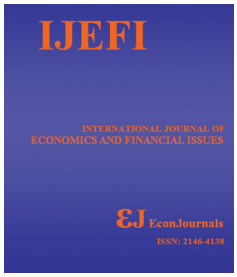

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The Impacts of the Inwards and Outwards FDI on the Development Measured By HDI: The Case of United Arab Emirates

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ABSTRACT

Different studies conducted in past regarding the FDI policies in different countries and regions and its impacts on the recipient countries, most of these studies concentrated on the impact of FDI on the economic growth measured by the gross domestic product. in this study the impact of both the inflow and outflow FDI on the economic growth measured by HDI which is the proxy for the health, income and education in the countries, United Arab Emirates (UAE) is the case where there are both cases of the FDI flows are clear and big. Ordinary least square method is applied and both simple and multiple regressions is used, the results show that both inflow and outflow FDI have an impact on the HDI alone while considering both together only the inflow FDI has an impact on the HDI so that the impacts of the outflow is eliminated with the impact of the inflow FDI. The explanation of that is the inflow FDI brings with it many direct benefits to the people of the country while the outflow FDI brings indirect benefits to these people. However, country like UAE should pay more attention for the both inflow and outflow investment so that the dependency on will be less.

Keywords: Human Development Index, Investment, Foreign Direct Investment, United Arab Emirates, Economic Growth
JEL Classifications: F21, F43, N15, O15, O47

1. INTRODUCTION

The United Arab Emirates (UAE) is located in the Middle East region of Asia, at the tip of the Arabian Peninsula. The UAE is the eighth largest oil producer and one of the six Gulf Cooperation Countries consists of seven emirates namely; Abu Dhabi, Dubai, Sharjah, Ras Al Khaimah, Ajman, Umm Al Quwain and Fujairah. In 1971, the late President Sheikh Zayed bin Sultan Al Nahyan unified the small, underdeveloped states into a federation and used the oil wealth to develop the UAE into one of the world's most open and successful economies. According to the Constitution of the Federation each emirate handles all authorities that are not assigned by the Constitution, contribute to building and protecting the Constitution as well as benefiting from its services. However, jointly conduct foreign affairs, defense, security and social services and adopt a common immigration policy, other administrative matters are left to the jurisdiction of the local government of each emirate.

Although it is small in size (86716 square kilometer), with total population of (9.6) millions at 2016, the UAE has become an important player in regional and international affairs. UAE maintains a free-market economy and is also one of the most politically stable and secure in the region. This ensures that the country has a robust competitive edge as the region's premier commercial hub and second largest economy.

The political and economic stability of the country attracting investors, According to the 2015 Global Investment Report of UNCTAD, the UAE is the second largest FDI recipient in the West Asia region, after Turkey. The total FDI inflow is USD 13 billion (a 25% increase on 2014) which represent around (2.7% of the gross domestic product [GDP]). The main investors in UAE are Britain, Japan and Hong Kong, in 2014 India, the United States, the United Kingdom, Germany, Japan, Kuwait, South Korea, France, Australia and Singapore respectively are main countries investing in the UAE, in terms of investment cost of the projects. The share of India, the

United States and the United Kingdom accounted for around 40% of the total investment on the country. Most of FDI is concentrated in the sectors of hydrocarbons, water and electricity production. Arab and foreign investments incoming to the UAE are concentrated in the real estate sector with a percentage of (22.7%) followed by the hotels and tourism sector, with (15.2%), (12.7%) in the oil and gas sector and 6.3% in the financial services sector (UNCTAD, 2015).

In addition, UAE is considered one of the biggest investors outside the country, UAE appear in the 33 and 10 positions of the investors among all countries and the developing countries. The total outflow investments are estimated to be (3 billion USD) which represent around (0.7% of the GDP). The UAE is ranked 14th position in 2013 and 15th in 2012 and 11th position 2015 globally in the foreign direct investment (FDI) confidence index which is created by management consulting firm in 1998 (UAE, 2016). The total outflow investment represents 9.2% of the Arab total in 2014 (UNCTAD, 2015). Egypt, India, Iraq, Jordan, Algeria, Tunisia, Saudi Arabia, the United Kingdom, Morocco and Syria respectively were on the list of the most important countries receiving Emirati investments, in terms of investment cost of the projects. The share of Egypt, India and Iraq accounted for around 31% of the total in 2014.

Different studies conducted in past regarding the FDI policies in different countries and regions and its impacts on the recipient countries, such as Haddad (2016) Haddad (2018); Sun and He (2014); Alfaro et al. (2004) Al-Habees and Rumman (2012) Shaari et al. (2012) Velnampy et al. (2013) Dritsakis and Stamatiou (2014) Ball et al. (2013) Mucuk and Demirsel (2013) Colen et al. (2009); Perugini, Pompei, Signorelli (2005) Al-Shammari et al. (2016). Al-Shammri and AL-Sarhan, (2012); Bilal 2011; Abdullah (2013); Akbar (2012); Saleh (2015); Afifi 2009; Mokhtar et al. (2013) Sharaf, 2006; Ahmed 2009; Rakha 2012, Shaikh, (2010), Anwar and Sun (2011) El-Wassal (2012) and many others studied on FDI giving an evidence that FDI has either positive or negative impact on the economic growth measured as (GDP), the unemployment, the population's life expectancy and other factors for the country's wellbeing in general separately. Nevertheless, there is limited researches that investigates and analyzes the impact of the FDI on the Human development measured as HDI, in additions these studies concentrated on the incoming investment to the counties and their impacts on the host countries and don't considered the impact of the outwards investment going out of the country on the economics growth of the investor countries as well as they concentrate on the other variables to measure the development rather than the human development of the donate or investor countries.

Therefore, this study explores the impacts of the FDI both the inwards and outwards on the economy of the investor country and the impacts of these investments on the development measured by HDI in one of the one the most important country namely UAE. Thus, the purpose of this study is to determine the impacts of FDI in UAE human development indicator.

Thus, study analyzes the effects of FDI on development measured by Human Development Index (HDI) in UAE compared to the impact of FDI on economic growth as measured by (GDP).

