



# UAE: Greenfield FDI exceeded USD 15bn in 2023

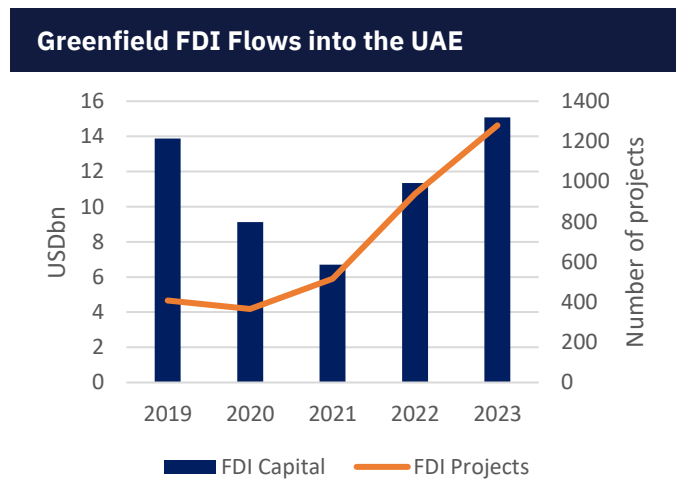
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The UAE ranked second globally in the number of greenfield FDI projects in 2023, with 1280 projects, trailing only behind the United States, which led with 1966 projects<sup>1</sup>. The number of greenfield FDI projects in the UAE surged by 36% y/y, taking the UAE up three places in the global ranking from fifth in 2022. Dubai retained its position as the leading city in the number of greenfield FDI projects, surpassing Singapore and London, with 1036 projects, marking a 32% increase y/y. Abu Dhabi ranked 6th globally with 172 projects, showing a substantial 74% increase y/y. Notably, Dubai accounted for approximately 81% of the total number of projects in the UAE.

Total FDI capital inflows into the UAE increased by 33% y/y to USD 15.08bn. Among the emirates, Dubai attracted the largest share of FDI capital inflows, amounting to USD 6.81bn. Despite only having 13% of the total number of projects in UAE, Abu Dhabi accounted for a significant share of the total FDI capital inflows with USD 4.48bn. Abu Dhabi had the biggest number of projects that exceeded the USD 200mn mark with eight projects while Dubai had five. Sharjah followed in third place with USD 2.75bn, with the bulk of the inflows coming from the India-based Infinite Mining & Energy investment in a new petroleum refinery in Hamriya Free Zone.

Greenfield FDI involves a foreign entity establishing operations in another country by building new facilities from the ground up. This makes greenfield investments the most significant type of FDI, as it drives economic growth by creating jobs, transferring technology and

knowledge to the recipient country, and improving competition. The estimated number of jobs created from greenfield FDI projects in the UAE increased by around 16% to 47,184 jobs last year.



Source: fDi Markets, Emirates NBD Research

## Dubai leads in greenfield HQ Projects; UAE ranks third globally

Dubai also maintained its status as the leading hub for new greenfield headquarters projects with 60 projects in 2023, surpassing Singapore and London, which had 40 and 31 respectively. Riyadh was in fourth place with 22 new greenfield HQ projects last year.

The UAE ranked third globally with 76 greenfield headquarters projects, trailing behind the United Kingdom and the United States, which had 86 and 164 respectively. Notable among these projects was the opening of a regional headquarters for the US based Odys-Aviation, a company specializing in hybrid electric

<sup>1</sup> All data in this report is from the Financial Times fDi Markets database as of 11 March. The figures are continually updated.

