



GCC Chartbook

February 8, 2008

A visual essay

This chartbook analyses economic and social developments in the Cooperation Council for the Arab States of the Gulf, commonly known as the Gulf Cooperation Council (GCC), made up of Bahrain, Oman, Kuwait, Qatar, Saudi Arabia and the United Arab Emirates. The GCC, a political and economic alliance and trade bloc, was created in 1981 with the objective of integrating and coordinating among member states in all fields and formulating similar regulations in the economy, finance, trade, legislation and administration. As part of the overall plan for greater economic integration, GCC members implemented a Customs Union in January 2003, unifying tariffs throughout the GCC. In addition, the six members of the GCC launched a Common Market in January 2008 (many operational details are yet to be finalised) and are aiming for a single currency and monetary union by 2010.



The GCC region holds around half of the world's known oil reserves. The GCC accounted for around 18% of global oil production and 39% of oil exports in 2006. Although there are significant differences among the six members of the GCC, all have benefited from high energy prices and experienced a broad-based economic boom in recent years. Overall, the region enjoys a high degree of political stability. Record high oil export receipts have been reflected in sound government revenues, current account surpluses, large accumulation of foreign assets and a recent investment boom. Total net foreign assets of the GCC are expected to exceed USD 2 tr in 2008. High energy prices provide governments in the region with a good opportunity to address long-standing structural reforms.

A structural oil boom. Since the beginning of the current decade, the GCC countries have adopted investment and development plans different from those seen during the previous oil booms of the 1970s and 1980s. Wary of boom-bust cycles, the GCC countries have built up reserves, paid down their public debt and accumulated surpluses that have been transferred to oil stabilisation funds, sovereign wealth funds (SWF) and other state-controlled investment institutions. Economic management has substantially improved and asset deployment has become more sophisticated in the region. There is a clear shift from the public to the private sector as the main engine of growth. Growing domestic investments and economic diversification should help reduce dependence on hydrocarbons.

Regardless of the positive outlook for the near term, the GCC countries have their share of economic challenges and risks. Despite increased diversification efforts, the region still relies on hydrocarbon industries. This makes the region vulnerable to energy price swings and geopolitical risks. The region is also faced with an ever growing inflation problem (close to double digits in the UAE and Qatar). A weak US dollar poses inflationary and exchange rate pressures and puts the sustainability of the region's currency pegs to the US dollar in question. A possible US recession is a further risk, but it could be mitigated by major infrastructure projects already underway or being pursued throughout the region. Unemployment among GCC nationals and business environment constraints, especially governance and transparency, remain key structural challenges.

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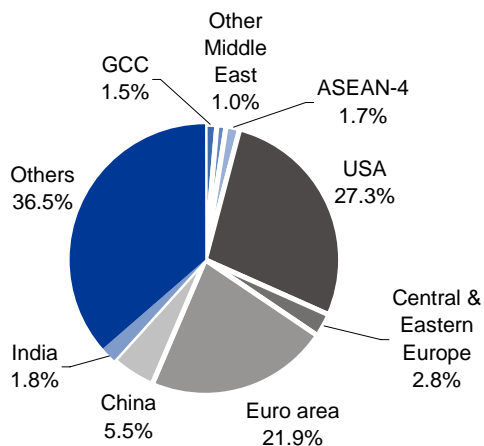
Introduction

From a global perspective, the GCC is still a small but important player, with a nominal GDP of 1.5% of the world total, comparable to ASEAN countries. With a total population of around 38 million, the GCC remains small among its economic peers. However, in terms of growth rates, the GCC has surpassed Middle East and Latin American growth averages. In addition, GDP per capita income, especially in the UAE and Qatar, is among the highest in the world.

The impact of a US slowdown on the GCC is expected to be limited. With the fear of a US recession threatening to spread to much of the global economy and emerging markets, the GCC countries' direct exposure to a US slowdown is limited. If there is a recession in the US, energy markets will cool, though probably not enough to hurt GCC economies. As long as there is no sharp fall in oil prices, the economic outlook of the GCC will remain comfortable. Given their exchange rate pegs to the US dollar, further declines in the value of the dollar may force GCC governments to revalue their currencies sooner rather than later.

Nominal GDP
GCC share close to ASEAN countries'

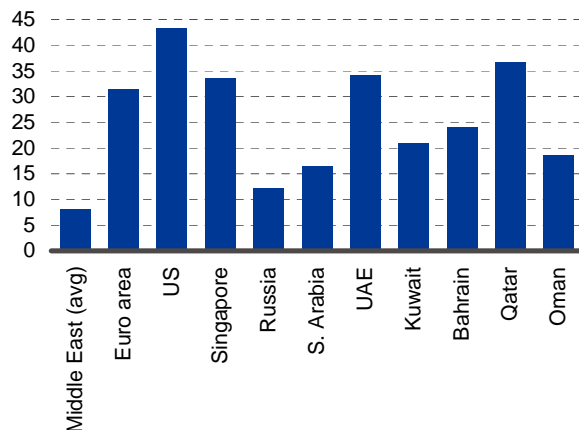
% of world total, 2006



Source: IMF WEO

GDP per capita
UAE, Qatar higher than euro area

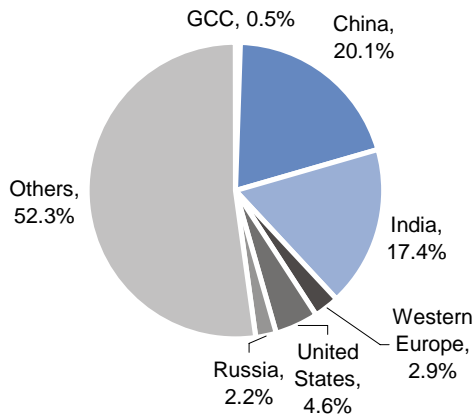
Current USD (thousands), 2006



Source: IMF WEO

Population
GCC remains small among economic peers

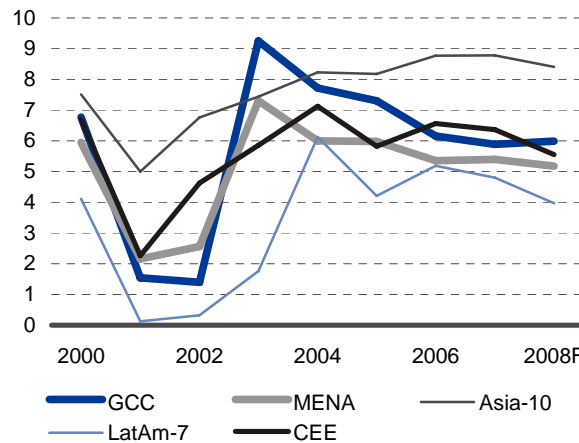
% of world population, 2005



Source: UN population division

Real GDP
GCC growth outperforms CEE & LatAm regions

% yoy



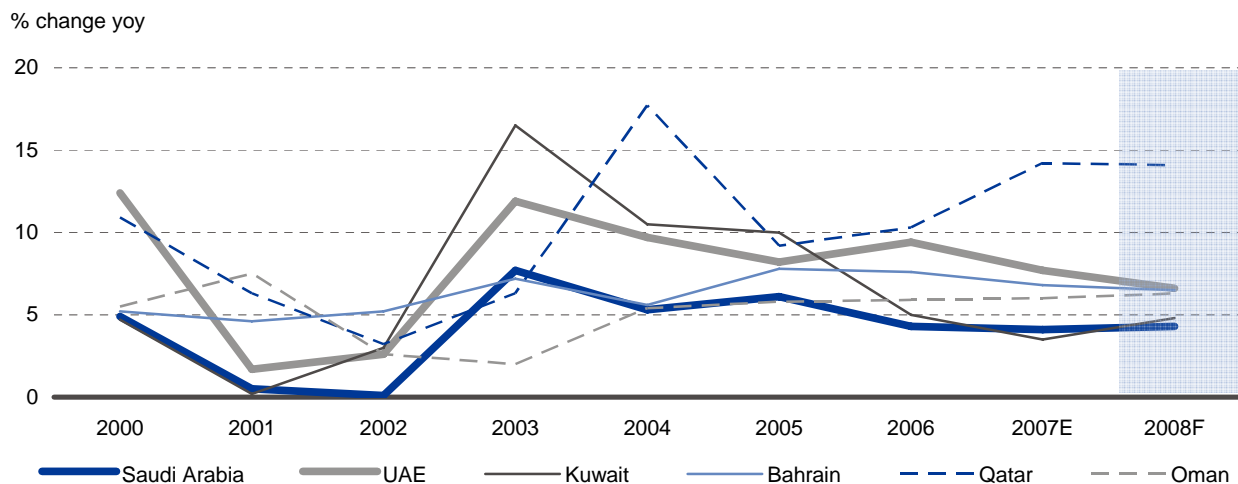
Sources: IMF, DB Research

High GDP growth, rising inflation, growing unemployment

High growth in the GCC region is set to continue over the next few years driven by high oil prices and growth in other sectors. Exports and GDP growth are still heavily dependent on the hydrocarbon sector; however, the GCC has shown tremendous gains in the diversification of its economy in the past few years. In fact, non-hydrocarbon real GDP growth outpaces that in the hydrocarbon sector in every country except Qatar.

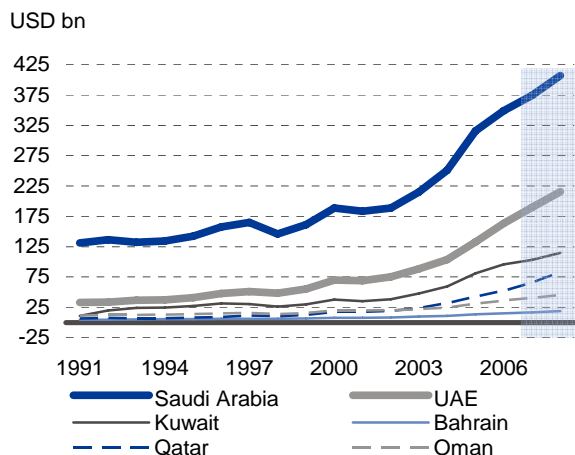
Inflation is the biggest challenge for the GCC. Inflation pressures are led by an excess amount of liquidity brought in through large current account surpluses, the maintenance of USD pegs and the expansionary fiscal policies of governments. It has also risen due to the increase in national population and expatriate workers and the resultant supply-side constraints (esp. in the housing sector). As the US is likely to continue its trend of monetary easing and the GCC is unable to mitigate these domestic constraints immediately, inflation pressures are likely to increase. With inflation in the UAE and Qatar at or near double-digit levels, they are the most likely candidates to revalue their currencies. Growing unemployment of GCC nationals is another mounting concern in the region. Governments have started responding by expanding public-sector jobs, promoting economic diversification to create more employment opportunities, and enhancing vocational and academic education to better align nationals' skills with private-sector demand.

