- 72
Number of projects	30	43	37	- 14
Digital solutions				
Value	1 206	2 962	2 929	- 1
Number of projects	38	48	59	23
E-commerce				
Value	15 214	23 837	22 368	- 6
Number of projects	199	231	185	- 20
Internet platforms				
Value	4 285	2 569	6 254	143
Number of projects	39	54	57	6

Source: UNCTAD, based on information from The Financial Times Ltd, fDi Markets (www.fdimarkets.com).
Note: For the classification of digital industries, see *WIR17*.

Sustainable development goals investment gap widens to $4 trillion

Estimated annual investment gap to reach the SDGs by 2030, total and per sector, capital expenditure, trillions of US dollars



Note: Investment refers to capital expenditure. The range for the health and education sectors reflects uncertainty about the size of the capital expenditure component in the total investment gap for the two sectors, for which the operational expenditure component is expected to be substantial.

International private investment projects in sustainable development goals grows

Change in number of projects, 2021–2022 and 2015–2022, per cent

	2021–2022	2015–2022
Infrastructure Transport infrastructure, power generation and distribution (except renewables), telecommunication	+26%	+16%
Renewable energy Installations for renewable energy generation, all sources	+8%	+21%
WASH Provision of water and sanitation to industry and households	+20%	+13%
Agrifood systems Agricultural production and processes; fertilizers, pesticides and other chemicals; R&D; technology	+6%	-19%
Health and education Hospital facilities, school buildings and other infrastructure for service delivery	+8%	+11%

International investment in SDG sectors in developing countries increased in 2022, with project numbers growing in infrastructure, energy, water and sanitation, agrifood systems, health and education.

But the increase since the SDGs were adopted in 2015 is relatively modest due to weak growth in the early years and the sharp decline in investment during the COVID-19 pandemic.

The report shows that, despite the growth, the annual SDG investment gap in developing countries has widened from $2.5 trillion in 2015 to an alarming $4 trillion. The increase stems from both inadequate investment and additional needs.

Developing countries' energy investment needs, estimated at $2.2 per year – make up more than half the gap. This refers to investment in energy generation, energy efficiency and low-carbon transition technologies and sources. Large gaps also exist for water and transport infrastructure.

The widening SDG investment gap in developing countries stands in contrast to positive trends observed in sustainability investment in global capital markets. The sustainable finance market grew 10% to $5.8 trillion in 2022.

Although renewable energy investments have nearly tripled since the adoption of the Paris Agreement in 2015, most of the money has gone to developed countries.

While developing countries need about $1.7 trillion each year in renewable energy investments – including for power grids, transmission lines and storage – they only attracted about $544 billion in 2022.

The report shows that more than 30 developing countries still haven't registered a large international investment project in renewables.

And in most of the 10 developing countries with the highest levels of international investment in renewable energy, investment in renewables represents between one tenth and one third of total FDI.

The cost of capital is a key barrier to energy investments in developing countries, which are seen as riskier. Partnerships between international investors, the public sector and multilateral financial institutions can greatly reduce the cost of capital.

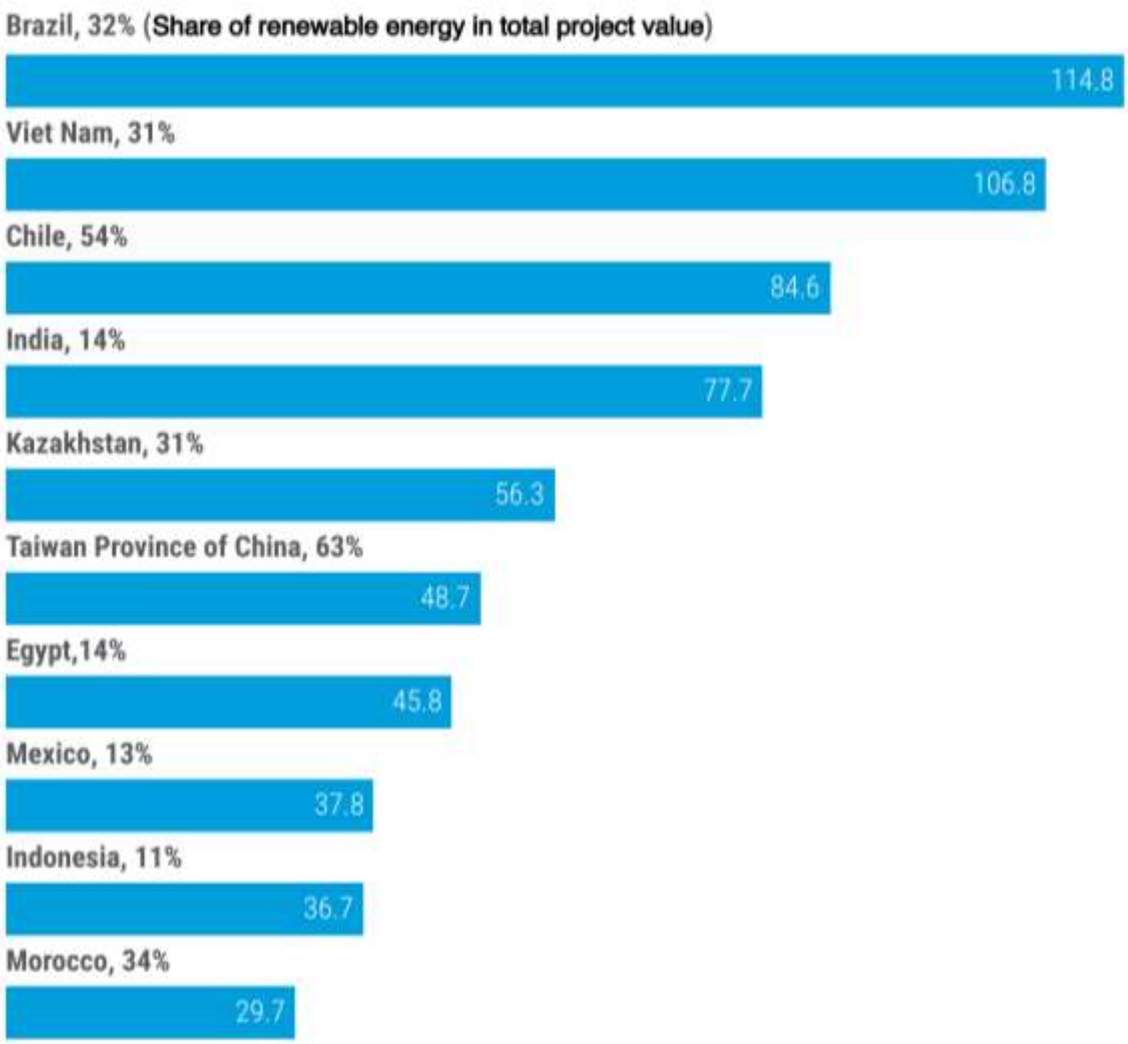
Bringing in international investors, for example, lowers the spread on debt finance by 8%. Adding multilateral development banks (MDBs) lowers it by 10%. And combining the two with governments in public-private partnerships reduces it by 40%.

Although most developing countries have set targets for transitioning to sustainable energy sources, only one third of them have turned the targets into information on investment requirements.

The report highlights the importance of lowering the cost of capital for clean energy investments in developing countries and supporting them more in their investment planning and project preparation.

Top 10 developing economies by international investment in renewable energy

Billions of US dollars and per cent, 2015–2022



Note: Includes international project finance and greenfield investment values.

Source: UNCTAD, based on information from The Financial Times, fDi Markets (www.fdimarkets.com), and Refinitiv SA.

UNCTAD proposes a Global Action Compact for Investment in Sustainable Energy for All.

It contains a set of guiding principles covering the three objectives of the energy transition – meeting climate goals, providing affordable energy for all and ensuring energy security.

It puts forward six action packages covering national and international investment policymaking; global, regional and South–South partnerships and cooperation; financing mechanisms and tools; and sustainable finance markets.

6 actions packages

1. NATIONAL INVESTMENT POLICIES

Reorient general investment incentives to consider emissions' performance.

Customize investment promotion mechanisms for energy transition investment.

Strengthen the capacity of investment promotion institutions to attract energy transition investment.

Leverage special economic zones as energy transition models for the economy and to incubate sustainable energy investment.

2. INTERNATIONAL INVESTMENT POLICIES

Mainstream sustainable development as a core objective of IIAs.

Prohibit the lowering of environmental standards as a means to compete for investment.

Strengthen the promotion and facilitation dimension of IIAs.

Reform IIAs and investor–State dispute settlement to lower the risk of cases on sustainable energy policymaking.

3. GLOBAL PARTNERSHIPS

Set up a one-stop shop for sustainable energy investment solutions, technical assistance and capacity-building.

Promote partnerships for support to groups of vulnerable economies with specific energy transition needs, such as least developed countries and small island developing states.

Promote partnerships for developing investment initiatives in high-emissions and high-impact sectors, such as industry, agriculture and tourism.

4. REGIONAL AND SOUTH–SOUTH COOPERATION

Support regional industrial clusters and regional value chains in new strategic energy transition sectors.

Leverage regional economic cooperation in sustainable energy infrastructure development.

Factor in promotion of energy transition investment in regional trade, investment and industrial cooperation agreements.

5. FINANCING MECHANISMS AND TOOLS

Maximize the lending and de-risking capacity of development finance institutions (DFIs), their focus on catalysing energy transition investment, and their weight in countries with low access to electricity.

Leverage private-public partnerships, in combination with DFIs, to lower financing costs for private investors and to turn projects into fiduciary assets for institutional investors.

Increase deployment of blended finance to mobilize additional private capital.

6. CAPITAL MARKETS AND SUSTAINABLE FINANCE

Ensure adequate standards, disclosure requirements and monitoring capacity to eliminate greenwashing.

Expand requirements to private markets to minimize risks in the process of fossil fuel asset sell-offs.

Expand coverage of carbon markets and exploit cross-border impact potential of voluntary carbon markets.

Raise awareness and capacity to grow sustainable finance in emerging markets.

UAEIIC 2023 Achievements

July 2023

UAE and Turkish Presidents witness announcement of accord and agreements worth over $50 bn to boost strategic partnership

President His Highness Sheikh Mohamed bin Zayed Al Nahyan and Turkish President Recep Tayyip Erdogan witnessed the announcement of a joint accord on the establishment of a high-level strategic council between the UAE and Türkiye, further cementing ties between the two nations.

The two leaders also witnessed the exchange of several agreements and Memoranda of Understanding (MoUs) that promise to enhance collaboration even further.

The agreements – estimated to be worth US$50.7 billion – are aimed at diversifying the framework of the UAE-Türkiye Comprehensive Economic Partnership Agreement and deepening investment between both nations across strategic sectors.

The agreements exchanged included:

- An agreement between the government of the United Arab Emirates and the government of the Republic of Türkiye on reciprocal promotion and protection of investments.
- An extradition agreement between the two countries.
- An agreement on legal and judicial cooperation in civil and commercial matters.
- An agreement on mutual legal assistance in criminal matters.
- A joint declaration on the establishment of a Joint Economic and Trade Commission (JETCO).
- A Memorandum of Understanding between the Ministry of Industry and Technology of the Republic of Türkiye and the Ministry of Industry and Advanced Technology of the United Arab Emirates on collaboration in the field of digital transformation.
- A Strategic Partnership Framework Agreement signed between the Ministry of Industry and Energy and Natural Resources of the Republic of Türkiye, and the Ministry of Investment of the United Arab Emirates, to develop energy and natural resources projects.
- A Memorandum of Understanding on the developmentof joint launch vehicle capabilities for commercial purposes between the UAE Space Agency; the Turkish Ministry of Science, Industry and Technology; and the Turkish Space Agency.
- **A Memorandum of Understanding between the UAE International Investors Council and the Investment Office of the Presidency of the Republic of Türkiye.**
- A Memorandum of Understanding on strategic cooperation in the field of defence industries between the UAE Tawazun Council and the Turkish Defence Industries Agency.
- A Memorandum of Understanding in the field of export credit financing between ADQ and Turkish Eximbank.
- A Memorandum of Understanding on investing in sukuk for the purposes of the reconstruction of areas of Türkiye affected by earthquakes, between Abu Dhabi Developmental Holding Company (ADQ) and the Turkish Ministry of Treasury and Finance.
- A strategic cooperation agreement between the Abu Dhabi National Oil Company (ADNOC) and the Turkish Petroleum Corporation.
- A Memorandum of Understanding between the Abu Dhabi Investment Office and the Investment Office of the Presidency of the Republic of Türkiye.

UAE-Turkey Business Forum promise to boost cooperation in critical sectors

The UAE Turkey Business Forum in Abu Dhabi was an occasion to discuss the development of economic partnerships between the two countries, where H.E. Jamal Bin Saif Al Jarwan, Secretary General of the UAE International Investors Council (UAEIIC), along with a number of officials, #investors and businessmen from the two countries, and Mr. Ali Hassan Al Sayegh, Executive Manager corporate communication and Government Relation of UAEIIC, chaired a discussion session, which touched on introducing Emirati and Turkish companies in many sectors, most notably technology, transport, SMEs, agriculture, tourism, food security, communications, energy and renewable energy, logistics and banking services, infrastructure, culture, healthcare, industry, and innovation. They also discussed mechanisms to stimulate mutual trade and investment flows, to support the benefit of the Emirati and Turkish business community from the promising investment opportunities in the markets of the two countries, and the possibility of contributing to the development projects of the two countries at the level of the public and private sectors.

UAE's Minister for Foreign Trade elected as Chair of WTO’s 13th Ministerial Conference

The General Council of the WTO has elected H.E. Dr. Thani bin Ahmed Al Zeyoudi, Minister of State for Foreign Trade, as Chair of the World Trade Organisation’s 13th Ministerial Conference (MC13) today.

