

Presentation by Nadhim Zahawi - YouGov

Respondent Profile (1)

- YouGov interviewed 887 individuals:
 - 298 Middle East nationals (34%)
 - 544 resident in the Middle East (61%)
- Employment
 - 40% work in organisations based in the Middle East (351)
 - 45% work in organisations based outside the Middle East but which do some or most of their work with / in the region. (397)

[BASE: 887]

→ *These 748 respondents were combined with a further 6 people who are of Middle East nationality or resident in the Middle East (but do little or no work in the region). **These 754 formed the base for the Business Confidence Index questions.***

Respondent Profile (2)

- Of those resident in the Middle East:

[BASE: 544 Middle East residents]

– United Arab Emirates	28%
– Saudi Arabia	22%
– Egypt	17%
– Qatar	8%
– Bahrain	5%
– Kuwait	4%
– Jordan	3%
– Oman	3%
– Turkey	2%
– Iran	2%
– Lebanon	2%
– Syria	1%
– Iraq	1%
– Libya	1%
– Elsewhere in the Middle East	1%

- Middle East countries in which, or with which, they do the most business:

[BASE: 754 doing business, resident or nationals of the Middle East]

– United Arab Emirates	27%
– Saudi Arabia	24%
– Egypt	8%
– Qatar	7%
– Iran	6%
– Kuwait	4%
– Bahrain	3%
– Libya	3%
– Iraq	2%
– Jordan	2%
– Lebanon	2%
– Turkey	2%
– Oman	2%
– Syria	1%
– Yemen	1%
– Other Middle East country	5%

Respondent Profile (3)

- **Employment Sector** [BASE: 786 employed respondents]
 - ¾ of employed respondents work in the private sector and represent the following industries:
[BASE: 667, private sector workers]

– Banking & Finance	21% (137)
– Construction	15% (103)
– Oil, Gas & Petrochemicals	13% (87)
– Industrial manufacturing	10% (67)
– Utilities: Power & Water	9% (61)
– IT & Telecoms	7% (44)
 - 13 % work in the public sector and 2% in the not-for-profit sector.

Respondent Profile (4)

- Private sector respondent profile:

[BASE: 667, private sector workers]

- Company turnover

- Under \$1 million 10%
- \$1 million to \$9,999,999 17%
- \$10 million to \$49,999,999 20%
- \$50 million to \$99,999,999 8%
- \$100 million or over 44%

- Number of employees

- 9 employees or less 7%
- Between 10 and 49 employees 17%
- Between 50 and 249 employees 18%
- Between 250 and 999 employees 17%
- 1000 or more employees 40%

Respondent Profile (5)

- **Seniority at work:**

[BASE: 754 doing business, resident or nationals of the Middle East]

– CEO/President/Chairman	7%	(58)
– Managing Director	14%	(110)
– Director	16%	(127)
– Professional	13%	(105)
– Senior manager	25%	(194)
– Middle manager	14%	(111)
– Other	10%	(81)

Key Findings

- There is a general sense of **optimism** amongst business leaders in the Middle East and rises in profits are expected.
- Optimism is only moderate when it comes to prospects for **political stability** although it is rated as the most important driver of economic change.
- **Iraq** is considered to be an important economy for the region and it is expected to be a significant new market even within the next 12 months.
- There is a sense that **economic liberalisation** is occurring and a belief that Middle East government policies help rather than hamper business.

Prosperity & Stability (1)

- Modest optimism about the prospects for *economic prosperity* in the region:
 - On a scale of 1 to 10, the mean score overall was 6.8.
 - Business leaders resident in the UAE (mean score 7.7) and Qatar (7.6) are the most optimistic
 - Residents of Egypt (5.4) are the least optimistic
 - Respondents from larger companies more optimistic than those from smaller companies

Prosperity & Stability (2)

- Less optimism about the prospects for the region's *political stability*:
 - The overall mean score is 5.2.
 - Once again, business leaders based in Qatar and the UAE are the most optimistic, while those in Egypt are the most pessimistic.
 - There is broadly more pessimism amongst those business leaders not resident in the Middle East; for those resident in the Middle East the score is 5.5.

Key Drivers of Economic Change

- 62% cite *political instability* as a key driver of economic change.
 - Those responding from companies based in the Middle East emphasise this less than those from companies based outside the Middle East but which work with or in the region.
 - Those of European and American nationality are concerned more by this than those of Middle Eastern nationality.
- The next most important driver is *economic liberalisation* (45%)
 - This is seen as more important by those from companies based within the Middle East than those without.
- *Falling oil prices* is considered a key driver by just over a third of respondents.

Impact of Iraq

- Iraq is widely thought to be fairly important to the region's economy:
 - Six out of ten respondents expect their company to generate at least some extra business
 - Two-thirds of those who expect extra business reckon that the amount to be modest – 20% or less
 - 13% say that Iraq will be their organisation's most important foreign market in 2004 – more than named any other single country.

Country-specific: Impact of Government Policy

- Asked about the country in which their company does, clear pecking orders emerges:
 - UAE comes top for *economic liberalisation*, with a mean score of 7.3, followed by
 - Qatar (6.7)
 - Kuwait (5.5)
 - Saudi Arabia (4.9)
 - Iran (4.8)
 - Egypt (4.7)
 - More said that *government's policies* helped than hampered business in all six countries
 - Qatar is thought to have the best policies for *creating jobs* for its indigenous workforce, and Egypt and Saudi Arabia the worst.
 - Asked about impact of government policies on job creation for their own business, there is much less difference with a mean score of around 5 out of 10 in each case.

Reform

- Despite positive views on government policy, comments provided indicate that further reform is still keenly needed:

“Break the stranglehold which the Governments - Federal or Emirate - appear to be hell bent on maintaining.” (UAE)

“Open capital markets to international investors and float shares of locally held (by government or public) highly profitable companies” (Qatar)

“Free trade, removal of non-tariff barriers, lowering business costs and overheads” (Kuwait)

“Implementation of a clear & liberalised exchange rate policy & undertaking serious steps to eliminate bureaucracy which opposes reform” (Egypt)

Expectations for the future

- Asked about prospects for the next 12 months, optimism is high in all parts of the region amongst Middle East based companies:
 - 28% expect *profits* to rise by more than 15%
 - 39% expect profits to climb by 5-15%
 - Only 4% expect profits to fall by 5% or more
 - 60% expect their *investment budget* to increase
 - More than half expect their company's *cross-border trading* to increase by more than 5%

Financial Services

- Only 17% say their organisation uses Shariah-compliant financial services “a great deal” or “a fair amount.”
 - 31% expect to use them more over the next three years
 - The proportion climbs to 48% amongst companies with sales of more than \$100 million.
- Very few companies use only foreign banks (8%)
 - Almost two-thirds use foreign and domestic banks
 - More than a quarter use domestic banks only