The background features a blue-toned grid with various data visualizations. On the left, there are bar charts and a line graph with several data points. Some of the visible numbers are -211,06, -82,95, 54,982, and -27,25. Scattered across the background are numerous 3D models of COVID-19 virus particles, showing their characteristic spiky surface.

Covid-19 outbreak global economic impact

Special focus on FDI inflows
into Arab countries

Webinar, October 28th 2020



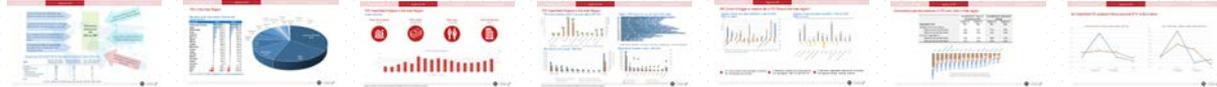
Presented by Riadh Ben Jelili,
Director of Research and Country Risk Assessment

Contents

3 Global Economic Impacts



4 Impact on FDI

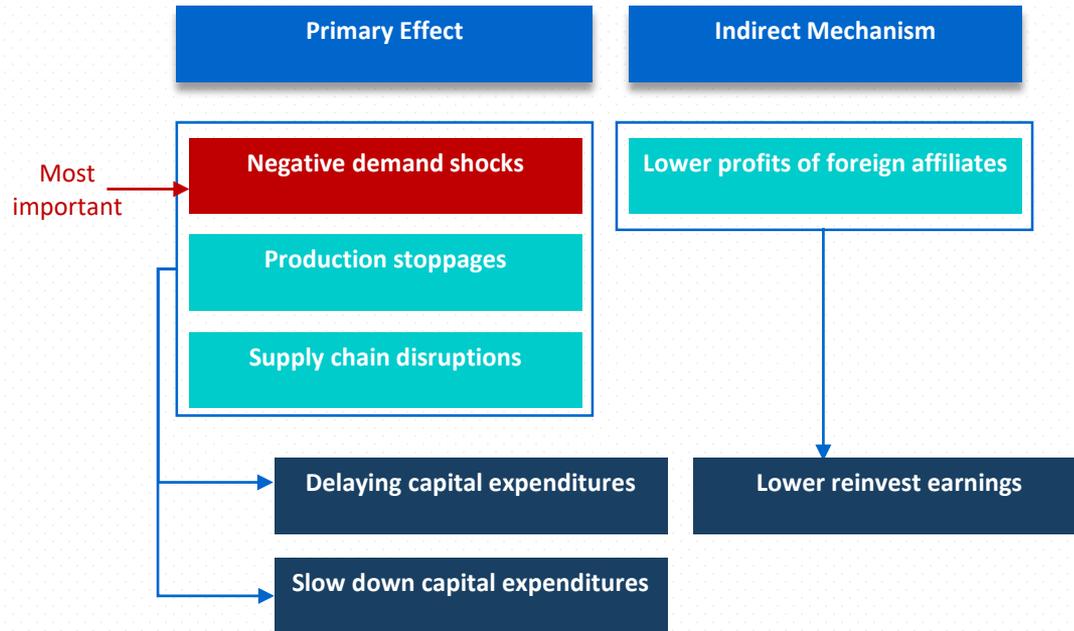


8 Global and Regional Trade Updates



10 Projections for 2021





- Slow down capital expenditures of Multinational Enterprises (MNEs) and their foreign affiliates.
- Greenfield investment projects could be interrupted or shelved indefinitely.
- Completions of already announced M&A transactions are running into delays that could result in cancellations.
- Market-seeking investment and FDI projects in extractive industries could be delayed worldwide as a result of negative demand shocks.
- Of the Top 100 largest MNEs, 69 have already made a statement regarding the impact of Covid-19 on their business. Of those, 41 have issued profit alerts or signaled increased risks.

Decline in FDI and top 5000 MNE capex experienced after the last global recession.

A potential 50-70% decline in the cross border M&A part of FDI for part of the current year.

The immediacy of the projected decline in capex, based on the first data reported by China.

The mechanical effect of reduced MNE earnings on the reinvested earnings component of FDI.