The Ministerial Conference, attended by leading representatives from the 164 countries and customs blocs that make up the WTO, will take place in Abu Dhabi in February 2024.

MC13 comes at a critical time for world trade, and the conference will build on the outcomes of MC12, review the performance of the multilateral trading system, make decisions on the future work of the WTO, and set up the roadmap for MC14.

Khaled bin Mohamed bin Zayed chairs meeting of Executive Committee of ADNOC Board of Directors

His Highness Sheikh Khaled bin Mohamed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Chairman of the Abu Dhabi Executive Council, has chaired a meeting of the Executive Committee of the ADNOC Board of Directors at ADNOC Headquarters.

During the meeting, His Highness approved ADNOC's accelerated decarbonisation plan to bring forward its net zero ambition to 2045, from its previous target of 2050, and to achieve zero methane emissions by 2030. ADNOC is the first company in its peer group to accelerate its net zero target to 2045.

His Highness noted that these new, ambitious targets mark a new chapter in ADNOC's transformational journey to a lower carbon future. The company has placed sustainability at the heart of its long-term strategy, including the decarbonisation of its operations, investing in renewables, building a global hydrogen value chain, deploying innovative climate technology solutions and advancing nature-based solutions such as planting mangroves in the UAE.

EIH Ethmar International Holding acquires stake in Nirvana Holding

EIH Ethmar International Holding and Nirvana Holding have announced a strategic acquisition deal, through which EIH acquired a stake in Nirvana Holding.

This acquisition aims to strengthen Abu Dhabi's position as a leading tourist destination and promote tourism investment and activities in the UAE capital by implementing and activating projects and operational plans that can contribute significantly to the tourism landscape, in line with the vision of the wise leadership to boost and develop the tourism sector in Abu Dhabi and Abu Dhabi Economic Vision 2030.

Dubai Investments and E20 Sign MOU for Agricultural Investment in Angola

Dubai Investments, the leading investment company listed on the Dubai Financial Market, and E20 Investment, an Abu Dhabi-based agribusiness investment company, signed a Memorandum of Understanding (MOU) to develop 3,750 Ha of agricultural land in Angola, harnessing the potential of the country's agricultural sector for sustainable growth and economic development.

The MOU is focussed on the development of a vast area of leased out land located in Angola and the project's objective is to cultivate rice and avocado crops, leveraging Angola's fertile soil and favorable climate conditions to achieve substantial yields. Over the course of 18 months, the joint venture aims to transform the land into a thriving agricultural hub, resulting in a projected production of 28,000 tons of rice and 5,500 tons (peak production) of avocados.

AD Ports Group Completes the Landmark Noatum Acquisition Upon Receiving Full Regulatory Approvals

AD Ports Group (ADX: ADPORTS), one of the world's premier facilitators of logistics, industry, and trade, today announced that it has completed the acquisition of Noatum, a global integrated logistics services provider with a presence across 26 countries, after receiving approvals from all relevant regulatory bodies.

AD Ports Group received the final approval from Spanish Authorities, after it attained regulatory clearance from the European Commission earlier in the year. The total purchase consideration (Enterprise Value) for 100% ownership of Noatum amounts to AED 2.65 billion using the EUR:AED rate of 4.01 on the day of the signing (EUR 660 million), implying a Last Twelve Months EV/EBITDA of 5.9x..

Dubai Investments, the leading investment company listed on the Dubai Financial Market, and E20 Investment, an Abu Dhabi-based agribusiness investment company, signed a Memorandum of Understanding (MOU) to develop 3,750 Ha of agricultural land in Angola, harnessing the potential of the country's agricultural sector for sustainable growth and economic development.

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Mubadala Invests In CoolIT Systems Alongside KKR

e& enterprise to acquire majority stake in Beehive

e& enterprise, a subsidiary of technology and telecom company e&, has completed the acquisition of a majority stake in Dubai-based peer-to-peer lending platform Beehive Fintech, which is focused on lending to small and medium-sized businesses in the Mena region.

The company will acquire 63.3 per cent of Beehive for $23.6 million, e&, formerly known as the Etisalat Group, said on Tuesday in a regulatory filing to the Abu Dhabi Securities Exchange, where its shares are traded.

AMEA Power Announces a $75 Million Funding Round from the SoftBank Group Corp. ("SBG")

AMEA Power, one of the fastest growing renewable energy developers in Africa, has signed a $75 million equity funding round from SoftBank Group Corp. ("SBG"), a Japanese investment holding company. This represents AMEA Power's first external equity funding following years of being privately funded by its founding shareholders, the AlNowais family.

SBG's funding will allow AMEA Power and SBG to explore a mutual partnership, which will lead to maximizing the value creation of AMEA Power mainly in the AMEA region. The capital raise from Softbank is an all-equity round. Several international institutional strategic corporate and financial investors are also evaluating a potential investment.

UAE and Japan sign 23 new MoUs in trade, investment, energy, industry, health & technology sectors

The UAE and Japan have inked 23 agreements and memoranda of understanding (MoUs) during the UAE-Japan Business Forum, which was held today. The agreements aim to bolster economic, trade and investment ties between the two countries in the fields of energy, industry, advanced technology, artificial intelligence, space, health, transport, environmental conservation and circular economy.

The signings took place in the presence of H.H. Sheikh Hamed bin Zayed Al Nahyan, Member of Abu Dhabi Executive Council, and Japanese Prime Minister Fumio Kishida.

The non-oil trade exchanges between the UAE and Japan totaled USD 14.7 billion in 2022, a growth of 10 per cent and 36 per cent compared to that of 2021 and 2020 respectively. The non-oil trade between the two countries has averaged USD 14 billion yearly over the past decade, with an exception of the year 2020, the year of the pandemic. This made the UAE Japan's seventh largest global trade partner while positioning Japan as the UAE's 8th largest.

The UAE is Japan's number one Arab trading partner in terms of exports and imports, absorbing 40 per cent of Japan's exports to the region and providing 39 per cent of Japan's imports from the region. The UAE accounts for 42 per cent of FDI inflows to Japan from the MENA region. Japanese investments in the UAE market are currently estimated at USD 14 billon, with 10,000 Japanese companies operating here across various sectors such as technology, renewable energy, transportation, and healthcare.

EGA and ITOCHU sign MoU at Japan-UAE Business Forum in Abu Dhabi

Emirates Global Aluminium, the largest industrial company in the United Arab Emirates outside oil and gas, and ITOCHU Corporation of Japan, have signed a Memorandum of Understanding to cooperate on aluminium production growth, decarbonisation and the development of UAE industries in EGA's supply chain.

The agreement was signed at the Japan-UAE Business Forum in Abu Dhabi, witnessed by His Highness Sheikh Hamed bin Zayed, member of the Abu Dhabi Executive Council, and Japan's Prime Minister Fumio Kishida.

EGA's relationship with ITOCHU stretches back to the 1980s, with the Japanese company marketing EGA's metal to customers in Japan and Japanese companies' operations abroad.

Masdar, Mitsubishi Chemical Group and INPEX Explore Setting Up World's First Commercial-Scale Polypropylene Production Using Green Hydrogen and CO2

Abu Dhabi Future Energy Company PJSC – Masdar, the UAE's clean energy powerhouse, Mitsubishi Chemical Group Corporation (MCG) and INPEX CORPORATION signed an agreement to explore production of the world's first commercial-scale polypropylene made from CO2 and green hydrogen in Abu Dhabi. The green hydrogen and CO2 will be converted to e-methanol which will subsequently be converted to propylene and polypropylene.

Signing witnessed by HH Sheikh Hamed bin Zayed Al Nahyan, Member of the Abu Dhabi Executive Council, and Japan's Prime Minister, HE Fumio Kishida, during Japan-UAE Business Forum in Abu Dhabi.

Masdar and INPEX to Join Forces to Explore E-methane Production Using Green Hydrogen and CO2 in UAE

The agreement was signed during the Japan-UAE Business Forum, in Abu Dhabi, and witnessed by HH Sheikh Hamed bin Zayed Al Nahyan, Member of the Abu Dhabi Executive Council, and Japan's Prime Minister, HE Fumio Kishida.

Abu Dhabi Future Energy Company PJSC – Masdar, the UAE's clean energy powerhouse, has teamed up with INPEX, a leading Japanese energy company, to explore establishing an Abu Dhabi-based project to produce e-methane, a fuel source, using green hydrogen and carbon dioxide.

Masdar and INPEX will carry out a feasibility study focused on the entire value chain. This includes hydrogen production, procurement of CO2 and e-methane production and transportation. The study will also evaluate the commercial viability of operating a methanation business in Abu Dhabi, with a view to exporting the e-methane to Japan. It will also look at the project's impact on emissions reductions.

During the eighth session of the UAE-South Korea Joint Economic Committee (JEC) - which was chaired by H.E. Abdullah bin Touq Al Marri, Minister of Economy, and H.E. Kyungho CHOO, South Korean Deputy Prime Minister and Minister of Economy and Finance - was held recently in Seoul, the capital of South Korea. The session was attended by various government officials, investors, and business representatives from both countries. Both the sides have reached an agreement to enhance and broaden economic collaboration, encouraging mutual investments across 11 strategic sectors during the next stage. The primary objective of this agreement is to accomplish the development agenda of both the countries and facilitate their transition towards a more adaptable and competitive economic model, focusing on the sectors of the new economy.

Emirates Steel Arkan, AD Ports Group, ITOCHU and JFE Steel Sign MoU geared towards the new Low-Carbon Iron Supply Chaineconomy

H.E. Bin Touq visits Samsung headquarters in South Korea to review latest global technologies in microchip manufacturing

H.E. Abdullah bin Touq Al Marri, Minister of Economy, led the UAE delegation on a visit to Samsung's headquarter in South Korea to learn about the company's future expansion and investment plans and strengthen its partnership with the UAE market. The Minister was received by Oh-Hyun Kwon, CEO and Vice President of Samsung Electronics. During the visit, H.E. was briefed on the progress of work and production at the Samsung headquarters and the modern digital technologies used in the production of electronic chips, screens and smartphones.

H.E. Bin Touq said: Korean FDI in the UAE continues to grow, totaling AED 8.1 billion (USD 2.2 billion) by the beginning of 2021 with a 73 per cent growth compared to that of early 2013. Today, South Korea is one of the top 20 foreign investors in the UAE. Their investments span several economic and trade sectors including insurance, mining, financial services, retail, real estate, transport, energy and technology.

UAE and South Korea agree to expand economic cooperation in 11 strategic sectors, boost economy

During the eighth session of the UAE-South Korea Joint Economic Committee (JEC) - which was chaired by H.E. Abdullah bin Touq Al Marri, Minister of Economy, and H.E. Kyungho CHOO, South Korean Deputy Prime Minister and Minister of Economy and Finance - was held recently in Seoul, the capital of South Korea. The session was attended by various government officials, investors, and business representatives from both countries. Both the sides have reached an agreement to enhance and broaden economic collaboration, encouraging mutual investments across 11 strategic sectors during the next stage. The primary objective of this agreement is to accomplish the development agenda of both the countries and facilitate their transition towards a more adaptable and competitive economic model, focusing on the sectors of the new economy.

aimed at strengthening the existing economic and trade ties and exploring new opportunities for cooperation and investment partnerships with the Korean private sector.

Developing countries are the most important in efforts to tackle climate change, Crescent Petroleum CEO tells OPEC Seminar

The UAE as host of COP28 is uniquely prepared to bridge the North-South divide

Majid Jafar: "The carbon transition needs developing countries to have access to lower carbon fuels and have reliable and plentiful energy supply"

The world is at a critical crossroads in the effort to cut carbon emissions and slow climate change, but current global climate policies are hindering the energy transition, H.E. Majid Jafar, CEO of Crescent Petroleum, and Board Member of UAE International Investors Council (UAEIIC), the region's oldest and largest private oil and gas company, told ministers and industry leaders gathered for the 8th OPEC International Seminar. Policymakers from Western countries risk alienating developing countries who are the key to addressing the challenge, and this must change to enable the developing world to progress to lower carbon but without harming their economic development, H.E. Jafar told the audience at the Hofburg Palace in Vienna, Austria.

Through its polymeric insulation materials using Borealis' proprietary Borlink technology, Borouge has played a pivotal role in enabling the safe and efficient transfer of electricity in this project, reinforcing Borouge's position as a leading provider of energy and infrastructure solutions in China's rapidly growing offshore wind market. Located south-east of Jiangsu Province, the offshore wind farm transmits 1,100 megawatts of electricity across 99km of HVDC submarine cables and 9km of land cables to an onshore power converter station. Generating 3.3 billion kilowatt-hours of electricity annually, the Jiangsu Rudong offshore wind transmission program will meet the energy needs of 140,000 households, reducing up to 1.83 million tonnes of CO_2 emissions per year, which is equivalent to removing 400,000 cars off the streets. This is also the first commercial project in China to require the highest voltage rate of ±400kV.

Borouge, Borealis make "significant" contribution to one of China's largest offshore wind projects

Masdar Explores Developing 2GW Clean Energy in Malaysia Amid Asia Expansion

· Masdar, one of the world's leading renewable energy companies, signs agreement with Citaglobal Berhad to develop broad range of renewable energy projects in Malaysia, including rural, off-grid initiatives

· Ahead of the UAE hosting COP28, development demonstrates Masdar's growing presence in Southeast Asia and commitment to supporting the region's net-zero goals

Abu Dhabi Future Energy Company PJSC – Masdar, the UAE's clean energy powerhouse, and Citaglobal Berhad, have signed a memorandum of understanding (MoU) for the joint development of renewable energy projects across solar, battery energy storage system (BESS), wind and other renewable energy technologies.

