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Determinants of Foreign Direct Investment in the GCC: Evidence from the UAE's Sustained Attractiveness.

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Journal - International Journal of Economics and Financial Issues, 2026.
DOI: https://doi.org/10.32479/ijefi.22802

Research Background

- FDI is a critical driver of economic growth, technological transfer, and structural transformation.
- GCC countries have undertaken reforms to attract FDI, yet inflows remain unevenly distributed.
- UAE has consistently outperformed other GCC nations, positioning itself as a regional investment hub.
- Highlighting the UAE's success can inspire stakeholders to explore its competitive advantages and foster confidence in regional growth prospects.

Research Objectives

- Primary objective is to identify the most attractive FDI destination within the GCC.
- Study also aims to evaluate the key determinants influencing FDI inflows across GCC countries.
- Seeks to explain how the UAE sustains its leading position.
- Study proposes policy insights for enhancing regional investment attractiveness.

Theoretical Framework

- Existing literature highlights FDI as a multi-dimensional phenomenon influenced by economic, institutional, and technological factors.
- Traditional theories emphasize market size, economic growth, and trade openness, while recent studies include digitalization and governance quality.
- Dunning’s Eclectic Paradigm supports the role of location advantages in attracting FDI.
- Research on holistic comparative analysis within the GCC context is limited.

Research Methodology

- Study adopts a comparative research design across all six GCC countries.
- Relies on secondary data from credible international and regional sources for the period 2020–2024.
- Multiple indicators such as competitiveness, innovation, digitalization, and regulatory quality are analyzed.

Key Findings

- UAE emerges as the leading FDI destination in the GCC.
- Success is driven by a combination of strong economic growth, advanced digital infrastructure, and innovation leadership.
- Other factors include investor-friendly regulations, global connectivity, skilled labor, and competitive tax policies.
- FDI attractiveness in the UAE is the result of an integrated and sustained policy framework.

Academic Contribution

- Provides a holistic and comparative assessment of FDI determinants within the GCC.
- Demonstrates that FDI attractiveness is driven by a combination of interrelated factors rather than isolated variables.
- Highlights the importance of digitalization, innovation, and institutional quality in modern FDI theory.
- Provides policy insights for other GCC countries seeking to enhance their investment competitiveness.