



GCC Business Confidence Survey 2009

An Oliver Wyman - Zogby International Survey

November 5, 2009

Dubai School of Government

Objectives and Methodology

Objectives

- Launch an annual barometer survey of senior executive opinions of the region
- Gauge business opinion

Survey methodology

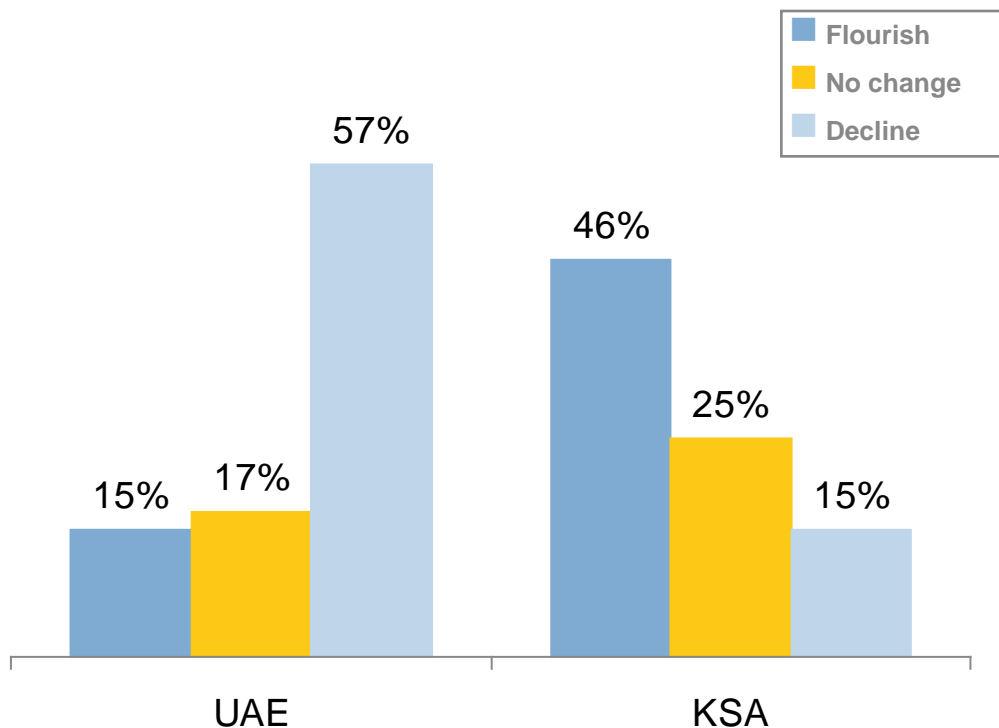
- **126** C-suite executives
- Across **3** countries: **UAE, KSA, and Qatar**
- From **22 to 23 October** 2009 (with follow-up interviews)

Key themes tested in interviews

- What is **business confidence** in the GCC region?
- What are the key business **priorities to improve competitiveness** going forward?
- What are their opinions of **government handling of the crisis?**
- What are their opinions of **government reform?**
- What are the biggest **threats to stability** in the region?

UAE is much less confident than Saudi Arabia post crisis

What is your view of current business conditions in your country?



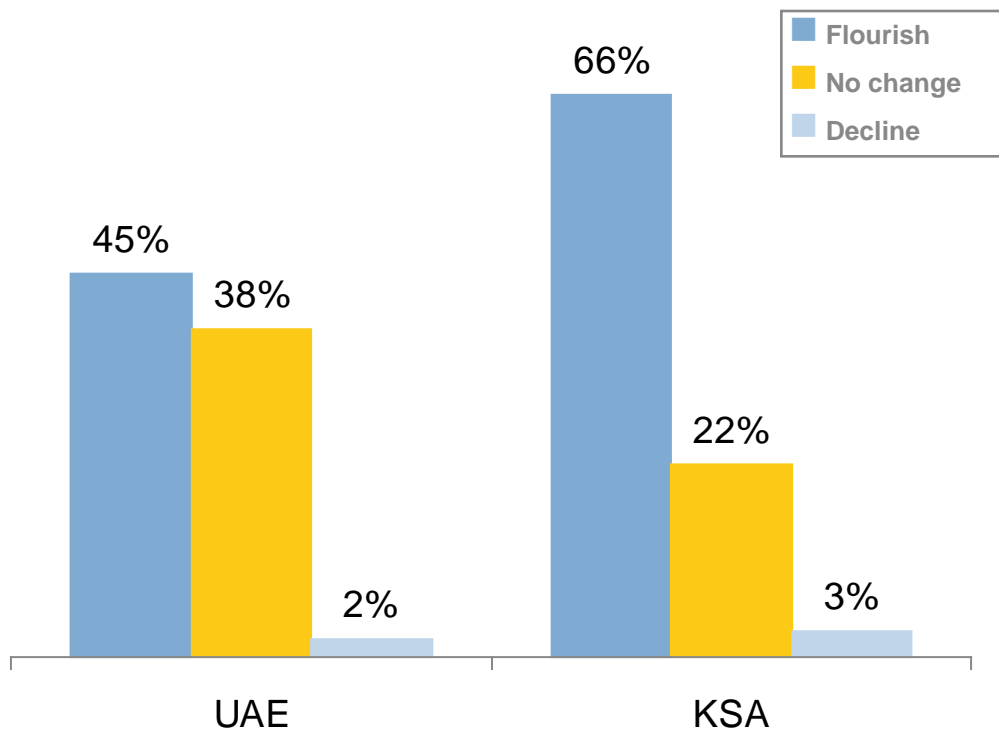
Questions

- Who is more affected, large or small companies?
- What is driving the negative feeling in the UAE?
- Is the negative feeling in UAE widespread or only in Dubai?