The MoU was signed in Malaysia by Abdulla Zayed, Masdar's Head of Development and Investment, and Citaglobal's Executive Chairman and President, Tan Sri (Dr) Mohamad Norza Zakaria. Masdar and Citaglobal will join forces to develop projects across the renewable energy mix in the picturesque Malaysian state of Pahang. This includes exploring solar, battery energy storage system (BESS), wind and other renewable energy technologies. Malaysia is targeting net-zero emissions by 2050.

Southeast Asia is a key investment destination for Masdar. The company has developed the region's largest floating solar facility in Indonesia - the 145MW Cirata Floating Solar PV plant – which will generate enough electricity to power 50,000 homes. In February 2023, the UAE's clean energy powerhouse entered the geothermal energy sector through a strategic investment in Indonesia's Pertamina Geothermal Energy. Masdar opened an office in Jakarta, Indonesia, in 2021 to further strengthen links with key players within the region.

Masdar joins Iberdrola to co-invest in the Baltic Eagle wind farm in Germany

· The Baltic Eagle offshore wind farm, which has a capacity of 476 MW, is valued at €1.6 billion according to the terms of the deal

· Iberdrola reaffirms its commitment to offshore wind leadership, with 3,000 MW of projects under construction or secured with zero seabed costs

· Masdar strengthens existing global wind portfolio amid plans to significantly expand its pioneering role in this crucial sector

Masdar, the UAE's flagship renewable energy company, has signed a strategic agreement with Iberdrola, a global clean energy leader, to co-invest in the 476-megawatt (MW) Baltic Eagle offshore wind farm in the German Baltic Sea. Iberdrola will retain a majority 51% stake in the asset, which will help to accelerate green energy security in Europe.

According to the terms of the deal, Baltic Eagle wind farm is valued at approximately €1.6 billion euros. Iberdrola will control and manage the asset, providing operation and maintenance services and other corporate services.

The deal was signed in Madrid by Ignacio Galan, Iberdrola's Executive Chairman, and Masdar's Chief Executive Officer, Mohamed Jameel Al Ramahi, as part of a wider acknowledgement agreement between the two clean energy powerhouses. Both parties consider this a strategically important transaction and a critical milestone as they strengthen their partnership to explore further renewable energy investment opportunities in a range of technologies and regions. Baltic Eagle will consist of 50 wind turbines built on monopile foundations, each with a unit capacity of 9.53 MW. Anticipated annual production is 1.9 terawatt-hours (TWh), enough clean energy to meet the electricity demands of 475,000 homes, saving 800,000 tons of CO2 being released into the atmosphere every year.

AD Ports Group and Shandong Ports Group Extend Cooperation to Attract Chinese Automotive Companies

Under the agreement, SPG will transport passenger vehicles from its ports in China to Autoterminal Khalifa Port, to be stored and displayed within facilities in KEZAD.

AD Ports Group (ADX: ADPORTS), the leading facilitator of global trade, logistics, and industry, has announced that it has signed multiple collaboration agreements with Shandong Port Group (SPG), a conglomerate based in Shandong Province, China, which provides port operations, port infrastructure construction, cargo transportation, warehousing, and other services, and operates investment businesses.

The deal leverages the 'Sister Ports' agreement between Shandong Port and Khalifa Port to forge a partnership and strengthen cooperation between the two, announced in December 2021.

H.E. Saif Al Mazrouei, CEO of Ports Cluster, AD Ports Group said: As we embark on this journey together, we are poised to redefine logistics and port operations, setting new benchmarks for the industry at large, whilst driving prosperity and further strengthening our position globally." The new cooperation is established to strengthen the position of Abu Dhabi as a preferred destination for Chinese Automotive Industry.

Engineering Group Corporation Sign Memorandum of Understanding to Establish a Strategic Cooperative Relationship

AD Ports Group (ADX: ADPORTS), the leading global facilitator of trade, logistics, and industry, and China Machinery Engineering Group Corporation (CMEC GROUP), a state-owned key enterprise directly managed by the central government of China, have recently signed a Memorandum of Understanding (MoU) to establish a strategic cooperative relationship.

The MoU details the ways in which the two companies will explore potential opportunities globally, but particularly in the Middle East, Central Asia, South Asia, South East Asia, East Asia, Africa, South America, and Europe.

Under the agreement, the two parties will cooperate within various fields and sectors, including global industry and infrastructure development, financing, building, operation, and maintenance, global economic cities and free zones development, and global logistics.

June 2023

His Highness Sheikh Saud bin Saqr Al Qasimi, UAE Supreme Council Member and Ruler of Ras Al Khaimah, opens the UAE Pavilion at the 2023 St. Petersburg International Economic Forum, where the UAE is guest of honor. Sheikh Saud stated that the Pavilion offers an example of the UAE's experience in the fields of economy, tourism, culture and business, and is a window to exchange experiences and knowledge with participating countries, through which the UAE can further develop its international partnerships.

The UAE pavilion will host several dialogue sessions featuring representatives of Emirati business sectors who will discuss promising investment opportunities with countries from around the world in various fields. The pavilion will also feature several cultural and heritage activities that reflect the identity and authenticity of the UAE's traditions.

The UAE International Investors Council participated in an official visit of the UAE Economic Delegation in the "St. Petersburg International Economic Forum 2023" - Russian Federation.

UAE 'leading the way in developing energy technologies'

Crescent Petroleum, which is the oldest privately owned oil & gas company in the Middle East and headquartered in Sharjah in the UAE, began its digital transformation journey several years ago with the implementation of business processes and systems, for which it receievd the Gold Award for best SAP Transformation Project in MENA Region.

The UAE is accelerating the establishment of the clean energy technologies of the future as the country implements low-cost solar power, carbon capture and sequestration (CCS) and blue hydrogen technologies to scale and future worldwide application, said the CEO of Crescent Petroleum H.E. Majid Jafar in his remarks at the World Economic Forum Regional Industry Exchange Day in Dubai.

He added that the oil and gas industry is simultaneously undergoing a digital transformation that will improve efficiencies, reduce costs, enhance decision-making, and minimise environmental footprint."As the UAE prepares to host COP28 later this year, the UAE's visionary energy policy offers a guide for oil and gas and other industries to a more sustainable world. This is an important roadmap for the oil and gas industry and for all other industries operating in the UAE and worldwide," Jafar said.

Jafar described how the digital transformation is already leading to great improvements in the sector. Big data and predictive analytics, for example, can enhance operational efficiency by up to 20 per cent and reduce maintenance costs by up to 40 per cent, according to a report by McKinsey.

Vietnam, UAE eye stronger economic, Seeks Stronger Trade and Investment Ties

In addition to HE Dr Thani, the UAE delegation included HE Dr Bader Abdulla Al Matrooshi, UAE Ambassador to Vietnam; HE Rashed Abdulkarim AlBlooshi, Undersecretary of the Abu Dhabi Department of Economic Development (ADDED); HE Juma Mohammed Al Kait, Assistant Undersecretary of International Trade Affairs at the Ministry of Economy; HE Jamal Saif Al Jarwan, Secretary General of UAE International Investors Council; Mohamed Al Menhali, Regional CEO at Abu Dhabi Port Group and Executive Vice President of Sardal; Samir Chaturvedi, Chief International Business Officer at Abu Dhabi Ports Group; Fatima Al-Suwaidi, Head of the Masdar Office in Indonesia; Fahed Hamad Al Nuaimi, Director of the AGT Asia Office at ADNOC Global Trading Asia; Hamad Al Hosani, Chief Corporate Officer of Burjeel Holding; Saeed Al Suwaidi, Director of Food Commodities at the Dubai Multi Commodities Center (DMCC); Muhammad Khamis Khalfan Nasser Al Dhaheri, Senior Agricultural Engineer at Ayelet Agro; Rashed Al Balooshi, Senior Vice-Preident of Operated Assets, South-East Asia, for Mubadala Energy; and Zhu Yiteng, Project Business Development for AMEA Power.

The UAE International Investors Council participated in an official visit of the UAE Economic Delegation to the Socialist Republic of Vietnam, headed by H.E. Dr. Thani Al Zeyoudi, Minister of State for Foreign Trade, and the participation of a group of government officials and business leaders.

In-line with our ongoing commitment of the UAE International Investors Council to pursue investment opportunities, worldwide, His Excellency Jamal Al Jarwan, Secretary General of the Council, gave an introductory presentation on the inspiring UAE economic and investment experience and continuous efforts to stimulate the economic growth enablers of domestic and foreign investment and consolidate the country's position on the global investment map. The presentation was made to the UAE-Cambodia Business Forum, which was held on the sidelines of the visit of an Emirati delegation and a number of representatives of members of the UAE International Investors Council to the Kingdom of Cambodia headed by H.E. Dr. Thani bin Ahmed Al Zeyoudi, Minister of State for Foreign Trade.

The UAE is Cambodia's largest trading partner in the Middle East, with a share of 70 percent of its total trade with countries in the region. It is worthy to mention that Cambodia's economy is one of the fastest growing economies in Southeast Asia and the world, with an annual growth rate of 7.7 percent between 1998 and 2019.

The General Council of the WTO has elected H.E. Dr. Thani bin Ahmed Al Zeyoudi, Minister of State for Foreign Trade, as Chair of the World Trade Organisation’s 13th Ministerial Conference (MC13) today.

Majid Al Futtaim Releases 2022 ESG Report; Highlights Progress on Company-wide Sustainability Commitments Launched in 2018

Majid Al Futtaim, the leading shopping mall, communities, retail and leisure pioneer across the Middle East, Africa and Asia, today launched its fifth annual Environmental, Social and Governance (ESG) report, titled ‘Dare Together’.

The report highlights the Group’s achievements in delivering on its sustainability targets across its three strategic focus areas: Rethinking Resources, Transforming Lives, and Empowering Our People.

Report key findings:

- **93% of Company-wide sustainability targets achieved and partially achieved in 2022**
- **$1.25 billion Sustainability-Linked Loan (SLL) secured**
- **11% reduction in market-based Scope 1 and 2 emissions across the Company compared to 2019 baseline**
- **Science based targets developed for all Operating Companies and validated by the Science Based Targets initiative (SBTi)**

ماجد الفطيم
MAJID AL FUTTAIM

UAE Council for Circular Economy discusses ways to accelerate circular economy policy in four sectors

In the presence of H.H. Sheikha Shamma bint Sultan bin Khalifa Al Nahyan, President and CEO of the UAE Independent Climate Change Accelerators (UICCA), Al Serkal Envirol (a subsidiary of Alserkal Group) was delighted to host the 2nd United Arab Emirates' Circular Economy Council, chaired by H.E. Mariam Almheiri, Minister of Climate Change and Environment.

The meeting addressed a number of topics focused on accelerating the implementation of the circular economy policy in the UAE in four main sectors: manufacturing, food, infrastructure, and transport, as well as reviewing the plansand experiences of related industries and the latest developments in this regard.

- Alserkal Group also gave a presentation on the family history and Alserkal's environmental journey and the circulareconomy of the Group, and the importance of artificialintelligence and digitaltwin in this field.

- Borouge-Circular (a leading manufacturer of differentiated polymer solutions) focused its presentation on its circular economy ambitions of enabling post-consumer recycling, innovating new solutions, expanding efforts to increase strong collaboration in the value chain, creating a new center of excellence in packaging, and leading a circular economy free of plastic waste.

- IBM also highlighted its latest technology solutions on sustainability, emphasizing the importance of artificial intelligence in enabling the circular economy, sustainability software solutions, systems, and supply chains. The company stressed that the power of artificial intelligence and the speed of automation will contribute to improving the vision, flexibility, and sustainability of the supply chain.

The meeting was attended by H.E. Abdulla Bin Touq, Minister of Economy, H.E. Omar Ahmed Suwaina Alsuwaidi, Undersecretary at Ministry of Industry & Advanced Technology, H.E. Abdalla E. Al Serkal, H.E. Maher Al Kaabi, Advisor to Group Chairman & Independent BOD Member of Alserkal Group and Member of Executive Committee at UAEIIC, Aisha Al Abdooli, Laila Mostafa Abdullatif, and representatives from Alserkal Group, Borouge Circle and IBM Technology.

UAE-India trade touches $50.5 bln in first year of CEPA

Initial trade figures suggest UAE-India non-oil trade reached a value of US$50.5 billion in the first 12 months of the CEPA, a 5.8% increase on the same period from the previous year.

H.E. Dr. Thani Al Zeyoudi: "Our visit this week was both a celebration of the achievements to date and an opportunity to strengthen what is becoming a genuine partnership for growth."

His Excellency Maher Al Kaabi, Advisor to Group Chairman & Independent BOD Member of Alserkal Group and Member of Executive Committee at UAEIIC, participated in official UAE delegation headed by His Excellency Dr. Thani bin Ahmed Al Zeoudi, Minister of State for Foreign Trade, to the Indian capital New Delhi to mark the one-year anniversary of the CEPA's entry into force and participate in the first CEPA Joint Committee meeting.

During his meeting with His Excellency Piyush Goyal, Indian Minister of Commerce & Industry, and other businessmen and industry leaders from UAE and India, Al Kaabi gave about Alserkal Group presented its unique business model related to circulareconomy on treating certain 'Food Establishment' waste.

Vision Golfe 2023 the main business event between France and the Gulf countries

The UAE is the second largest Gulf investor in France, and France's second trading partner in the Middle East, and there are about 50 Emirati companies operating in France.

The UAE International Investors Council (UAEIIC) concluded its participation as a guest of honor of "Golfe Vision 2023" conference, a new platform aimed at fostering greater business collaboration between France and the Gulf Cooperation Council (GCC).

