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Arab Gulf Investments in Southeast Asian

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4.1 INTRODUCTION

Given geo-economic and geo-political changes, particularly in the aftermath of 9/11 and 2008’s financial crash (Winder, 2010), which influenced perceptions of Arab Gulf investors to political risk, the Gulf’s economic engagement with Southeast Asia and its environs considerably intensified, particularly as Asia emerged with considerable global economic clout globally (Pradhan, 2010). Given economic imbalances in European and US markets—traditional destinations for Arab petro-dollars and the rather constrained business interface of Gulf countries with the West, needs arose for alternative investment options. While Arab capitalists faced these barriers along with limited growth options in their own economies, Southeast Asia’s new and emerging markets naturally attracted underutilized Arab wealth.

The United Nations Conference on Trade and Development (UNCTAD) recently reported that Southeast Asia’s rapid Foreign Direct Investment (FDI) growth outpaced that of East Asia, with inflows of US $117 billion in 2012, up 26% from the previous year (UNCTAD, 2014). Four members of the Association of Southeast Asian Nations (ASEAN) (Brunei Darussalam, Indonesia, Malaysia and Singapore) saw considerable rises in their respective FDIs.