Note: Sample size of 47 for the UAE and 67 for KSA. "Not stated" responses not shown in graph.

Business conditions are expected to improve although in the UAE opinion is still mixed

What is your view of what business conditions will be in the next two years?



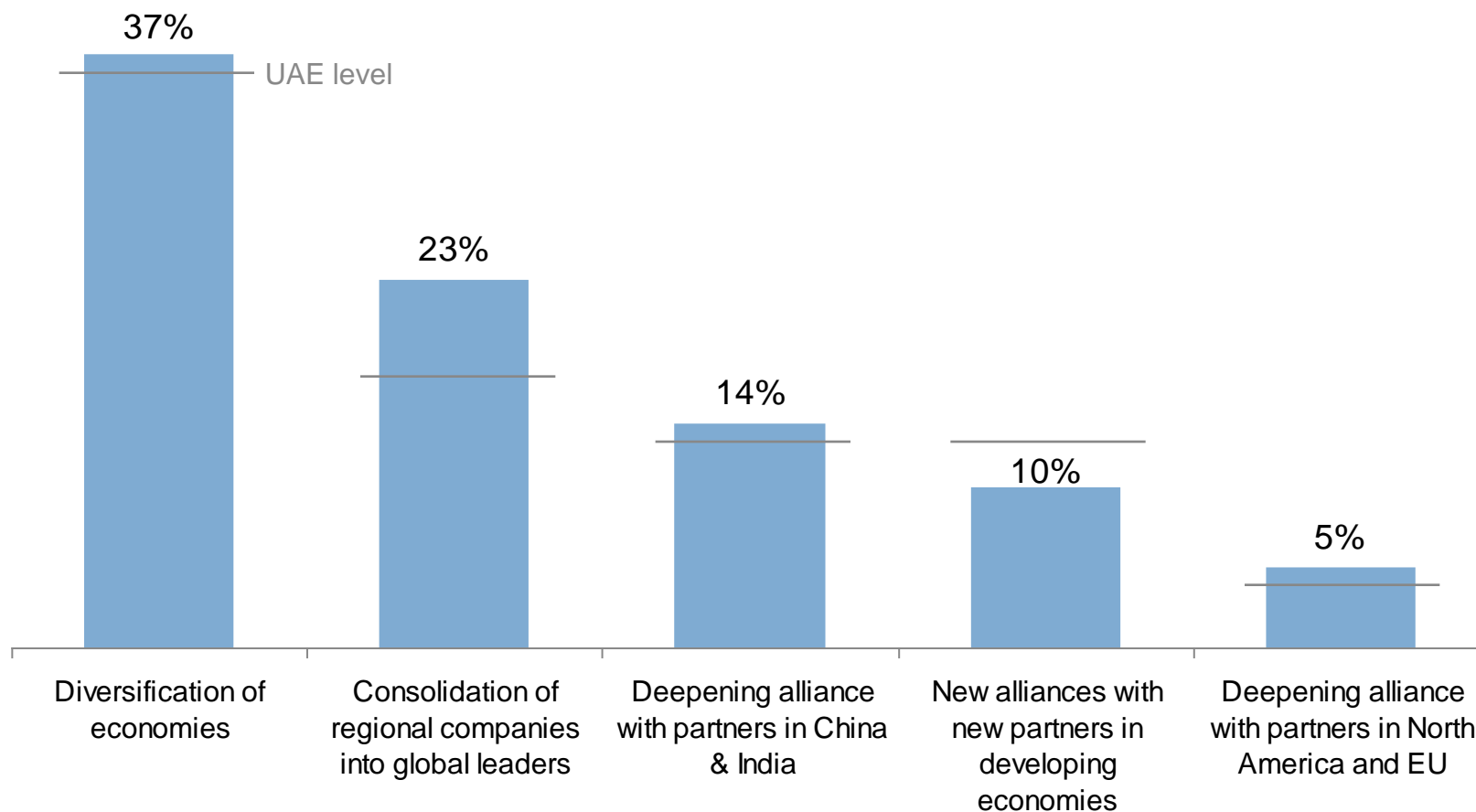
Questions

- What is driving the increased confidence?
- Why is there less optimism in the UAE?
- Does this vary by size of business or industry?

Note: Sample size of 47 for the UAE and 67 for KSA. "Not stated" responses not shown in graph.

CEOs perceived diversification as the biggest opportunity to improve competitiveness in the GCC