The forum, held under the patronage of the President of the French Republic, H.E. Emmanuel Macron, and organized by Business France, took place from 13-14 June at the Ministry of the Economy, Finance, and Industrial and Digital Sovereignty in Paris. H.E. Jamal bin Saif Al Jarwan, Secrtary General of UAEIIC attended the event, who participated in a panel discussion titled "GCC, The New Global Green Logistics Hub: Partnership & New Investment Opportunities."

The conference covered a wide range of topics, including: Best practices for building sustainable partnerships between France and the GCC region, including panel discussions focusing on economic diversification and creating business models for sustainable development;

Cooperation and investment opportunities in various sectors such as aerospace, blue energy, digital transformation, green industry, renewable energy, biotechnology, culture, consumer goods, cosmetics and fashion, food, transportation and logistics, and healthcare;

Use cases and success stories on the latest trends and innovations shaping ongoing projects between French companies and GCC partners; also an opportunity to identify potential investment projects and learn more about why France has become the most attractive destination in Europe for foreign direct investment.

The UAE and Cambodia are two centers of global growth, with modern, adaptable economies that are ready to embrace the challenges of the future

Cambodia has one of the fastest growing economies in Southeast Asia, with an annual growth rate of 7.7 percent between 1998-2019. The UAE is its largest trading partner in the Middle East, accounting for 70 percent of its total trade with the region.

H.E. Al Zeyoudi: "The UAE Cambodia are two centers of global growth, with modern, adaptable economies that are ready to embrace the challenges of the future."

His Excellency Jamal bin Saif Al Jarwan, Secretary General of the UAE International Investors Council, participated in an official visit to Cambodia as part of senior officials delegation headed by His Excellency Dr. Thani bin Ahmed Al Zeyoudi, UAE Minister of State for Foreign Trade, which sought to deepen UAE-Cambodia ties, advance trade flows and explore potential investment opportunities in the Southeast Asian nation. The visit comprised a series of engagements with senior Cambodian government officials in Phnom Penh, including a bilateral meeting with His Excellency Prak Sokhonn, Deputy Prime Minister and Minister of Foreign Affairs and International Cooperation, during which they agreed that the Comprehensive Economic Partnership Agreement, which was signed during His Excellency's visit, was the optimum means of achieving their respective economic ambitions. They also discussed ways to accelerate investment flows, with total FDI standing at US$4 million in 2022.

Prime Minister of Cambodia Hun Sen witnesses signing of UAE-Cambodia Comprehensive Economic Partnership Agreement

The Comprehensive Economic Partnership Agreement guarantees improved access for UAE products to the Cambodian market, covering 92% of customs tariff lines and over 93% of the value of non-oil trade. Furthermore, the agreement also opens up various service sectors in the Cambodian market for UAE businesses.

The United Arab Emirates and the Kingdom of Cambodia have signed a Comprehensive Economic Partnership Agreement that is expected to more than double non-oil bilateral trade from US$407 million in 2022 to US$1 billion within five years. Witnessed by Cambodia's Prime Minister Hun Sen, the agreement was signed in Phnom Penh by His Excellency Dr. Thani bin Ahmed Al Zeyoudi, UAE Minister of State for Foreign Trade, and Pan Sorasak, Cambodia Minister of Commerce.

It builds on the strong bilateral trade ties between the UAE and Cambodia, which reached a record US$407 million in 2022, marking a 33% increase from 2021 and a 28% surge compared to 2019. The UAE is also a top trading partner for Cambodia in the Arab world, accounting for 70% of its trade with the region in 2022.

The agreement holds significant potential for mutual investments, providing opportunities for the business communities to enter into investment partnerships. Currently, the UAE invests over US$3 million in Cambodia, compared to US$1 million in direct foreign investment from Cambodia. However, a wide range of opportunities for investment in tourism, logistics, infrastructure and renewable energy are anticipated with the agreement's implementation.

ADNOC, John Cockerill Hydrogen, and Strata Manufacturing to Boost UAE's Hydrogen Economy

Agreement supported by Ministry of Industry and Advanced Technology brings the production of electrolysers to the UAE for the first time, strengthening decarbonization and domestic manufacturing

The Ministry of Industry and Advanced Technology (MoIAT) announced today at the "Make it in the Emirates" Forum in Abu Dhabi that is has supported a strategic collaboration agreement between ADNOC, John Cockerill Hydrogen and Strata Manufacturing, aiming to manufacture electrolysers in the UAE for local use and for export.

Electrolysers produce green hydrogen, an energy source made from renewables that does not emit carbon dioxide at the point of use. The arrangements intended to be put in place as contemplated by the agreement enhances the development of the UAE's green hydrogen economy through the in-country manufacturing of electrolysers and supports the UAE's "Make it in the Emirates" initiative to promote local industry and create a favorable environment for investors.

A world-class hypermarket is now in Tamil Nadu; Lulu Hypermarket opens in Coimbatore.

LuLu Group further strengthened its presence in South India with the grand opening of its world-class hypermarket in Coimbatore. It is billed as the biggest hypermarket in Tamil Nadu, with an amazing shopping experience. Tamil Nadu Industries Minister TRB Raja inaugurated the hypermarket in the presence of Lulu Group Chairman MA Yusuff Ali and other dignitaries.

Both directly and indirectly, 5000 people will get employment, and more local youths will be employed in our establishments, Lulu Group Chairman MA Yusuff Ali said at the opening ceremony.

The new hypermarket is the direct result of the MoU signed with the Tamil Nadu government following the earlier meeting of Tamil Nadu Chief Minister MK Stalin with Lulu Group Chairman MA Yusuff Ali in Abu Dhabi.

BEEAH Group signs agreement with Karcher to strengthen collaboration in waste management solutions

H.E. Joe Lahoud, Managing Director of Karcher Middle East, H.E. Khaled Al Huraimel, Group CEO of BEEAH Group, and H.E. Fahad Shehail, Group COO, were all in attendance at the MoU signing which took place at BEEAH Headquarters.

BEEAH Group, the region's leading sustainability and digitalisation expert, and Karcher, a global leader in cleaning technology, have entered an agreement to collaborate across multiple projects and areas of interest that aim to maintain a cleaner city environment and improve the overall quality of life of residents across the region, by signing of a Memorandum of Understanding (MoU) to enhance their strategic collaboration in key areas of technology enhancements, such as robotic cleaning solutions.

This collaboration between Karcher and BEEAH Group aims to drive innovation and efficiency in waste management practices, further advancing the sustainable development goals of the UAE.

This MoU marks an important milestone in the ongoing collaboration between Karcher and BEEAH Group and paves the way for ground-breaking initiatives in the field of waste management and environmental sustainability. The agreement will cover not only the UAE, but Egypt and KSA where BEEAH also operates.

BEEAH has partnered with the International Solid Waste Association (ISWA), and Roland Berger to develop the first certified global standard for recycling credits. The ground-breaking global platform will be developed on the blockchain; and will support tracking and authentication of recycling activity, enabling organisations to meet sustainability and emissions targets in line with the United Nations Sustainable Development Goals (UNSDGs).

The platform, which will be unveiled during COP28 in the UAE, will also create a global market-based incentive scheme and push the transition towards a circular economy worldwide. The landmark signing took place in the presence of dignitaries from the COP28 Committee and the UAE Ministry of Climate Change and Environment (MoCCaE), who have endorsed and welcomed the role of the platform in accelerating the global sustainability agenda and climate action goals. The historic announcement was made during the United Nations Environment Program's Second Session of the Intergovernmental Negotiating Committee on Plastic Pollution (INC-2) in Paris.

DP World signs deal to double capacity at Indonesia's Belawan new container terminal

- DP World partnered with the Indonesia Investment Authority (INA) and Indonesian government-owned port operator, Pelindo.

- DP World will more than double throughput capacity at Belawan New Container Terminal (BNCT) to 1.4 million TEUs.

BOROUGE STRENGTHENS COMMITMENT TO SUSTAINABILITY THROUGH OPERATION CLEAN SWEEP®

Borouge Plc ("Borouge" or "the Company") (ADX symbol: BOROUGE / ISIN: AEE01072B225), a leading petrochemical company that provides innovative and differentiated polyolefin solutions, has joined Operation Clean Sweep® ("OCS"), a global initiative by the petrochemical industry to reduce pellet loss to the environment.

The OCS® programme is designed to implement procedures to prevent resin pellet, flake and powder loss during their production, transportation and usage whilst also ensuring they do not enter the marine environment. The initiative has been adopted by leading global petrochemical players and is operational across more than 60 countries. In the GCC region, the initiative is led by Gulf Petrochemicals and Chemicals Association ("GPCA").

AD Ports Group Signs 50-Year Concession Agreement with Karachi Port Trust for Container Terminal

JV with AD Ports Group as majority shareholder to invest $220 million in new concession and growth CapEx over the first 10 years

AD Ports Group (ADX: ADPORTS), a global leader in trade, logistics, and industry, announced today the signing of a concession agreement with Karachi Port Trust (KPT), the Pakistani federal government agency that oversees the operations of the Port of Karachi.

Under the terms of the 50-year concession agreement, a Joint Venture between AD Ports Group, as a majority shareholder, and Kaheel Terminals, a UAE-based company has been formed to manage, operate and develop the Karachi Gateway Terminal Limited (KGTL), berths 6-9 at Karachi Port's East Wharf.

AD Ports Group has also signed three MoUs with the Government of Pakistan to establish a framework for cooperation in improving transportation infrastructure, facilitating efficient cargo movement, reducing logistics costs, and enhancing the competitiveness of Karachi Port or any other projects of mutual interest. The Group will provide technical expertise, advice, and support to the Government for the planning, design, and implementation of trade, customs and logistics infrastructure projects within Pakistan.

Proprium Capital Partners Launches Japanese Multi-Family Venture

Proprium Capital Partners announces that it has entered into definitive agreements to establish a multi-family property investment venture with Proprium Capital Partners ("Proprium"), Manulife Investment Management ("Manulife") and Mubadala Investment Company ("Mubadala"). The venture will partner with Samurai Capital ("Samurai"), a leading asset manager with significant experience in managing multi-family assets in Japan, and intends to assemble a portfolio worth up to JPY 80 billion (approximately US$ 600 million).

The joint venture was seeded with existing rental multi-family properties in Japan and will seek to acquire additional assets. Targeting urban dwellers in Tokyo and Osaka, the seed assets are high-quality stabilized properties with convenient access to railway stations and nearby neighborhood amenities.

Sustainability will form a core focus of the venture, from the construction stage through to tenant engagement schemes to reduce the carbon footprint of the properties. The objective of the partnership is to acquire assets that deliver affordable and high-quality living spaces for tenants and attractive and sustainable returns for shareholders.

BEEAH, ISWA and Roland Berger partner to develop first certified global standard for recycling credits in support of UAE's COP28 ambitions

BEEAH has partnered with the International Solid Waste Association (ISWA), and Roland Berger to develop the first certified global standard for recycling credits. The ground-breaking global platform will be developed on the blockchain; and will support tracking and authentication of recycling activity, enabling organisations to meet sustainability and emissions targets in line with the United Nations Sustainable Development Goals (UNSDGs).

The platform, which will be unveiled during COP28 in the UAE, will also create a global market-based incentive scheme and push the transition towards a circular economy worldwide. The landmark signing took place in the presence of dignitaries from the COP28 Committee and the UAE Ministry of Climate Change and Environment (MoCCaE), who have endorsed and welcomed the role of the platform in accelerating the global sustainability agenda and climate action goals. The historic announcement was made during the United Nations Environment Program's Second Session of the Intergovernmental Negotiating Committee on Plastic Pollution (INC-2) in Paris.

AD Ports Group signs a 30-year Extendable Concession Agreement to Manage and Operate a Multipurpose Terminal in Congo's Pointe Noire Port

AD Ports Group will invest more than US$ 500 million over the life of the concession, with around US$ 220 million allocated for phase 1, which is expected to be completed over the next 30 months.

AD Ports Group (ADX: ADPORTS), the leading global facilitator of trade, logistics, and industry, today signed a 30-year concession agreement with the Government of the Republic of the Congo for managing and operating the multipurpose New East Mole Terminal in Pointe-Noire in the Republic of the Congo.

The agreement was signed by Capt. Mohamed Juma Al Shamisi, Managing Director and Group CEO, AD Ports Group, Mr. Denis-Christel Sassou Nguesso, Minister of International Cooperation and Promotion of Public Private Partnership and Mr. Honore Sayi, Minister of Transport, Civil Aviation and Merchant Navy of the Republic of the Congo. The agreement follows the previous Head of Terms agreement signed between the two parties in March 2023.

Under the terms of the new agreement, AD Ports Group will have the exclusive right to invest in the development, operation, management and maintenance of the "New East Mole Port" that will handle containers, general cargo, break-bulk and other types of cargo. The Agreement runs for thirty year from the date of signing and AD Ports Groups shall have the right to further extend it for a further period of twenty (20) years on the same terms and conditions.

Princeton Digital Group And Tata Power Renewables Join Forces Through 25-Year Renewable

In 2022, Mubadala invested $350 million in PDG, which has a portfolio of 21 data centers with a capacity of more than 700MW spanning six countries. In the same year, together with BlackRock Real Assets, Mubadala invested $525 million in Tata Power Renewables, which is at the forefront of India's energy transition and aims to contribute 30GW by 2030, a significant step towards achieving the nation's sustainable energy goals.

Mubadala Investment Company ("Mubadala"), the Abu Dhabi sovereign investor, today announced a landmark partnership between its investee companies, Princeton Digital Group ("PDG") and Tata Power Renewable Energy Limited ("Tata Power Renewables") for the supply of clean electricity to one of PDG's flagship data centers in India.