Real GDP growth
Average growth rates to remain strong in '08



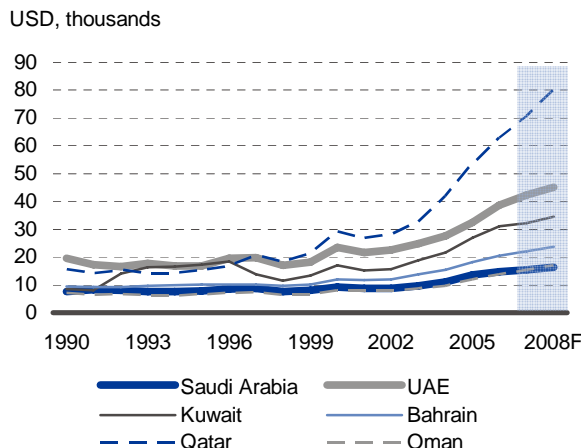
Source: IMF WEO

Nominal GDP
Saudi Arabia and UAE are largest economies



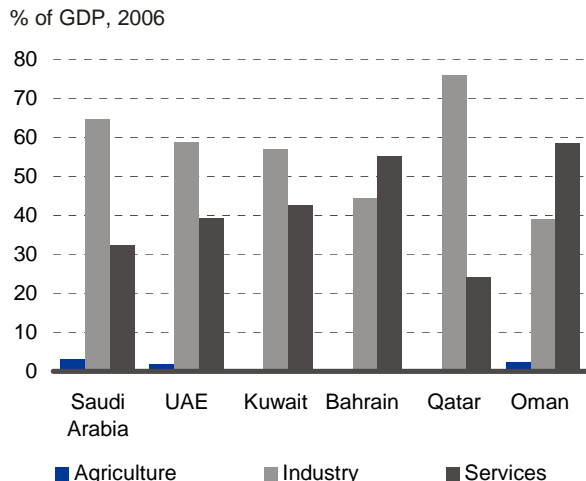
Source: IMF WEO

Nominal GDP per capita
Strong growth over past decade



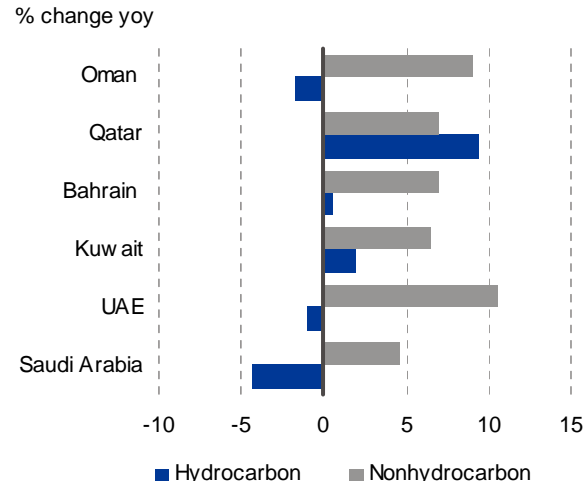
Source: IMF WEO

Composition of GDP
Hydrocarbon sector dominates



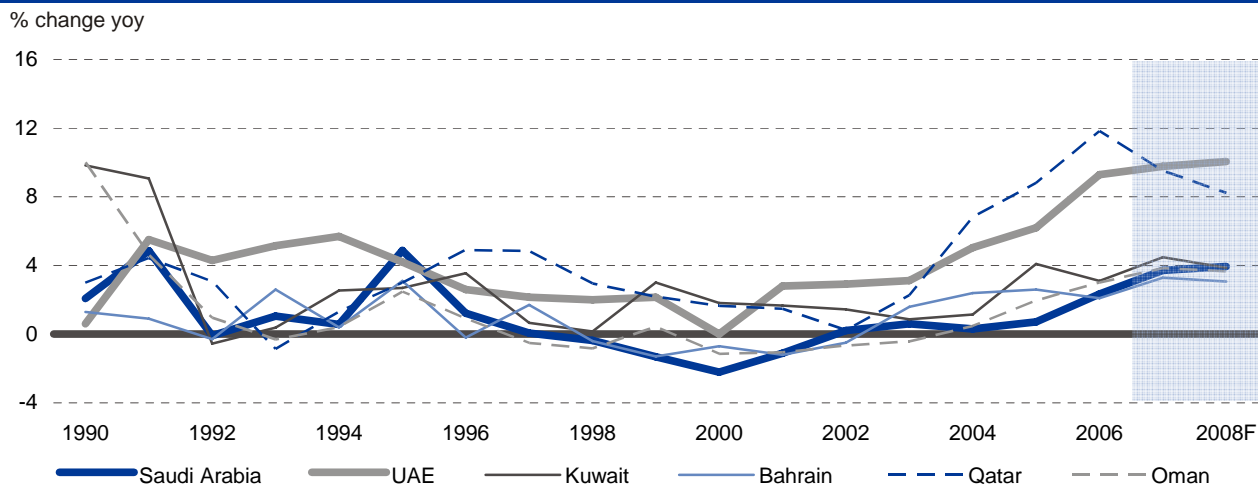
Source: EIU

Real GDP growth by component, 2007
Non-hydrocarbon sector shows stronger growth



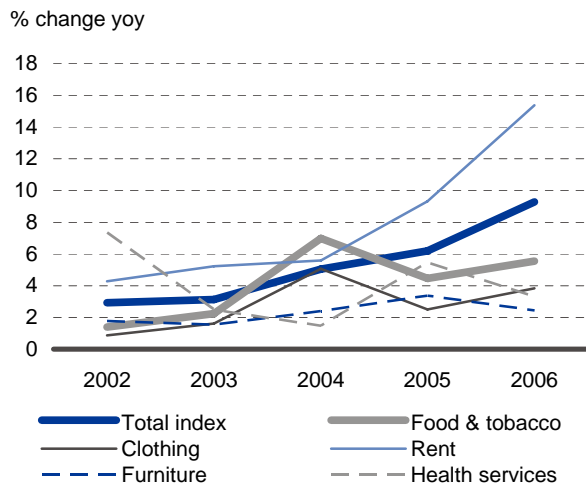
Source: IIF

Average annual CPI
Inflation becoming growing problem among GCC



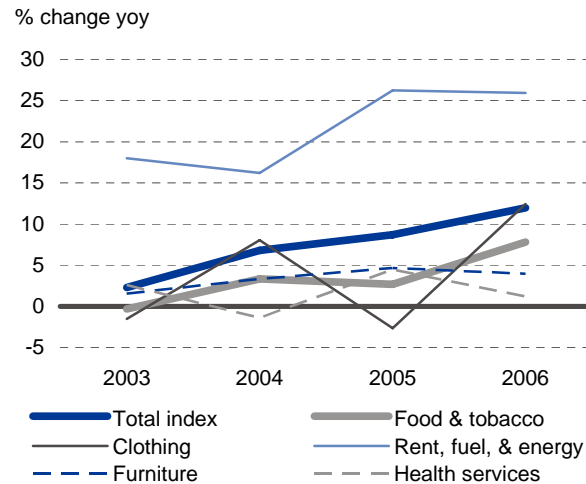
Source: IMF - WEO

UAE CPI by component
Rent and food costs pushing up inflation



Source: IMF

Qatar CPI by component
Rent and energy costs pushing up inflation

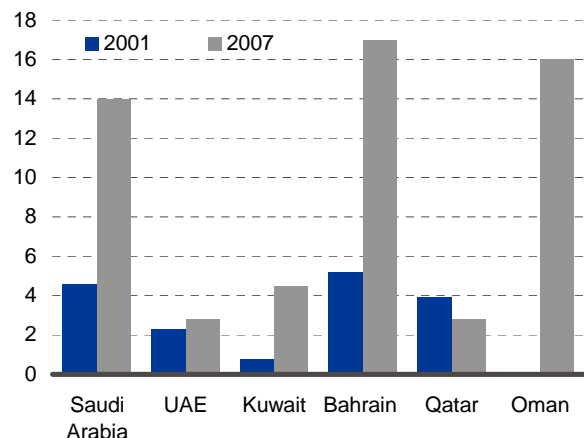


Source: Qatar Secretariat for General Planning

Unemployment

... among GCC nationals remains a concern

% of total labour force

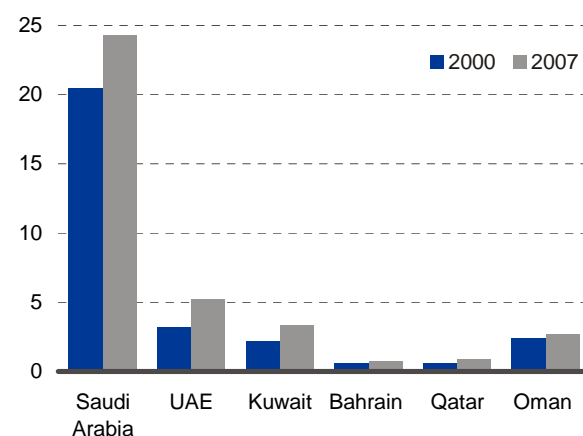


Source: World Development Indicators, IIF

Population

Saudi Arabia, UAE experience strong growth

Millions

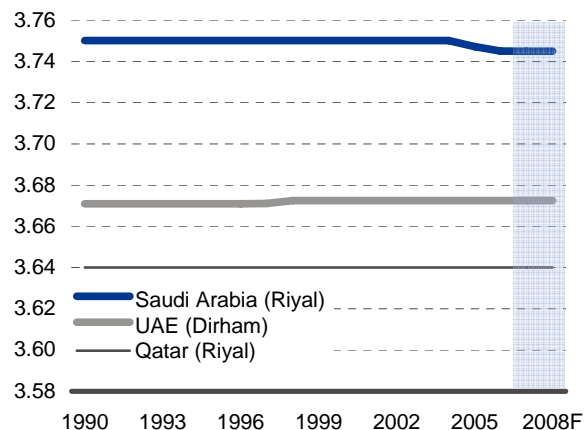


Source: EIU

Exchange rates

UAE, Qatar most likely candidates for revaluation

LC/USD

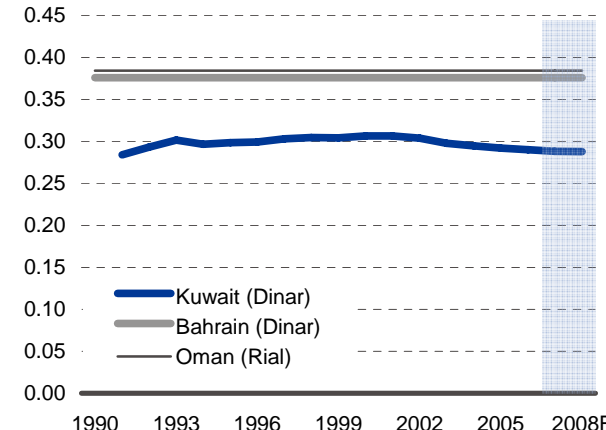


Source: IMF IFS

Exchange rates

Kuwait dropped USD peg and moved to basket

LC/USD

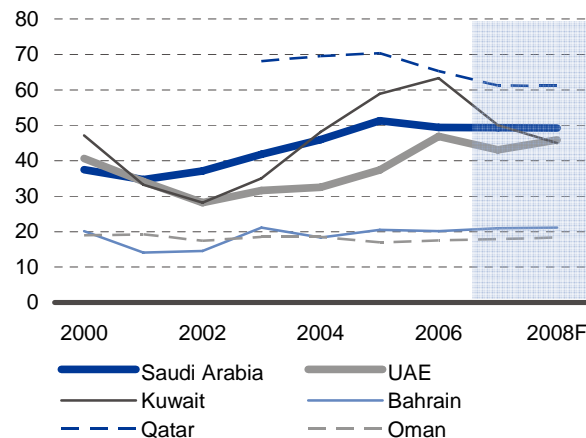


Source: IMF IFS

Gross national savings

Two distinct sub-groups in GCC

% of GDP

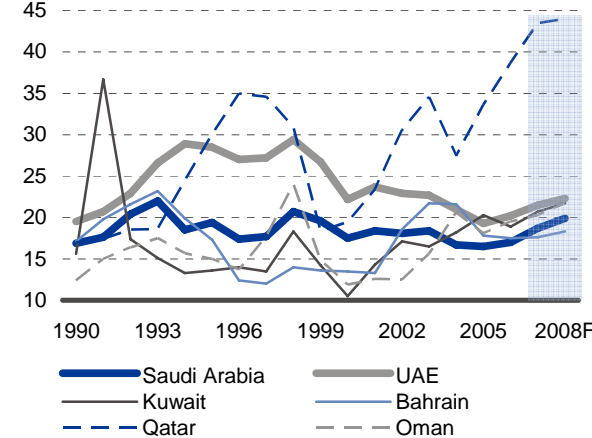


Sources: IMF, National sources, Moody's. Qatar info. only available from 2003.

Gross fixed investment

Qatar and UAE lead with diversification

% of GDP



Source: IIF

Healthy current account surpluses

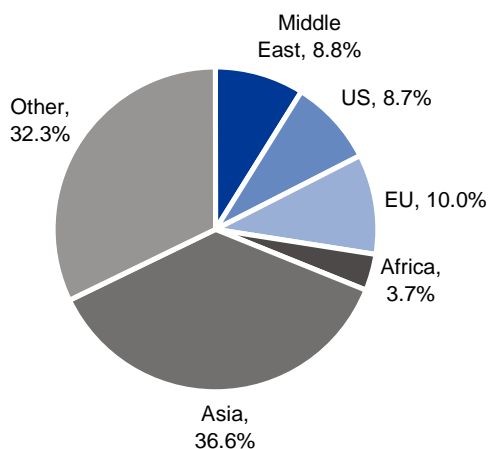
The GCC countries maintain solid external positions. High oil prices have driven up returns on hydrocarbon exports and created abundant trade and current account surpluses. Free trade agreements are currently being negotiated with the EU, Japan, and India and will help in diversification of the GCC export profile. It is important to note that robust domestic consumption and growing skilled labour needs for new industries have also increased import spending approximately 14% in 2007. FDI inflows are on the rise in most countries as foreign investors are increasingly attracted to the energy and construction industries and the GCC has become more open to foreign participation and cooperation. Although external debt inflows have increased – primarily by commercial banks that are borrowing externally to fund domestic lending – overall debt to GDP ratios remain manageable. Ample foreign reserves ensure that short-term debt is also not a concern.

The introduction of a Common Market (CM) in Jan 2008 will provide new opportunities and deepen economic ties. The Common Market will provide the GCC countries with greater bargaining power when conducting trade agreements. The common market will include free movement of goods and services and provide for easier movement of labour and capital flows. Freer movement of capital will allow funds to seek out the highest rates of return and increase investment efficiency. The CM will also give GCC nationals the right to real estate ownership across the region and same treatment in all economic activities.

Major export markets

Asia is GCC's main export market

% of total exports, 2006

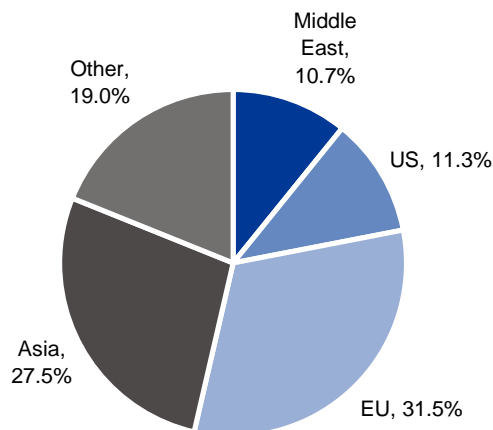


Source: IMF DOTS

Major import markets

GCC primarily imports from the EU and Asia

% of total imports, 2006

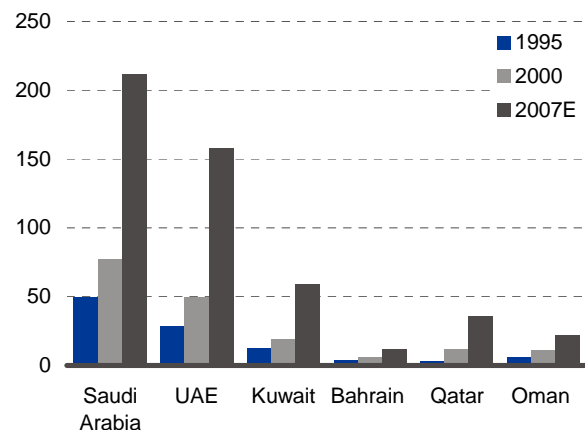


Source: IMF DOTS

Merchandise exports

Rising oil prices driving export growth

USD bn

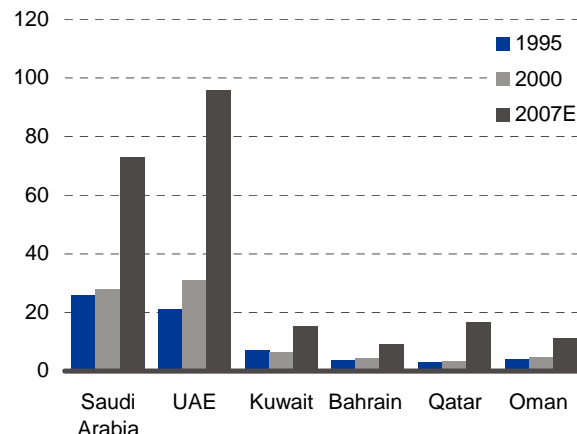


Source: IIF

Merchandise imports

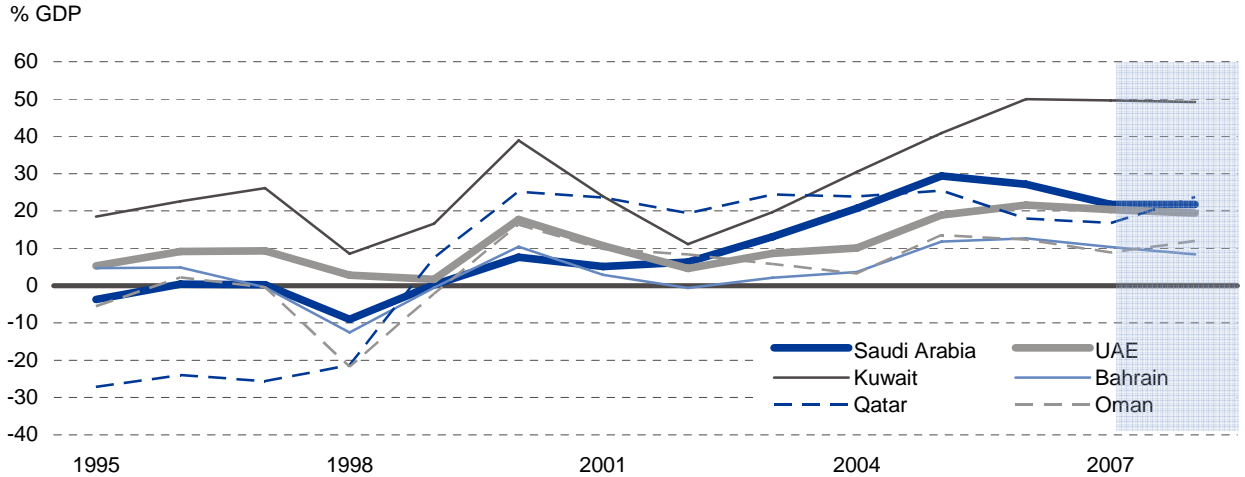
Imports increasing across the GCC

USD bn

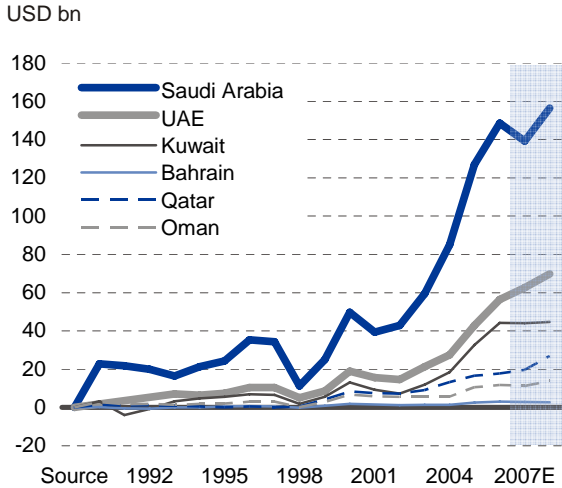


Source: IIF

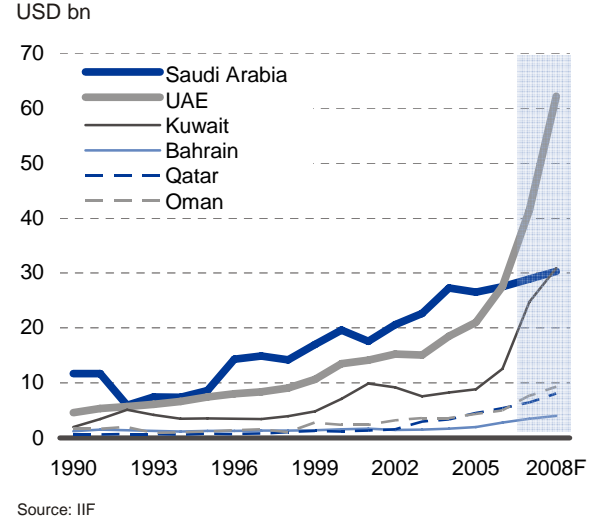
Current account balance
Impressive current account surpluses