**Downward
pressure on
FDI
-30% to -40%**

Severity and duration of the pandemic across different regions

Scope of the contained measures that governments put in place

The nature and scale policy packages to support the economies

Earnings revisions of the top 5000 MNEs and relative importance of reinvested earnings in FDI by region

Region	Number of companies with earnings revision	Average earnings revision by March 23rd (%)	Share of reinvested earnings in FDI in 2018 (%)
Developed	2663	-35	61
Developing Countries	1249	-20	40
<i>Africa</i>	54	-11	27
<i>Developing Asia</i>	1031	-21	41
<i>Latin America and Caribbean</i>	124	-14	43
<i>Transitions economies</i>	40	-18	93
Total	3912	-30	52

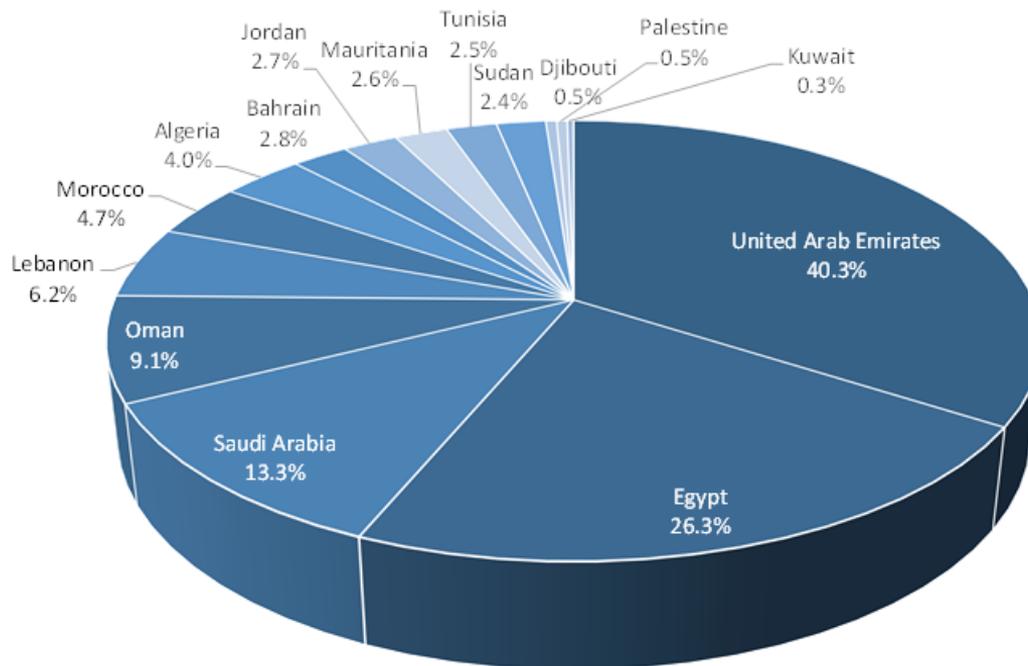
Source: Investment Trends Monitor, Special Issue, UNCTAD, March 2020

FDI in the Arab Region

FDI inflows in the Arab countries, 2018 and 2019

(Millions of dollars)

Economy	2018	2019
United Arab Emirates	10385.3	13787.5
Egypt	8141.3	9010.0
Saudi Arabia	4247.0	4562.0
Oman	4190.5	3124.6
Lebanon	2653.9	2128.3
Morocco	3558.9	1599.1
Algeria	1466.1	1381.9
Bahrain	1654.3	941.8
Jordan	954.9	915.8
Mauritania	772.9	885.3
Tunisia	1035.9	844.8
Sudan	1135.8	825.4
Somalia	408.0	447.0
Djibouti	170.0	181.9
Palestine	251.6	175.7
Kuwait	204.0	104.4
Comoros	6.9	7.9
Yemen	-282.1	-371.0
Qatar	-2186.3	-2812.6
Iraq	-4885.1	-3075.6