Under the terms of the agreement, PDG, a leading Pan-Asia data center operator, and Tata Power Renewables, one of India's largest integrated power companies, have co-invested in a captive power plant that will supply electricity to PDG's MU1 data center in Airoli, Mumbai, under a 25-year renewable Power Consumption Agreement (PCA).

First power from the solar plant, located in the Nanded district in the Indian state of Maharashtra, will be generated in June 2023, with additional capacity to come online following the completion of future phases of the solar plant. The solar plant will help PDG's MU1 with its target to be powered by up to 50 per cent by renewable energy.

AD Ports Group Inks 25 years Agreement with Crystal Offshore

The agreement enables Crystal Offshore to construct a marine vessel repairs facility within Khalifa Port

AD Ports Group, the leading facilitator of global trade, logistics, and industry, has signed a 25 years agreement with Singapore based Crystal Offshore, a recognised one-stop Logistics Solution provider to the Marine & Offshore Industry.

Under the agreement's terms, a 20,000 square meter plot of land and an associated quay wall in Khalifa Port will be allocated for Crystal Offshore to construct a base, featuring office facilities and fabrication workshops to provide advanced repairs and refits to jack-up rigs as well as marine and offshore vessels.

H.E. Saif Al Mazrouei, Chief Executive Officer, Ports Cluster – AD Ports Group, said: "Our partnership with one of the world's leading solution providers in the marine and offshore industry, will add significant value to Khalifa Port's customers and greatly expand the numerous services it offers to cater to the wide base of the marine industry. As we look towards the future, we will continue our drive to further diversify the service offerings in our ports in the UAE and abroad. We aim to achieve this by forging strong partnerships such as the one we are entering into with Crystal Offshore, ensuring that we remain the global port operator of choice for our customers."

DP World advances electrification project in Brazil

DP World is accelerating its adoption of renewable energy at the Port of Santos, Brazil's leading multipurpose private terminal, as a vital step in its global strategy to achieve carbon neutrality by 2040.

The initial phase focuses on replacing diesel fuel with electric power for the Santos terminal's Rubber Tyred Gantry (RTGs) container handling cranes. A total of 22 diesel-fueled units will be electrified, by the end of next year, with an investment over 80 million Brazilian reais ($16.2 million).

DP World's Executive Vice President, International Projects H.E. Mohammed Al Muallem met with Geraldo Alckmin, Vice President of Brazil in Brasilia this week to discuss cooperation and DP World's planned investments at the Port of Santos. DP World is already investing US$35 million this year to expand and modernise its facilities. The company has an additional 130,000 square meters available for expansion in the port area and has been working intensively on cargo diversification and developing logistical solutions that serve the entire international trade chain.

The Santos terminal is already one of the largest and most modern private multi-purpose port terminals in the country. The expansion will increase annual container handling capacity from 1.2 million TEUs to 1.4 million TEUs and expand the size of the quay from 1,100 metres to 1,300 metres. This is DP World's third round of investment since it began operations in July 2013. ensuring port capacity remains ahead of growing demand.

Khalifa Al Muhairbi: UAE Real Estate records the best performance globally in 2023

He stated that laws and legislations along with economic initiatives and packages have played an important role in enhancing the attractiveness of the real estate sector in the country to be the most attractive UAE real estate globally.

H.E. Dr. Khalifa Saif Al Muhairbi, Chairman of the Board of Directors of the Arabian Gulf Investment Company, Member of Executive Committee at UAEIIC, and Managing Director of INT Emirates Holding, explained that UAE real estate is considered the best in the world in terms of trading, as the country has recorded sales and trades worth hundreds of billions of dirhams since the beginning of this year until now, where the most expensive villa and the most expensive apartment in the world have been sold so far, in addition to embracing a variety of properties that are considered the most expensive in the world.

He stated that the year 2023 has witnessed since its inception the launch of more new projects by real estate development and investment companies in various emirates of the country, pointing out that real estate in both Abu Dhabi and Dubai has witnessed a great demand by investors and end users, thanks to the availability of security, stability and confidence factors in launching business and practicing economic activity, and the arrival of more families and investors to the country for the purpose of residence and work.

May 2023

DP World, Standard Bank partner to expand trade finance in Africa

Standard Bank, the largest bank in Africa by assets, has partnered with DP World, a global leader in supply chain solutions, to offer trade finance solutions jointly with DP World Trade Finance. This partnership will help in closing the gap in unmet demand for working capital on the continent.

African companies looking for trade finance will now be able to seamlessly access working capital from Standard Bank via the DP World Trade Finance platform.

DP World Trade Finance connects business with financial institutions as a fintech platform while also directly offering trade finance facilities on its own. It offers businesses a single window to access trade finance solutions – customers can simply apply for credit on the digital platform, which will present them with the best options from global financiers who may otherwise be out of their reach. Access to finance is one of the biggest barriers for businesses seeking global trade opportunities, evidenced by the struggle that many businesses face in securing the upfront funds required to move cargo.

UAE and Egypt Advance Development of Africa's Biggest Wind Farm

• Masdar, UAE's flagship renewable energy company, along with Infinity Power and Hassan Allam Utilities signs land agreement for 10GW mega wind project

• Signing witnessed by Egyptian Prime Minister H.E. Dr. Moustafa Madbouly and H.E. Dr. Sultan Al Jaber, UAE Minister of Industry and Advanced Technology and Chairman of Masdar

Emirates Global Aluminium, the largest industrial company in the United Arab Emirates outside oil and gas, signed agreements at the Make it in the Emirates Forum that could lead to more than AED 1 billion of industrial investments in the UAE. The memorandums of understanding were signed in the presence of His Excellency Dr. Sultan Al Jaber, UAE Minister of Industry and Advanced Technology, by Abdulnasser Bin Kalban, Chief Executive Officer of Emirates Global Aluminium, and senior leaders of the potential investor companies.

EGA and Sunstone signed an agreement that could lead to the development of a new carbon anode manufacturing facility in the UAE. Carbon anodes are consumed in the aluminium smelting process. Sunstone is the largest producer of carbon anodes in China.

EGA produces some 1.2 million tonnes of carbon anodes every year at its own carbon plants in Jebel Ali and Al Taweelah, and the remainder of the company's need is currently imported. Production from the new carbon anode manufacturing facility in the UAE would entirely replace these imports, and additional capacity could supply other aluminium smelters in the Middle East.

Sharaf Group signs strategic MOU with Tanishq

- Sharaf Retail to Drive Leading Jewellery Brand's Growth in the Region

Through this strategic alliance, Tanishq aims to extend its highly focused value offering in gold and diamond jewellery and utilize Sharaf Group's retail expertise to drive their already robust growth story in the GCC.

The two entities will kickstart this collaboration with the opening of a Tanishq showroom in July 2023.

This partnership with Sharaf Group comes at an exciting time for Tanishq. We have recently opened our 7th store in the UAE with an imminent regional plan for expansion.

UAE-Iran Business Council set to enhance, elevate economic ties

H.E. Jamal Saif Al Jarwan, Secretary General of the UAE International Investors Council, participated in the first meeting of the UAE-Iran Businessmen Council in the Iranian capital Tehran on the sidelines of the Iran Expo.

The UAE side was chaired by H.E. Abdullah Mohammed Al Mazrouei, Chairman of the Federation of UAE Chambers of Commerce and Industry and President of the Abu Dhabi Chamber of Commerce and Industry. The Iranian side was chaired by H.E. Dr. Mahdi Safari, Deputy Foreign Minister for Economic Diplomacy, with the participation of a number of senior businesspeople from both sides.

In opening the meeting, Al Mazrouei that the establishment of the UAE-Iran Business Council comes at a time when bilateral relations are witnessing economic growth and provides notable opportunities for the private and public sectors in both countries to enhance flourishing trade, investment and economic ties.

UAEIIC and Business France signed MoU to enhance investment cooperation

As part of its various global partnerships initiatives, the UAE International Investors Council (UAEIIC), which its ultimate vision is to mainly support and protect the interests of companies and promote UAE investments in the international markets, announced the signing of a memorandum of understanding with Business France, the leading national agency supporting the international development of the French economy internationally. Business France aims, through its agreement to enhance cooperation between the two sides in the economic and investment fields across exchange of relevant experiences and information.

The MOU focuses on enhancing cooperation between the two sides and to further contribute to exploring investment potentials, participating in joint promotional activities, creating channels of work and partnerships between institutions and the private sector in the two countries, in addition to supporting visits by representatives of governments and various sectors to and from the two countries.

e& and Vodafone form strategic relationship across Europe, Middle East, and Africa

e& and Vodafone Group Plc today announced that they have agreed to a strategic relationship that will bring the two operators closer together in certain aspects of their businesses.

As part of this strategic relationship, e& and Vodafone have entered into a relationship agreement that establishes e& as a cornerstone shareholder of Vodafone. This is the next phase in a strategic relationship that began in May 2022, when e& made its original #investment in Vodafone.

The strategic relationship also enables collaboration across a broad range of growth areas, as #e& and Vodafone may benefit from each other's respective operational scale and complementary geographic footprint. The key areas of commercial collaboration that e& and Vodafone will initially pursue include Enterprise; e& and Vodafone will explore jointly offering cross-border digital services and solutions to multi-national customers and public sector organisations. Services will include fixed and mobile connectivity, Mobile Private Networks, IoT, cybersecurity, and cloud-based services.

Australian Consul General Visits Lifco International for the Production Launch of Bega's White and Red Cheddar in UAE

The Australian Consul General in the United Arab Emirates and General Manager - Middle East, Africa and Pakistan of Austrade, Ian Haliday, recently visited Lifco International's state-of-the-art cheese factory in the UAE to witness the launch of Bega's new white and red cheddar products.

The visit was also accompanied by Darren Watson, General Manager International: Middle East, Africa, Americas & The Subcontinent of Bega Foods. This landmark collaboration between Bega Cheese Limited and Lifco International marks the first time in Bega's 127-year history that the company's products are being manufactured outside their own factories.

Investopia Europe witnesses first partnership between Sharaf Group and SMAG in field of shipping & logistics services

Investopia Europe, which was launched in the Italian trade capital Milan, witnessed the signing of a Memorandum of Understanding (MoU) between the UAE-based Sharaf Group and the Italian SMAG for cooperation in the field of logistics and shipping services.

The MoU was signed in Milan by H.E. Salah Sharaf, Vice President of Sharaf Group - Board Member of UAEIIC, and Giuseppe Esposito, President of SMAG.

The signing ceremony was attended by Abdullah Ahmed Al Saleh, Undersecretary of the Ministry of Economy; Jamal bin Saif Al Jarwan, Secretary General of the UAE International Investors Council, and several officials from both sides.

The MoU provides for exploring, promoting, and developing joint business opportunities in the UAE, the wider Middle East, and Europe, thus boosting investment exchanges between the two sides.

Under the terms of the agreement, the two parties will work to enhance trade and investment cooperation in the UAE and Italy in several key areas, including air and sea freight services, warehousing, and logistics services, as well as explore more investment opportunities in the two markets.

Gulf Pharmaceutical Industries 'Julphar' Signs Landmark Agreement with Sunshine Lake Pharma to Pioneer Insulin Biosimilar Manufacturing in MENA

Gulf Pharmaceutical Industries PJSC (Julphar), one of the largest pharmaceutical manufacturers in the Middle East and Africa, today announced signing a strategic licensing partnership with the Chinese pharmaceutical company, Sunshine Lake Pharma, to establish Julphar as the first pharmaceutical company to localize modern Insulin analogues manufacturing in the MENA region.

In the MENA region 73 million adult people live with Diabetes affecting 16.2% of total adult population with a treatment cost estimated at USD33 billion annually. The number of patients is expected to double over the coming 20 years..

The landmark agreement in the area of Insulin Analogue products includes the licensing and technology transfer of Insulin Glargine and Insulin Aspart, addressing both long-acting and short-acting medical insulin needs used in the management of type I and type II diabetes. The partnership will enable Julphar to expand its diabetes medication portfolio and introduce modern Insulin biosimilar products to the region.

Securing the bankability of renewable energy projects

Reviewing the latest best practices in controlling project risks, securing revenues and putting in place adequate lender protections to ensure that lenders can be comfortable providing debt finance on a non-recourse or limited recourse basis.

As part of the strategic conference, Panel discussion under the name "Bankability of renewable energy projects"

H.E. Maher Al Kaabi, Advisor to Group Chairman & Independent BOD Member of Alserkal Group, and Member of Executive Committee at UAEIIC, participated in a panel discussion titled Panel discussion under the name "Bankability of renewable energy projects" as part of the strategic conference Middle East Energy 2023, and was joined by other esteemed panelists, Dolapo Kukoyi, Managing Partner, Detail Commercial Solicitors, Nigeria, and Dr. Mohsen Abou Bakr, General Manager - SMEs Corporate Banking Division, National Bank of Egypt NBE.

Reviewing the latest best practices in controlling project risks, securing revenues and putting in place adequate lender protections to ensure that lenders can be comfortable providing debt finance on a non-recourse or limited recourse basis.

LuLu's Al Balad store gives the city's historical district a new address for shopping

Spread over 35,000 square feet

LuLu Hypermarket added speed and convenience to its customers by opening an Express Store – the 31st outlet in Saudi Arabia - in the Al Balad district of Jeddah. The single-level compact store was inaugurated by Chief Guest Mr. Ahmed Abdel-Hamid Al-Zahrani, Mayor of Al Balad, Jeddah, Kingdom of Saudi Arabia.

The Chief Guest was welcomed by Mr. Shehim Muhammed, Director - LuLu Hypermarkets, Saudi Arabia and senior management members. Founded in the 7th Century, Al Balad has historically served as the centre of Jeddah. Al Balad was listed to the UNESCO World Heritage List in 2014.