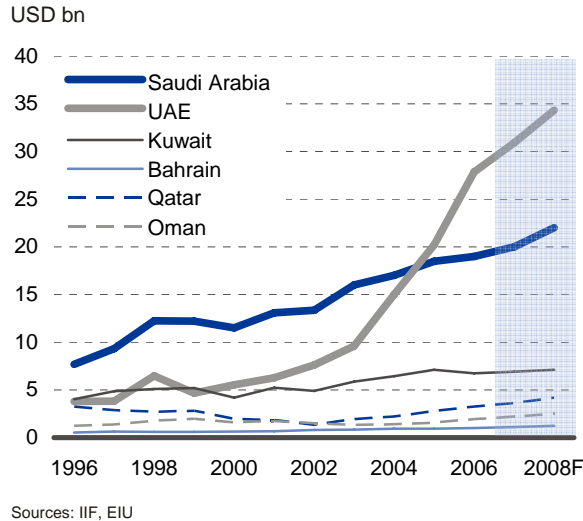
Trade balance
High oil prices drive up GCC surpluses



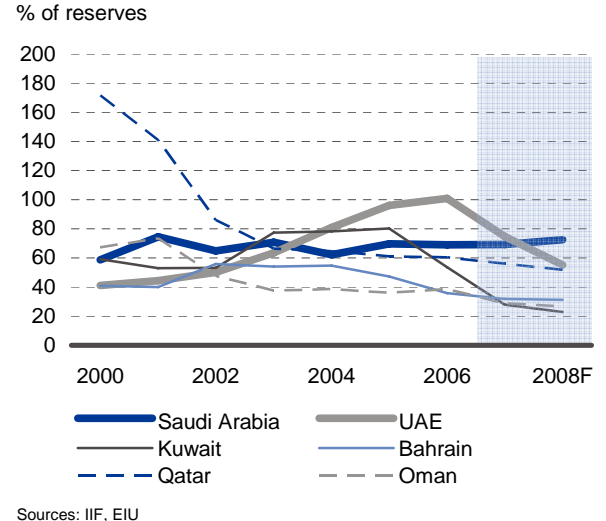
FX reserves
GCC continues to accumulate reserves



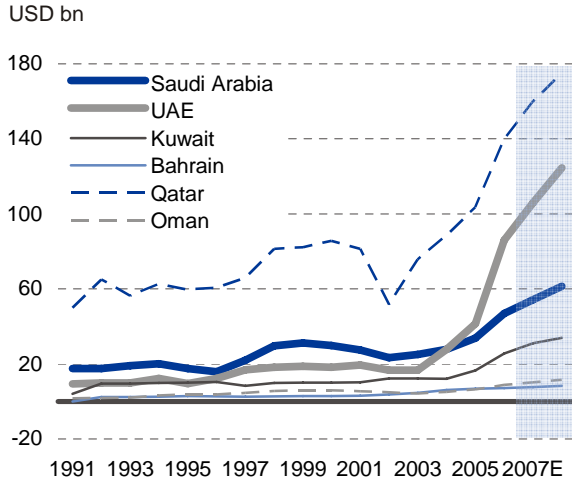
Short-term external debt
New economic projects increase s/t debt



Short-term external debt
Debt servicing is not a concern

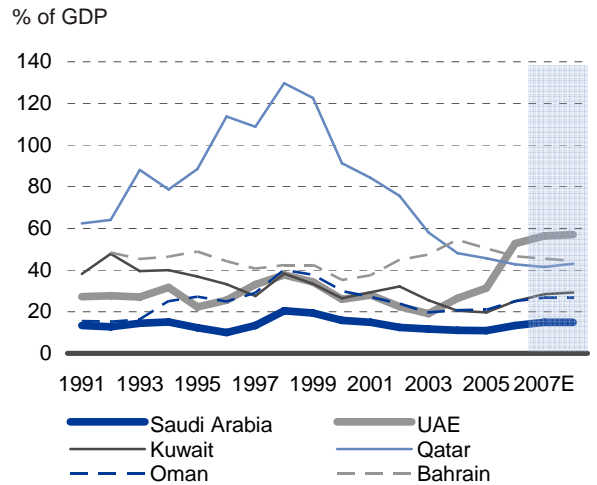


External debt
External commercial borrowing on the rise



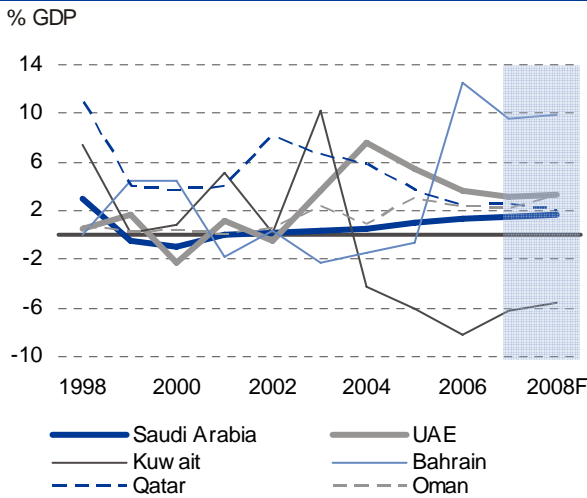
Sources: IIF, EIU

External debt
Overall debt ratios remain moderate



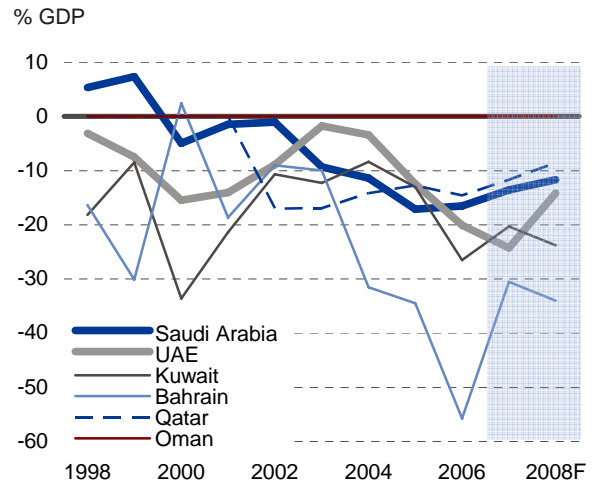
Sources: IIF, EIU

Net FDI inflows
Foreign investors are attracted to energy and construction sectors



Source: EIU

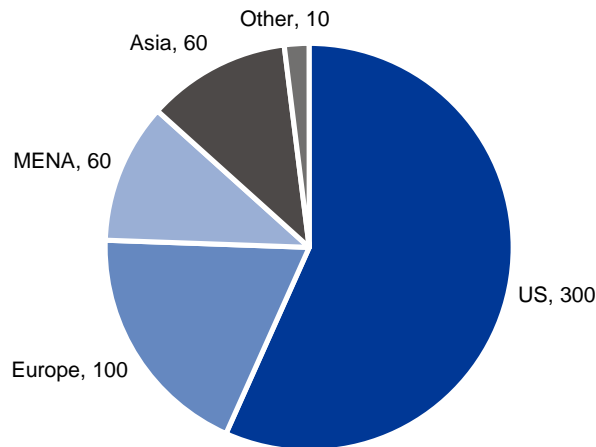
Portfolio inflows
Investment in foreign securities rises



Note: No data available for Oman. Source: EIU

Geographical distribution of capital outflows
US attracts the majority of GCC outflows

USD bn, 2002-2006

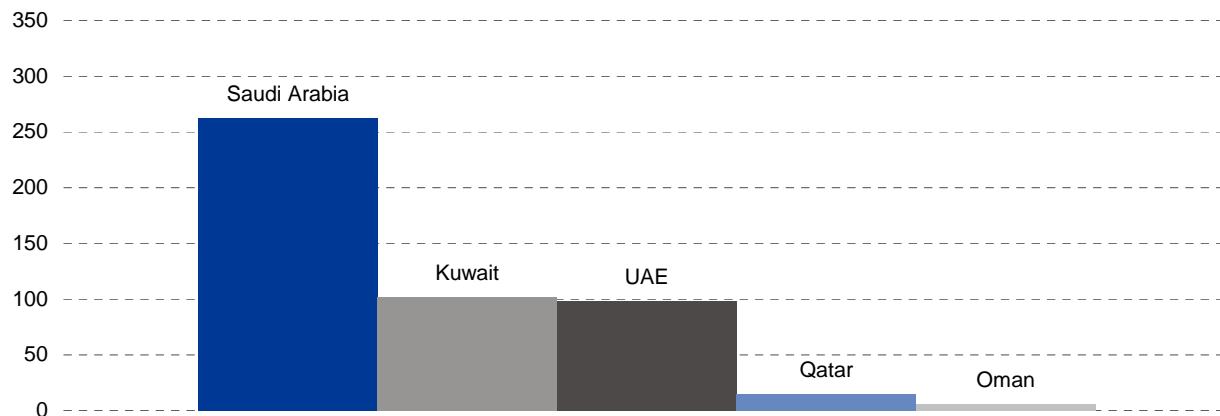


Source: IIF estimates

GCC oil reserves

Saudi Arabia accounts for one quarter of world reserves

Bn barrels, end-2006

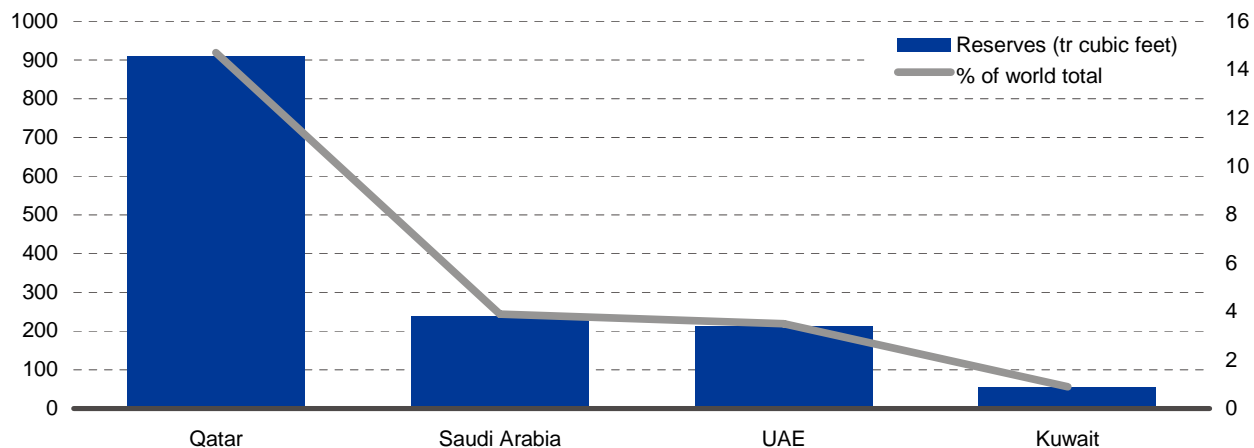


Source: EIA

GCC gas reserves

Qatar has significant gas reserves

End-2006

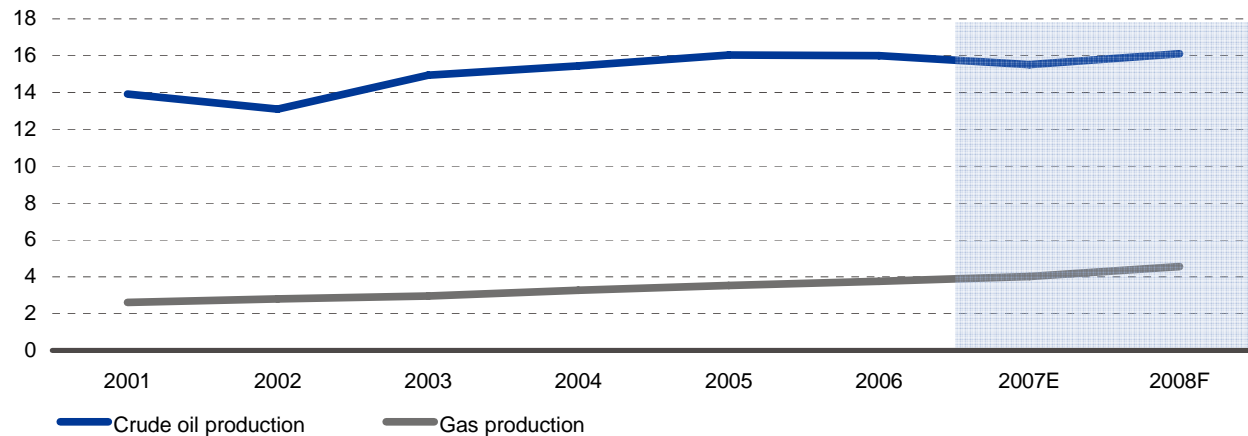


Source: EIA

GCC oil and gas production

Production to rise further in 2008

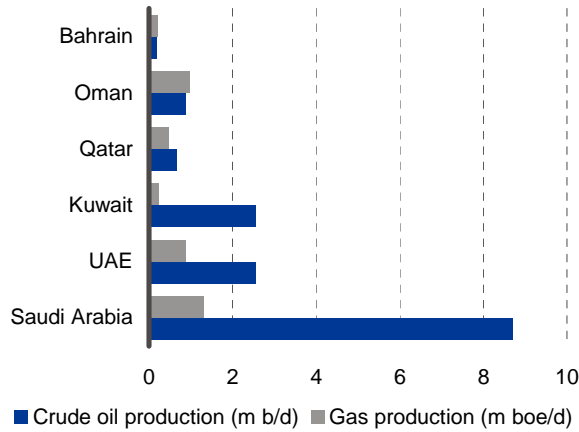
bn b/d average



Source: IIF

Oil and gas production by country
Saudi Arabia leads hydrocarbon production

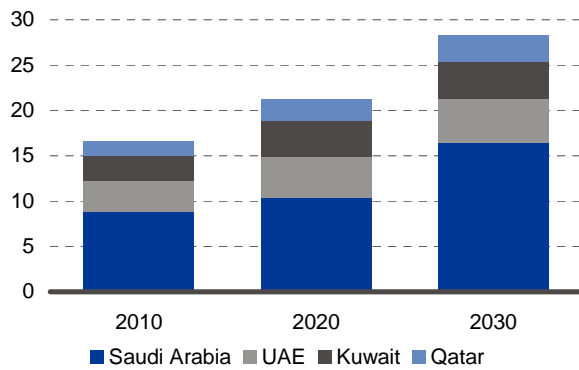
2007



Source: IIF

Projected oil production capacity
Comfortable production capacity esp. in Saudi Arabia

