Regional Macro

Regional economies boost share of shrinking global FDI flows

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- Fewer but larger projects lift regional economies' share of global greenfield FDI.
- Foreign investment in India rises by nearly one-fourth in H1 26 from year ago, as hyperscalers focus AI buildout into fewer, larger data-centre sites.
- China becomes Egypt's largest direct investor, while UAE commitments to Egypt rise almost tenfold.
- Saudi Arabia only regional market to increase outbound announcements, led by renewables programmes in Spain and Italy.

Foreign-direct investment in the wider region has held steady this year, bucking a global slowdown.

Announced FDI into the five core regional markets we cover was little changed in the first half of 2026 from a year earlier, while global FDI activity shrank by nearly 40%.

That lifted the region's share of global FDI. Announced greenfield FDI into the UAE, India, Saudi Arabia, Türkiye, and Egypt accounted for 10.5% of the global total in the first six months of 2026, up from 6.5% a year earlier.

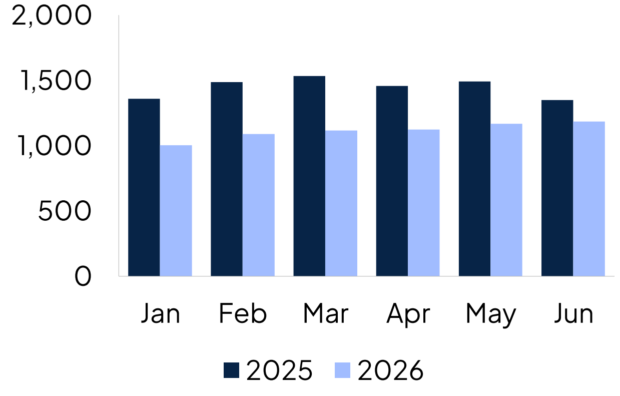
The data point to fewer, larger projects. The average project value in the countries we track rose to $56mn from $33mn a year earlier, driven by AI infrastructure in India and Chinese and Gulf mega-projects in Egypt. We expect first-half totals to be revised up as data compilers add announcements with a lag.

Global investment falls by a third

Global announcements of foreign capital-spending plans fell by 38% year on year in the first half of 2026 to $538.2bn.

The slowdown was broad-based, with deal volume in every month below its year-earlier level. The sectors that drove last year's boom led the falls. Investment in communications dropped 38% and semiconductors 68%, while the biggest declines in announced projects were in software & IT services and business services.

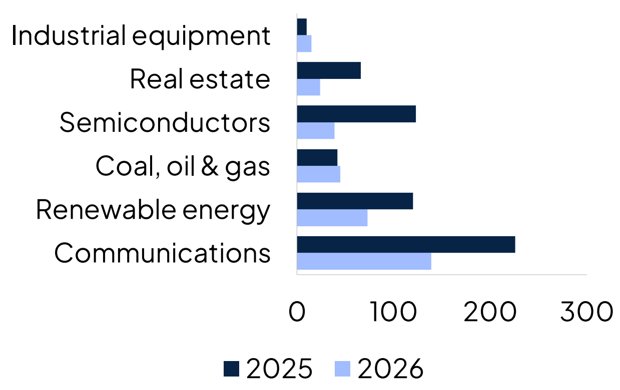
Global greenfield FDI announced, $bn



Source: fDi Markets, Emirates NBD Research.

The slowdown was not uniform. Investment in aerospace and in space & defence each rose by nearly 70% as countries boosted defence spending. Automotive-components investment rose 84% as electrification supply chains built out.

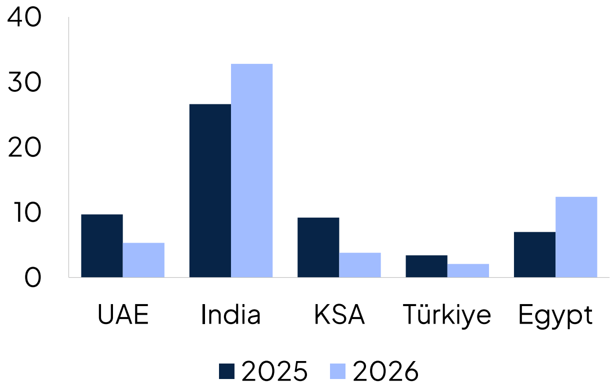
Global capex by leading sector, $bn



Source: fDi Markets, Emirates NBD Research.

Against this backdrop, outcomes across regional economies diverged. Higher foreign investment in India and Egypt offset slowdowns elsewhere.

Announced FDI into regional markets, $bn



Source: fDi Markets, Emirates NBD Research.

India bucks global FDI slowdown

India attracted an estimated $32.8bn of greenfield FDI in the first half, up 23% from a year earlier, doubling its share of global investment flows to 6.1%. Data centres drove the expansion. As hyperscalers consolidated foreign build-out plans into fewer, larger sites, India was one of the few markets where they scaled up.

Amazon Web Services announced an $8.3bn investment in Maharashtra, part of a plan to deploy more than $21bn in Indian cloud and AI infrastructure by 2030. AWS accounts for about 40% of India's recorded inflows, so the headline figure rests heavily on one investor.