DP World completes AED954 million Vancouver port expansion

DP World and the Vancouver Fraser Port Authority have celebrated two historic events – the completion of the Centerm Expansion Project at DP World Vancouver, and the 100th anniversary of the port's marine terminal operations.

These two events highlight British Columbia's (BC) ongoing leadership in sustainable trade, technological innovation and introducing Canadian goods to new markets supported by partners such as DP World in Canada.

The 100-year anniversary marks an opportunity to celebrate the ongoing commitment of DP World employees, the ILWU (International Longshore and Warehouse Union) – with over 10,000 longshore and foremen employees having worked for DP World in BC over the past 20 years – handling over 20 million loaded twenty-foot equivalent units (TEUs). Along with its partners, DP World is making the global supply chain more resilient, establishing Canada's leadership in sustainable trade and exporting Canadian goods to global markets.

Fortress Investment Group ("Fortress") and Mubadala Investment Company, through its wholly owned asset management subsidiary Mubadala Capital ("Mubadala Capital"), announced that they have entered into definitive agreements to acquire 90.01% of the equity of Fortress that is currently held by SoftBank Group Corp. ("SoftBank"), who have been the owners of Fortress since 2017. Terms of the deal were not disclosed, and the deal is subject to customary closing conditions and regulatory approvals.

After transaction close, Fortress management is expected to own a 30% equity interest in the company and will hold a class of equity entitling Fortress management to appoint a majority of seats on the board. Mubadala Capital (which currently holds a 9.99% stake in Fortress through its Private Equity Funds II and III), will own 70% of Fortress equity.

Under the new joint ownership, Fortress is expected to generate significant value for its stakeholders by further establishing itself in the alternative investment space, particularly in credit and real estate across public and private markets, where it currently manages $46 billion of assets on behalf of more than 1,900 institutional investors and private clients.

Gulf Pharmaceutical Industries 'Julphar' Signs Landmark Agreement with Sunshine Lake Pharma to Pioneer Insulin Biosimilar Manufacturing in MENA

MUBADALA
CAPITAL

EGA signs agreements at Make it in the Emirates Forum that could lead to more than AED1 billion of industrial investments in the UAE

Emirates Global Aluminium, the largest industrial company in the United Arab Emirates outside oil and gas, signed agreements at the Make it in the Emirates Forum that could lead to more than AED 1 billion of industrial investments in the UAE. The memorandums of understanding were signed in the presence of His Excellency Dr. Sultan Al Jaber, UAE Minister of Industry and Advanced Technology, by Abdulnasser Bin Kalban, Chief Executive Officer of Emirates Global Aluminium, and senior leaders of the potential investor companies.

EGA and Sunstone signed an agreement that could lead to the development of a new carbon anode manufacturing facility in the UAE. Carbon anodes are consumed in the aluminium smelting process. Sunstone is the largest producer of carbon anodes in China.

EGA produces some 1.2 million tonnes of carbon anodes every year at its own carbon plants in Jebel Ali and Al Taweelah, and the remainder of the company's need is currently imported. Production from the new carbon anode manufacturing facility in the UAE would entirely replace these imports, and additional capacity could supply other aluminium smelters in the Middle East.

April 2023

UAE and China discuss investment opportunities in new economic sectors, trade, transportation & technology

The UAE International Investors Council (UAEIIC) participated in the UAE-China Investment Forum, which was held recently in Dubai, in the presence of H.E. Abdullah Ahmed Al Saleh, Undersecretary of the Ministry of Economy, and H.E. Chan Chunjiang, Assistant Minister of Commerce for Investment Affairs of China.

During an introductory presentation on the Council, Mr. Ali Al Sayegh, Executive Manager of Corporate Communications and Government Relations of the UAE International Investors Council, reviewed the Council's endeavors to build investment partnerships and open new channels to expand areas of cooperation between business sectors.

AED 44 billion, the total volume of mutual investments between the #UAE and #China until the beginning of 2021

UAEIIC signs two agreements to enhance cooperation and expand knowledge capabilities in Europe

The UAE International Investors Council (UAEIIC) signed two agreements in a step which is intended to contribute to the support and growth of member companies, the first related to facilitating ways of cooperation through the exchange of information and expanding knowledge capabilities of different investment patterns in European markets through a memorandum of understanding with the Italian based firm "EFG Consulting", and the other a service contract agreement related to the formation of a comprehensive system of databases, consultations and statistical information on African markets through a framework with the Grow Value Foundation, based in the Emirate of Ras Al Khaimah.

UAE and Morocco set the goal to double trade & investment exchanges over next seven years

His Excellency Jamal bin Saif Al Jarwan, Secretary General of the UAE International Investors Council, and a number of members of the Council and officials participated in the meetings of the first session of the Joint Economic Committee between the UAE and Morocco under the chairmanship of His Excellency Abdulla Bin Touq Al Marri, Minister of Economy, and Her Excellency Nadia Fattah Alaoui, Minister of Economy and Finance of the Government of Morocco.

The first ever UAE-Morocco Joint Economic Committee (JEC) session took place recently in Rabat, in implementation of the agreement on trade, economic and technical cooperation between the two countries. The session was chaired by H.E. Abdullah bin Touq Al Marri, Minister of Economy, and H.E. Nadia Fattah Al Alawi, Moroccan Minister of Economy and Finance,

During the session, the two countries set a goal to double the volume of trade and investment exchanges over the next seven years. The UAE and Morocco further agreed to strengthen cooperation in priority sectors in their economic agendas. These include trade, investment, finance, banking, food security, industry, innovation, technology, energy, renewable energy, logistics and infrastructure. In addition, the two countries agreed to promote the exchange of experiences and knowledge in the fields of tourism, culture, education, and health.

Majid Al Futtaim Officially Inaugruates Mall of Oman

Majid Al Futtaim, the leading shopping mall, communities, retail and leisure pioneer across the Middle East, Africa, and Central Asia, has celebrated the inauguration of Mall of Oman, following a soft launch of the mall in September 2021.

The opening event was attended by His Excellency Qais bin Mohammed bin Moosa Al Yousef, Minister of Commerce, Industry and Investment Promotion; Tariq Al Futtaim, Member of the Majid Al Futtaim Holding and Capital Boards; Ahmed Galal Ismail, Chief Executive Officer, Majid Al Futtaim Holding; senior Government officials and members of the Majid Al Futtaim Executive Leadership team.

Majid Al Futtaim has invested OMR705 million in Oman through a diverse portfolio that ranges from physical assets such as shopping malls and mixed use communities, to leisure and entertainment experiences, lifestyle stores and Carrefour hypermarkets and supermarkets.

• Mall of Oman is home to 260 international and local retail outlets plus over 45 dining options, with 15 new dining experiences coming in 2023.

• As a leading investor in Oman, Majid Al Futtaim continues to positively impact the country’s economy through its diverse range of projects worth OMR705 million.

Maqta Gateway Acquires TTEK Inc. to Serve International Markets with a Comprehensive Single Window Solution

Maqta Gateway, AD Ports Group's (ADX: ADPORTS) digital arm, today announced the acquisition of TTEK Inc, a developer of border control solutions and customs systems, to reinforce its market position as a leading digital trade and holistic Single Window solution provider.

The total purchase consideration for the acquisition (Enterprise Value) of 100% ownership amounts to USD26.7 million with an upfront payment of USD17.1 million. The acquisition will extend Maqta Gateway's existing digital trade solutions portfolio by incorporating border optimisation management solutions, which utilise disruptive technologies such as artificial intelligence, machine learning and advanced risk analytics.

TTEK's solutions merge deductive and inductive analytics with predictive modelling to form a powerful machine learning platform for customs, immigration, policing and border agencies. TTEK's solutions use more than 1.5 million risk indicators and AI predictive modelling to establish more reliable border security controls.

DP World's overseas logistics investments since 2012 cross $10 billion mark

DP World is the only firm from outside Europe and the US among the top-five overseas investors in the global logistics sector

DP World has invested more than $10 billion (AED37.3 billion) in the global logistics sector since 2012, making it one of the top five overseas investors in this period, according to the latest foreign direct investment (FDI) data released by leading industry consultants.

The FT's FDI Intelligence recently published its top five list for 2022, which ranks DP World fifth in the world by total value of direct investments allocated to the overseas logistics services sector.

DP World's investments over the past year totalled $320 million (AED1.18 billion) despite demand for logistics services stalling as the global economy slowed. 2023 forecasts expect single-digit demand growth in the industry.

Other firms in the top five include US giant Amazon and AP Moller Maersk from Denmark. DP World is the only firm in the top five based outside of the US or Europe.

AMEA Power expands its presence in South Africa with 85MW Power Purchase Agreement with GreenCo

Standard Bank set to finance the construction of the 85 megawatt (MW) solar PV power plant

AMEA Power has secured sites suitable for more than 1 gigawatt (GW) of projects in South Africa

New regional hub opened by AMEA Power to focus on developing the South African market

AMEA Power, one of the fastest growing renewable energy companies in the Middle East, announced today that it has executed a 25-year Power Purchase Agreement (PPA) with GreenCo Power Services (Pty) Limited (GreenCo), a private energy trader and member of the Southern African Power Pool (SAPP), for the energy offtake from the 85MW solar PV power plant.

The construction of the project is set to be financed by Standard Bank of South Africa (Standard Bank), a key financial institution in sub-Saharan Africa that is actively involved in financing green energy transition projects.

The PPA signing was witnessed by HE Dr Thani bin Ahmed Al Zeyoudi, Minister of State for Foreign Trade of the United Arab Emirates, and HE Ebrahim Patel, Minister of Trade and Industry for the Republic of South Africa.

The 85MW solar PV power plant will be located in the North West Province in South Africa, and is expected to achieve financial close and commence construction during the third quarter of 2023. The solar plant will start delivering power into the national grid in early 2025 and will generate around 220GWh of clean energy per year.

BOROUGE ENTERS INTO AGREEMENT TO EXPAND FOOTPRINT IN EAST AFRICA

Borouge is pursuing growth opportunities with value chain partners, focusing on one of the world's fastest growing economies

Borouge to unlock further growth opportunities in the region through agreement with one of the biggest polyolefin distributors in East Africa

Company plans to launch new grades of advanced packaging solutions in East Africa, to capitalise on the growing demand for premium products

Borouge Plc ("Borouge" or "the Company") (ADX symbol: BOROUGE / ISIN: AEE01072B225), a leading petrochemical company that provides innovative and differentiated polyolefin solutions, has entered into a Distribution Agreement with one of the biggest polyolefin distributors in East Africa, Somochem. The agreement builds on a long-standing partnership between Borouge and Somochem and aims to increase Borouge's footprint and presence in East Africa. The development comes on the back of Borouge's significant growth in market share in the region.

Over the past five years, Borouge has grown its East African sales of infrastructure solutions and doubled its sales volume of advanced packaging solutions. The Company conducted targeted marketing and sales campaigns in the region, with a strong focus on Kenya, Tanzania, Ethiopia, Uganda and Rwanda – the fastest-growing countries in the region by Gross Domestic Product (GDP). According to the African Development Bank, economic growth in East Africa is projected to reach 5% in 2023 and 5.4% in 2024. Market demand has been driven by the rapid and substantial infrastructure investment, healthcare improvements, rising living standards and urbanisation. More than 112 million people in the region do not have access to clean water according to UNICEF, demonstrating the pressing need for high quality infrastructure to support the development of the region.

e& to acquire a majority stake in Careem

• e& is investing $400m in the Careem Super App, in line with e&'s strategic ambition of scaling up consumer digital offerings and accelerating its transformation to a global technology and investments group

• Investment will support expansion of Careem's Super App after proven success in the UAE

• Uber retains 100% ownership of the Careem ride-hailing business which it acquired in 2020 and will be a significant shareholder of the Careem Super App business

e& today announced the signing of a binding agreement with Uber Technologies, Inc. ("Uber") and its subsidiary Careem to acquire a majority stake in Careem's Super App spinout. Careem's ride hailing business will remain fully owned by Uber and continue to be available with all other Careem services on the existing app for customers.

e& is investing $400m to become a majority shareholder in Careem's Super App alongside Uber and all three of Careem's co-founders. The Careem Super App offers over a dozen services including food and grocery delivery, micro-mobility, a digital wallet and suite of fintech services, and additional third-party services such as home cleaning, car rental and laundry. Careem serves customers in 10 countries across the Middle East, North Africa and South Asia.

With this new investment, Careem plans to accelerate the realisation of its ambitious vision to create the first "everything app" serving customers across the Middle East.

Masdar Expands Presence in US with Completion of Acquisition of Big Beau Project Stake from EDF Renewables North America

• Masdar closes on acquisition of 50 percent stake of combined solar and battery project located in California

• Companies have agreed to partner on portfolio of eight clean energy projects, including wind, solar and battery storage, with a combined capacity of 1.6 gigawatts

Masdar, one of the world's fastest-growing clean energy companies, has further expanded its presence in the United States' renewables market after closing the acquisition of a 50 percent stake in a combined solar and battery storage project from EDF Renewables North America.

The Big Beau project, located in California, comprises a 128-megawatt (MWac) photovoltaic (PV) solar plant and a 40 MW/160 MWh battery energy storage system. It is one of eight projects that Masdar and EDF Renewables have agreed to jointly partner in, with a combined capacity of 1.6 gigawatts (GW).

March 2023

UAEIIC and JOIN sign MoU to enhance cooperation and build investment capabilities

The UAE International Investors Council (UAEIIC) and Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (JOIN) based in Tokyo, signed a Memorandum of Understanding.