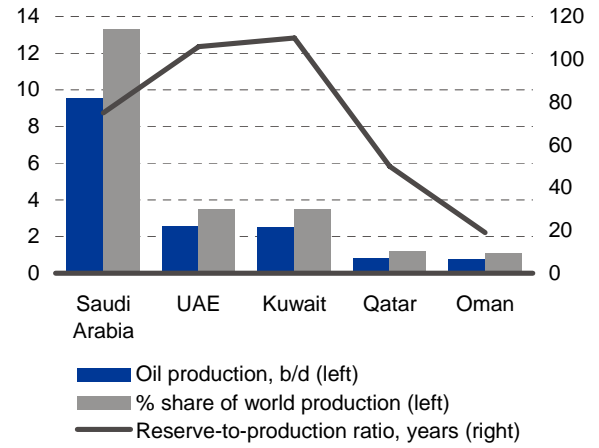
m barrels oil equivalent per day*



*Oil price taken as reference case: oil price declines from USD 68/bbl in 2006 to USD 49/bbl in 2014, then rises to USD 59/bbl in 2030 (USD 95/bbl on a nominal basis). Source: EIA

GCC oil reserve to production ratios
Impressive oil reserves ratio in UAE, Kuwait

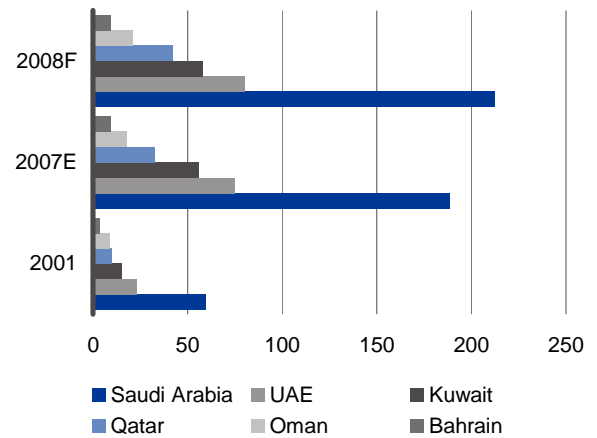
2005



Source: EIA

Oil and gas exports
GCC, home to top oil and gas exporters

USD bn



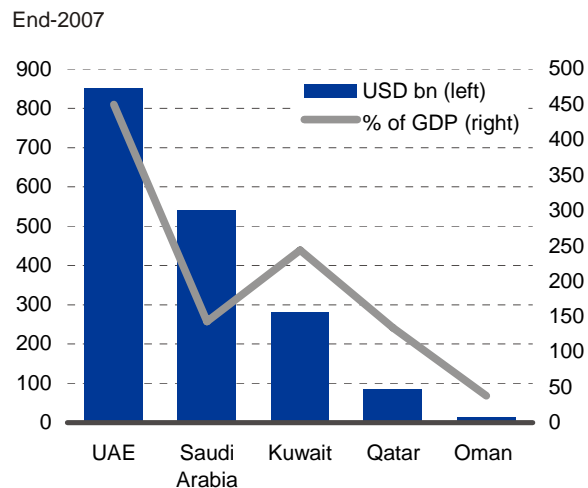
Source: IIF

Successfully transforming oil into wealth

With oil prices currently at record highs, the value of assets held by the GCC's sovereign wealth funds (SWFs) has increased tremendously over the last few years. Petrodollars are among the fastest growing investment source. The largest SWF in the GCC is the Abu Dhabi Investment Authority (ADIA), with estimated total assets of up to USD 875 bn, followed by various funds in Saudi Arabia and the Kuwait investment Authority (KIA). GCC capital injections into distressed US assets and other major investments in developed markets and in the Middle East region have been making headlines. Citigroup was propped up by a USD 7.5 bn investment from ADIA in November and the KIA invested both in Merrill Lynch and Citigroup recently.

Diversification into non-oil industries and generation of income-yielding projects for an expanding population are key trends. Property development and construction is the driving force of the non-oil economy in the GCC countries. The "Dubai property development model" is being copied everywhere. This could create the risk of a region-wide real estate bubble, though. Roughly USD 1 tr in infrastructure investments are in the pipeline, and by 2010 they are expected to increase to USD 3 tr. Dubai, one of the emirates of the United Arab Emirates, has opened up to the international financial services industry and has been hailed as an excellent example of economic diversification.

GCC net foreign assets
Impressive net foreign asset positions



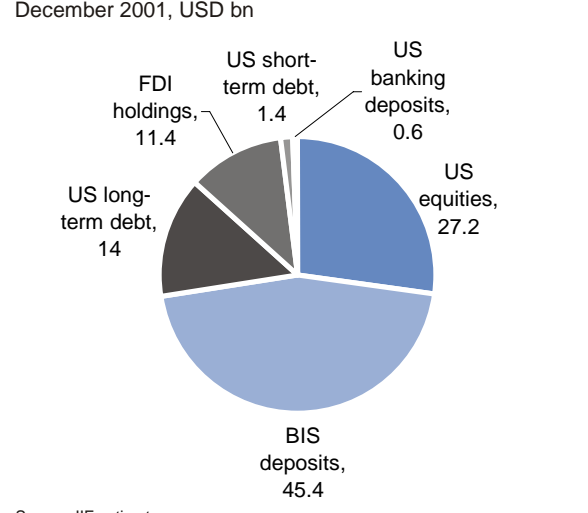
Source: IIF

GCC SWFs
UAE has the world's biggest SWF

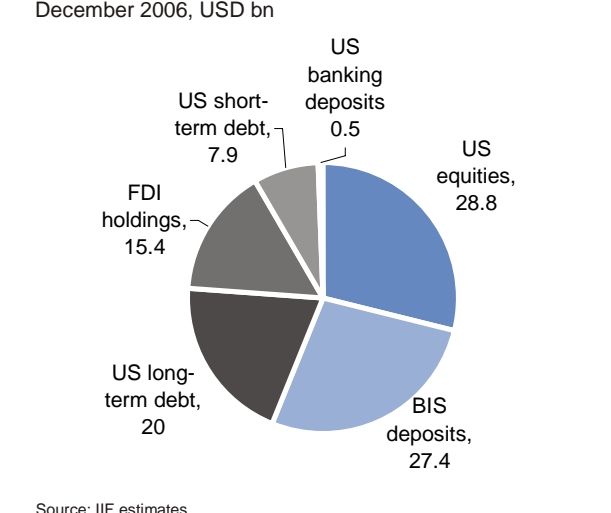
GCC SWFs		(USD bn)	Inception year
UAE	Abu Dhabi Investment Authority (ADIA)	875	1976
Saudi Arabia	Various funds	300	n.a.
Kuwait	Kuwait Investment Authority (KIA)	250	1953
Qatar	Qatar Investment Authority (QIA)	40	2000
Oman	State General Stabilisation Fund (SGSF)	8.2	1980

Sources: DB Research, various national sources

GCC net foreign assets by type
US assets dominate



Source: IIF estimates

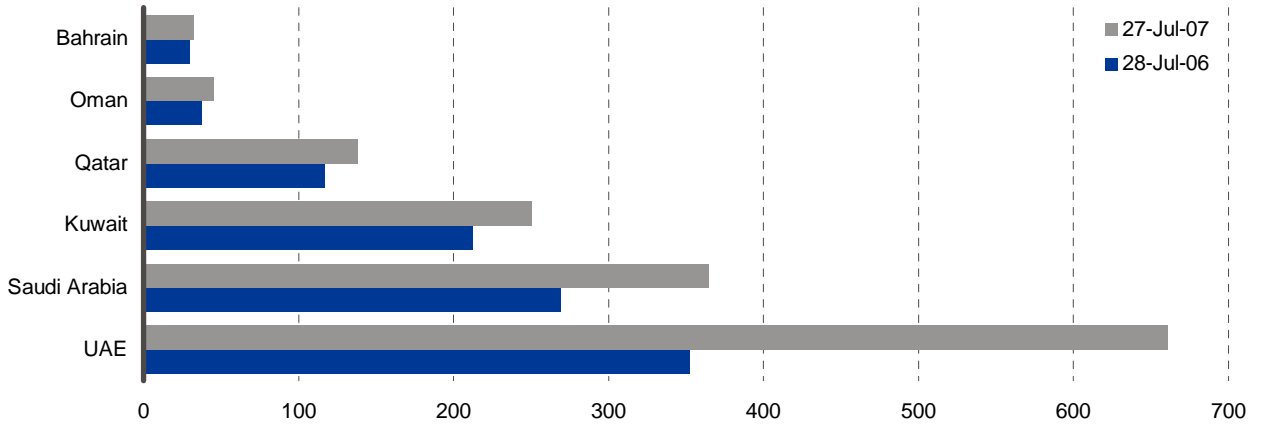


Source: IIF estimates

GCC investment projects, planned or underway

Diversification is on top of the agenda

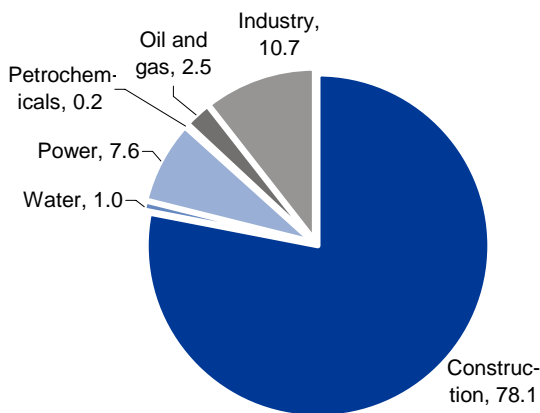
USD bn



Source: MEED projects

Projects in Bahrain

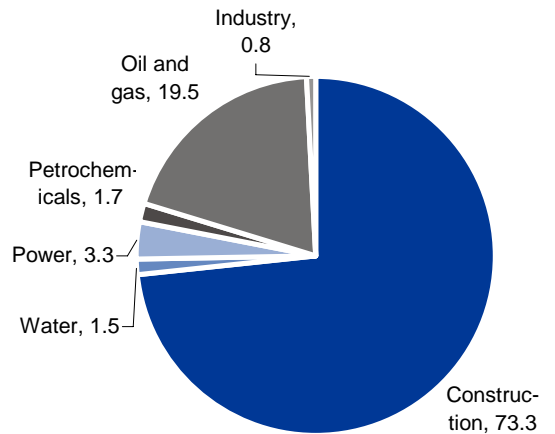
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Source: MEED Projects

Projects in Kuwait

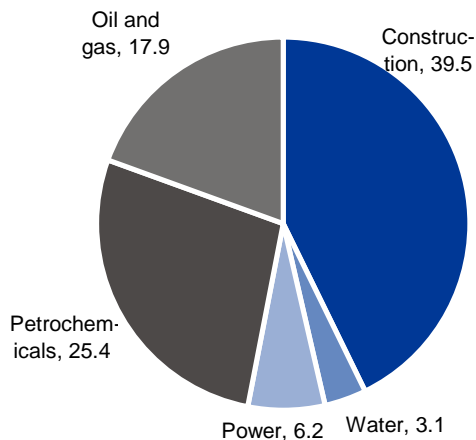
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Source: MEED Projects

Projects in Oman

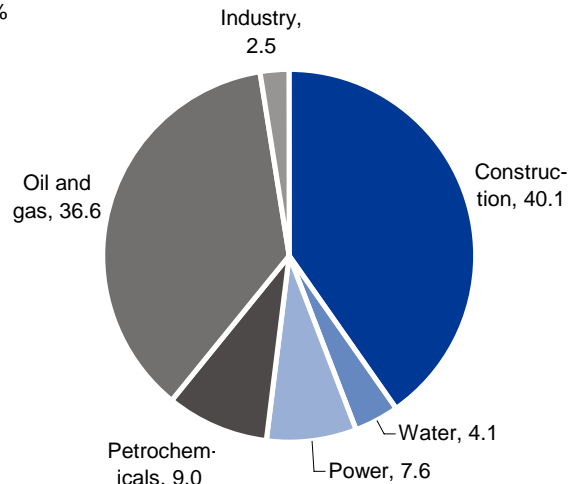
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Source: MEED Projects

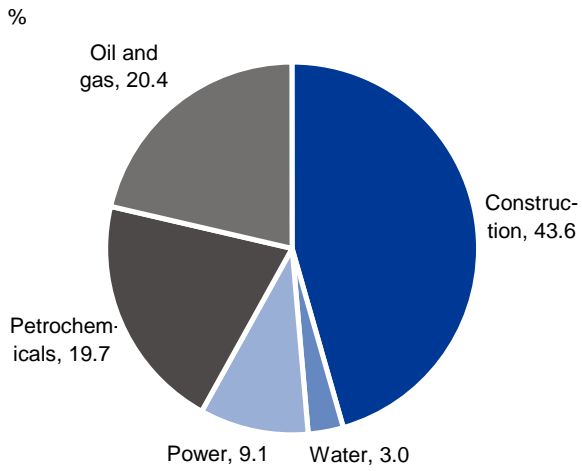
Projects in Qatar

%



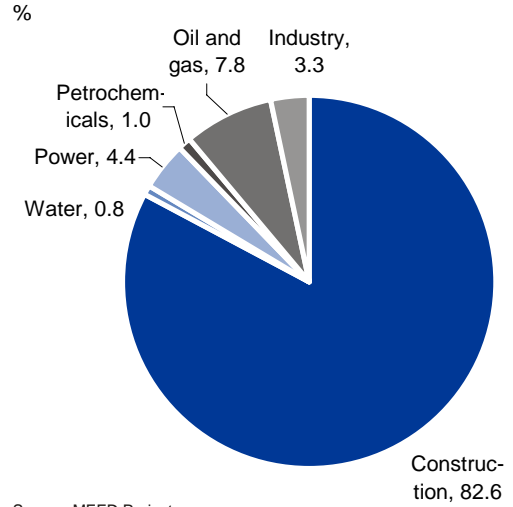
Source: MEED Projects

Projects in Saudi Arabia



Source: MEED Projects

Projects in UAE



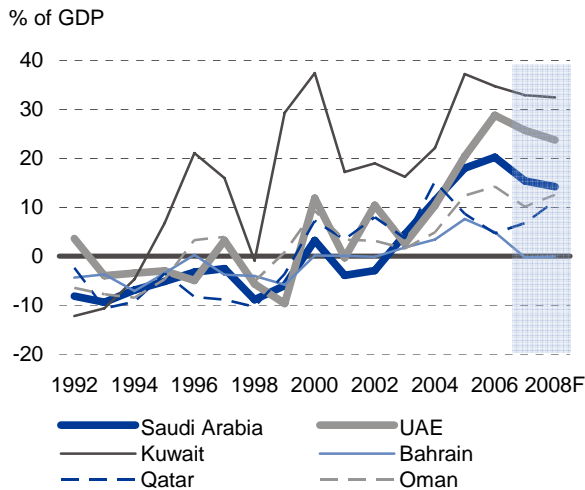
Source: MEED Projects

Large fiscal surpluses

The GCC region is enjoying large fiscal surpluses on the back of soaring oil prices. Although revenue is still highly dependent on the hydrocarbon sector, GCC governments are starting to diversify their revenue sources, notably in the UAE and Kuwait. Strong revenues have allowed governments to increase overall spending levels while total public debt as a percentage of GDP has declined.