To achieve this objective the study tries to answer the following research questions:

1. What extent FDI inflow influences the Development of UAE measured by HDI?
2. What extent FDI outward influences the Development of UAE measured by HDI?
3. What is the mutual and joint impact of the both types of FDI on development of UAE measured by HDI?

This paper is organized as follows: The 1st section is revision of literature and theoretical background of the subject. The 2nd section presents the methodology, data collections, and the models of the study, while the 3rd section present the results of the data analysis of the impact of investment on HDI in UAE. Finally, the paper ends up with concluding remarks.

2. REVIEW OF LITERATURE AND THEORETICAL BACKGROUND

FDI received the attentions of researchers, policy makers and economists all over the world, as mentioned in the introductions there are enormous studies done in the impacts of the FDI on the host countries, in additions there is a debate about the positive impacts on the host countries economies mainly in the developing countries. However, policy makers do their best to create enabling environment to attract investments to their countries to create development and solve socio-economic problems facing the economy of their countries.

FDI can be defined as the investment which is invested by an investor in foreign countries with interest to gain more market share in the international context and enjoy the economies of scale (Shaari et al., 2012). While International Monetary Fund and Organization for Economic Co-operation Development, defined the FDI as an international venture in which an investor residing in the home economy acquires a long-term ―influence in the management of an affiliate firm in the host economy. According to the definition, the existence of such long-term influence should be assumed when voting shares or rights controlled by the multinational firm amount to at least 10 percent of total voting shares of rights of the foreign firm. FDI flows can be observed from the perspective of the host economy, which records them as inward FDI along with other liabilities in the balance of payments, or from the perspective of the home economy which records them as outward FDI, a category of assets (Contessi and Weinberger, 2009). Further, European Union Report on International trade and FDI, 2013 stated that, The Globalization has the impact on the economy through the foreign trade in goods and services, financial flows and the movement of persons linked to cross – border economic activity.

Theoretical studies on FDI have led to a better understanding of the economic mechanism and the behavior of economic agents. There are many theories concerning the FDI and its role in economy, which can be categorized in to four; these are production cycle of the FDI theory, the exchange rates on imperfect capital markets, the internalization theory and the eclectic paradigm theory Denisia (2010).

FDI provides the basic infrastructure facilities to host countries especially developing countries such as capital, technology, managerial skills, entrepreneurial ability, brands, and access to markets. These are essential for developing countries to industrialize, create jobs and reduce the unemployment rate, enhance the entrepreneurial intention and reduce the poverty. (Athukorala, 2003).

Investment can benefit the host country in several aspects, it is working to increase the national income as a key component of aggregate demand components, the level of skills, technology transfer to the host country and private foreign investment on modern technology transfer, it is working to increase local expertise and in particular managerial experiences through new ideas non-existent in the host country, which creates a quantum leap in national activities. FDI is also connected to the transmission quality and methods which drives efficient domestic market, also helps investment to reduce unemployment, especially if the labor-intensive investments, making it easier Optional saving process, through wages and salaries for employees, which leads to increased national income and that helps out the poverty cycle which drives the wheel of development in the country.

Ball et al. (2013) tested the validity of Okun law using the data of the US and 20 developed countries found that Okun law was strong and stable relationship in most of the countries, however there are sometimes deviations from Okun law, but these deviations were generally small in size and short lived.

On the same context, Kitov (2011) investigate the relationship between unemployment and real GDP per capita in the developed countries (the US, France, Australia, the United Kingdom, Canada and Spain) during the period of 1985-2010, the results of the study confirm that Okun law predicted the changes in unemployment rate substantially correct for the developed countries.

Furthermore, the findings of study done in Japan on the impact of FDI on unemployment by shows that Japan experienced considerably lower levels of inward FDI compared to other developed countries. Furthermore, the rate of unemployment in Japan was relatively low which is caused by a specific attitude of the active population of Japan towards employment issues. The findings indicate clear existence of correlation between FDI and unemployment.

Lin and Wang (2004) focused on the correlation between capital outflow and unemployment in G-7 countries and comprise the most capital outflow countries in the world (G-7 countries) using annual data from 1981 to 2002, results show that FDI is negatively correlate with the unemployment rate in all G-7 countries.

Sharma and Gani (2004) examined the effect of FDI on human development, by measuring the HDI scores for middle and low-income countries. They observed that FDI has a positive effect on human development through its economic contribution and infrastructure developments in the recipient countries, with consequent increase in human capital.

Blomström and Kokko (2001) found that FDI creates a favorable atmosphere for the development of human capital in East Asia and in Latin America. In both regions local employees' training has improved, and their education level increased as a result of FDI and they could utilize more advanced technology in the production process. Thus, in parallel with human development, FDI is observed to support technological progress in the recipient country.

Majeed and Ahmad (2008) argue that higher HDI scores may be one more factor attracting FDI. A positive relation between health expenditures and FDI inflows has been detected by the authors, mainly because work quality of the labor force and ability to learn are dependent on health of the employees. It may be implied that inflows of FDI that positively affect HDI will definitely attract further FDI in particular region.

Subbarao (2008) has analyzed the effect of FDI inflows on the host country's Human Development from two viewpoints, first from the demand perspective and from the supply perspective. Talking about demand, there is a demand and need for better prepared and trained workers who can adopt faster and easier to more innovative technology, which helps to develop employee's efficiency. Supply side means that foreign investors provide jobs and training for employees. Sometimes foreign firms are supporting host country's education system, so the efficiency of the workers can be increased.

Assadzadeh and Pourqoly (2013) Capital scarcity is known to be one of the main causes of many countries' entrapment in vicious cycle of poverty and underdevelopment. In addition, the existence of appropriate institutional quality has an impact on the poverty rates in these countries. This paper examines the effects of FDI and institutional quality (rule of law) on reducing poverty. To do so, a random effect panel econometric technique is applied using MENA countries' data for 2000–2009. The HDI is used as an indicator of poverty reduction. The findings show that the FDI and appropriate institutional quality have significant positive effects on reducing poverty and increasing welfare.