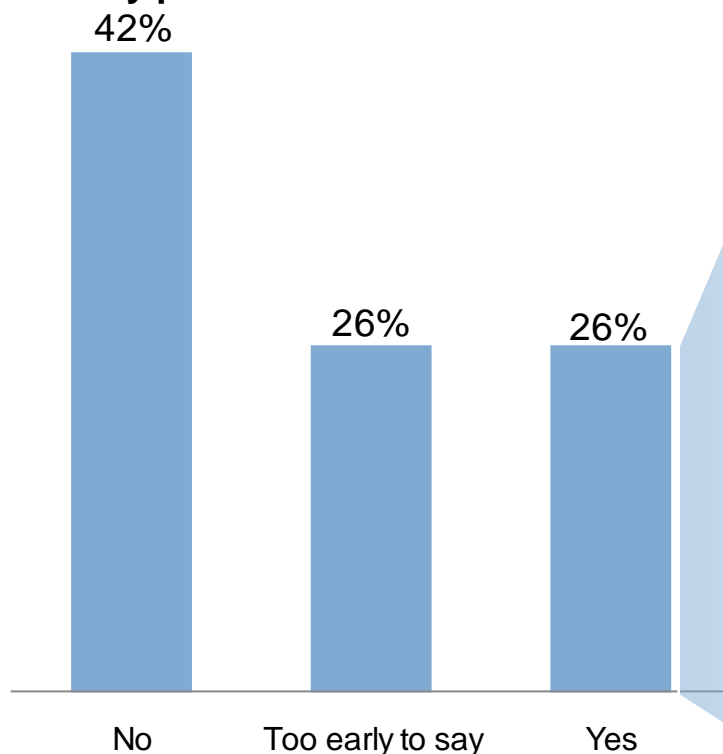
Where does the greatest opportunity for the GCC region's increased competitiveness lie?



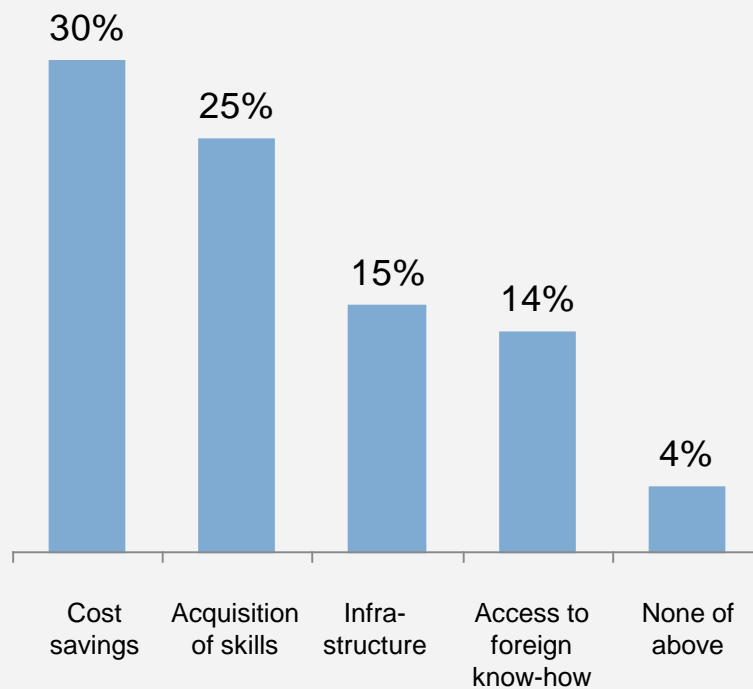
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When asked directly, a quarter of the CEOs viewed consolidation as a major theme post crisis

Is consolidation a major theme in your industry post-crisis?



Which of the following has been the biggest benefit for GCC companies in growing via consolidation?

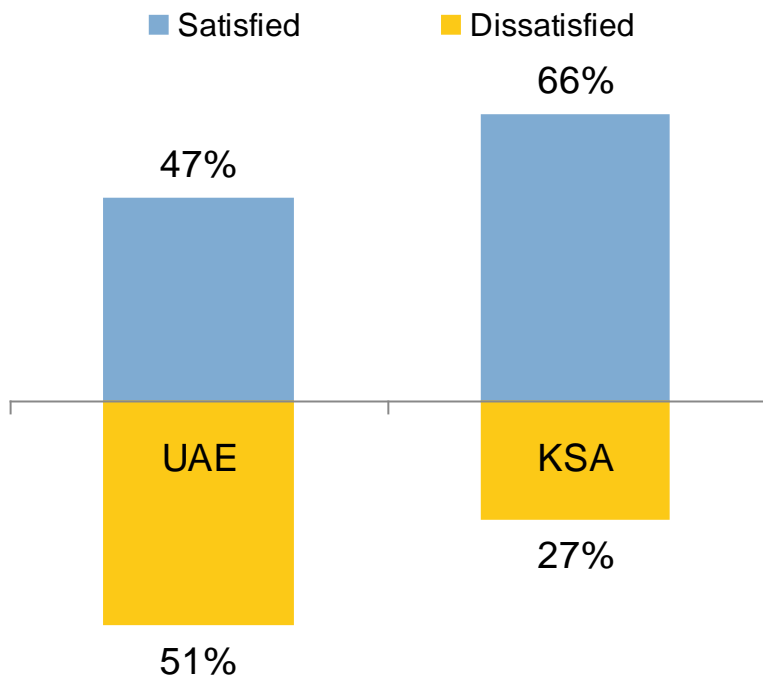


Those that believe consolidation is a major theme view cost savings as its biggest benefit