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

FDI Greenfield Projects in the Arab Region

Trends, 2003-2019

Total FDI Projects
15,114



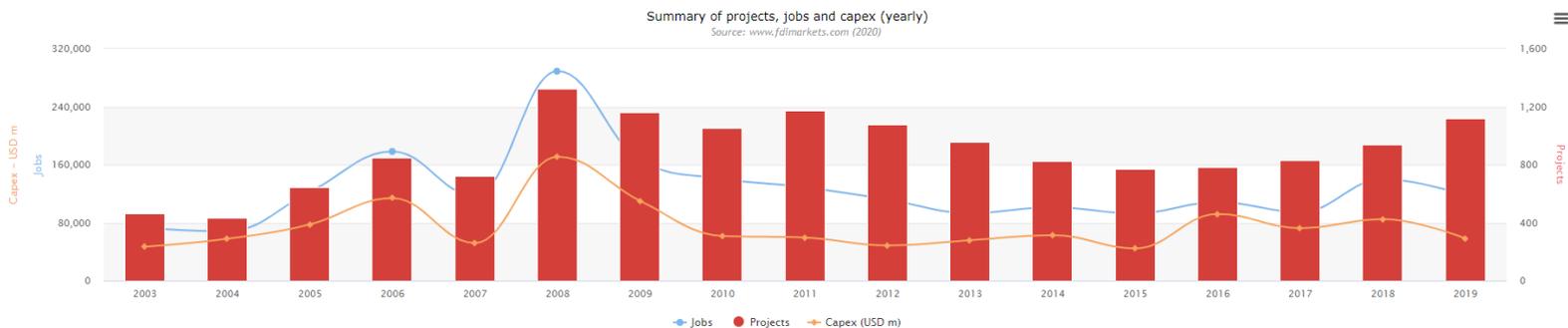
Total Capex
\$1,266.51bn



Total Jobs
2,140,448

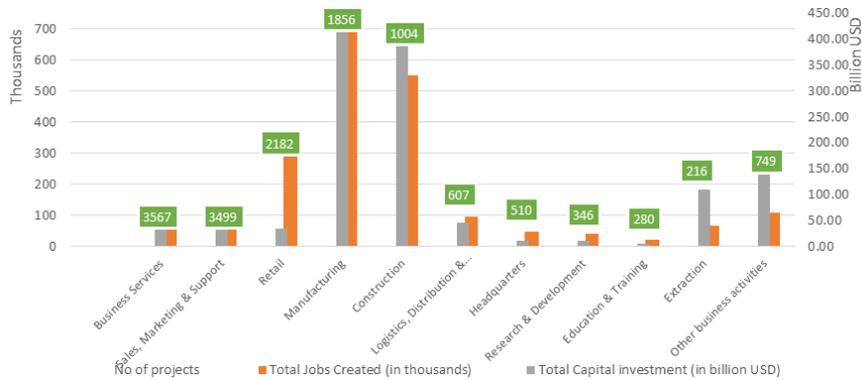


Total Companies
8,407

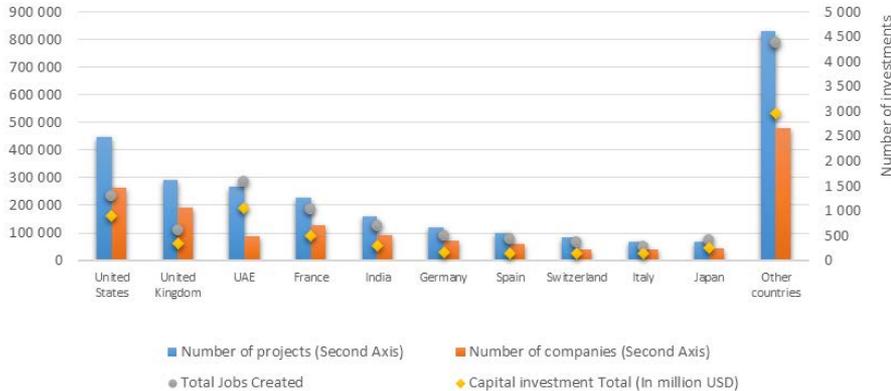


FDI Greenfield Projects in the Arab Region

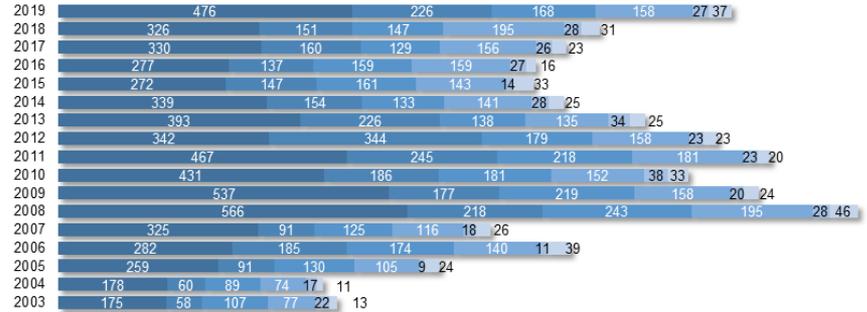
FDI trends by business activity in the Arab region, 2003-2019