Baghirzade, N (2012) examine the Impact of FDI on HDI in Commonwealth of Independent for the period 1995-2009, the impact of FDI on people's quality of life, on education, health, income and life expectancy is analyzed, the results shows that FDI inflows improve the education, health, income and life expectancy in all CIS countries, except Azerbaijan analyses the impacts of FDI on Economic Growth in the six (GCC) countries (Kingdom of Saudi Arabia, UAE, Oman, Qatar, Kuwait and Bahrain) and identify the determinants of FDI in these countries. Results indicate a weak relationship between FDI and GDP in the panel of the GCC, which supports the endogenous growth hypothesis for this group of countries.

El-Wassal (2012) examines and investigates the relationship between FDI and economic growth in 16 Arab countries for the peroid1970-2008 using a dynamic panel approach. the results of the analysis show that the impact of FDI on economic growth in Arab countries is limited or negligible. The findings propose that financial development, trade openness, human capital and infrastructure quality are not significantly improving Arab

countries' capacity to obtain growth benefits from FDI. In addition, the preconditions should not be seen as of equal importance. However, sectoral composition of FDI plays a critical role in deriving FDI growth benefits which might make it a necessary precondition for FDI to promote economic growth, while other factors are sufficient preconditions for reaping FDI growth dividends.

Thuc (2010) investigate the Impact of FDI on Human Development in Developing Countries using HDI as a proxy for human development using panel data for 92 developing countries over the period 1980-2009, shows a positive significant effect of FDI on HDI even after controlling for GDP and other relevant variables.

Mina (2013) finds that FDI is important in building a sustainable and diversified knowledge-based UAE economy. The stock of FDI grew at an average annual growth rate of 45.3%t over the past decade reaching US$ 95 billion or nearly 27% of GDP in 2012. FDI flows have not recovered from the global financial crises. Most FDI stock is concentrated in finance, construction, and real estate. Recent green field FDI is concentrated in construction, while more than half of top M&A deals took place in finance, transportation, communications and utilities. The list of top OECD home countries for FDI flows to the UAE include Italy, Germany, Chile, United Kingdom, Luxembourg, France, United States, and Belgium. Though UAE investment policy limits foreign investment and reduces competition, the Government has undertaken reforms and contracted investment treaties that have encouraged investment. Efforts are under way to speed up the ratification of a new foreign investment law, which removes several of the current legal barriers to FDI and offers foreign investors similar rights to those of UAE nationals. The UAE has high FDI potential with plenty of room for improving FDI performance and benefits.

3. METHODOLOGY

This study employs empirical analysis to examine the impact of FDI on development and the human development measured by the HDI in UAE for the period 1990-2014. Time serious data was collected from different resources such as Untied Nation Development Programme (UNDP), UNCTAD, and the Arab Investment and Export Credit Guarantee Corporation. HDI is collected from annual reports of the human development issued by UNDP, while data of FDI is collected from both UNCTAD and the Arab Investment and Export Credit Guarantee Corporation.

Single and multiple regressions using ordinary least square regressions method were used to analysis the annual data on FDI and the HDI. FDI (Both inflow and outflow investment are used separately and together) are the independent variable and HDI is the dependent variable. The following models represent the econometrics models of the study:

1. The first Model measures the impact of FDI outflow on HDI that is HDI is a function of FDI outflow represented in equation one

$$HDIt = \beta 0 + \beta 1\ FDI\ (outflow)\ t + \varepsilon\ t \quad (1)$$

2. The second Model measures the impact of FDI inflow on HDI, that is HDI is a function of FDI represented in equation two

$$HDIt = \beta 0 + \beta 1\ FDI\ (inflow)\ t + \varepsilon\ t \quad (2)$$

3. The third Model measures the impact of FDI inflow and outflow mutually on HDI, that is HDI is a function of FDI inflow and FDI outflow as in equation three

$$HDIt = \beta 0 + \beta 1\ FDI\ (outflow)\ t + B_2 FDI\ (inflows) + \varepsilon\ t \quad (3)$$

Where
βo = Intercept
β1 = slope (measure the impact of the dependent variable on the independent variable)
FDI(outflow) t = Outflow FDI in period t (the investment of the country on other countries)
FDI(inflow) t = inflow FDI in period t (incoming investment from other countries to the country)
HDI t = HDI in period t
εi = Random Error.

Based on the equations above, the positive sign of FDI coefficient represents a positive effect of FDI on economic growth and HDI. A rise in FDI will cause the economic growth and human development to decrease.

3.1. Variables of the Study

3.1.1. The HDI

The HDI was created by UNDP since 1990 to emphasize that people and their capabilities should be the ultimate criteria for assessing the development of a country, not only the economic growth as done in most cases. And since that year UNDP annually published independent reports of human development (HDR) that include the HDI.

There are many definitions of HDI; one of them is that HDI is tool for comparative estimation of poverty, literacy, education, average life expectancy and other indicators of the country. HDI is a summary measure of average achievement in key dimensions of human development, namely health, education and income, HDI is the geometric mean of normalized indices for each of the three dimensions. The health dimension is assessed by life expectancy at birth, the education dimension is measured by mean of years of schooling for adults aged 25 years and more and expected years of schooling for children of school entering age and the standard of living dimension is measured by gross national income per capita. The HDI uses the logarithm of income, to reflect the diminishing importance of income with increasing GNI. The scores for the three HDI dimension indices are then aggregated into a composite index using geometric mean (UNDP, 2016)[1].

That is HDI is a composite index measuring average achievement in three basic dimensions of human development-a long and healthy life, knowledge and a decent standard of living. that is HDI composed from three Indicators, these are life quality (Life

1 Refer to Technical notes for more details.

Expectancy Index, Life expectancy at birth (in years)); Education Index (EI) measured by Mean years of schooling (in years), and Expected years of schooling (in years), and Income Index measured by Per capita income (PPP $).

Although the HDI simplifies and captures only part of what human development entails and does not reflect other dimensions of human development such as inequalities, poverty, human security, empowerment, it still better measure of development than measuring economic growth as GDP inductor alone as it reflects more dimensions of the development in any country.