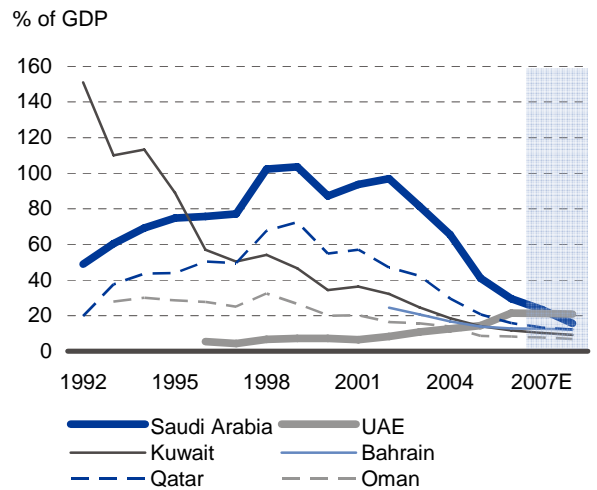
GCC expenditure growth outpaced revenue growth in 2007. This can be partially attributed to increased spending on public wages as a result of inflation and the need to augment fuel subsidies in the face of higher global prices. However, as mentioned above, expenditure is rising as the GCC is increasingly focused on infrastructure spending in the energy and construction sectors and building up other industries. As governments, especially in Saudi Arabia and the UAE, are following expansionary fiscal policies, they are further driving up inflation. In some countries such as the UAE, there could be excess spending in sectors such as real estate.

Fiscal balance
GCC recording large surpluses



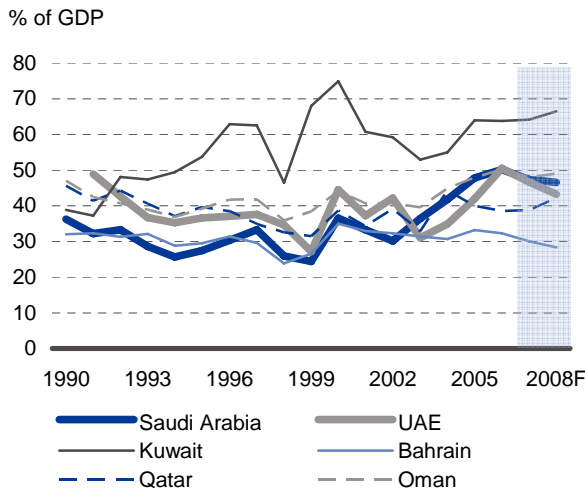
Source: IIF

Central government total public debt
High oil prices driving down GCC public debt



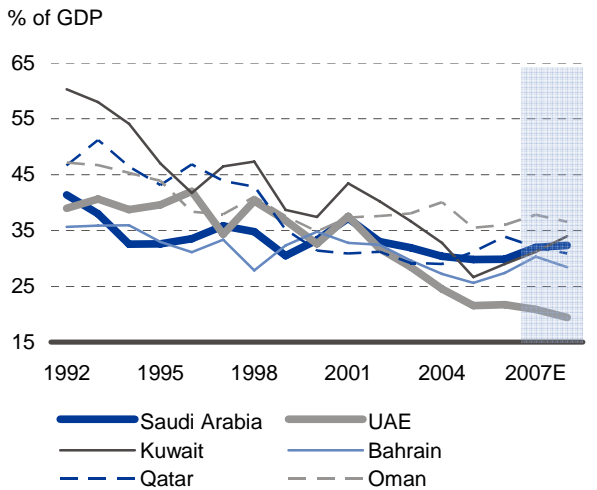
Source: IIF

Central government revenues
High oil prices boost government revenue



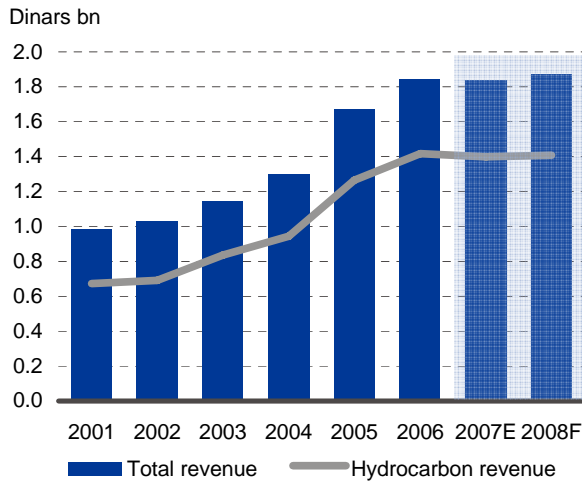
Source: IIF

Central government expenditure
GDP growth outpaces expenditure increases



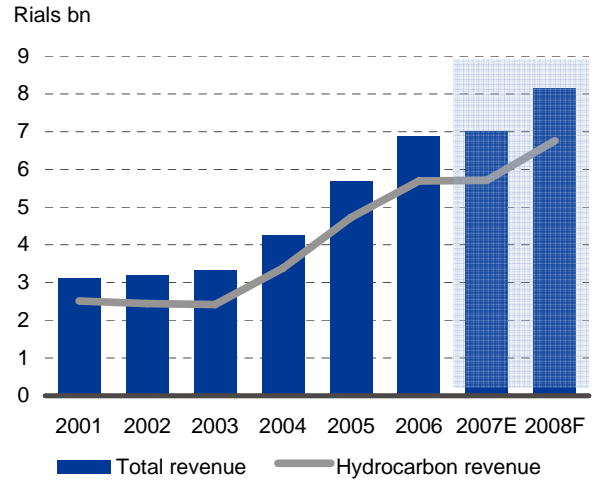
Source: IIF

Bahrain government revenue



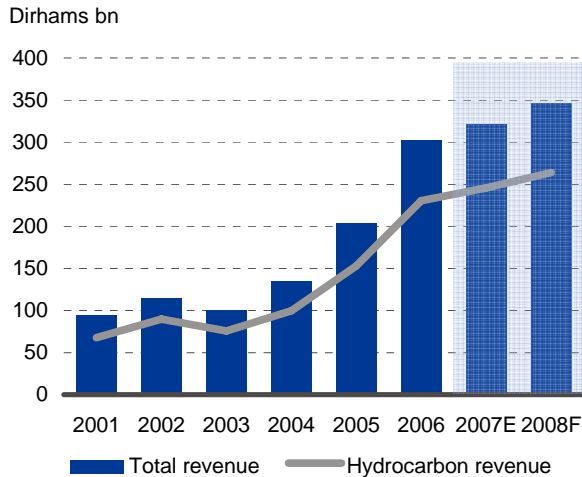
Source: IIF

Oman government revenue



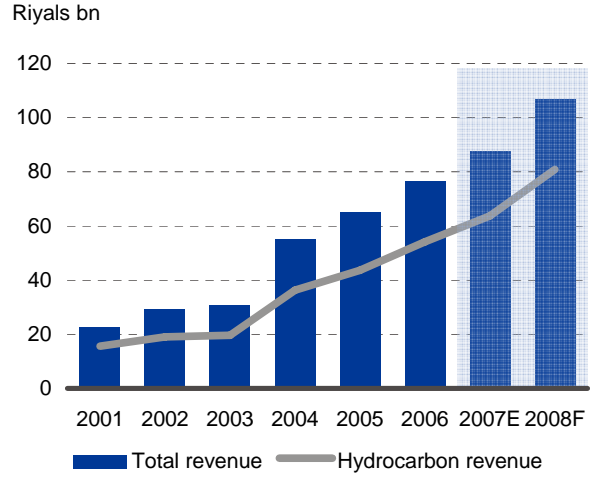
Source: IIF

UAE government revenue



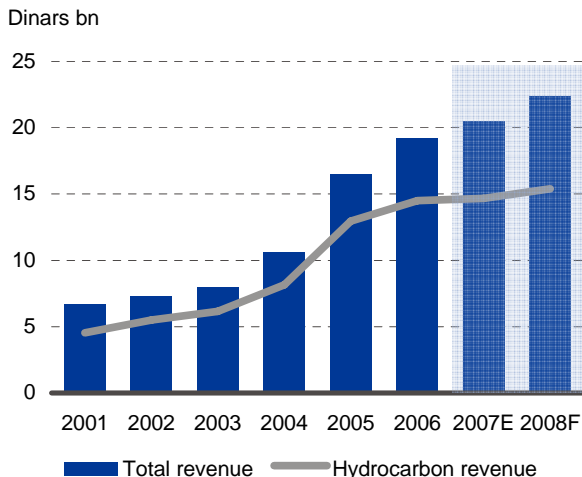
Source: IIF

Qatar government revenue



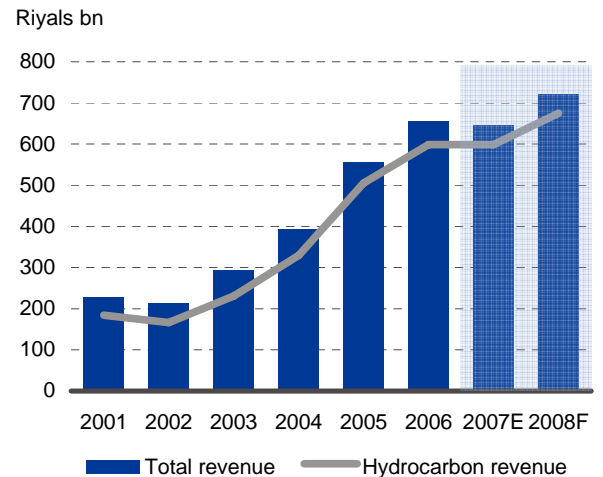
Source: IIF

Kuwait government revenue



Source: IIF

Saudi Arabia government revenue



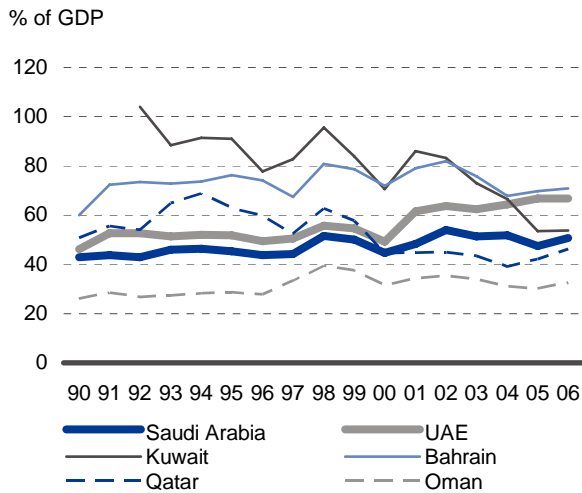
Source: IIF

Financial sector benefits from rising economic activity

Sound banking system. The banking and financial sector of the GCC region is characterised by product innovation, developments in technology and increasing competition. The GCC banking system is sound, and appears to have comfortably weathered the 2006 correction in local equity markets. The strength of the financial systems of the Gulf countries is underpinned by ample liquidity, high capitalisation, good profitability and close supervision by authorities. Rapid population growth and strong macroeconomic fundamentals point to good growth potential, but some smaller institutions might struggle in a crowded market. Levels of capitalisation have been further strengthened, with the average capital adequacy of commercial banks well in excess of the 8 percent minimum set out in the Basel accords. Foreign ownership is still more limited than in other emerging markets. While several international banks are active, they do not represent a material share of the domestic markets (with the exception of Saudi Arabia). Growing Islamic banking and finance are contributing to diversifying sources of capital. Islamic banking hubs are emerging (Dubai, Bahrain) and Shariah-compliant services are developing as well. The market for Shariah-compliant notes, *sukuk*, is rapidly expanding.

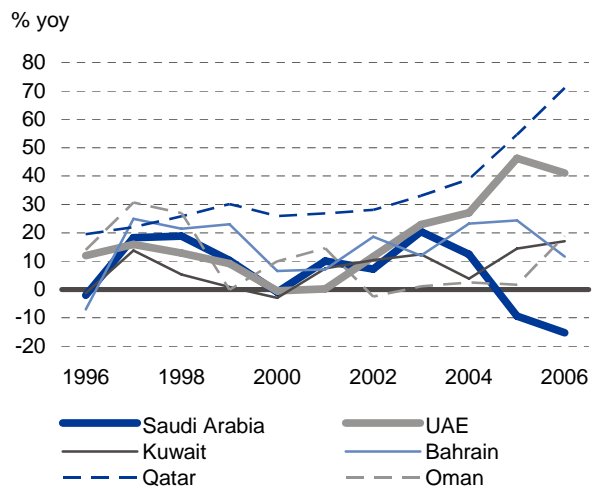
Capital markets are underdeveloped relative to the banking sector, but are slowly gaining sophistication. Equity markets in the GCC lack depth and diversification and have been subject to high volatility. Nevertheless, GCC market capitalisation rose from USD 135 billion in 2001 to USD 694 billion in December 2006 and USD 949 bn in December 2007. The market for debt instruments is also thin and there are only a few sovereign securities. After sharp corrections in 2005 and 2006, GCC equities have been among the best performing stock markets in the world. There is a large bond issuance pipeline for this year. We anticipate robust demand, as Gulf issuance is rare, allowing for an attractive diversification opportunity. Prospects for the IPO market have improved somewhat in recent months.