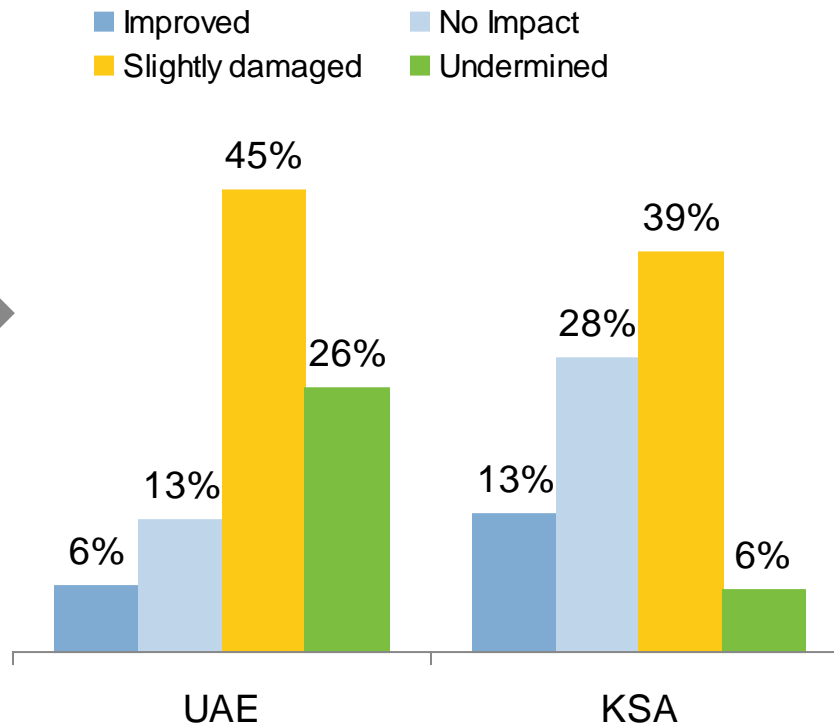
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When asked about the governments' handling of the crisis, their views had a direct correlation with confidence levels (with the UAE most negatively impacted)

How satisfied are you with your government's response to the crisis?



How has business confidence in the government been impacted by the crisis?



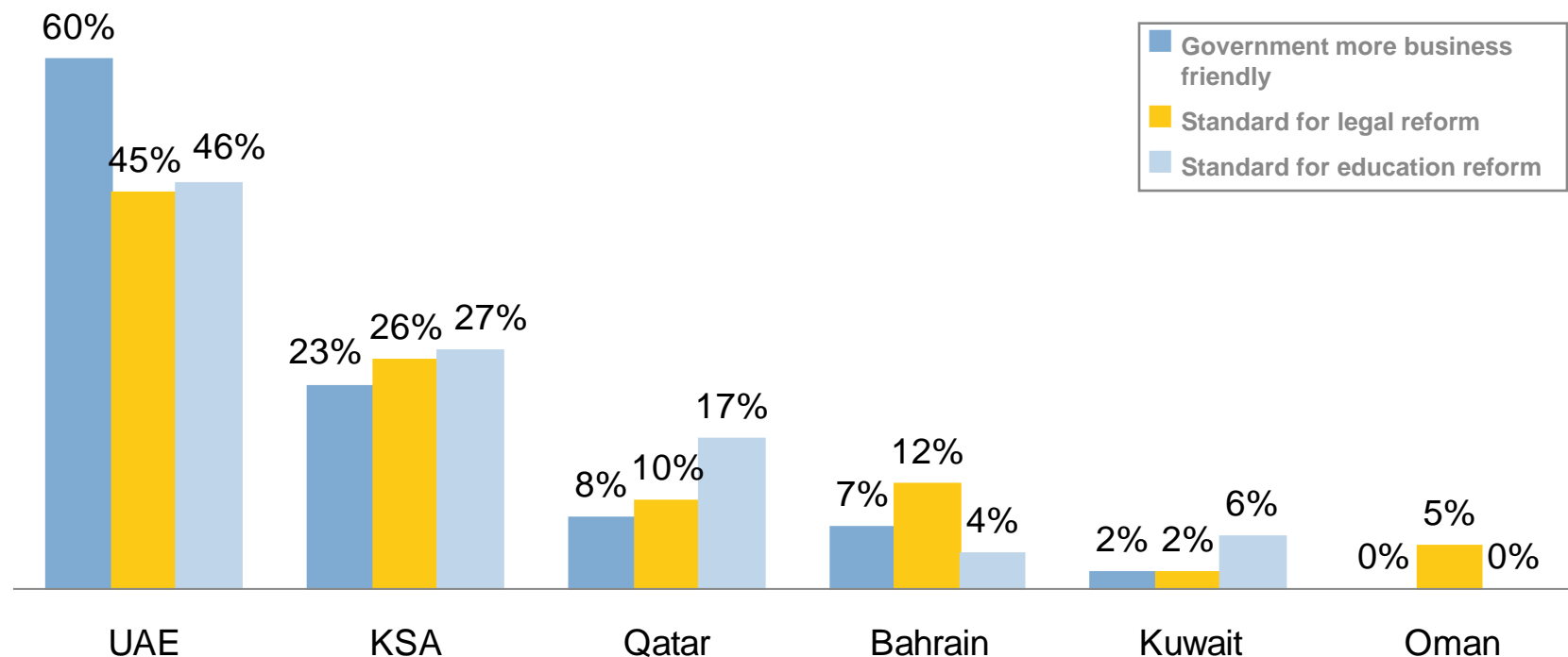
▶ **UAE CEOs are least satisfied with the government's intervention during the crisis...**

▶ **...resulting in the highest negative impact on confidence in the government**

Note: Sample size of 47 for the UAE and 67 for KSA. "Not stated" responses not shown in graph.