3.2. Robust of the Model

Using time series data is accomplished by many problems among and the most important is Non-stationary which leads to spurious regression (Gujarati, 2003; Trung and Vinh, 2011; Shaari et al., 2012). Therefore, the first step in constructing a time series data is to determine the non-stationary property of each variable. Many statistical methods are used to test the Non-stationary of the time series. In this study, Augmented Dickey Fuller (ADF) unit root test (ADF –fisher chi square and ADF choi Z –stat) is applied which is the most popular test. If the test shows the significant level in terms of p value, it will be concluded that the variable series is stationary. It means that, the data are not in the position of unit root. In contrast, if the stationary test is not in the significant level in terms of p value, it will be statistically explained that the variable series is non-stationary and has a unit root test (Gujarati, 2003; Trung and Vinh, 2011; Shaari et al., 2012).

Table 1 presents the results of the ADF unit root test for the three models used in the study. The information in the tables indicates the Augmented Dickey Fuller statistics (ADF –fisher chi square and ADF choi Z –stat) are significant at the level ($P < 0.05$).

Therefore, no unit root in the data series and the variable series is stationary and does not have a unit root test.

4. INVESTMENT ENVIRONMENT IN UAE

The Government of UAE adopted numerous measures and initiatives, laws and regulations throughout the seven emirates of the UAE aiming to develop a more conducive environment for foreign investment and motivate FDI. Moreover, all seven Emirates have adopted measures to create a more favorable environment for foreign investors in each emirate. For example, Dubai, Sharjah and Abu Dhabi have very flexible rules concerning the acquisition of real estate property by foreigners. Nevertheless, the regulatory and legal framework in the UAE continues to favor local over foreign investors. Furthermore, The Government of the UAE has passed a new Companies Law recently to facilitate investment and beginning business in UAE. There are currently 18 draft laws that are intended to address a range of issues obstruct foreign investment in the UAE. These laws cover insolvency and arbitration laws, as well as a draft foreign investment law. UAE excogitate to remove the obligation of holding 51% of company capital by an Emirati national, and establishing banking and insurance services, but these issues have not yet been decided upon.

Table 1: Augmented Dickey-Fuller unit root test results

Method	First model	Second model	Third model
ADF - Fisher Chi-square			
Statistic	21.94	20.11	20.91
P	0.0002	0.0006	0.0002
ADF - Choi Z-stat			
Statistic	−3.71	−3.35	−3.72

Recourse: Calculated from the data

Easy access to oil resources, low energy costs, a willingness to diversify the economy and a high purchasing power consist the main strengths of the UAE in attracting investment. in addition to the absence of direct business taxation (excluding banks, oil companies and telecommunications operators) and direct income taxation, and absence of exchange controls and of any limitations on the repatriation of capital, as well as the existence of a strong and profitable banking sector, the geographical situation of the country, making it a potential platform to influence the Gulf, Iran, Asia and the Middle-East; Lastly, the country has a cheap foreign labor force, very good transport and production infrastructures (financed by hydrocarbon income) and an access to low-cost energy. However, the main weakness is the small size of its domestic market, legal obstacles to foreign investments. Effectively, the interdiction (except for free zone) of more than 49% of shareholding of a local company for a foreign investor constitutes a significant hindrance. Moreover, the obligation for recourse to a local service agent for the branches and representative offices of foreign companies represents a limit.

UAE signed more than 50 bilateral agreements on investment to Protect FDI besides that UAE signed the Investment Conventions and International Controversies Registered By UNCTAD.

The government of UAE established in 2007 the Investment Authority (EIA) which is the Sovereign Wealth Fund of the Federal Government of the UAE through Federal Decree Law No. 4 of 2007 which is amended by Federal Decree Law No. 13 of 2009.

The EIA has actively sought unique investment opportunities locally, regionally and internationally, focusing on investing in asset classes that will help strengthen and diversify the UAE economy. Its primary directive is to manage the sovereign wealth of the UAE by investing in a diversified portfolio of assets in key economic sectors and industries with the aim of delivering sustained financial gains for the UAE. As a custodian of the Federal assets of the UAE, the EIA is mandated to strategically invest funds allocated by the Federal Government to create long-term value for the UAE and contribute to the future prosperity of the country. In a short span of time, the EIA has uniquely positioned itself to become an invaluable partner for significant world-class investment opportunities locally, regionally and internationally (EIA, 2015).

The main objectives of the EIA are using practical and sound investment strategies in accordance with global best practice, the EIA has highly diversified investment portfolio, spread across a variety of investments and instruments which are carefully and

thoroughly managed to ensure superior, risk-adjusted returns to deliver long-term financial value to the UAE and to ensure that the risks involved in each of the underlying assets are within limits and the investment activities generate the desired financial goals (EIA, 2015).

However, at emirate level, in 1967, Abu Dhabi emirate created the Financial Investments Board which operated within its Department of Finance and was responsible for managing the Emirate's excess oil revenues. in 1976, The Abu Dhabi Investment Authority (ADIA) which is a sovereign wealth fund owned by Emirate of Abu Dhabi was established as an independent investment institution for the purpose of investing funds on behalf of the Government of the Emirate of Abu Dhabi and to sustain the long term prosperity of Abu Dhabi by prudently growing capital through a disciplined investment process. ADIA manages a diversified global investment portfolio across more than 24 asset classes and sub-categories. It directly invest in global financial markets, alongside trusted partners and through a network of carefully selected external managers.

5. DESCRIPTION OF THE VARIABLES

5.1. FDI of UAE

5.1.1. Incoming FDI

5.1.1.1. Trend of incoming investments

The inflows investments to UAE are very small before 1993 and reach only (401.3) and (399.9) millions of US$ in 1993 and 1994, these investments started to fluctuate during the period 1995-2003. the abnormal increase was happened 2003, 2003 and 2004 and after, were the investments reaches (1183.8) (4256) and (10003.5) respectively and reach the maximum of (14186.5) US$ in 2007 and then started to decrease till 2010 were it increase to be (5500.3) millions of US$, after that these investments stilled around 10 billion annually (Table 2).