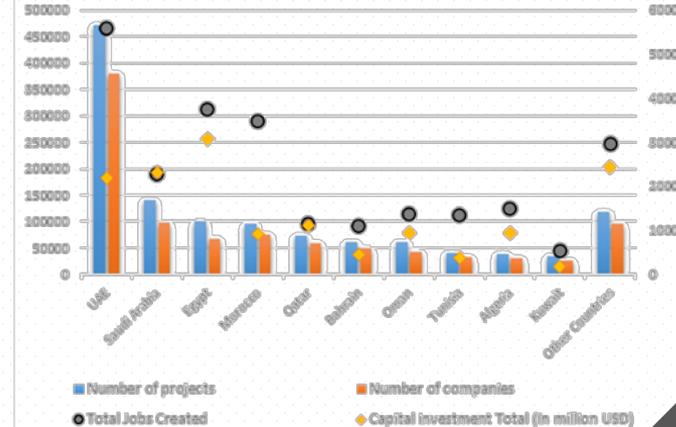
FDI trends by source country, 2003-2019



Number of FDI projects by year and source world region

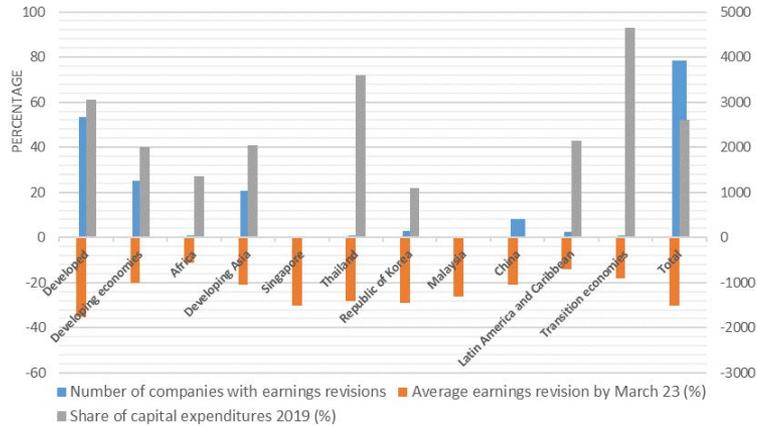


FDI trends by destination country, 2003-2019

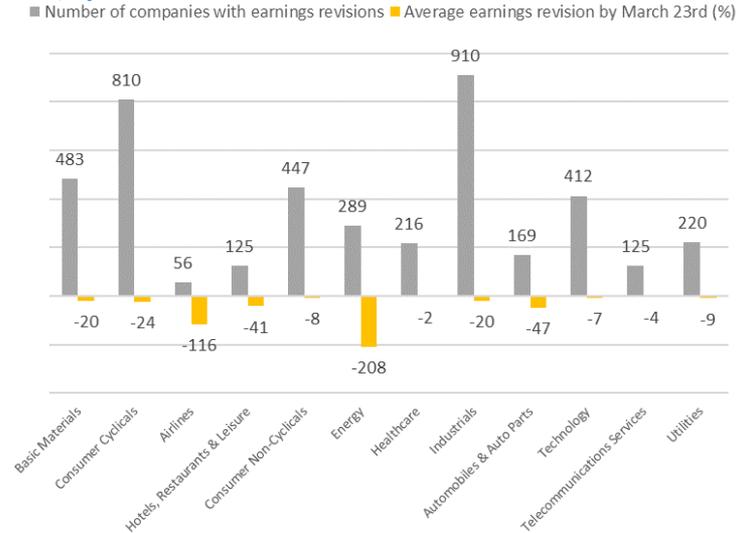


Will Covid-19 trigger a massive fall in FDI flows to the Arab region?