Broad money
Money supply is stable in GCC



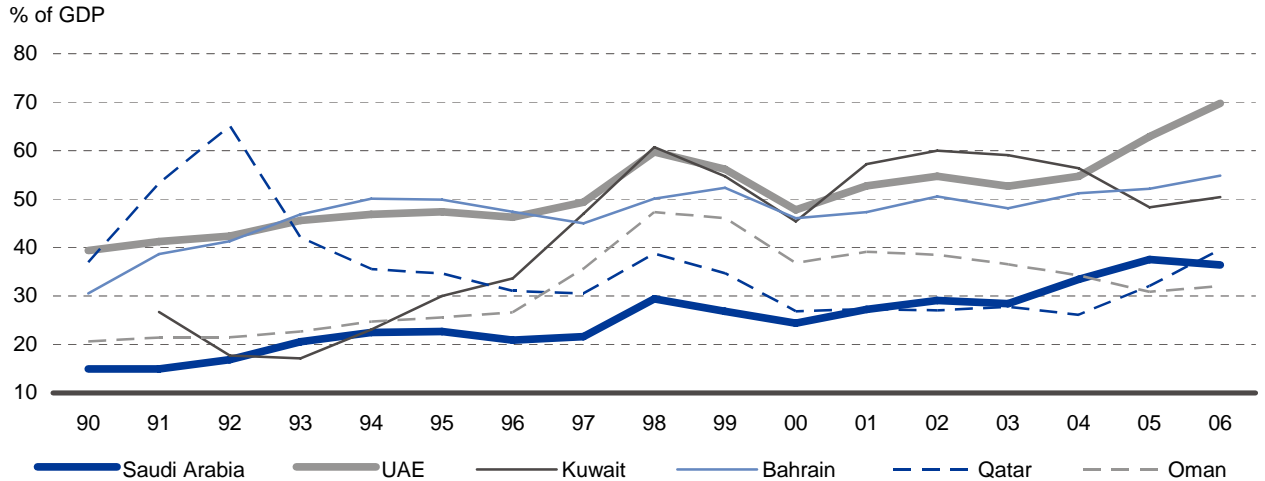
Source: IIF

Domestic credit
Domestic credit growth is rampant in Qatar, UAE



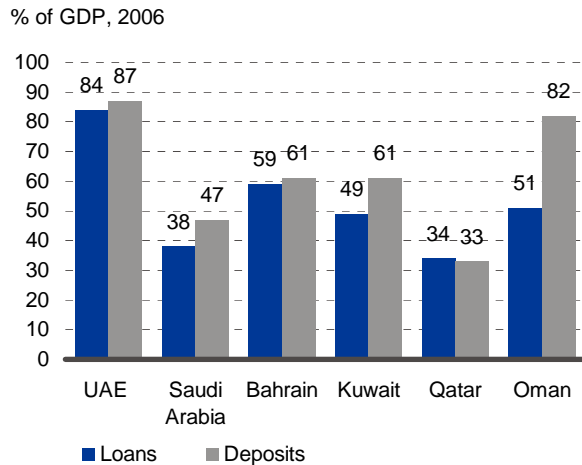
Source: IIF

Claims on the private sector
Private-sector credit on the rise



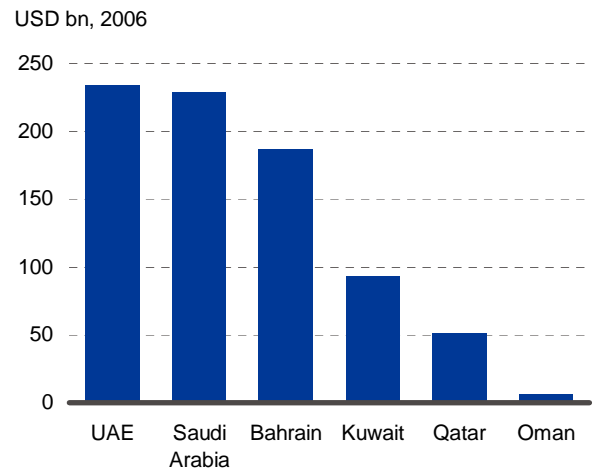
Source: IIF

GCC loans and deposits
Banking penetration is highest in the UAE



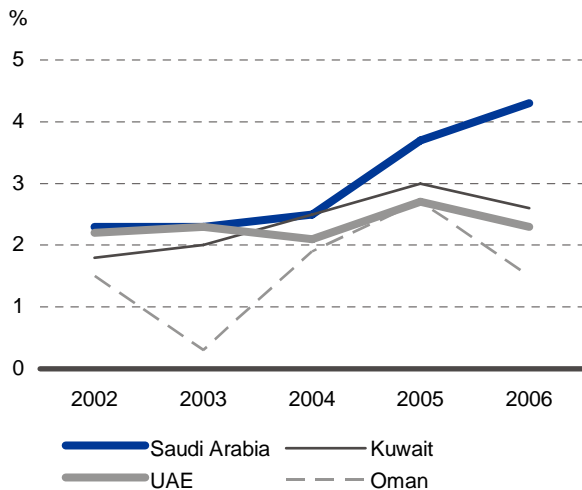
Source: GCC Central Banks and Damac

GCC banking sector assets
UAE and Saudi Arabia leading



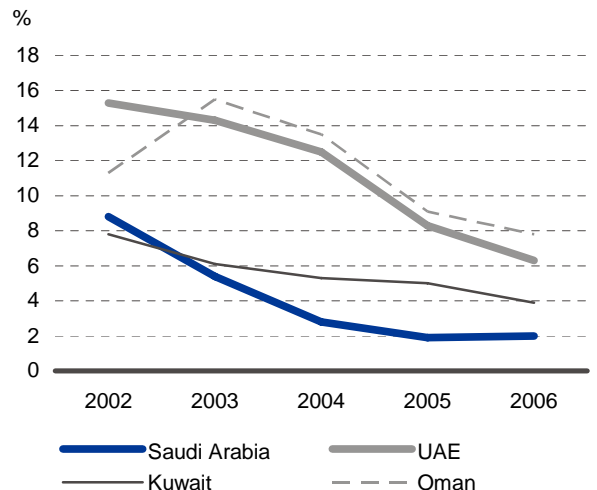
Source: GCC Central Banks and Damac

Bank return on assets
Saudi Arabia outperforms



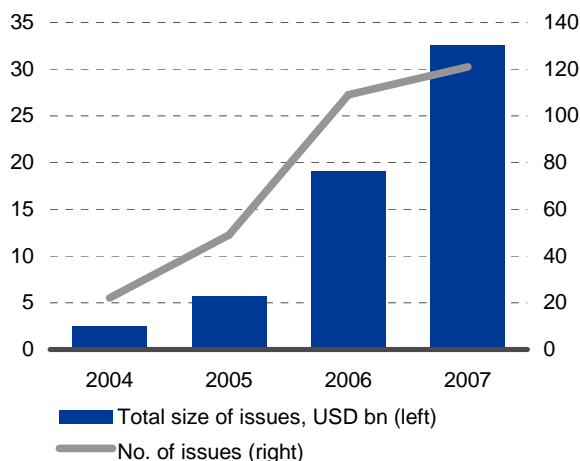
Source: IMF GFSR

Bank non-performing loans to total loans
NPLs have decreased sharply



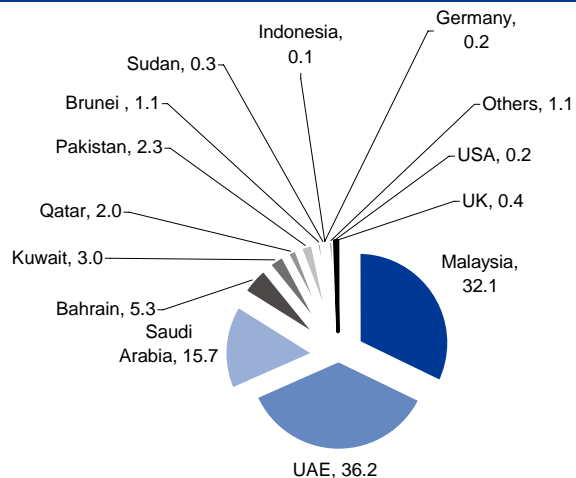
Source: IMF GFSR

Sukuk issuance in the world
Sukuk issuance will continue to grow



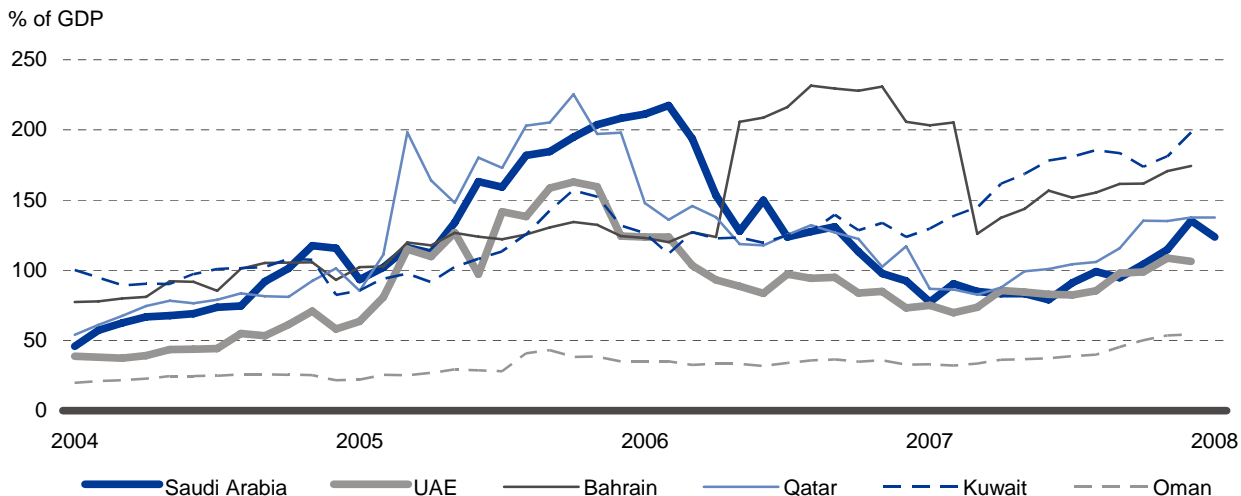
Source: Zawya

World sukuk issuance by country (2001-2007)
UAE and Malaysia market leaders



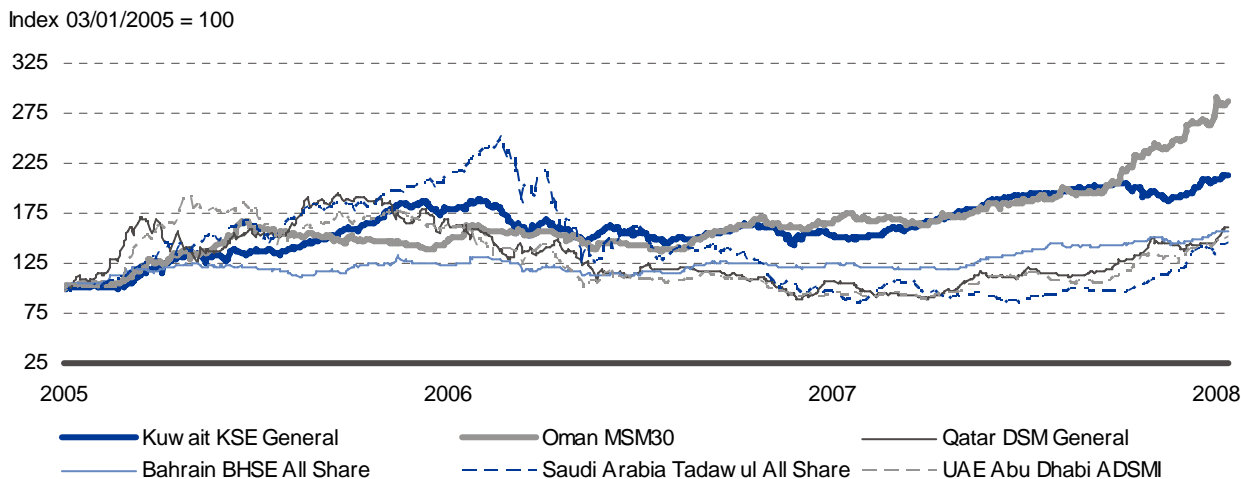
Source: Zawya

Equity market capitalisation
GCC markets growing



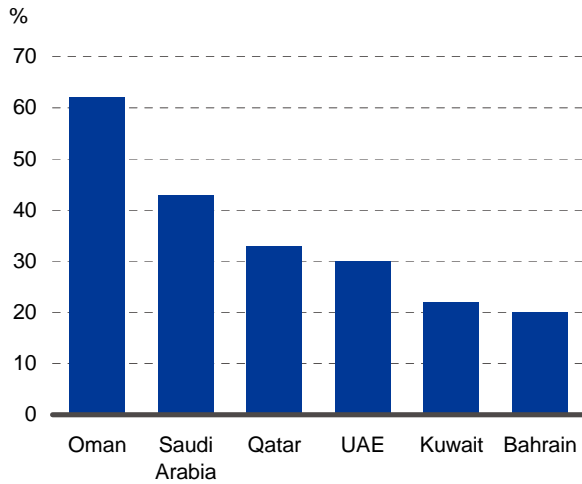
Source: Bloomberg

Equity markets
Recovering from the 2006 corrections across the region, market outlook is promising



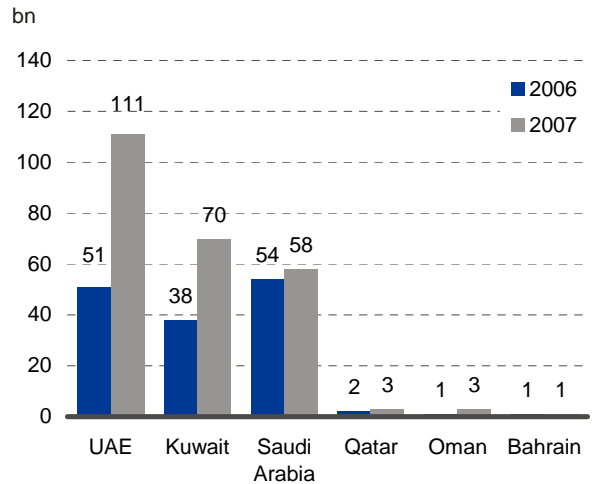
Source: Bloomberg

GCC stock market performance in 2007
Strong bounce back in 2007



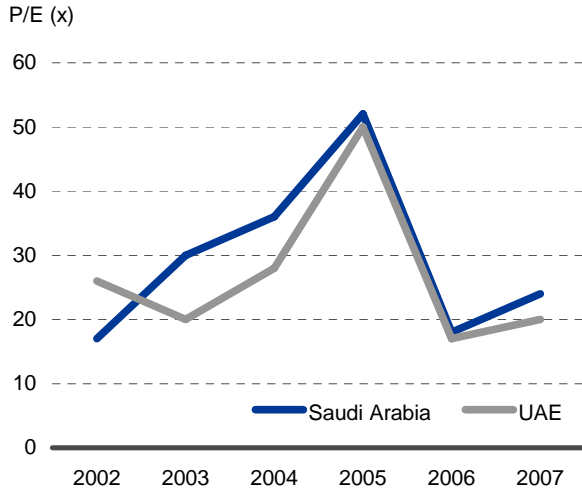
Source: National Stock Exchanges

Equity trading volume trends
Volumes rise



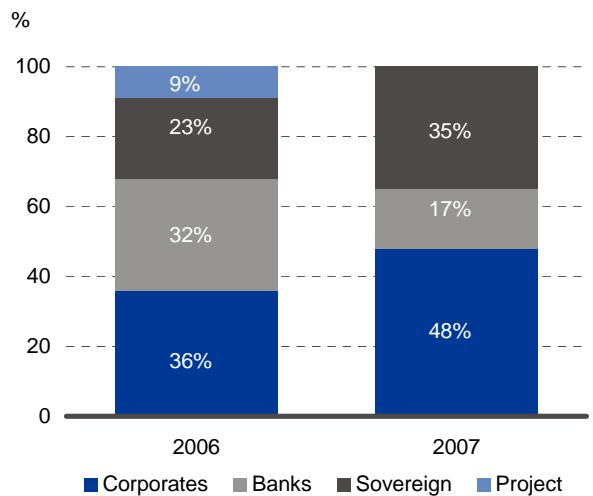
Source: National Stock Exchanges

UAE & Saudi Arabia price-earning ratios
Valuations have become more realistic



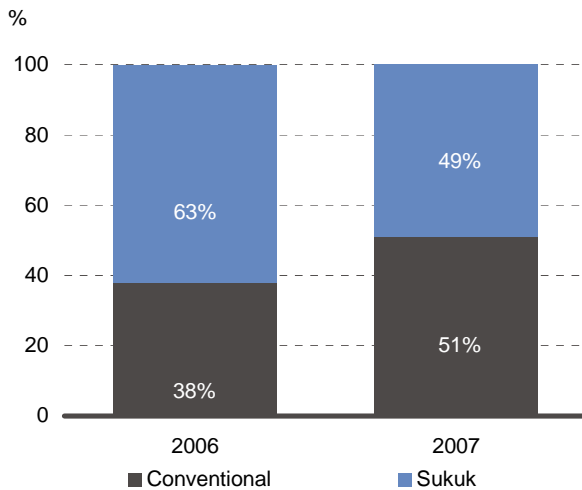
Source: Kuwait Financial Centre S.A.K.