However, the UAE is consistently seen as setting the “standard” in government reform policy

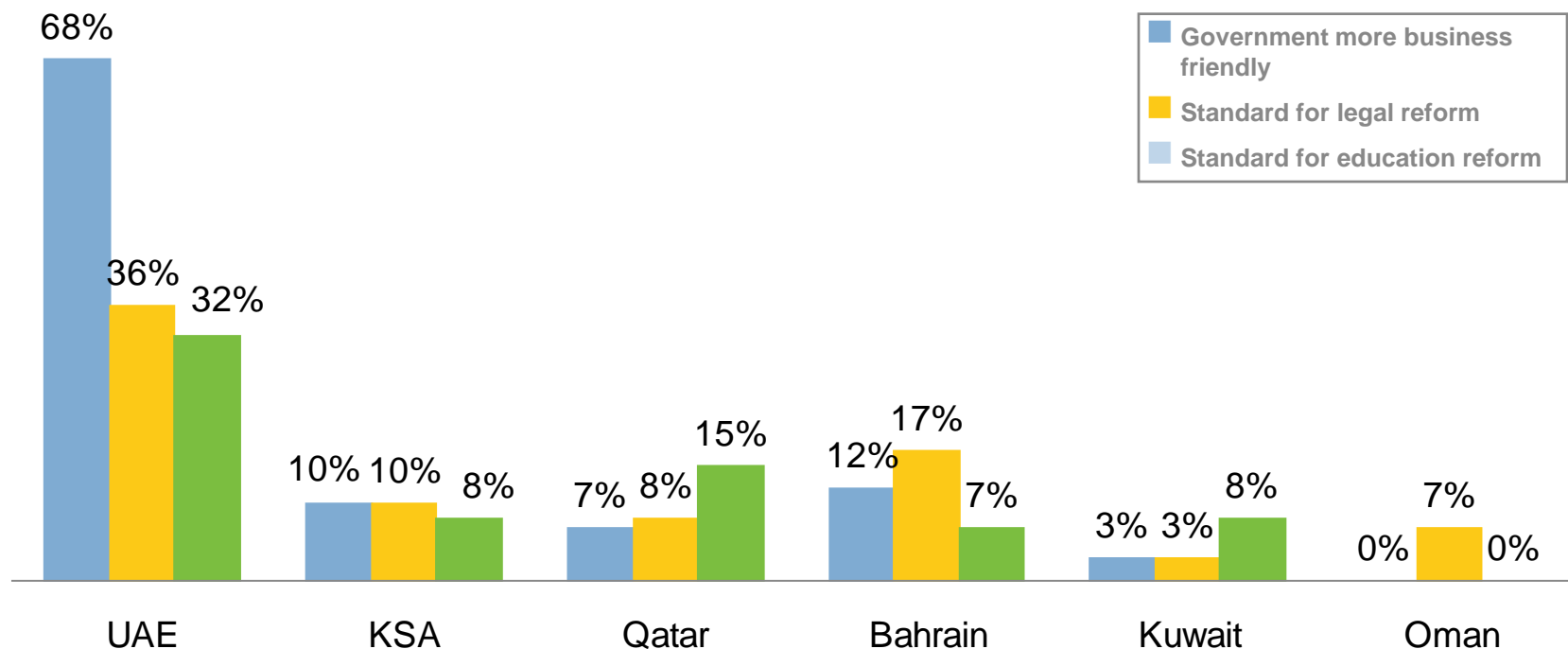
Which of the following GCC countries is setting a standard for: making government more business friendly, legal reform, and education reform?



Note: Sample size of 126 for the region. "Not stated" responses not included

If “self-votes” are excluded, the UAE maintains its leading position while no other country emerges as a clear second

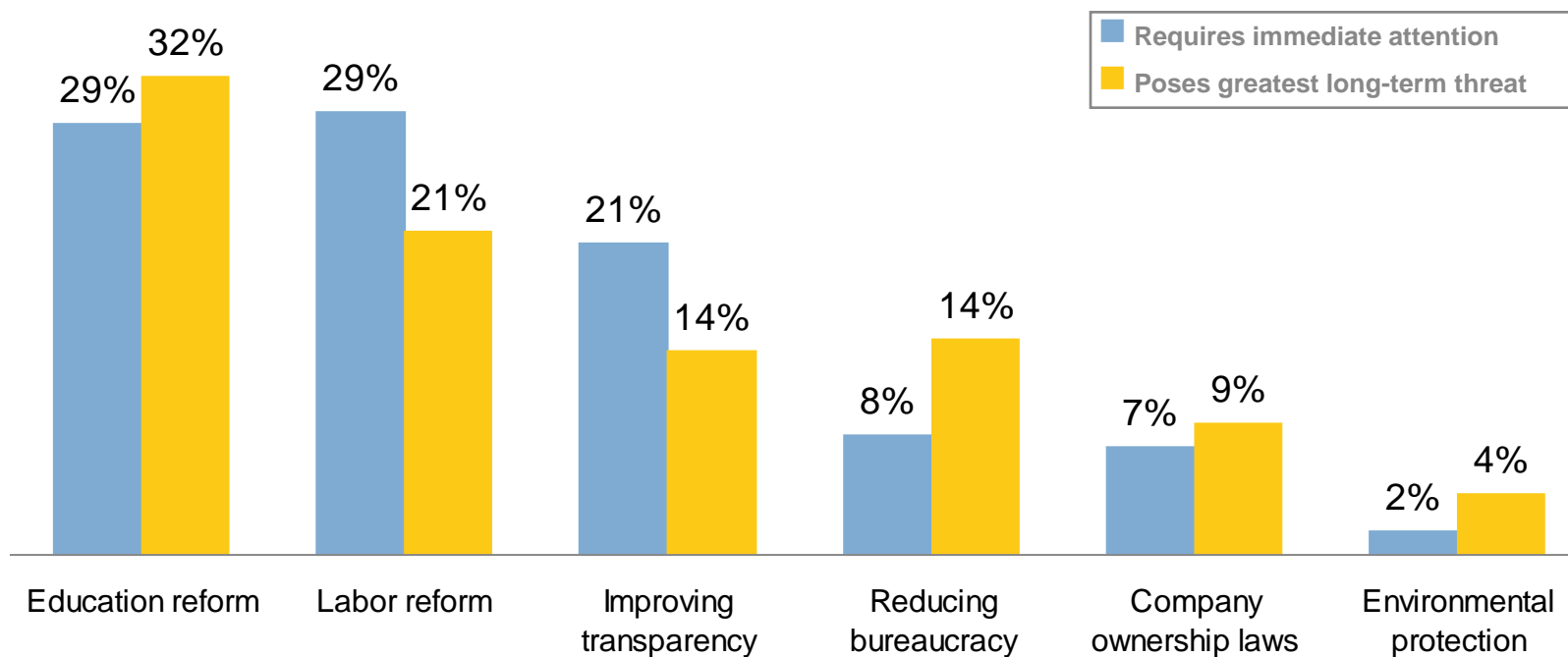
Which of the following GCC countries is setting a standard for: making government more business friendly, legal reform, and education reform?



