



مركز الإحصاء  
STATISTICS CENTRE

# Interlinked Statistics - Aligned with the Government's Long-Term Development Plans for Abu Dhabi

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# Purpose of the paper

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The **Abu Dhabi Economic Vision 2030** focuses on creating economic activities that reduce the reliance on the oil sector.

- Provide users with a more **comprehensive set of statistics** and **new indicators** to support policy formulation and research by the users of SCAD statistics.
- This work paper describes the **linkages** between the **gross domestic product**, **gross fixed capital formation** and **foreign direct investment** at the economic activities level in the Emirate of Abu Dhabi.
- Gives practical examples, and outlines some of the wider issues regarding the **presentation** of these **statistical indicators** to users of official statistics in the Emirate.

# Foreign Direct Investment (FDI)

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**FDI** is an **engine** for **economic growth** and increase the productive capacity of the economy.

The most important factors which make the investment climate in the Emirate of Abu Dhabi an ideal one;

- The strategic geographical location & modern infrastructure
- International agreements that facilitate the flow of capital and goods between Abu Dhabi and other countries
- Free zones and industrial cities & very low taxes.
- Modern financial establishments to facilitate capital flows and serve national and foreign investors.

# Foreign Direct Investment (FDI)

- **FDI** - investment associated with a resident in one economy having control or a significant degree of influence on the management of an enterprise that is resident in another economy.



- **FDI Stock** - reflecting prices at the time when the investment was made.
- **FDI Net Flow** - record the net value of FDI Stock during a given period (year).

# Descriptive statistics of inward FDI Stock and GDP

The contribution by FDI to increased economic growth

Stock of foreign direct investment (% change)

**2014**

12.8%

**2015**

8.6%

Non-Oil Stock of FDI as % of non-oil GDP

**2014**

15.7%

**2015**

15.9%

FDI stocks as a percentage of GDP

**2014**

8.4%

**2015**

11.3%

Non-Oil FDI net flows as % of non-oil GDP

**2014**

2.0%

**2015**

1.1%

Construction activity, which changed from an inflow of AED 1,390 million in 2014 to an outflow of AED 902 million in 2015

**Source:** Statistics Centre Abu Dhabi, Foreign investment Survey

# Descriptive statistics of inward FDI flows and Gross Fixed Capital Formation

FDI net flows as % of GFCF

**2014**

5.5%

**2015**

3.9%

Non-oil FDI net flows as % of Non-oil GFCF

**2014**

6.9%

**2015**

4.3%

**2015**

**FDI net inflow annual %change**

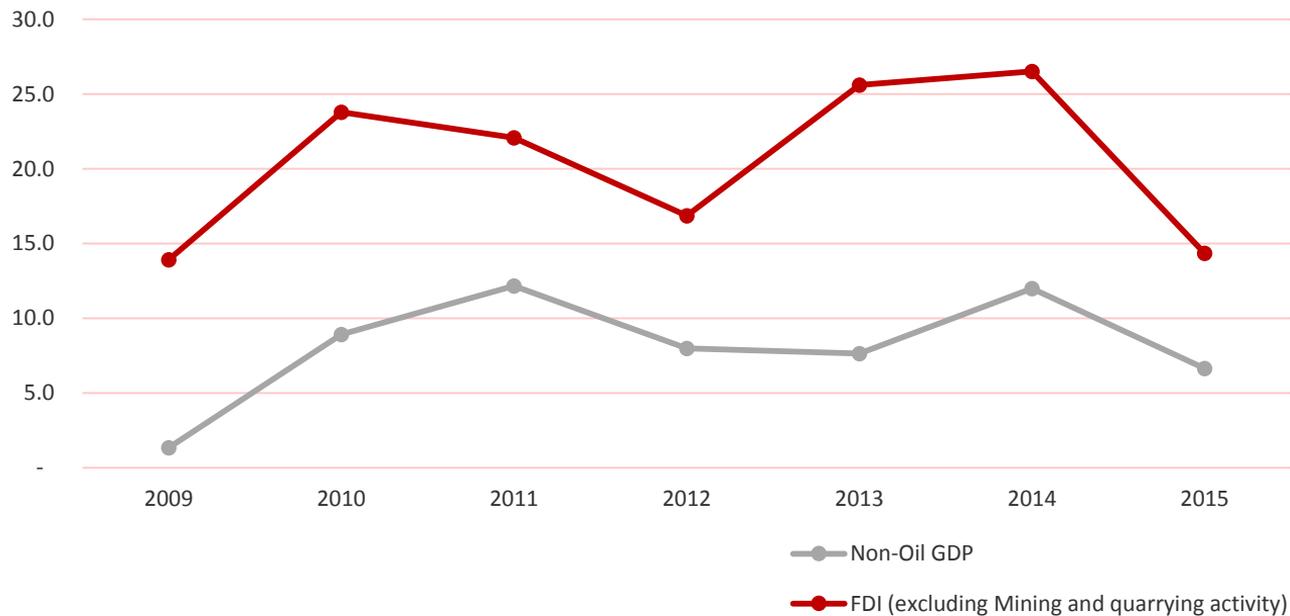
(23.9%)