Earnings revisions and capital expenditures of the top 5,000 MNEs, by region



Earnings revisions and capital expenditures of the top 5,000 MNEs, by sector

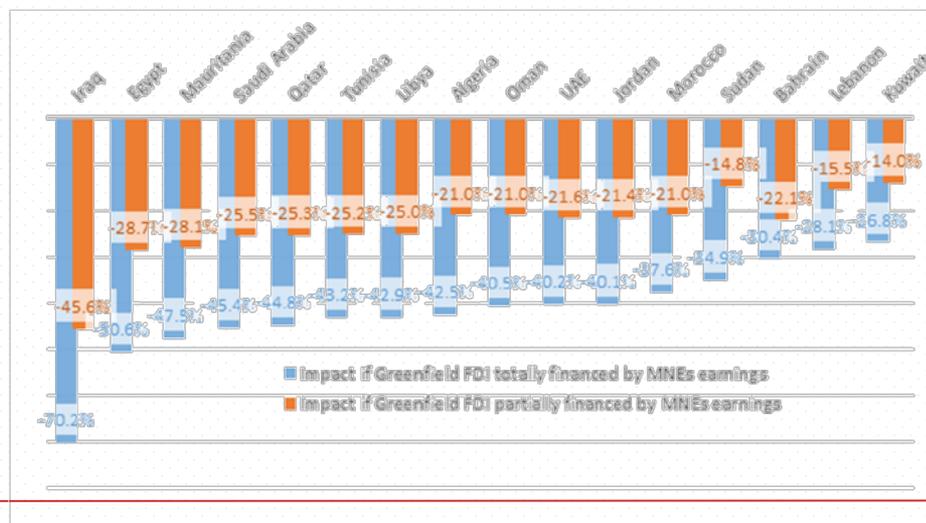


- ✚ H1: Only a share of the earnings is invested

✚ H2: All earnings are invested
- ✚ 2 alternative periods as a benchmark for the calculations: 2003-19 and 2015-19.
- ✚ 2 alternative aggregation approaches of sectoral and regional average earnings revisions

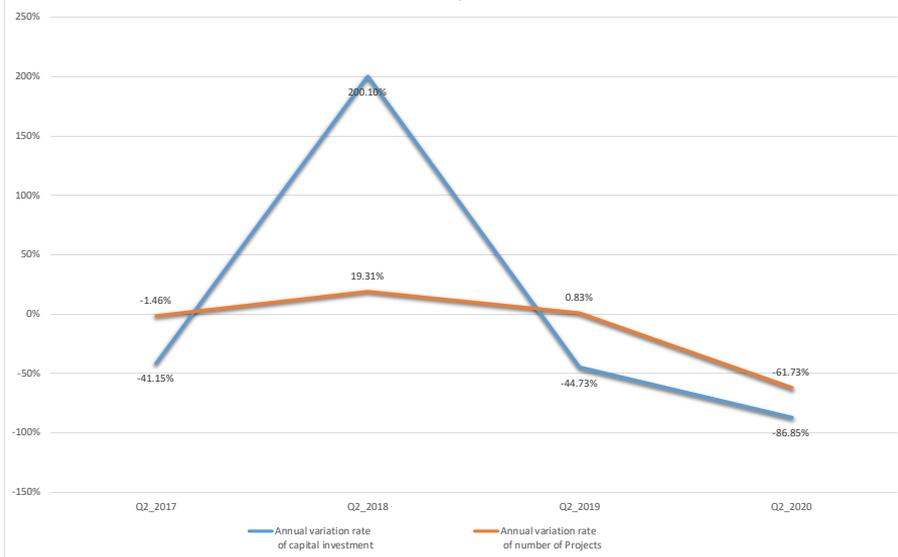
Downward projected pressure on FDI and Jobs in Arab region

Aggregation type	Greenfield FDI = Share of reinvested earning		Greenfield FDI = Reinvested earning	
	Impact on FDI	Impact on Jobs	Impact on FDI	Impact on Jobs
Weighted linear summation				
<i>Reference period 2003-2019</i>	-29%	-16%	-51%	-29%
<i>Reference period 2015-2019</i>	-29%	-15%	-47%	-28%
Geometric aggregation				
<i>Reference period 2003-2019</i>	-22%	-14%	-38%	-26%
<i>Reference period 2015-2019</i>	-21%	-13%	-35%	-25%