Although the position of UAE in the international was 179 before 2000 in attracting investment, the UAE start to occupy advanced position in attracting investment ranging 18-42 during 2003-2014 due to the efforts of the UAE attract foreign investment especially in Dubai. In addition, the UAE became the first Arabic country in attracting foreign investment in 2003-2004 and 2013-2014. However, the position of UAE regress to the fifth in 2009 but still ranging 2-3th position among the Arab countries during 2005-2014. That is UAE the most attracting country to foreign investment among the Arab countries.

5.2. Origin of Incoming Investments

The total incoming investment to UAE during the period 2003-2015 is (142262) million US$. Table 3 shows there are diversity of the investments coming to the UAE, that is more than 30 countries invest in UAE, five countries own around more than half of these investments. The first country that invest in UAE is India with a percentage of (17.6%) of the total investment in UAE followed by the united states, United Kingdom, and Japan with a percentage of (14.8, 8.2%, 5.4% and 5.2). the total investment of these five countries consist of half of the investments coming to UAE. the Arabic investment in UAE are very small and amounted to (11%) of the total investments coming to UAE, these investment mainly coming from Kuwait (4.9%), which occupied the 6th countries that invest in UAE followed by Saudi Arabia with percentage of (3%) and the 11th rank, other Arabic countries invest in UAE are Bahrain, Lebanon, Jordan, Egypt with percentage of (0.8%, 0.8%, 0.7%, 0.7%) respectively.

The incoming investments to UAE generate about (352.2) thousand jobs, United States of America, India and United Kingdom investments generate about (15%) (10.9%) and (9.1%) of the total employments while (6.6%) (6%) and (4.9%) of the job opportunities are coming from the investments of Germany, Kuwait, and France. which amounted all to (52.9%) of the job created by investments in UAE during the period 2003-2015. furthermore, the investments of South Korea, Saudi Arabia, Switzerland contribute by 12.3% divided equally between them.

The average cost of one employment created during the 2003-2015 form the incoming investment in UAE is (403.9) thousands of US$, while the maximum is (896.7) thousand US$ from the Japanese investments and the minimum investment to create one job is 202.7 thousand US $ coming from the investments of Malaysia.

The Arabic investments create around 14% of the total employments, with an average cost of 494 thousand US $, most of the Arab investments are coming from the gulf countries mainly Kuwait, Saudi Arabia and Bahrain which counted for 9% of the total investment, and 11.5% of the total jobs and each job cost around (219) thousand US$ of the GCC.

5.3. The Sectors of the Investments

The real estate sector is the first sector that attracts the investments in UAE with a percentage of 22.7%m followed by the hotels and tourism, coal. Oil, and natural gas sector and financial services, with percentages of (15.2%, 12.7%, and 6.3%) respectively, the other sectors ranging from 2.8 to 4.5% of the total investments (Table 4).

Around 24.5 of the jobs are created in the real estate sectors followed by the hotels and tourism sector.

The maximum investment needed to create one job is 2829.9 thousand US$ in coal, oil and natural gas sector followed the hotels and tourism sector, and financial services with (751) and (725.1) thousand US$ and while it is only (116.1) thousand US$ in consumer products sector. The cost of the job created in the real estate sector is (374.6) thousands of US$.

5.4. The Outward Investment of the UAE

Table (5) shows that UAE become one of the 42 investor countries in the world and in same years become 23 top investor countries in the world. The outward investments of the UAE increase in the end of nineties of the last century, the year 1993 witness huge increase of the UAE investments outside in which the amount of investment increase from 30.8 in 1993 million to 577 million in 1994 then deceased in the years 1995. However, anther abnormal increase is in2004, 2006, 2007, 2008 were the investments increase to reach 3750.3 (10891.8) (14567.7) and (15820.3) million US$ respectively, after that the investment ranging between two to

Table 2: The inflow FDI of UAE trend and compared to the world, Arab, developed and developing countries

Year	Value million US $	Percentage of UAE of				
		Arab countries	World	Developed	Developing	GDP
1990	(115.8)	−9.05	−0.06	−0.07	−0.33	−0.23
1991	25.9	1.16	0.02	0.02	0.07	0.05
1992	129.7	3.35	0.08	0.12	0.24	0.24
1993	401.3	10.28	0.18	0.28	0.53	0.72
1994	62.5	1.76	0.02	0.04	0.06	0.11
1995	399.9	14.19	0.12	0.18	0.34	0.61
1996	300.5	6.09	0.08	0.13	0.20	0.41
1997	232.4	3.48	0.05	0.08	0.13	0.29
1998	257.7	5.04	0.04	0.05	0.15	0.34
1999	(985.3)	−22.63	−0.09	−0.12	−0.46	−1.17
2000	(506.3)	−8.54	−0.04	−0.04	−0.22	−0.49
2001	1,183.8	12.60	0.17	0.26	0.55	1.15
2002	95.3	1.31	0.02	0.02	0.06	0.09
2003	4,256.0	26.58	0.77	1.26	2.17	3.42
2004	10,003.5	39.61	1.47	2.57	3.79	6.77
2005	10,899.9	23.26	1.18	1.93	3.30	6.03
2006	12,806.0	18.31	0.92	1.38	3.17	5.77
2007	14,186.5	17.69	0.76	1.13	2.68	5.50
2008	13,723.6	14.12	0.92	1.74	2.34	4.35
2009	4,002.7	4.93	0.34	0.61	0.86	1.57
2010	5,500.3	8.24	0.41	0.82	0.95	1.91
2011	7,678.7	16.86	0.49	0.93	1.20	2.20
2012	9,601.9	18.00	0.68	1.41	1.50	2.50
2013	10,488.0	22.06	0.71	1.51	1.56	2.67
2014	10,065.8	22.93	0.82	2.02	1.48	2.48

Recourse: Calculated from the data of UNCTAD data base. Note In brackets means negative