Note: Sample size of 84 removing self-votes. Self-votes defined as executives voting for the country he/she resides in. "Not stated" responses not included

But changes are still required across the GCC, most pressingly on education and labour reform

Which issues require immediate attention, and which if left unaddressed, pose the greatest long-term threat to the region's competitiveness?

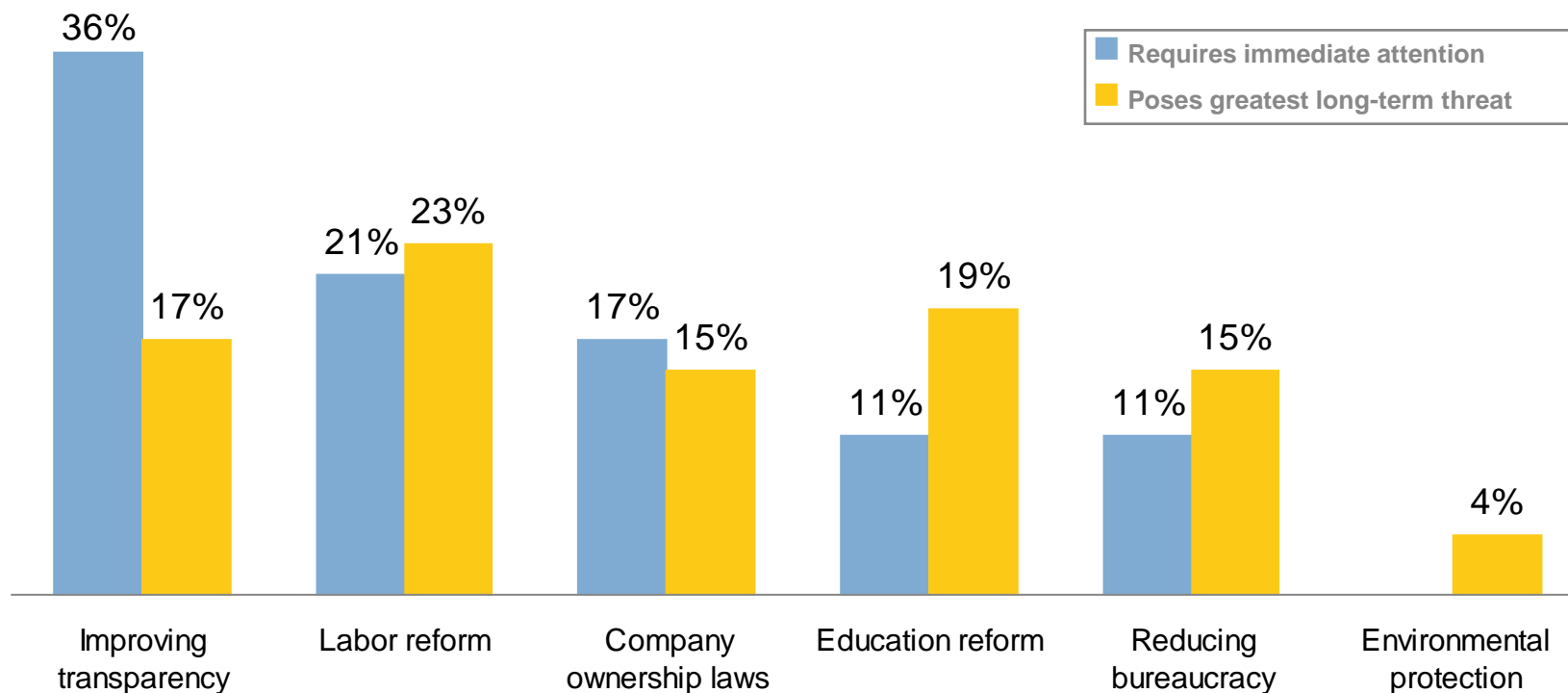


Education is viewed as strategic for the long-term growth, while labour is considered strategic for the short-term

Note: Sample size of 126 for the region. "Not stated" responses not included

However in the UAE, transparency is seen as a top issue requiring immediate attention