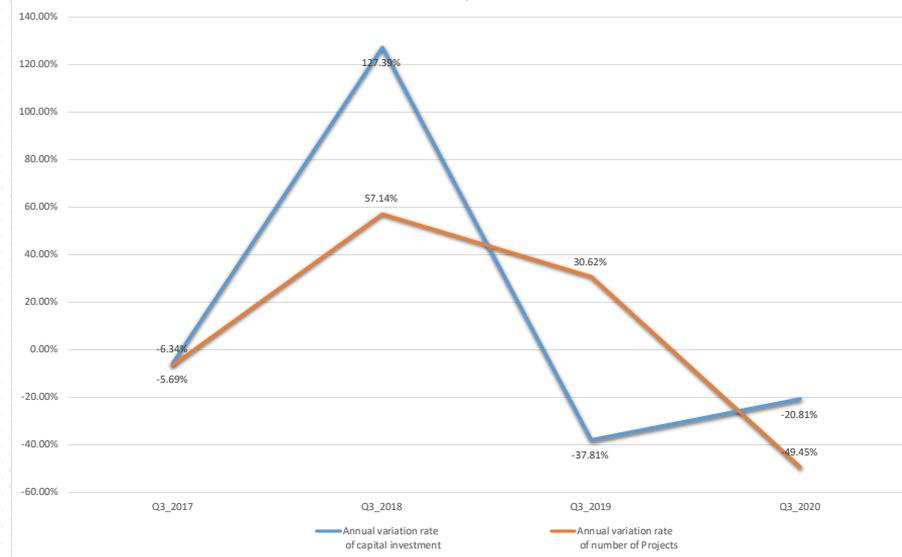


Q2 Greenfield FDI projects inflows plummet 87% to \$2.5 billion

FDI into Arab Countries : Quarterly variations, Quarter2 2003-2020



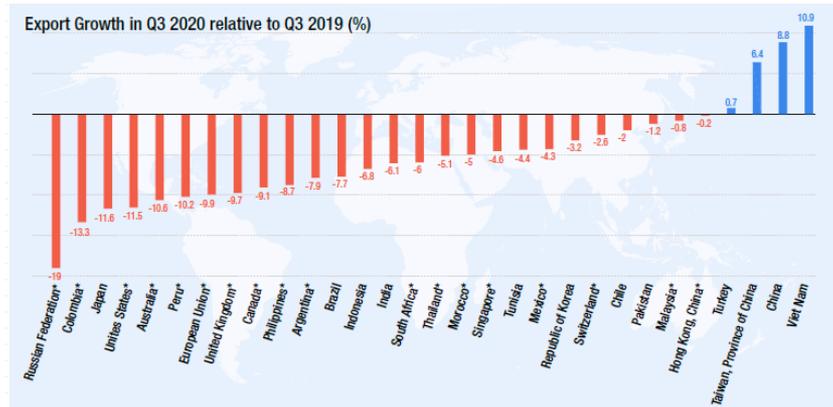
FDI into Arab Countries : Quarterly variations, Quarter3 2003-2020



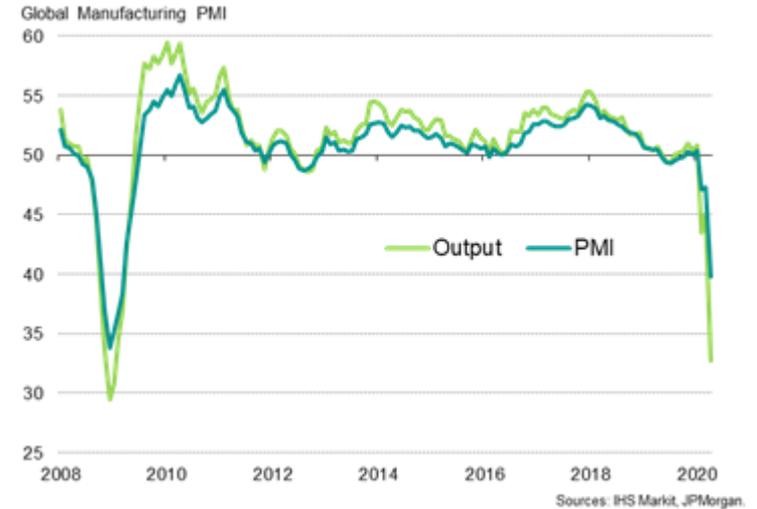
A generalized downtrend in Q3, except for some East Asian economies



Source: UNCTAD calculations based on national statistics. Quarterly growth is the quarter over quarter growth rate of seasonally adjusted values. Yearly growth is the average growth rate of last 4 quarters. Figures for Q3 2020 are preliminary. Q4 2020 is a forecast. * denotes estimates.