Table 3: The sources of the FDI inflow to the UAE

Rank	Hosting	Values				Percentages			
		Comp.	Projects	Jobs	Cost	Comp.	Projects	Jobs	Cost
1	India	273	339	38,257	25,065	8.5	8.7	10.9	17.6
2	United state	724	880	53,007	21,121	22.5	22.7	15.0	14.8
3	United Kingdom	551	644	31,998	11,720	17.1	16.6	9.1	8.2
4	Germany	193	243	23,172	7,691	6.0	6.3	6.6	5.4
5	Japan	95	106	8,222	7,373	3.0	2.7	2.3	5.2
6	Kuwait	44	62	21,138	7,039	1.4	1.6	6.0	4.9
7	South Korea	30	41	14,137	6,480	0.9	1.1	4.0	4.6
8	France	166	215	17,089	6,051	5.2	5.5	4.9	4.3
9	Australia	62	68	10,261	4,602	1.9	1.8	2.9	3.2
10	Singapore	38	47	10,400	4,545	1.2	1.2	3.0	3.2
11	Saudi Arabia	55	61	14,491	4,293	1.7	1.6	4.1	3.0
12	Switzerland	98	123	14,304	3,475	3.0	3.2	4.1	2.4
13	Holland	64	81	6,487	3,017	2.0	2.1	1.8	2.1
14	Canada	56	69	7,450	2,796	1.7	1.8	2.1	2.0
15	Belgium	27	33	3,097	2,521	0.8	0.9	0.9	1.8
16	Italia	84	100	9,703	2,425	2.6	2.6	2.8	1.7
17	Spain	80	85	5,455	2,068	2.5	2.2	1.5	1.5
18	China	37	47	2,354	1,448	1.1	1.2	0.7	1.0
19	Pakistan	14	18	6,420	1,354	0.4	0.5	1.8	1.0
20	Bahrain	19	23	4,743	1,179	0.6	0.6	1.3	0.8
21	Lebanon	20	25	3,297	1,169	0.6	0.6	0.9	0.8
22	Hong Kong	31	39	2,906	1,078	1.0	1.0	0.8	0.8
23	Qatar	19	24	4,330	983	0.6	0.6	1.2	0.7
24	Jordan	12	13	3,562	965	0.4	0.3	1.0	0.7
25	Thailand	13	14	2,078	964	0.4	0.4	0.6	0.7
26	Egypt	16	22	2,007	937	0.5	0.6	0.6	0.7
27	Russia	28	32	3,155	883	0.9	0.8	0.9	0.6
28	Turkey	18	22	1,791	810	0.6	0.6	0.5	0.6
29	Malaysia	26	28	3,858	782	0.8	0.7	1.1	0.5
30	Bahamas	2	2	2,788	665	0.1	0.1	0.8	0.5
	Others	324	374	20,252	6,766	10.1	9.6	5.7	4.8
	Total	3,219	3,880	352,209	142,262	100.0	100.0	100.0	100.0

Resources: Calculated from the data of Arab investment organization annual reports

Table 4: FDI inflow to the UAE according to the sectors

Rank	Sector	Values				Percentage			
		Comp.	Projects	Jobs created	Cost (Million $)	Comp.	Projects	Jobs created	Cost
1	Real estate	120	150	86,178	32,284	3.7	3.9	24.5	22.7
2	Hotels and tourism	114	176	28,751	21,591	3.5	4.5	8.2	15.2
3	Coal, oil and natural gas	65	71	6,380	18,055	2.0	1.8	1.8	12.7
4	Financial services	382	498	12,309	8,925	11.9	12.8	3.5	6.3
5	Business services	598	677	19,382	6,378	18.6	17.4	5.5	4.5
6	Chemicals	65	78	9,909	6,371	2.0	2.0	2.8	4.5
7	Communications	182	210	11,790	5,309	5.7	5.4	3.3	3.7
8	Leisure and entertainment	27	34	12,062	4,570	0.8	0.9	3.4	3.2
9	Metals	96	105	18,958	3,967	3.0	2.7	5.4	2.8
10	Consumer Products	144	184	33,814	3,925	4.5	4.7	9.6	2.8
	Others	1,426	1,697	112,676	30,887	44.3	43.7	32.0	21.7
	Total	3,219	3,880	352,209	142,262	100.0	100.0	100.0	100.0

Resources: Calculated from the data of Arab investment organization annual reports

Table 5: FDI outflow of the UAE according to hosting countries

Rank	Hosting	Number of				Percentage of total			
		Companies	Projects	Jobs	Cost	Comp.	Projects	Jobs	Cost
1	Egypt	64	99	44,827	32,378	5.5	4.0	7.8	10.9
2	India	135	354	101,083	29,692	11.6	14.4	17.7	10.0
3	Iraq	33	48	17,445	29,135	2.8	2.0	3.0	9.8
4	Jordan	39	59	22,490	15,447	3.3	2.4	3.9	5.2
5	UAE	25	26	11,561	15,280	2.1	1.1	2.0	5.1
6	Tunisia	14	16	4,295	14,839	1.2	0.7	0.8	5.0
7	Saudi Arabia	135	201	32,140	13,489	11.6	8.2	5.6	4.5
8	United Kingdom	55	169	15,410	12,658	4.7	6.9	2.7	4.3
9	Morocco	25	46	21,120	11,693	2.1	1.9	3.7	3.9
10	Syria	17	21	22,388	9,275	1.5	0.9	3.9	3.1
11	China	42	66	18,484	9,074	3.6	2.7	3.2	3.1
12	Qatar	100	135	21,609	7,897	8.6	5.5	3.8	2.7
13	Indonesia	14	19	10,886	7,897	1.2	0.8	1.9	2.7
14	Lebanon	44	53	18,509	7,308	3.8	2.2	3.2	2.5
15	Pakistan	28	60	15,831	7,202	2.4	2.4	2.8	2.4
16	Bahrain	71	104	16,353	6,582	6.1	4.2	2.9	2.2
17	United state	47	69	12,897	5,395	4.0	2.8	2.3	1.8
18	Turkey	24	26	11,013	5,184	2.1	1.1	1.9	1.7
19	Oman	81	127	19,013	3,036	6.9	5.2	3.3	1.0
20	Nigeria	14	17	4,459	2,957	1.2	0.7	0.8	1.0
21	Australia	15	33	4,303	2,754	1.3	1.3	0.8	0.9
22	Kuwait	57	79	10,027	2,620	4.9	3.2	1.8	0.9
23	Russia	14	18	7,851	2,204	1.2	0.7	1.4	0.7
24	Malaysia	25	34	8,837	2,068	2.1	1.4	1.5	0.7
25	Spain	14	22	3,594	1,943	1.2	0.9	0.6	0.7
26	Germany	17	26	4,358	1,930	1.5	1.1	0.8	0.6
27	Peru	1	2	3,836	1,850	0.1	0.1	0.7	0.6
28	Senegal	5	7	4,814	1,743	0.4	0.3	0.8	0.6
29	Djibouti	4	4	2,545	1,695	0.3	0.2	0.4	0.6
30	Georgia	7	12	5,353	1,383	0.6	0.5	0.9	0.5
	Others		504	74,965	30,759	0.0	20.5	13.1	10.3
	Total	1166	2,456	572,296	297,365	100.0	100.0	100.0	100.0