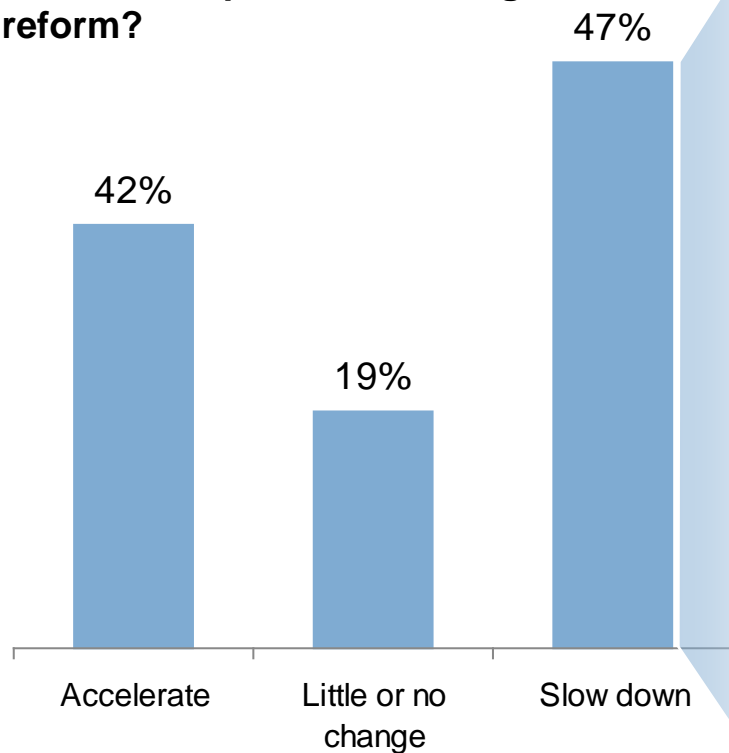
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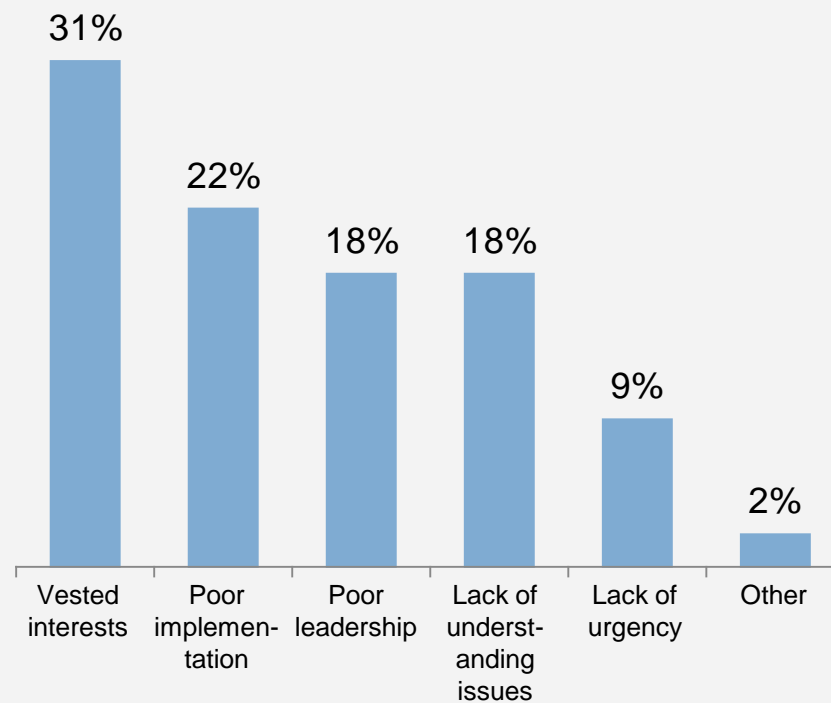
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Interestingly, many believe the crisis is expected to slowdown reform with the main reason being vested interests

In your opinion, how do you think the crisis will impact the rate of government reform?



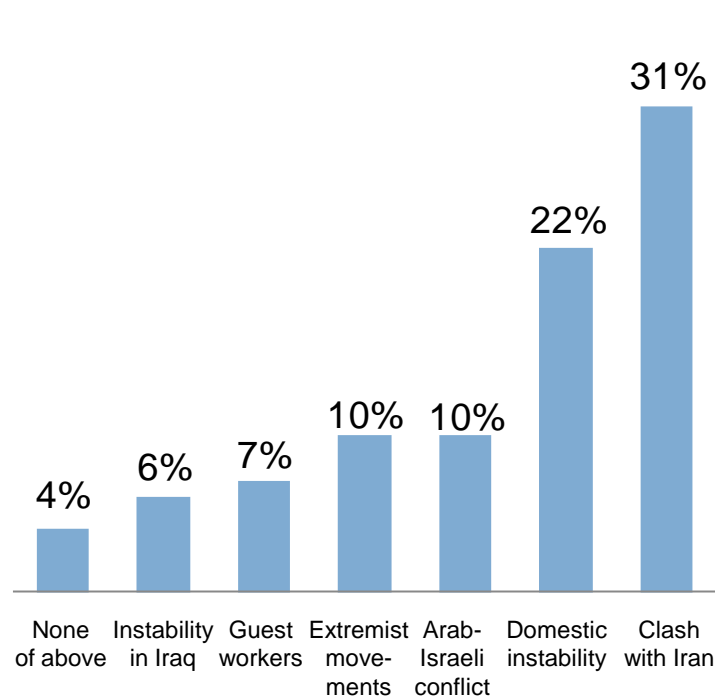
What are the two greatest obstacles to continued reform of governments in the region?