**GFCF annual %change**

7.1%

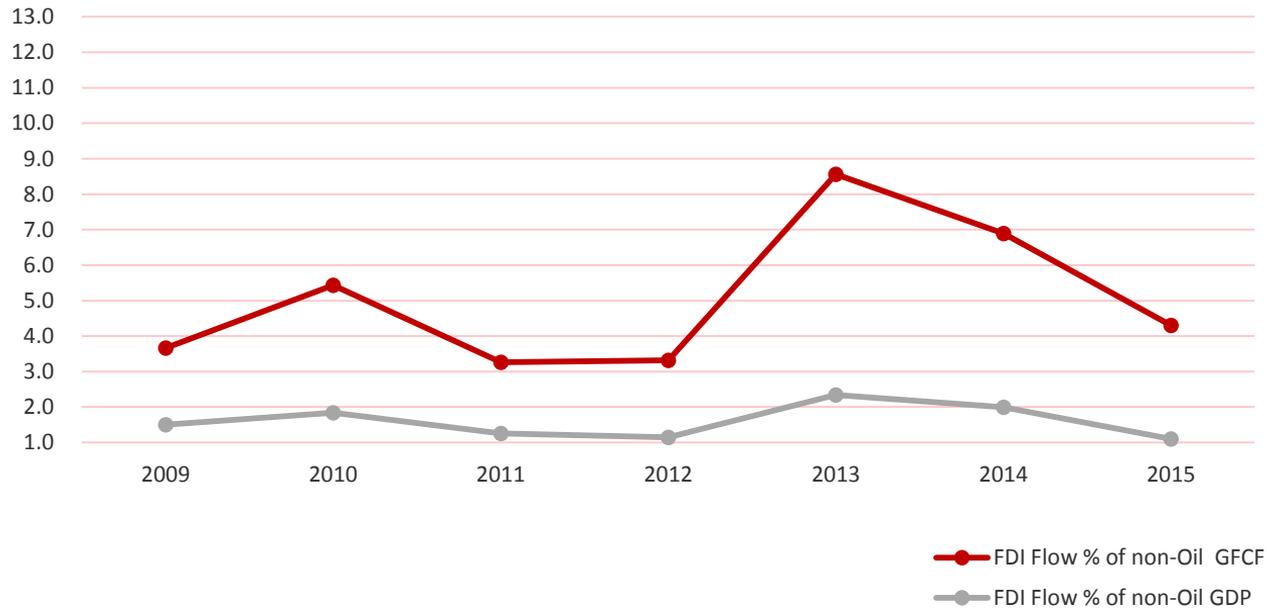
**Source:** Statistics Centre Abu Dhabi, Foreign investment Survey

# Growth rate of Non- Oil GDP and inward FDI stocks (excluding Mining and quarrying activity)



**Source:** Statistics Centre Abu Dhabi, Foreign investment Survey

# Inward FDI net flows as % of GDP and domestic investment (GFCF)



**Source:** Statistics Centre Abu Dhabi, Foreign investment Survey

# Future Diversification indicators (linked indicators)

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- The **objective** is to produce new indicators:
  - Enable **analysts** and researchers to conduct **more in-depth analysis** and research, into the impact of FDI on the Abu Dhabi economy.
  - Improve **access** to additional information **sources** about FDI and its impact on the Emirate's economic development and encourage wider use and reuse of official statistics.
  - Meet current user **demand** for **integrated data** to allow more detailed statistical analyses and investigation which can support the development plans for Abu Dhabi.