Resources: Calculated from the data of Arab investment organization annual reports

three billion annually as shown in (Table 6).

There are many reasons for these increases in the UAE investments outside the country among them the efforts of the government to build strong resource of income to the country after establishing the UAE investment Authority in 2007. It is worth to mentioned that Abu Dubai Investment Authority (ADIA) which is a sovereign wealth fund owned by Emirate of Abu Dhabi became the fourth in the world by (773) million US$ in 2014 and in some years the first or the second one.

5.5. Receiving Countries

The UAE investment aboard is more diversified that is around 89.7% of these investments are located into 30 countries, the first six countries where the UAE located are Arabic countries counted for 40.5% of the total UAE investments aboard and occupied the first seven position in addition to India. These countries, in order, are Egypt, Iraq, Jordan, Algeria, Tunisia, and Saudi Arabia. The

Table 6: Trends and Comparison of the UAE FDI outflows

Year	Value in million US$	Percentage of UAE of				
		Arab Countries	World	Developing economies	Developed economies	GDP
1990	(57.7)	7.05	−0.02	−0.44	−0.02	−0.114
1991	10.4	20.00	0.01	0.09	0.01	0.020
1992	15.2	−1.47	0.01	0.07	0.01	0.028
1993	30.8	9.10	0.01	0.09	0.02	0.055
1994	577.0	−351.05	0.20	1.26	0.24	0.973
1995	62.5	−10.33	0.02	0.12	0.02	0.095
1996	128.6	4.70	0.03	0.21	0.04	0.175
1997	231.1	75.81	0.05	0.35	0.06	0.293
1998	127.3	−11.58	0.02	0.30	0.02	0.168
1999	317.1	28.72	0.03	0.56	0.03	0.376
2000	423.7	18.26	0.04	0.48	0.04	0.406
2001	213.7	22.30	0.04	0.37	0.04	0.207
2002	441.1	14.23	0.09	1.20	0.10	0.402
2003	991.2	−59.11	0.19	2.52	0.21	0.797
2004	2,208.0	27.49	0.25	1.96	0.29	1.494
2005	3,750.3	32.04	0.47	3.42	0.56	2.076
2006	10,891.8	47.75	0.81	5.37	0.98	4.904
2007	14,567.7	38.77	0.68	5.40	0.80	5.648
2008	15,820.3	35.85	0.93	5.75	1.16	5.015
2009	2,722.9	14.32	0.25	1.16	0.33	1.069
2010	2,015.0	9.53	0.15	0.59	0.21	0.701
2011	2,178.0	6.92	0.14	0.61	0.19	0.625
2012	2,536.0	11.30	0.20	0.71	0.29	0.661
2013	2,951.7	7.55	0.23	0.78	0.35	0.741
2014	3,071.8	9.21	0.23	0.66	0.37	0.758

Resources: Calculated from the data of Arab investment organization annual reports and Recourse: Calculated from the data of UNCTAD data base. In brackets means negative

UAE investments in India counted for (10%) and occupied the second country which receives the UAE investments.

The first European country is the United Kingdom which receive only (4.3%) of the total UAE investments and occupied the 8th position, followed by Spain and Germany receiving about 0.7 and 0.6% and occupied the 25th and 26th positions.

The total investments in 11 Arab countries received around (55%) of the UAE investments in aboard that is five Arab countries in addition to the first top Arab countries receive about 14% of the total investments. These are morocco, Syria, Qatar, Lebanon, Bahrain, Oman, Kuwait and Djibouti.

The UAE investments abroad create around (572.3) thousands job opportunities in the receiving countries (17.7%) of these jobs are in India, followed by Egypt with 7.8% while the other jobs are distributed among other countries. each job opportunities need (519.6) thousands of US$, with maximum of (3454.9) thousands of US$ is needed to create one job in Tunisia and only 159.7 thousand US$ to create one job in Oman.

5.6. The Impact of the Investments on the GDP

In order to explore and investigate the impact of FDI on the development of The UAE, both FDI investments directions (outflow and inflow) are regressed on the HDI individual to observe the impact of each direction of investment on the local development on the UAE as well as mutual effects of both types of investments.

Durbin-Watson is used to test for autocorrelation, a statistic that indicates the likelihood that the deviation (error) values for the regression have a first-order auto regression component; the regression models assume that the error deviations are uncorrelated. The Durbin-Watson statistic is always between 0 and 4, a value of 2 means that there is no autocorrelation in the sample. Values approaching 0 indicate positive autocorrelation and values toward 4 indicate negative autocorrelation.

Parameters of the model (β) of the independent variables measure the impact of the independent variable on the dependent variable that is the amount of the change in the independent variable resulted from one-unit change in the dependent variable and the values of (t) parameter indicates the significant of impact of the independent variables on the dependent variable.