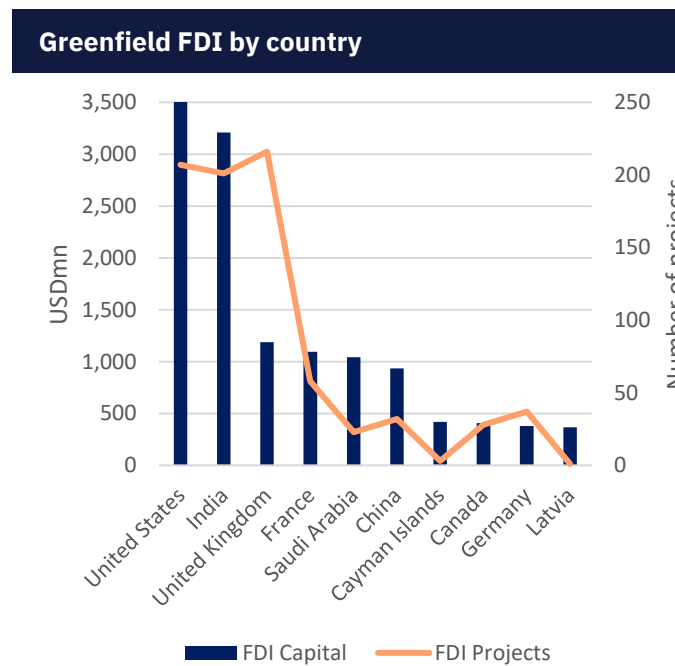


vertical take-off and landing (VTOL) aircraft for regional distances. The investment was facilitated by the Ministry of Economy’s NextGen FDI program.

**The United States the biggest source of greenfield FDI inflows**

In 2023, the United States emerged as the primary source of greenfield FDI inflows into the UAE, which increased by over 137% y/y to USD 3.78bn. India came in second with USD 3.21bn, a significant increase of 413% y/y. The United Kingdom came in third with USD 1.19bn, a 151% y/y increase. France followed with USD 1.1bn, a slight decline of 7% y/y. China came in fifth with USD 935mn.

The United Kingdom led in the total number of greenfield FDI projects with 216 projects. The United States came in second place with 207 projects. India followed with 201 projects. France came in fourth with 58 projects and Italy came fifth with 46 projects.



Source: fDi Markets, Emirates NBD Research

**Business services sector led in the number of greenfield FDI projects**

The business services sector had the largest number of greenfield FDI projects in 2023 with 383 projects. Most

of the projects were in the advertising and PR related sub-sector (66 projects) followed by employment services (59 projects), and professional, scientific, and technical services (38 projects).

The software and IT services sector came in second with 269 projects. The majority of the projects were in software publishing and computer programming services that had 138 and 101 projects respectively.

The financial services sector followed in third with 131 projects. Within this, investment management, and corporate and investment banking were the major subsectors with 57 and 52 projects respectively. The industrial equipment sector came fourth with 81 projects. The real estate sector came fifth with 54 projects.

**Hydrocarbons attracted the largest value of FDI**

The coal, oil and gas sector attracted the most greenfield FDI capital flows at USD 2.6bn, largely due to the investment from the Indian company Infinite Mining & Energy, which invested USD 2.5bn to open a new petroleum refinery in the Hamriya Free Zone in Sharjah that will operate at a capacity of 10,000 barrels per day. The project is the first significant investment into the coal, oil and gas sector since 2020.

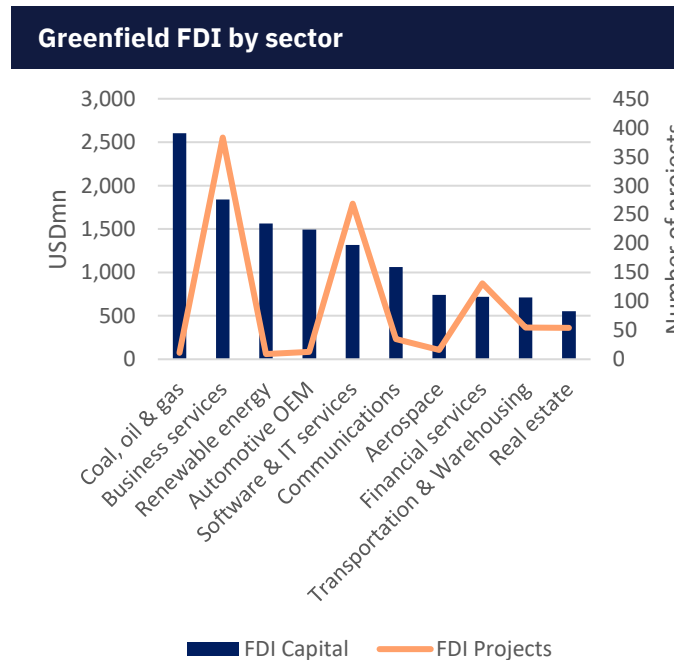
Despite having the largest number of greenfield projects, the business services sector came in second with USD 1.84bn in FDI inflows. The biggest investment into the sector was from the Saudi-based ACWA Power for an estimated cost of USD 914mn. ACWA Power will develop and operate the first phase of a seawater reverse osmosis plant at Hassyan in Dubai. The plant will have a capacity of 180mn imperial gallons per day.