GCC bond issuance by issuer
Corporate issuance dominates



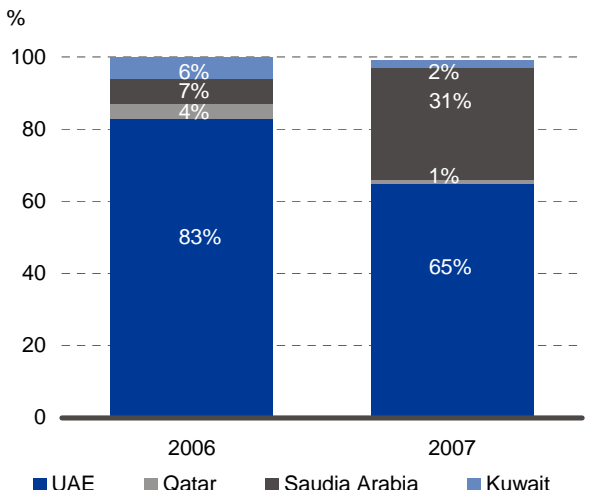
Source: Moody's

GCC bond issuance by type
Susuk share declines in 2007



Source: Moody's

Corporate bond issuance
UAE is leading

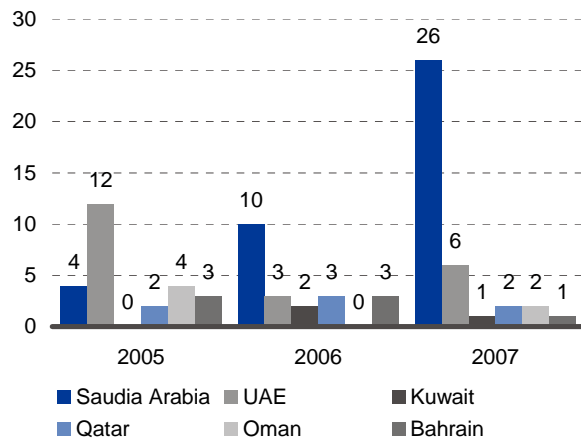


Source: Moody's

Listed IPOs in GCC

High number of listings in Saudi Arabia

Number of IPOs

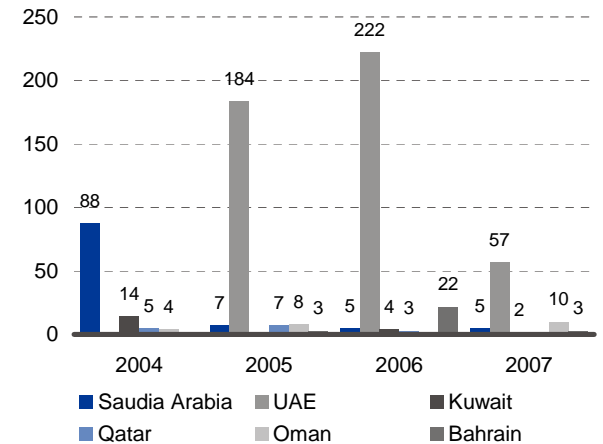


Source: Zawya

Average oversubscription in GCC

Oversubscription declined in 2007

%



Sources: Zawya, Markaz Research

Major planned IPOs in 2008

Strong pipeline for this year

Project	Client	Description
Conglomerate	Al-Qudra Holding (Abu Dhabi)	n.a.
Construction	Nakheel (Dubai)	n.a.
Financial services	Enmae Bank (Saudi Arabia)	IPO of 70% of shares
Financial services	Bank of Alexandria (Egypt)	IPO of 15% of shares
Financial services	Noor Islamic Bank (Syria)	IPO of 51% of shares
Financial services	Tadawul (Saudi Arabia)	n.a.
Financial services	Saudi Reinsurance Company (Saudi Arabia)	IPO of 40% of shares
Financial services	Bank of Jordan-Syria (Syria)	IPO of 35% of shares
Financial services	Palestine Securities Exchange (West Bank and Gaza)	IPO of 30% of shares
Healthcare	Saudi German Hospitals (Saudi Arabia)	n.a.
Industry	Aluminium Bahrain	IPO of 40% of shares
Industry	Saudi Arabian Mining Company (Maaden)	IPO of 50% of shares
Media	Showtime (UAE)	n.a.
Oil and gas	RAK Petroleum (UAE)	n.a.
Petrochemical	PetroRabigh (Saudi Arabia)	IPO of 25% of shares
Petrochemical	Ras Tanurah	IPO of 30% of shares
Telecommunications	Saudi Mobile Telecommunications Company (Saudi Arabia)	IPO of 40% of shares
Telecommunications	Emirates Post (Dubai)	IPO of 29% of shares
Telecommunications	Newras (Oman)	n.a.
Tourism	Al-Tayyar Travel Group (Saudi Arabia)	IPO of 30% of shares
Transport	Saudi Arabian Airlines (Saudi Arabia)	IPO of 30% of shares
Transport	Emirates Airline (Dubai)	n.a.

Sources: MEED, Zawya

Improving social infrastructure, but challenges remain

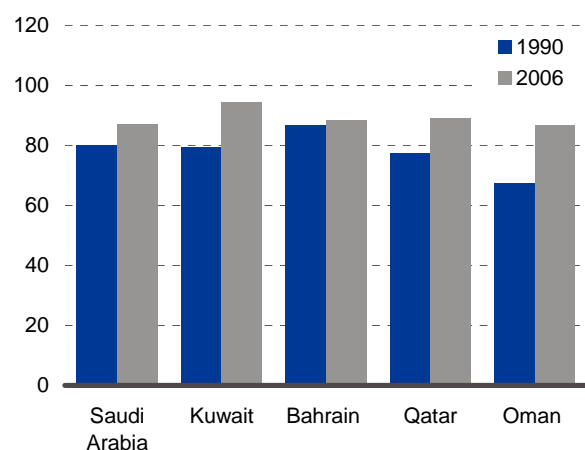
Across the GCC, there have been improvements in education and social infrastructure. Literacy rates, especially for women, have improved from their levels a decade ago. School enrolment rates in higher education have also shown significant improvements. However, challenges in the education system remain as young nationals who finish higher education do not have the appropriate skills for the workplace and cite this as a major cause of unemployment. GCC governments need to incorporate more vocational training in their education systems and ensure that the academic curriculum appropriately matches student training to skills needed in the private sector. Due to improvements in health infrastructure, infant mortality rates have declined, while overall life expectancy has increased. The GCC region, driven by its growing telecommunications industry, has quickly adopted mobile phones over the past decade. Although the average GCC household does not own a PC, internet usage has skyrocketed since 2000 – as much as 4X in some countries.

The introduction of the Common Market and greater integration into the world economy presents challenges. As the GCC countries implement common market requirements, they will need to adjust national regulations to ensure that protection and benefits apply equally to all GCC nationals. In particular, this will affect government policies in Saudi Arabia, UAE, and Oman which now require the private and public sector to hire country nationals.

Adult male literacy rates

Male literacy has grown over the past decade

% age 15 or older

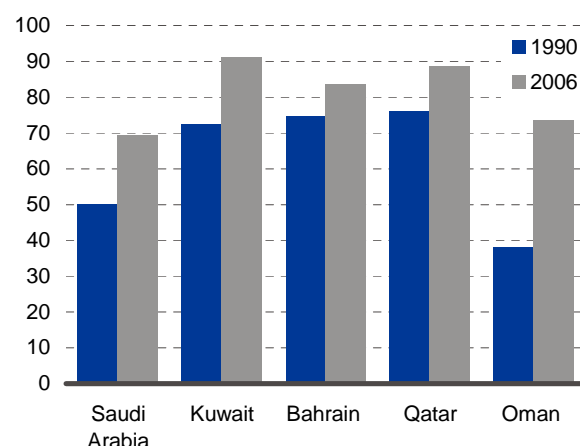


Source: World Development Indicators

Adult female literacy rates

Significant improvements in female literacy

% age 15 or older

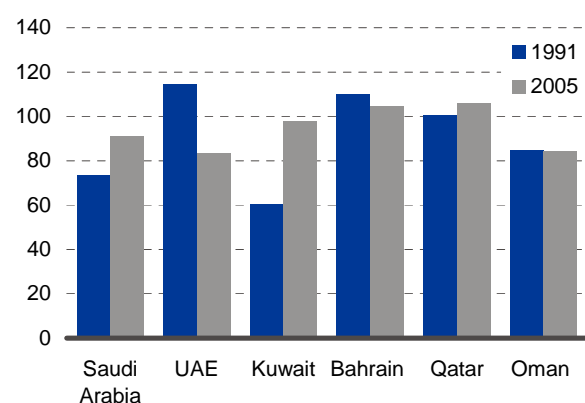


Source: World Development Indicators

Primary school enrolment

UAE enrolment rates have fallen

% gross



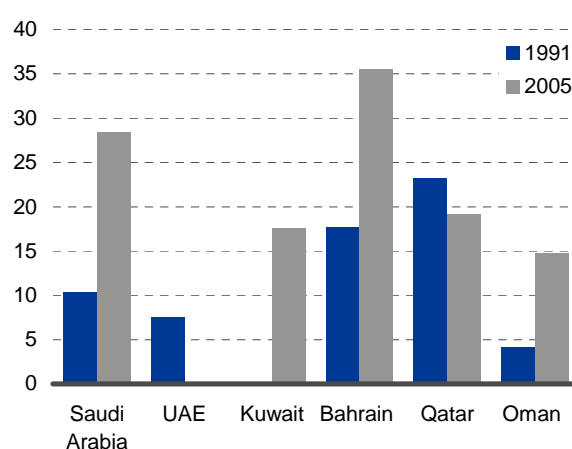
Ratios can be higher than 100% because students are older/younger than age group that officially corresponds to that level of education.

Source: World Development Indicators

Tertiary school enrolment

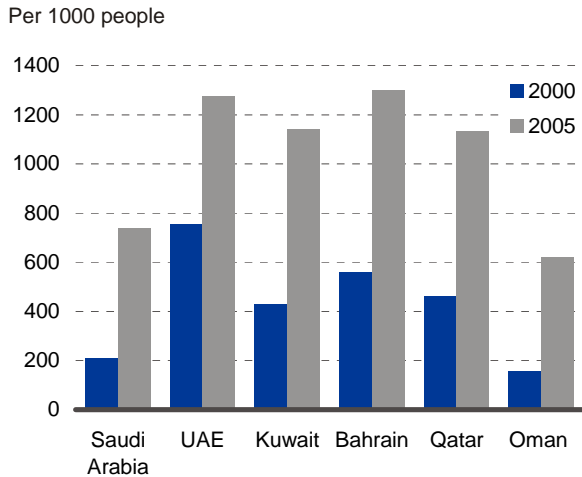
Saudi Arabia, Bahrain, Oman double enrolment

% of eligible population



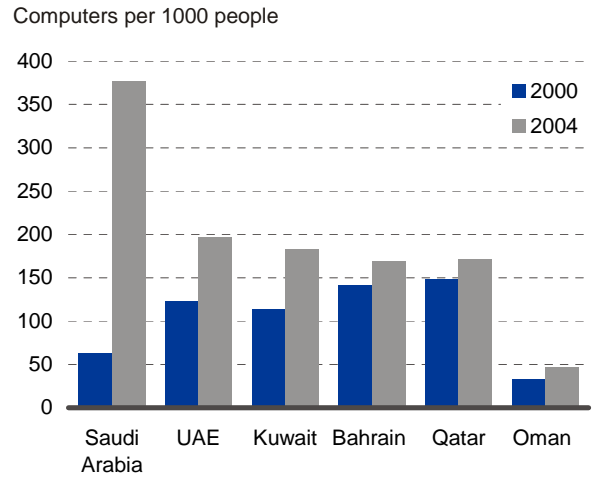
Source: World Development Indicators

Fixed line and mobile phone users
Mobile usage rapidly increased over past 5 years