Table 7 summarizes the results of the three model's regressions. Model (1) measures the impacts of the FDI outflow, model (2) measures the impact of inflow and the third model measures the mutual impacts of both type of investment FDI outflow and inflow together on the development on the UAE.

The figures on the table for model (1) shows that the overall significance in Regression Analysis of model (1), measured by F ratio which is equal to (24.8) with significant level of it which is ($\alpha = 0.000$; <0.05) for the first model indicates that the model is suitable and can explore the relationship between the dependent variable (HDI) and the independent variable (FDI outflow), the value of the confirm that HDI respond to changes in FDI and the model can be easy estimate the impact of the FDI outflow on the HDI on the UAE.

Table 7: The Results of Regression of FDI s on HDI for UAE

Model	Parameter	B	T	Sig.	R^2	D-W	F	Sig.
Model 1	(Constant)	0.77966	97.39	0.000	0.508	2.09	24.8	0.000
	FDI outflow	0.00001	4.98	0.000				
Model 2	(Constant)	0.75752	107.93	0.000	0.784	2.06	77.0	0.000
	FDI inflow	0.00001	8.78	0.000				
Model 3	(Constant)	0.75792	103.78	0.000	0.773	2.08	36.8	0.000
	FDI inflow	0.00001	4.91	0.000				
	FDI outflow	0.000001	0.30	0.764				

Resources Calculated from the data of the study

The value of Durbin-Watson test is (2.09) and it is close to 2.0 is consistent with no autocorrelation in the model, so that there is no autocorrelation between the variables which have been used in this model.

The coefficient of Determination (R^2) value which is (0.508) means that the FDI outflow explain 50.8% of the variations in the dependent variable (HDI). That is the FDI outflow are responsible for 50.8% of the change in the HDI in UAE while other variables are responsible for the rest of the variation in the HDI on UAE which are not our concern in this study.

The value of parameters (β = 0.00001) of the independent variables (FDI outflow) which is significant (α = 0.000; < 0.05) show that the impact of the independent variable (FDI outflow) on the dependent variable (HDI) is significant and that one-unit change in FDI outflow) can generate (0.00001) change in the in the independent variable (HDI).

For the impact of the inflow on the development on the UAE measured by the (HDI) model (2) is used, the table (7) indicates that value of F ratio which is (77) means that overall significance in Regression is significant level of it which is (α = 0.000; <0.05) that the model is suitable and can explore the relationship between the dependent variable (HDI) and the independent variable (FDI inflow), the value of the confirm that HDI respond to changes in FDI and the model can be easy estimate the impact of the FDI inflow on the HDI on the UAE.

The value of Durbin-Watson test is (2.06) and it is close to 2.0 is consistent with no autocorrelation in the model, consequently that there is no autocorrelation between the variables which have been used in this model.

The coefficient of Determination (R^2) value which is (0.784) means that the FDI outflow explain 78.4% of the variations in the dependent variable (HDI). That is the FDI outflows are responsible for 78.4% of the change in the HDI in UAE while other variables are responsible for the rest of the variation in the HDI on UAE which are not our concern in this study.

The value of parameters (β = 0.00001) of the independent variables (FDI inflow) which is significant (α = 0.000; <0.05) show that the impact of the independent variable (FDI inflow) on the dependent variable (HDI) is significant and that one-unit change in FDI inflow) can generate (0.00001) change in the in the independent variable (HDI).

Multiple Regressions analysis is used to examine the relationship between the dependent variables in this study is FDI (FDI inflow and FDI outflow and independent variables in this model is the development measured in HDI on the UAE.

The figures on the table for model (3) illustrate that the value of F ratio which is equal to (36.8) with significant level of it which is (α=0.000; <0.05) indicates that the model is suitable and can explore the relationship between the dependent variable (HDI) and the independent variables (FDI outflow and FDI inflow), the value of the confirm that HDI respond to changes in FDI inflow and outflow and the model can be easy estimate the impact of the FDI outflow on the HDI on the UAE.

The value of Durbin-Watson test is (2.08) and it is close to 2.0 is consistent with no autocorrelation in the model, therefore that there is no autocorrelation between the variables which have been used in this model.

The coefficient of determination (R^2) value which is (0.773) means that the FDI outflow explain 77.3% of the variations in the dependent variable (HDI). that is the FDI outflow and FDI inflow are responsible for 77.3% of the change in the HDI in UAE while other variables are responsible for the rest of the variation in the HDI on UAE which are not our concern in this study.

The value of parameters FDI inflow (β1 = 0.00001) of the independent variables (FDI inflow) which is significant (t = 4.91; α = 0.000; <0.05) show that the impact of the independent variable (FDI inflow) on the dependent variable (HDI) is significant and that one unit change in FDI inflow) can generate (0.00001) change in the in the independent variable (HDI).

The value of parameters FDI outflow (β2 = 0.000001) of the independent variables (FDI outflow) which is insignificant (t = 0.30; α = 0.764; more than 0.05) show that there are no impact of the independent variable (FDI outflow) on the dependent variable (HDI) and this impact is eliminated when considering both the type of the FDI on development of the UAE measured by the human development.

6. CONCLUSION

The concern of this study is the development of one of the big oil producers, investments which is the UAE, although it is considered as developing country, but the country is one of the big investor in the world and in the meantime one of the big attracting and hosting the FDI investment to the country. The government of the

UAE pay attention for both types of investment; to attract FDI to the country the government of UAE and the governments of each emirate provide the suitable environment for the foreign investors, however there are many steps should be taken to improve this environment. On the outflow FDI investment the UAE manage successfully a fund to manage the UAE investment aboard.

In this study the HDI is used as proxy for development instead of the GDP which is widely used in most study, HDI allow to capture education, heath, quality of life and the GDP in one index so that it reflect more than GDP the development.

The FDI has significant impacts on the HDI of the UAE, both inflow and outflow separately has impacts and improve the HDI, However, the mutual impact of both the two types of FDI shows that only the inflow influence the HDI while the outflow has insignificant impacts, this can be related to the benefits that captured directly and indirectly from the FDI to hosting country while the impacts of the outflow are indirectly affect the development of the investing countries.

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