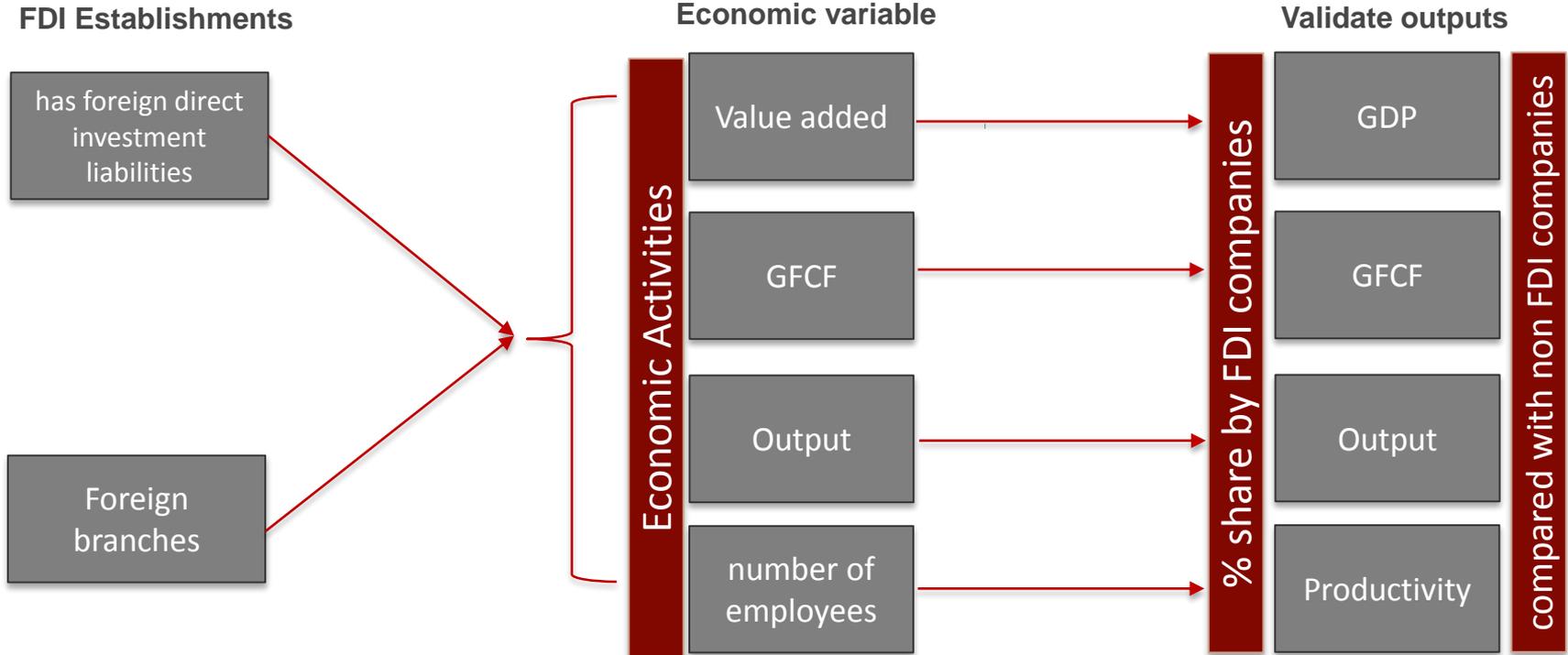
# Planned methodology

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- The methodology of work focuses on identifying establishments in the Annual Economic Survey (AES), which have foreign direct investment liabilities and foreign owned branches that are operating in the Emirate of Abu Dhabi.
- This will allow SCAD to compile estimates of GDP, GFCF and productivity for FDI establishments operating in the Abu Dhabi economy for each reference year.

# Linkages between FDI & Economic variables - Planned methodology

## Annual Economic Survey



# Planned methodology

Annual Economic Survey	Related GSBPM* sub-processes		
	Integrate data	Derive new variables	Validate outputs
<b>For the following variables :</b> <ul style="list-style-type: none"> <li>○ Value added</li> <li>○ GFCF</li> <li>○ Output</li> <li>○ number of employees</li> </ul>	Calculate variables for establishments which have foreign direct investment liabilities and for foreign company branches	Calculate: <ul style="list-style-type: none"> <li>○ the total for each variables by the FDI establishments</li> <li>○ the variables percentage of total variables</li> </ul>	Analyse the impact of FDI on each variables. Investigate the % share by FDI companies of : <ul style="list-style-type: none"> <li>○ value added</li> <li>○ GFCF</li> <li>○ Output</li> <li>○ Productivity</li> </ul> compared with non FDI companies and how it is changing over time in each economic activity.

\* The Generic Statistical Business Process Model.

# Challenges

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- Some establishments with foreign investment liabilities are not included in the annual economic survey sample. As a result, the AES sample must be increased and this will **increase the costs** of running the survey. Imputations must be made for the missing establishments.
- The establishment id's are not unified between the FIS and AES for all years. This will require **additional work** to match the FDI establishments with the same ones in the AES.

# Conclusion

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- The impact of inward FDI on economic development in the Emirate of Abu Dhabi cannot fully be investigated without having access to macroeconomic statistics that are disaggregated according to the contribution made by FDI and non-FDI establishments to the economy.
- It is necessary to create new **indicators by linking data** from the foreign investment survey with statistics about the GDP, GFCF and Production. It will allow users of SCAD statistics to **monitor and follow up** on progress towards achieving the Emirate's development plans and the policy implications of FDI on productivity and other economic variables.

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