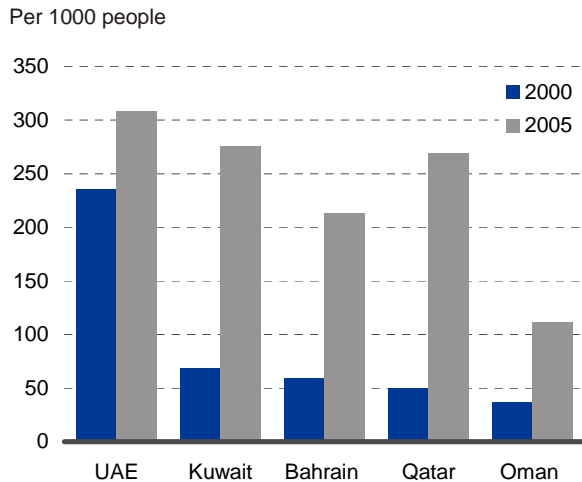
Source: World Development Indicators

PC penetration
Saudi Arabia surpasses the rest of the region



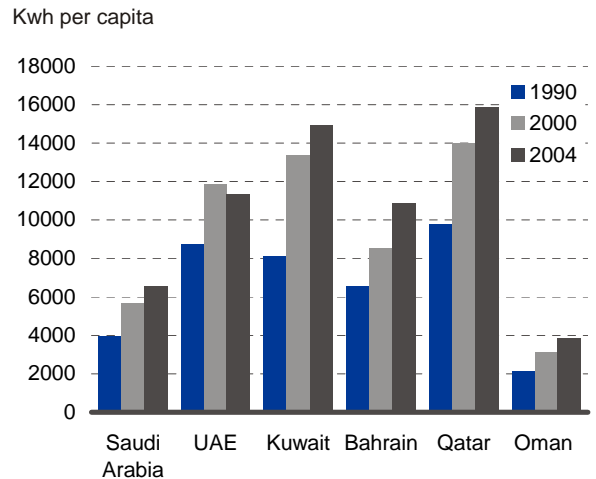
Source: World Development Indicators

Internet users
GCC population rapidly adopting the internet



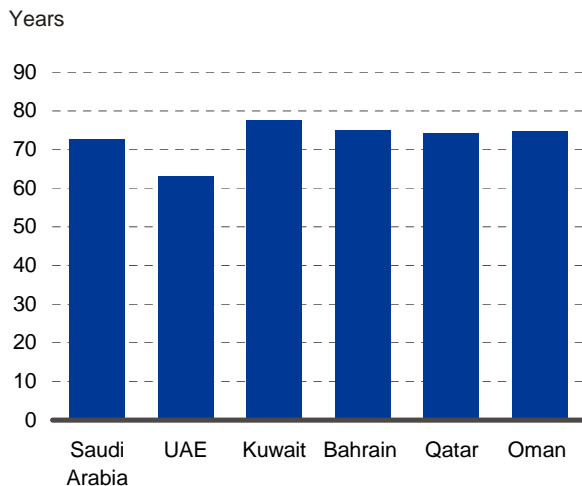
Source: World Development Indicators

Electric power consumption
Electricity consumption growth slowing



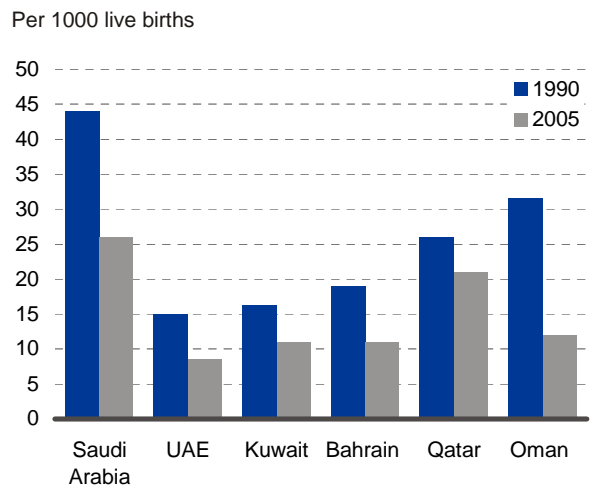
Source: World Development Indicators

Average life expectancy, 2005
Average life-span comparable across GCC



Source: World Development Indicators

Infant mortality
... has been sharply reduced



Source: World Development Indicators

Strong improvements in operating environment, but more work needs to be done

As the GCC countries gain prominence in the global economic environment, more attention will be paid to their business environments. The GCC is largely unscathed by the political difficulties in the wider Middle East region and exhibits political stability, strong rule of law, and government effectiveness. In the annual Doing Business survey of regulatory environments, the GCC members rank in the top 40% of all countries surveyed. Heritage Foundation's economic freedom index shows that GCC countries generally maintain trade, fiscal, and monetary policies that are adaptable to economic conditions rather than political pressure. Yet, there are still inefficiencies in their business environment. The GCC countries need to enhance legal enforcement of regulations and reduce redundancies in regulations.

Improvements in transparency and governance issues remain challenges for the region. As GCC governments increasingly invest abroad, particularly through sovereign wealth funds, foreign governments and industry leaders are calling for stricter disclosure standards and greater clarity of SWF objectives. To continue to attract FDI in their energy and construction industries, the GCC region also needs to ensure that stronger standards for corporate governance are put in place so that perceptions of corruption and favoritism are further reduced. The GCC is already taking steps towards establishing more transparent regulations, stronger risk management practices, higher disclosure standards, and better data dissemination; however, more work needs to be done to make the region competitive with other emerging market countries.

Doing business rankings

GCC countries have various regulatory hurdles that hurt ease of doing business

Doing business indicators (1 = best, 178 = worst)

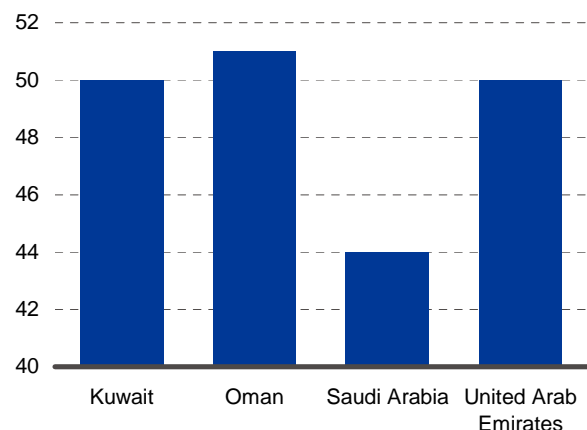
	Overall ease of doing business	Starting a business	Employing workers	Protecting investors	Enforcing contracts	Closing a business
Singapore	1	9	1	2	4	2
United States	3	4	1	5	8	18
Saudi Arabia	23	36	40	50	136	79
Israel	29	17	87	5	102	40
South Africa	35	53	91	9	85	68
Kuwait	40	121	39	19	99	67
Oman	49	107	26	64	110	59
Turkey	57	43	136	64	34	112
UAE	68	158	65	107	144	139

Source: WB Doing Business Database

Enforcing contracts

... remains a difficult task in GCC countries

of procedures required

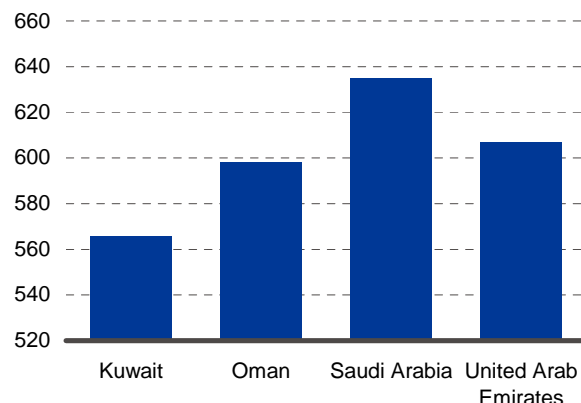


Source: WB Doing Business Database

Enforcing contracts

... takes 2+ years in GCC

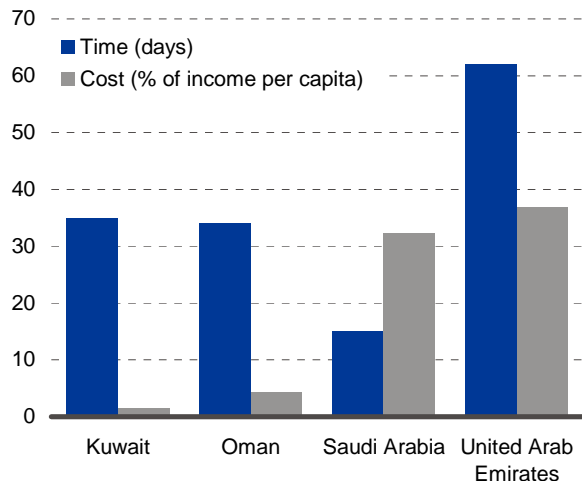
of days required*



*Includes time for court filing, judgment, and enforcement of judgement.
Source: WB Doing Business Database

Time and cost of starting a business

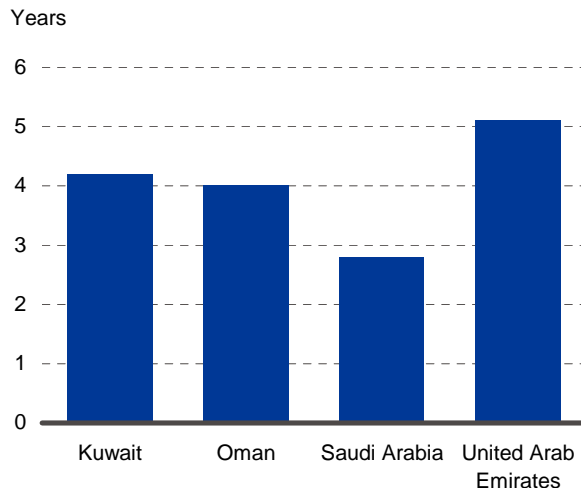
Required procedures slow new business



Source: WB Doing Business Database

Time required to close a business

Saudi Arabia is more efficient than GCC peers



Source: WB Doing Business Database

Global competitiveness ranking

Competitiveness (1 = best, 131 = worst)

	2007/2008 Ranking	2006/2007 Ranking
United States	1	1
Singapore	7	8
Israel	17	14
Kuwait	30	30
Qatar	31	32
Saudi Arabia	35	n/a
UAE	37	34
Oman	42	n/a
Bahrain	43	48
South Africa	44	36
Turkey	53	58

Source: World Economic Forum

Perceived Corruption Index

Higher ranking indicates lower perceived corruption

	2007 Rank
Singapore	4
United States	20
Israel	30
Qatar	32
UAE	34
South Africa	43
Bahrain	46
Oman	53
Turkey	64
China & India	72
Morocco	72
Saudi Arabia	79
Lebanon	99
Algeria	99
Egypt	105
Nigeria	147

Source: Transparency International

2008 Economic Freedom Index

GCC in top 40% of countries

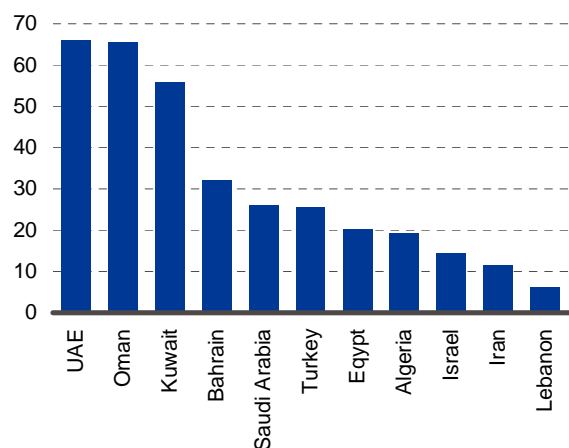
Overall ranking out of 157 countries, all other scores based on a maximum of 100 points (100 = high freedom, 0 = no freedom)

	Overall Ranking	Business Freedom	Trade Freedom	Fiscal Freedom	Monetary Freedom	Investment Freedom
Singapore	2	97.8	90.0	90.3	88.6	80
United States	5	91.7	86.8	68.3	83.7	80
Bahrain	19	80.0	80.8	99.7	74.3	60
Kuwait	39	68.5	81.0	99.9	78.8	50
Oman	42	55.8	83.6	98.5	74.7	60
Israel	46	68.4	86.6	55.9	81.8	80
South Africa	57	71.2	74.2	69.5	77.2	50
Saudi Arabia	60	72.5	76.8	99.7	76.7	30
UAE	63	47.9	80.4	99.9	70.9	30
Qatar	66	60.0	70.8	99.8	69.4	30
Turkey	74	67.9	86.8	77.8	70.8	50

Source: Heritage Foundation

Political stability

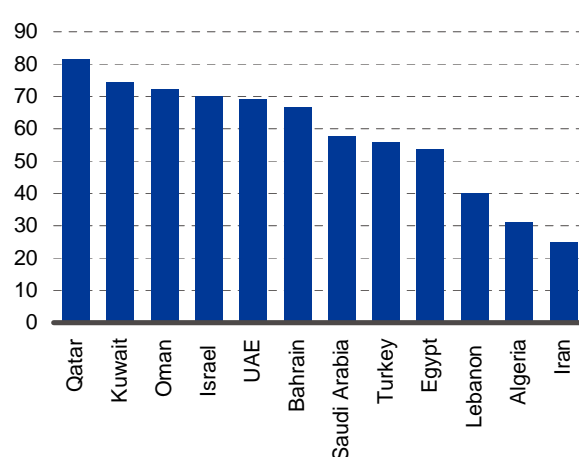
Percentile rank among 212 countries, 100 = highest score



Source: World Bank Governance Indicators

Rule of law

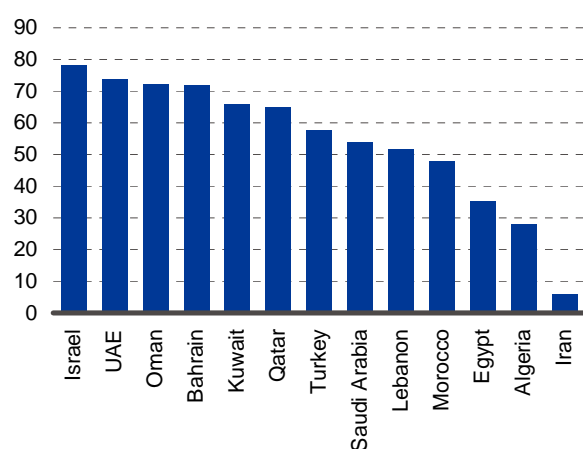
Percentile rank among 212 countries, 100 = highest score



Source: World Bank Governance Indicators

Regulatory quality

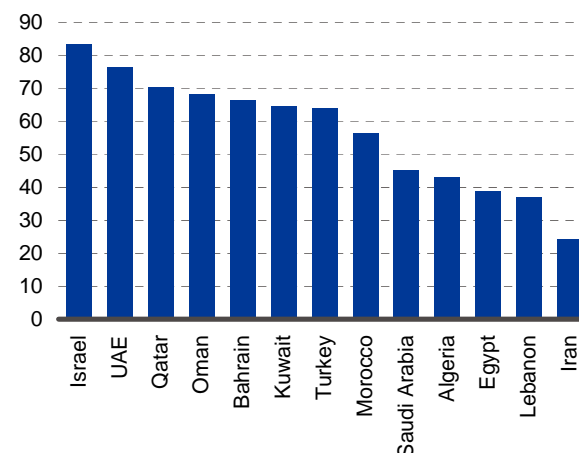
Percentile rank among 212 countries, 100 = highest score



Source: World Bank Governance Indicators

Government effectiveness

Percentile rank among 212 countries, 100 = highest score



Source: World Bank Governance Indicators

Abbreviations

ADIA	=	Abu Dhabi Investment Authority
ASEAN	=	Association of Southeast Asian Nations
CPI	=	Consumer Price Inflation
CM	=	Common Market
GCC	=	Gulf Cooperation Council
GDP	=	Gross Domestic Product
EIA	=	Energy Information Administration
EIU	=	Economist Intelligence Unit
EU	=	European Union
IIF	=	Institute of International Finance
IMF	=	International Monetary Fund
IMF -IFS	=	International Financial Statistics
IMF- WEO	=	World Economic Outlook Indicators
IMF-GFSR	=	Global Financial Stability Report
KIA	=	Kuwait Investment Authority
MEED	=	Middle East Economic Digest
MENA	=	Middle East – North Africa region
NPL	=	Non-performing loan
PC	=	Personal computer
SWF	=	Sovereign Wealth Fund
UAE	=	United Arab Emirates
WB	=	World Bank

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