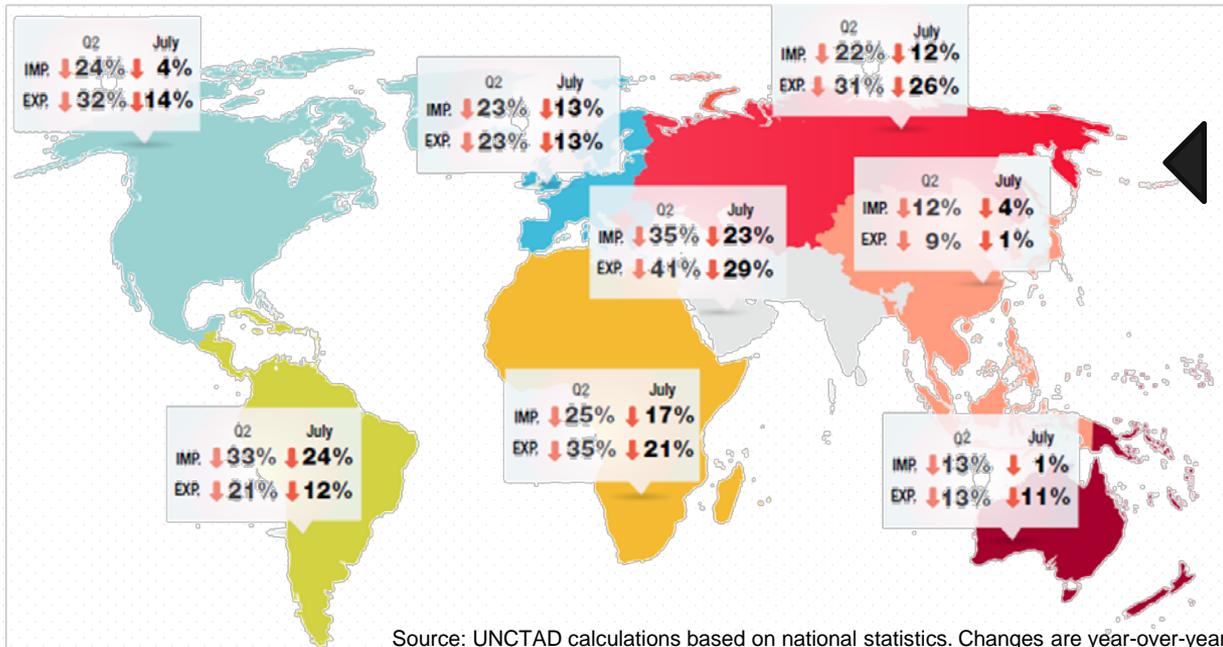
Global manufacturing



Purchasing Managers' Index™ (PMI™) data are compiled by IHS Markit for more than 40 economies worldwide. The monthly data are derived from surveys of senior executives at private sector companies and are available only via subscription. The PMI dataset features a headline number, which indicates the overall health of an economy, and sub-indices, which provide insights into other key economic drivers such as GDP, inflation, exports, capacity utilization, employment and inventories. (PMI)

	Q2 2020		July 2020	
	Import	Export	Import	Export
Developed countries	↓ 20%	↓ 22%	↓ 10%	↓ 14%
Developing countries	↓ 18%	↓ 17%	↓ 10%	↓ 6%
South-South Trade	↓ 16%		↓ 8%	

Trade among developing countries has been relatively more resilient.



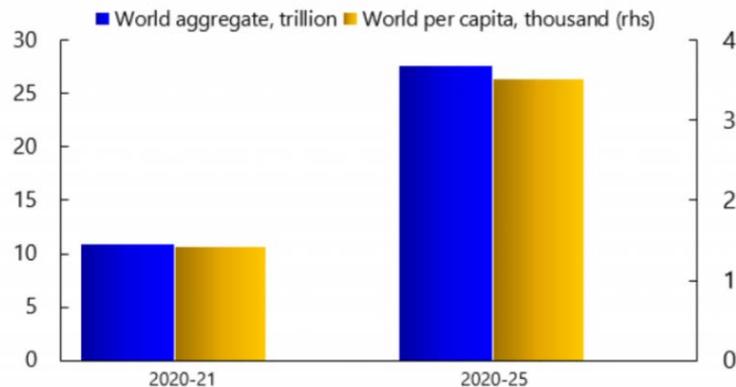
Trade has fallen dramatically in most regions except in East Asia and Pacific

Source: UNCTAD calculations based on national statistics. Changes are year-over-year. Data excludes intra-EU trade.

Large output losses and a severe setback to the improvement in living standards

The cumulative output losses relative to the pre-pandemic projected path for the global economy will grow from \$11 trillion over 2020-21 to \$28 trillion over 2020-25.

(US dollars)



Source: IMF, World Economic Outlook, October 2020, and IMF staff calculations.