The MOU IS FOCUSING on expanding the circle of coordination and investment cooperation between the two INSTITUTIONS to serve common interests, to be a nucleus on which to build to encourage more partnerships between the business communities and private sector companies from both sides, build their capacities, and encourage bilateral and multilateral investments, especially in the Middle East and Africa region, in a number of areas of common interest, especially in potential infrastructure and transport projects, in a way that contributes to achieving the aspirations of the two institutions and supports their development efforts.

MoU between "UAEIIC" and "PROPANAMA" to explore investment opportunities

The UAE International Investors Council "UAEIIC" and "PROPANAMA" the National Authority for Investments and Export Promotion of the Republic of Panama, based in Panama City, signed a Memorandum of Understanding.

With the aim of developing and encouraging joint cooperation mechanisms to stimulate the business environment and encourage investments between the two business communities, within the framework of the official visit of the PROPANAMA delegation to the country. It was signed from the UAEIIC side by His Excellency Jamal bin Saif Al Jarwan, Secretary General of the UAE International Investors Council, and from the PROPANAMA side, by Her Excellency Carmen Gisela Vergara Mas, General Administrator of PROPANAMA.

The agreement was signed in the presence of H.E. Rashed Saud Al Shamsi, BOD Member of UAEIIC, and a number of representatives from both sides.

The Executive Committee of UAEIIC holds its 30th meeting

The Executive Committee of the UAE International Investors Council held its thirtieth meeting under the chairmanship of His Excellency Saif Mohammad Khalfan Al Mazrouei, Board Member of UAEIIC and Chairman of the Executive Committee. The meeting was held at the Council's main offices at the Ministry of Economy's building in the UAE capital, Abu Dhabi.

At the beginning of the meeting, H.E. Saif Al Mazrouei welcomed Bee'ah Group, Masdar Company and Alserkal Group to the membership of the Council and he said "We are proud of the great role whereby the UAE International Investors Council has contributed over the past years to driving growth and economic diversification in the country and in providing all kinds of support to UAE investors and member companies for achieving their desired goals, in parallel with other national initiatives and in addition to the integration of roles with all relevant institutions.

During the meeting, the Executive Committee discussed a number of topics which were set on the agenda, foremost of which were the activities, initiatives, developments, progress of work in 2022 and the positive results that the Council has achieved over the previous years.

The Committee also reviewed and approved the external auditors' report which reflected the Council's strong financial performance. The report consisted of the financial statements for the year ending on 31st December 2022 and the Council's budget budget for 2023. Consequently the Executive Committee reviewed and discussed the details and the implementation process of the strategic plan, and the latest developments and recommendations that will be submitted to the Board of Directors meeting which will be held next June.

Al Mazrouei added that the UAE International Investors Council carries out its work with an open view of business policies that are conducive to investment, development of investment partnerships, and stimulating investment opportunities with promising growth prospects in many markets around the world, which reflects, in turn, the balanced future vision and the directives of the wise leadership.

UAE and Georgia signed a joint statement announcing the completion of talks aimed at reaching a comprehensive economic partnership agreement

His Excellency Jamal bin Saif Al Jarwan, Secretary General of the UAE International Investors Council, said: "The Council has always engaged the business community with promising investment opportunities, and believing in the importance of strengthening the partnership, our visit to Tbilisi city in the Republic of Georgia comes to discuss the potential opportunities it offers and to showcase the huge potential for growth in fruitful economic, trade and investment cooperation between our two countries in various fields, especially in tourism, hotels, hospitality, services, agriculture, logistics, real estate, banks, renewable energy and others. UAE foreign direct investment in Georgia has exceeded one billion US dollars until 2022; relations between the UAE and Georgia have developed at a growing pace, one of the most prominent manifestations of cooperation is the completion of the Comprehensive Economic Partnership Agreement talks signed between both county.

UAE and Georgia conclude Comprehensive Economic Partnership Agreement

A successful conclusion to the visit of the high level UAE delegation headed by His Excellency Dr. Thani bin Ahmed Al Zeyoudi, Minister of State for Foreign Trade, to Tbilisi, Republic of Georgia, with the participation of the UAE International Investors Council, a number of senior officials in federal and local government entities, representatives of private sector companies and the business community in the country.

The visit witnessed the signing of a joint statement announcing the completion of talks aimed at reaching a comprehensive economic partnership agreement between the two countries, signed by His Excellency Dr. Thani bin Ahmed Al Zeyoudi, Minister of State for Foreign Trade, and His Excellency Levan Davitashvili, Deputy Prime Minister and Minister of Economy and Sustainable Development of Georgia.

UAEIIC" and "Emirates FOA" sign MoU for cooperation and knowledge acquisition

The UAE International Investors Council "UAEIIC" and "Emirates FOA" the Emirates Family Office Association, signed a Memorandum of Understanding (MoU).

Within the framework of the MoU, the two parties will explore areas of cooperation under the framework of "Investor Relations Initiatives", and the terms of the MoU include many points centered on exchanging information and data and acquiring knowledge to analyze market indicators in the region and around the world, to meet the needs of family businesses on investment policies and opportunities to ensure their sustainability and diversification of their activities, and to hold joint events and workshops. The MOU was signed from the UAEIIC side by His Excellency Jamal bin Saif Al Jarwan, Secretary General of the UAE International Investors Council, and from the Emirates FOA side, by Mr. Adam Ladjadj, Founder of Emirates Family Office Association, during the EMIRATES FAMILY OFFICE ASSOCIATION LAUNCH EVENT in Abu Dhabi global Markets (ADGM), Al Maryah Island, Abu Dhabi, UAE.

The sixth session of the best and proactive business leaders for the year 2022, which was held by Istithmar magazine under the slogan (Future Leaders ... Figures and entities)

His Excellency Jamal bin Saif Al Jarwan, Secretary General of the UAE International Investors Council (uaeiic), was awarded the Knight Medal of Achievement in enhancing the reputation of Arab Investments Globally, and the Award of the Inspirational Arab Personality in the Management of Investment Councils in the Middle East and North Africa for the year 2022.

The UAE International Investors Council was also awarded the shield of the Arab institution that contributes the most to supporting joint Arab investments.

The honoring comes during the sixth session of the best and proactive business leaders for the year 2022, which was held by Istithmar magazine under the slogan (Future Leaders ... Figures and entities), under the patronage of Sheikh Salem bin Sultan bin Saqr Al Qasimi.

His Excellency Rashed Saud Al Shamsi, Board Member of the UAE International Investors Council (uaeiic), was awarded the Medal of the most Pioneering Personality in Support of Investments in the Energy Sector in the Middle East and North Africa for the year 2022.

The honoring comes during the sixth session of the best forward-looking business leaders for the year 2022, which was held by Istithmar magazine under the slogan (Future Leaders ... Figures and entities), under the patronage of Sheikh Salem bin Sultan bin Saqr Al Qasimi.

The sixth session of the best and proactive business leaders for the year 2022, which was held by Istithmar magazine under the slogan (Future Leaders ... Figures and entities)

His Excellency Khalifa Saif Al Muhairbi, Chairman of Arabian Gulf Investment Group and Member of Executive Committee at UAE International Investors Council (uaeiic), was awarded the Knight Medal of Real Estate Investments in the Middle East and North Africa for the year 2022. And the "Medal" of the exceptional leader in supporting the march of Gulf investors in the real estate sector for the year 2022,

Arabian Gulf Investment Group was also awarded the "Award" of the best-selling real estate company in the Middle East and North Africa for the year 2022, and the "Award" of the most forward-looking group for the future of the real estate sector in the Arab countries for the year 2022.

The honoring comes during the sixth session of the best forward-looking business leaders for the year 2022, which was held by Istithmar magazine under the slogan (Future Leaders ... Figures and entities), under the patronage of Sheikh Salem bin Sultan bin Saqr Al Qasimi.

The sixth session of the best and proactive business leaders for the year 2022, which was held by Istithmar magazine under the slogan (Future Leaders ... Figures and entities)

The sixth session of the best and proactive business leaders for the year 2022, which was held by Istithmar magazine under the slogan (Future Leaders ... Figures and entities)

His Excellency Eng. Ali Rashid Al Jarwan, CEO of Dragon Oil and Board Member of the UAE International Investors Council (uaeiic), was awarded the Most Pioneering Personality Medal for Supporting the Oil Investments in the Middle East and North Africa, and Dragon Oil was also awarded the Best Foresighted Company Award regarding the future of the oil and gas sector in the Middle East and North Africa for the year 2022.

The honoring comes during the sixth session of the best forward-looking business leaders for the year 2022, which was held by Istithmar magazine under the slogan (Future Leaders ... Figures and entities), under the patronage of Sheikh Salem bin Sultan bin Saqr Al Qasimi.

The sixth session of the best and proactive business leaders for the year 2022, which was held by Istithmar magazine under the slogan (Future Leaders ... Figures and entities)

His Excellency Humaid Abdulla Al Shimmari, Deputy Group CEO, Chief Corporate & Human Capital Officer at Mubadala Investment Company, and Board Member of the UAE International Investors Council (uaeiic), was awarded the Award for 'Best Contribution to Institutional Investment Pathways in the Middle East' in 2022.. The Award was received on his belhalf by H.E. Khalid Saleh Al Rashdi, Group Government Affairs Manager, Mubadala Investment Company.

The honoring comes during the sixth session of the best forward-looking business leaders for the year 2022, which was held by Istithmar magazine under the slogan (Future Leaders ... Figures and entities), under the patronage of Sheikh Salem bin Sultan bin Saqr Al Qasimi.

Mr. Ayman El Henawy, Director of Corporate Communications at UAE International Investors Council (UAEIIC), was awarded the Best Creative Personalities in the Middle East and North Africa Medal for 2022.

and the "Award" for Senior Management Excellence in the Government Communication Sector in the Middle East and North Africa for the year 2022.

The honoring comes during the sixth session of the best forward-looking business leaders for the year 2022, which was held by Istithmar magazine under the slogan (Future Leaders ... Figures and entities), under the patronage of Sheikh Salem bin Sultan bin Saqr Al Qasimi.

The sixth session of the best and proactive business leaders for the year 2022, which was held by Istithmar magazine under the slogan (Future Leaders ... Figures and entities)

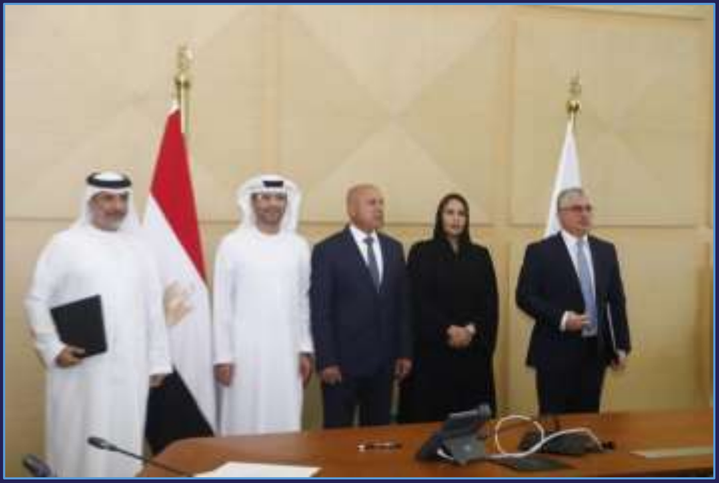
AD Ports Group signs a 30-year Concession Agreement to Develop and Operate Safaga Port in Egypt

Two 15-year agreements, a Memorandum of Understanding and three Head of Terms - were also signed with Egyptian authorities for multi-purpose, RoRo and cruise terminals, as well as logistics services across key Red Sea and Mediterranean ports

AD Ports Group, the leading facilitator of global trade, logistics, and industry, today announced the signing of a concession agreement to develop and operate a multi-purpose port in Safaga in Egypt, in addition to signing of two 15-year agreements, a Memorandum of Understanding (MoU) and three Head of Terms (HoT) concerning ports located in Egypt's Red Sea region and the Mediterranean Sea, enabling a major expansion of the Group's activities into Egypt.

These agreements allow for expanded access to multipurpose terminals, cruise routes, and logistics capabilities in Safaga, Ain Sokhna, Port Said, Hurghada, Sharm El Sheikh and Al Arish.

The agreements were signed in Cairo in the presence of His Excellency Lieutenant-General Kamel al-Wazir, Minister of Transport of Egypt, H.E. Mariam Al Kaabi, Ambassador of the UAE to Egypt, H.E. Capt. Mohamed Juma Al Shamisi, Managing Director and Group CEO, AD Ports Group, Major General Osama Saleh, Vice- Chairman of the Board of Directors of the Red Sea Port Authority, H.E. Walid Jamal Eldin, Chairman of the General Authority for the Suez Canal Economic Zone, as well as H.E. Saif Al Mazroui, CEO, Ports Cluster, AD Ports Group, and other senior officials.



Egyptian President El-Sisi Receives AD Ports Group CEO in Cairo

Talks focus on existing and potential projects in maritime and logistics sectors

The President of Egypt, Abdel Fattah El-Sisi, received in Cairo Capt. Mohamed Juma Al Shamisi, Managing Director and AD Ports Group CEO, and discussed the ongoing cooperation and development of the logistics and maritime sectors in Egypt.

The meeting was attended by Egyptian Prime Minister H.E> Dr. Mostafa Madbouly, H.E. Mariam Al Kaabi, Ambassador of the UAE to Egypt, H.E, Walid Sami, Chairman of the General Authority for the Economic Zone of the Suez Canal, H.E. Major General Walid Abu Al-Majd, Director General of the National Service Projects Organization (NSPO), Major General Hisham Al Jundi, Deputy Director General of the National Service Projects Organization (NSPO), and H.E. Ahmed Al Mutawa, Regional CEO, AD Ports Group.