The renewable energy sector followed in third place with USD 1.57bn in FDI inflows. The biggest renewable project last year was a joint venture between Masdar and France based Electricite de France to build Abu Dhabi’s largest solar rooftop at Warner Bros. World in Yas Island for an estimated USD 633mn. The project features the installation of 920 solar modules and is designed to offset 450 tonnes of CO2 emissions per year. Another significant renewable energy project is a



partnership between UAE-based Averda and US-based WasteFuel to build a commercial-scale municipal waste-to-renewable methanol plant in Jebel Ali, Dubai. The plant will provide renewable fuel for the shipping industry. The estimated cost of the project is USD 414mn.

The automotive OEM sector came in fourth place with USD 1.5bn in FDI inflows. American and Chinese companies were the biggest source of inflows into the sector with an estimated USD 640mn and USD 590mn respectively. One of the major investments in the sector was by the US-based Triton EV, an electric vehicle manufacturer, which is opening an assembly plant in the UAE this year at an estimated cost of USD 250mn. Canadian companies also made significant investments into the sector. Canada-based AXL Electric Vehicles, a company that manufactures and sells electric vehicles, is also opening a manufacturing plant in the UAE. The plant will have an annual production capacity of 50k vehicles.



Source: fDi Markets, Emirates NBD Research

The software and IT sector was in fifth place with USD 1.32bn in FDI inflows. The majority of the FDI inflows into the sector came from three US companies

(SurveySparrow, Netskope, and Raytheon Technologies) that invested approximately USD 200mn each to open new data centers in the UAE.

### Strong focus on manufacturing

Manufacturing activities accounted for approximately 45% of the total FDI inflows, totaling USD 6.4bn. That came ahead of headquarters that had investments to the value of USD 1.33bn, recycling (USD 1.32bn), ICT and internet infrastructure (USD 1.18bn), business services (USD 1.04bn), and logistics, distribution, and transportation (USD 1.03bn).

The big investment in manufacturing aligns with UAE's operation 300bn, which focuses on increasing the manufacturing sector's contribution to GDP to AED 300bn by 2031. These FDI inflows should also support the UAE in achieving its target of advanced technology exports worth AED 15bn and advanced technology GDP to the value of AED 110bn by 2031.

### Strategic reforms and trade agreements fueling UAE's FDI ambitions

The remarkable growth in greenfield FDI in the UAE for 2023 can be attributed to a confluence of strategic regulatory reforms and ambitious trade agreements. The introduction of regulatory reforms, including the allowance of 100% foreign ownership in specific sectors, enhanced intellectual property protections, and streamlined licensing procedures, has significantly bolstered the UAE's appeal to international investors. These changes have not only facilitated ease of doing business but have also instilled confidence among foreign investors regarding the protection of their investments.

Moreover, the substantial increase in the value of goods exported from the UAE, which saw a 37% rise between 2019 and 2022, underscores the country's expanding role in global trade. This growth is further supported by the UAE's proactive approach in signing Comprehensive Economic Partnership Agreements (CEPAs) with several countries, including India, Cambodia, Israel, Indonesia, and Turkey, while also engaging in ongoing negotiations with at least 16 other countries. Such agreements have



enhanced trade relations and opened new markets for the UAE, contributing to a more favorable environment for FDI.

In summary, the UAE's strategic regulatory reforms and aggressive trade diplomacy have played pivotal roles in attracting FDI, positioning the country as a leading destination for investment. The synergy between improved investment conditions and robust trade partnerships has not only accelerated economic growth but also promises to sustain the momentum of FDI inflows into the future and achieve the goal of USD 150bn in FDI Inflows by 2031.

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