Latest World Economic Outlook Growth Projections

(real GDP, annual percent change)	PROJECTIONS		
	2019	2020	2021
World Output	2.8	-4.4	5.2
Advanced Economies	1.7	-5.8	3.9
United States	2.2	-4.3	3.1
Euro Area	1.3	-8.3	5.2
Germany	0.6	-6.0	4.2
France	1.5	-9.8	6.0
Italy	0.3	-10.6	5.2
Spain	2.0	-12.8	7.2
Japan	0.7	-5.3	2.3
United Kingdom	1.5	-9.8	5.9
Canada	1.7	-7.1	5.2
Other Advanced Economies	1.7	-3.8	3.6
Emerging Markets and Developing Economies	3.7	-3.3	6.0
Emerging and Developing Asia	5.5	-1.7	8.0
China	6.1	1.9	8.2
India	4.2	-10.3	8.8
ASEAN-5	4.9	-3.4	6.2
Emerging and Developing Europe	2.1	-4.6	3.9
Russia	1.3	-4.1	2.8
Latin America and the Caribbean	0.0	-8.1	3.6
Brazil	1.1	-5.8	2.8
Mexico	-0.3	-9.0	3.5
Middle East and Central Asia	1.4	-4.1	3.0
Saudi Arabia	0.3	-5.4	3.1
Sub-Saharan Africa	3.2	-3.0	3.1
Nigeria	2.2	-4.3	1.7
South Africa	0.2	-8.0	3.0
Low-Income Developing Countries	5.3	-1.2	4.9



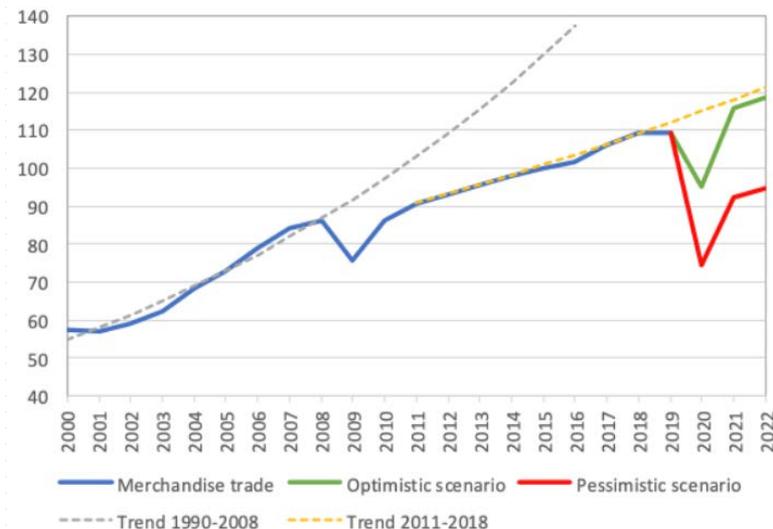
Merchandise trade volume and real GDP, 2018-2021 (annual % change)

	Historical		Optimistic scenario		Pessimistic scenario	
	2018	2019	2020	2021	2020	2021
Volume of world merchandise trade ²	2.9	-0.1	-12.9	21.3	-31.9	24.0
Exports						
North America	3.8	1.0	-17.1	23.7	-40.9	19.3
South and Central America	0.1	-2.2	-12.9	18.6	-31.3	14.3
Europe	2.0	0.1	-12.2	20.5	-32.8	22.7
Asia	3.7	0.9	-13.5	24.9	-36.2	36.1
Other regions ³	0.7	-2.9	-8.0	8.6	-8.0	9.3
Imports						
North America	5.2	-0.4	-14.5	27.3	-33.8	29.5
South and Central America	5.3	-2.1	-22.2	23.2	-43.8	19.5
Europe	1.5	0.5	-10.3	19.9	-28.9	24.5
Asia	4.9	-0.6	-11.8	23.1	-31.5	25.1
Other regions ³	0.3	1.5	-10.0	13.6	-22.6	18.0
Real GDP at market exchange rates	2.9	2.3	-2.5	7.4	-8.8	5.9
North America	2.8	2.2	-3.3	7.2	-9.0	5.1
South and Central America	0.6	0.1	-4.3	6.5	-11.0	4.8
Europe	2.1	1.3	-3.5	6.6	-10.8	5.4
Asia	4.2	3.9	-0.7	8.7	-7.1	7.4
Other regions ³	2.1	1.7	-1.5	6.0	-6.7	5.2

Notes: 1) Figures for 2020 and 2021 are projections. 2) Average of exports and imports. 3) Other regions comprise Africa, Middle East and Commonwealth of Independent States (CIS) including associate and former member States.

Source: WTO Secretariat for trade and consensus estimates for historical GDP. Projections for GDP based on scenarios simulated with WTO Global Trade Model.

World merchandise trade volume, 2000-2022 (Index, 2015=100)



Thank you for your attention

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