The meeting further cements the historical ties between Egypt and the UAE. It underlines AD Ports Group's keenness to enhance cooperation with Egypt considering its numerous advantages as a leading regional and global logistics, especially with the Egyptian Government's drive to develop its infrastructure and boost its economy.

February 2023

The UAEIIC met with H.E. Dr. Khaled Abdel Ghaffar, Minister of Health and Population of the Arab Republic of Egypt, to reviewed the work strategies of UAE companies in the health system and the pioneering experiences that have been achieved in order to provide the best decent medical care to the citizens of the two countries, and the two sides discussed supporting mechanisms to benefit from promising investment opportunities in the Egyptian market, and that there is a need to expand medical investments of all kinds, especially opportunities in the field of health care, pharmaceutical and medical industries. The meeting was attended by H.E. Nasser bin Tahnoon Al Naqbi, Executive Director of Commercial and Investment Affairs of Gulf Pharmaceutical Industries Company (Julphar) and Dr. Hamed Sayed Hamed, representative of Arab Lab, and Omar Mohammed Al Muzaki, Executive Director of Member Affairs - UAE International Investors Council.

UAE International Investors Council (UAEIIC) discusses enhancing bilateral cooperation with the Egyptian Minister of Health and Population

Emirati economic delegation led by His Excellency Al Sayegh visits Mexico to enhance cooperation

The economic delegation, which was headed by H.E. Ahmed Al Sayegh, Minister of State, explored investments and commercial opportunities to enhance cooperation between the UAE and Mexico.

A UAE-Mexico Business Forum was also held during the visit.

The UAE International Investors Council (UAEIIC), participated as part of the UAE delegation, headed by H.E. Ahmed Ali Al Sayegh, Minister of State, at the Mexico-UAE Economic Forum, which was held in the Mexican capital, Mexico City, where H.E. Jamal bin Saif Al Jarwan, Secretary General of the UAE International Investors Council, gave a presentation on the role of the Council and the sectors that can attract Emirati investors.

The UAE International Investors Council (UAEIIC), strongly welcomes cooperation and the establishment of effective partnerships with the Mexican side, and we call on private sector companies to explore the abundant opportunities in Mexico and build economic, trade and #investment alliances between the two countries, in priority areas and sectors, most notably renewable energy, food security, agriculture, technology, infrastructure, tourism, ports, logistics, financial services, aviation Industry, fintech sectors and industrial development.

The 33rd meeting of the Board of Directors of the UAE International Investors Council.

AED 7 trillion total assets under management UAE foreign investment by the end of 2022, which represents a growth of 25% compared to 2021 despite global economic challenges.

Bin Touq: The UAE International Investors Council works according to a clear vision to enhance openness to foreign markets and explore new opportunities that serve the development agenda of the country.

His Excellency Abdullah bin Touq Al Marri, Minister of Economy and Honorary Chairman of the UAE International Investors Council (UAEIIC), said that the UAE International Investors Council continues to explore growth opportunities and deal with the challenges facing member companies in global markets, and the Council is keen to enhance channels of communication with promising markets and explore opportunities to establish new partnerships to serve the country's development agenda and its vision to move towards a new, more diversified and flexible economic model.

The UAE International Investors Council reviewed the growth in the value of UAE investment assets under management internationally which is estimated at AED 7 trillion during the year 2022 compared to 2021, achieving a growth of 25% despite global economic challenges.

The visit of H.E. Jamal bin Saif Al Jarwan, Secretary General of the UAE International Investors Council, to the IFFCO Group pavilion participating in the 28th edition of "Gulfood", which is being held at Dubai World Trade Centre, where he met with H.E. Shiraz Abdul Razaq Allana, Director & Supervisory Board Member of IFFCO Group.

IFFCO Group's participation in the "Gulfood" exhibition since its first edition includes strategic plans for growth in terms of operations and growth of its product portfolio, as well as at the level of markets, in addition to the local market, the group is expanding into several foreign markets, covering the Arab region, Asia and Africa.

IFFCO Group showcases its leadership in the food and beverage industry at Gulfood

UAE and Iraq..

Growing fraternal relationships support stability and prosperity

A friendly meeting was held between His Excellency Jamal bin Saif Al Jarwan, Secretary General of the UAE International Investors Council, with His Excellency Mohammed Shia Al Sudani, Prime Minister of the Republic of Iraq, and his delegation, was attended by a number of officials and Emirati investors, at Emirates Palace - Abu Dhabi.

In 2021, UAE clean energy company Masdar signed a deal with Iraq's Ministry of Electricity and National Investment Commission to build five solar power stations across Iraq.

Also that year, Abu Dhabi Ports Group signed a preliminary agreement with the General Company for Ports of Iraq to explore potential investment opportunities and strengthen co-operation in the transport and maritime sectors.

"Invest in Egypt" AOI sponsors the organization Egyptian - Emarati investment forum

H.E. Jamal bin Saif Al Jarwan, Secretary General of the UAE International Investors Council (UAEIIC), discussed with H.E. Major General Eng. Mukhtar Abdul Latif, Chairman of the Arab Organization for Industrialization (AOI), enhancing bilateral cooperation mechanisms in topics of common interest, in the presence of a number of representatives of Emirati companies, at the headquarters of the Ministry of Economy in the UAE capital, Abu Dhabi, on the sidelines of the activities of the fourth day of Arab Organization for Industrialization participation in IDEX Abu Dhabi 2023.

January 2023

The UAE-Ghana Business Forum: A Platform for Strengthening Bilateral Relations

On the sidelines of launching the activities of Ghana Business Forum, titled 'Ghana: Unlimited Opportunities' in Abu Dhabi as part of the Ghana Business Week.

H.E. Jamal bin Saif Al Jarwan, Secretary General of UAEIIC, met with H.E. Nana Addo Dankwa Akufo Addo, President of the Republic of Ghana, and a number of officials in the Ghana government, to discuss ways to enhancing partnership and co-operation for more extensive dialogue between private sector, UAE investors and their counterparts in Ghana's business community, across strategic industries such as energy, mining, natural resources, agriculture, financial services, trade, environment, manufacturing, technology and real estate.

UAEIIC plays a vital role in building communication and cooperation bridges between countries.

H.E. Jamal bin Saif Al Jarwan, Secretary General of the UAE International Investors Council (UAEIIC), met with H.E. Yoweri Museveni, President of the Republic of Uganda, in the UAE capital Abu Dhabi, to discuss ways to strengthen cooperation in the investment fields. As the UAEIIC strives to support each of the current and expected Emirati projects in Uganda in order to achieve mutual interests between the two friendly countries.

The trade relations between the UAE and Uganda are already strong and have been growing, with trade exchange reaching 3$.8 billion US in 2021 and the UAE being a major trading partner for Uganda.

Malabar Gold opens 300th global showroom in Dallas, USA

Malabar Gold & Diamonds, the 6th largest jewellery retailer globally with a strong retail network across 10 countries, has opened its 300th global showroom in Dallas, US. On the occasion, it also announced expansion plans into the UK, Bangladesh, Australia, Canada, Egypt, Turkey, and South Africa.

The new showroom in Dallas has a stunning display of more than 30,000 jewellery designs from 20 countries across gold, diamonds, precious gems and platinum, catering to the design preferences of those residing in and around Dallas.

Dubai Investments Acquires Stake in Monument Bank, UK based Digital Bank

Dubai Investments PJSC [DIC], the leading investment company listed on the Dubai Financial Market [DFM] has acquired 9% equity stake in Monument Bank Limited, a UK Based Digital Bank regulated by the Financial Conduct Authority (UK) and the Prudential Regulation Authority (UK).

Monument Bank is focused on the overlooked ‘mass affluent’ segment in the UK. The bank’s strategic goal is to provide core banking and other related services, helping clients prosper and optimise time by offering smart, efficient and flexible solutions and leverage the digital capabilities to expand globally.

e& named MEA’s most valuable portfolio

• Value of Group brand portfolio exceeds US$14 billion, according to 2023 Brand Finance Global 500 Report released at WEF, Davos

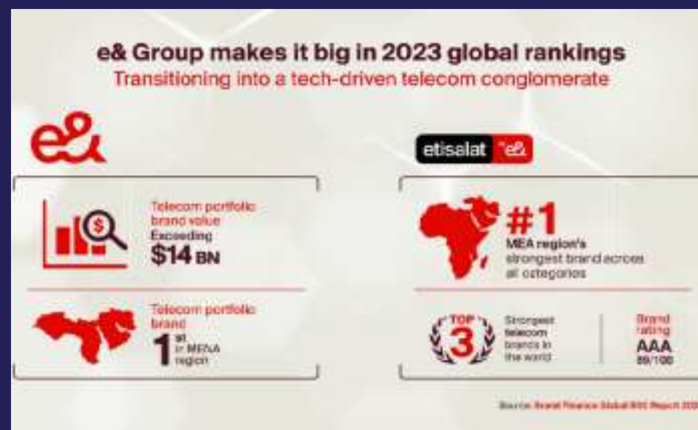
• AAA rating ensures etisalat by e& remains the single strongest brand in all categories – and one of the top three telecom brands in the world

e& (formerly known as Etisalat Group) has consolidated its position as the most valuable portfolio of telecom brands in the Middle East and Africa (MEA), according to the 2023 Brand Finance Global 500 Report released at the World Economic Forum (WEF) in Davos.

Highlighting its transformation efforts into a global technology and investment conglomerate, e& has achieved remarkable business growth and unwavering stakeholder confidence in 2022, with its portfolio of brands now exceeding a total value of US$14 billion.

This reflects the success of the Group's business strategy over the past year, which has introduced further improvements in customer service, more people-focused products and new digital services across its specialist business verticals.

etisalat by e&, the Group's largest telecom brand, also retained its position as the strongest telecom brands across all categories in the MEA region, achieving a score of 89.1 out of 100 and a AAA rating, according to the report. It was also rated one of the top three telecom brands in the world, due to its market reach, operational capabilities, and outstanding customer service record.



Ahmed Galal Ismail appointed Chief Executive Officer of Majid Al Futtaim Holding

Majid Al Futtaim, the leading shopping malls, communities, retail and leisure pioneer across the Middle East, Africa, and Central Asia, today announced that H.E. Ahmed Galal Ismail has been appointed CEO of Majid Al Futtaim Holding.

H.E. Ahmed Galal Ismail assumes the position from Alain Bejjani, who served in the role for eight years. As the Chief Executive Officer of Majid Al Futtaim - Properties, Ahmed has been responsible for Majid Al Futtaim’s malls, hotels, communities and project management operations since 2018. He previously served as CEO of Majid Al Futtaim - Ventures and VP Strategy of Majid Al Futtaim - Holding.

Majid Al Futtaim Launches Inaugural MENAP Economic Integration Barometer at Davos 2023

• World's first MENAP Economic Integration Barometer creates standardised definitions and measurement tools for economic integration

• The Barometer tracks progress on four key integration metrics: trade, intangibles, capital, and people

Majid Al Futtaim, the leading shopping mall, communities, retail and leisure pioneer across the Middle East, Africa, and Asia, has announced the launch of the world's first MENAP Economic Integration Barometer at Davos 2023, in partnership with the World Economic Forum and McKinsey & Company.

Majid Al Futtaim's work in developing the MENAP Economic Integration Barometer follows several years of leadership in promoting discussion on the importance of economic integration as an enabler of sustainable and inclusive economic development. The company's first report - A Perspective on the Economic Potential of the MENAP Region was launched in 2020, followed by a revised edition, The Time is Now: Unlocking the Economic Potential of MENAP, which was released at the May 2022 World Economic Forum Annual Meeting.

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Dubai Investments Acquires Stake in Monument Bank, UK based Digital Bank

Dubai Investments and Millennium Hotels & Resorts ink deal to open a 300-room hotel on Danah Bay, Ras Al Khaimah

Dubai Investments, a leading investment company listed on the Dubai Financial Market (DFM) has signed a deal with Millennium Hotels & Resorts, a global hotel group to open 'Grand Millennium Resort, Danah Bay, the Group's latest flagship freehold project in the UAE, located at the heart of the Al Marjan Island.

The deal was signed by H.E. Khalid Bin Kalban, Vice Chairman and CEO, Dubai Investments and H.E. Fahad Abdulrahim Kazim, CEO of Millennium Hotels & Resorts, Middle East & Africa. The hotel will be operated under the Grand Millennium brand, with 300 rooms and positioned as an upper upscale resort with exciting specialty dining options and a host of beach recreational facilities, designed to deliver an enriching resort-style experience in Ras Al Khaimah.

AD Ports Group Signs Strategic Agreements with KazMunayGas and Kazakhstan's Ministry of Industry & Infrastructural Development

Collaboration includes Marine Fleet and Coastal Infrastructure in Key Market for Energy, Transport and Logistics

In the presence of the UAE President His Highness Sheikh Mohamed bin Zayed Al Nahyan, and the President of the Republic of Kazakhstan Kassym-Jomart Tokayev, AD Ports Group (ADX: ADPORTS), the leading facilitator of global trade, logistics, and industry, has signed a strategic partnership agreement with Kazakh National Oil Company (KazMunayGas) and a Memorandum of Understanding (MoU) with the Ministry of Industry & Infrastructural Development for strategic cooperation in the development of a marine fleet and coastal infrastructure in the Caspian and Black seas.

The agreements build upon the shareholder agreement signed in December with KMTF (Kazmortransflot), a subsidiary of KazMunayGas, to launch an exclusive joint venture to provide offshore services for energy companies in the Caspian Sea.


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Dubai Investments
LuLu
مجموعة شرف
Sharaf Group
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مصدر
MASDAR
LuLu Financial Group
ABA INVESTMENTS
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