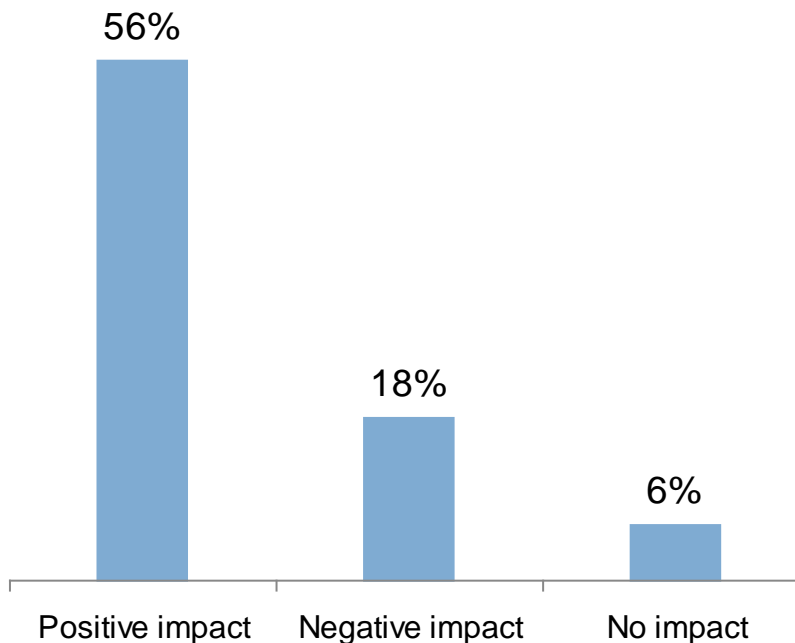
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Externally, Iran is seen as the biggest threat, but a potential opportunity if trading relations can resume

What is the greatest potential threat to the business stability of the GCC region?



If Iran were opened, what would be the impact on the GCC region?



The two biggest concerns are consistent across the countries surveyed

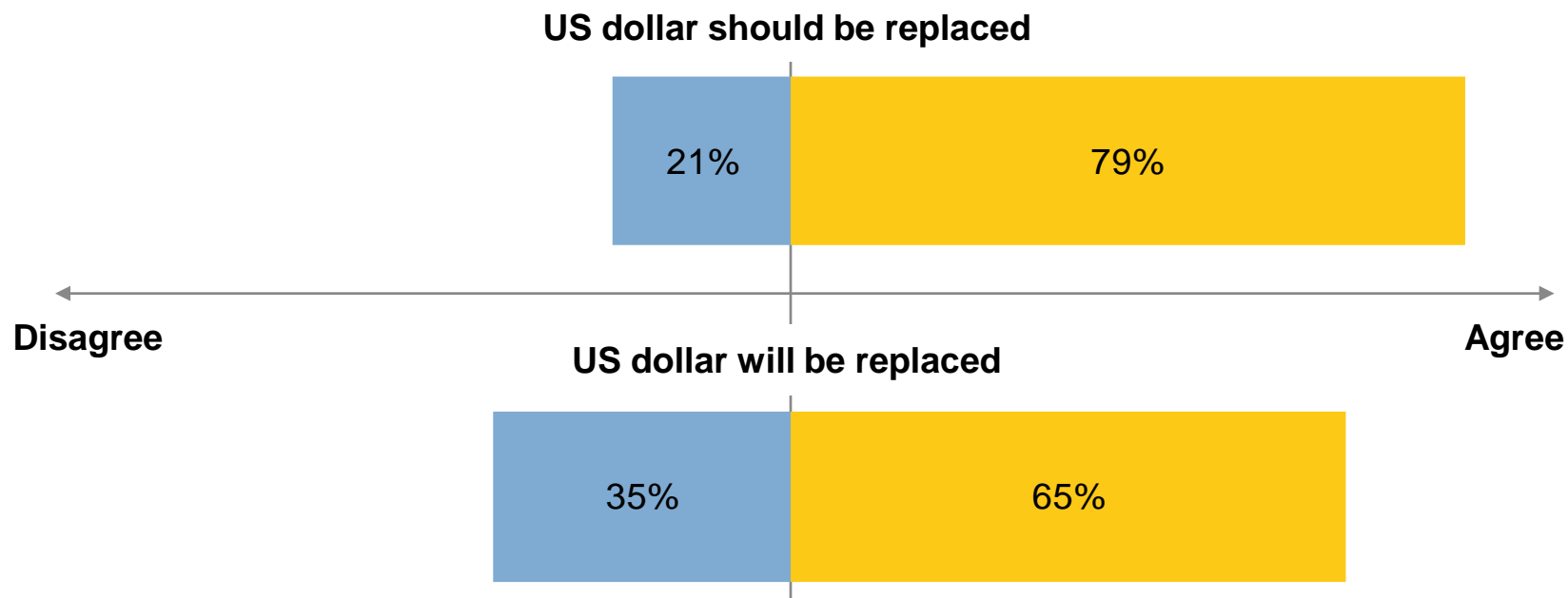
Iran is seen as having significant positive impact

Note: Sample size of 126 for the region. "Not stated" responses not included

The majority believe the US dollar should be replaced as the dominant international currency but many are unsure if it will happen in the next two years

Annex

Do you believe the US dollar should be replaced as the dominant international currency within two years? Do you believe it will be replaced?



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OLIVER WYMAN



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