Manufacturing investments were more modest in dollar terms but higher by deal count. Investments in industrial equipment doubled to $1.9bn across 58 announcements. The largest was KLA's $400mn semiconductor-equipment facility in Tamil Nadu, which arrives as India's first chip fabricators near production under the India Semiconductor Mission.

Metals and precision-components project announcements also doubled, led by German and Japanese manufacturers. Deals in software & IT services were broadly stable, while global activity in the sector fell by almost a quarter.

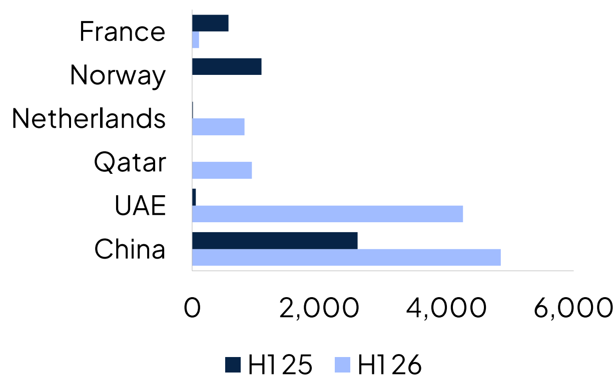
China, Gulf invest in Egypt

Investment into Egypt has grown the fastest among the countries we track. Greenfield investment plans rose by 77% from a year earlier to $12.4bn, even as project announcements moderated.

Sources of capital have changed too. European renewables developers that led investment in early 2025 stepped back, while Chinese and Gulf capital arrived this year at greater scale.

China emerged as Egypt's largest source of greenfield FDI in the first half at $4.9bn, nearly double its level a year earlier. Chinese industrial groups announced projects in chemicals, tyres, construction machinery, and battery components. Much of the activity clusters in the Suez Canal Economic Zone, where cumulative Chinese commitments have reached $11.6bn. These investments aim to use Egypt as an export manufacturing base with duty-free access to Europe and Africa.

Greenfield FDI into Egypt by source, $mn



Source: fDi Markets, Emirates NBD Research.

Real estate was the largest recipient sector at $5.0bn, led by Majid Al Futtaim's announced $3.1bn mixed-use development in Cairo. It is among the largest private Gulf commitments since the $35bn ADQ-led Ras El Hekma agreement of February 2024. FDI from the UAE into Egypt rose almost tenfold from a year ago to $4.3bn in the first half of 2026, the fastest growth rate among countries in our coverage.

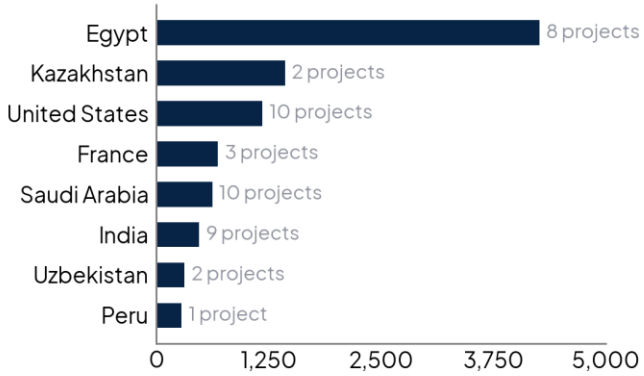
UAE national champions go global

UAE companies announced an estimated $11.0bn of outbound greenfield investment, roughly double the $5.3bn of foreign investment into the country. Inflows were down 46% from a year earlier, while outbound investment was far below the first-half 2025 total of $92bn.

Renewable energy led outward investment at $3.4bn. Masdar's announced $1.4bn commitment in Kazakhstan was the largest single project, followed by Infinity Power's announced $764mn plant in Egypt, with further clean-energy activity in Uzbekistan.

Outward real-estate investment followed at $3.3bn, led by Majid Al Futtaim's Cairo development. UAE technology firms extended their AI infrastructure abroad, with Phoenix Group, Core42, and G42 announcing facilities in France, the US, and India, respectively.

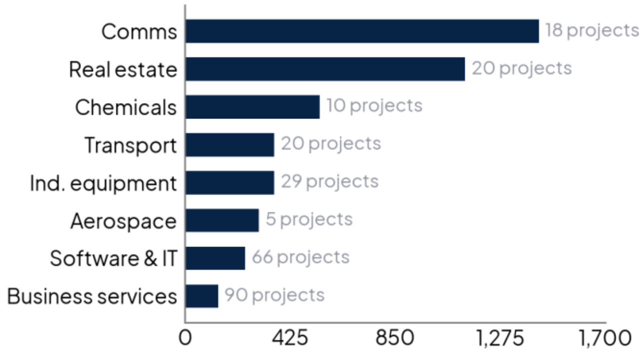
UAE outbound FDI, H1 26, $mn



Source: fDi Markets, Emirates NBD Research.

Inbound activity stayed high by project count. The UAE's 360 announcements were second only to India in the network and exceeded Saudi Arabia, Türkiye, and Egypt combined. Dubai accounted for around seven in ten projects. Real estate and data centres led the inflow pipeline. The UK was the most active source country, while India accounted for the most cross-border deals with the UAE for the second consecutive year.

UAE inbound FDI, H1 2026, $mn



Source: fDi Markets, Emirates NBD Research.

Activity dipped in March before picking up through the second quarter, with May announcements nearly triple the March level. First-half 2026 figures probably understate total cross-border deals: data aggregators append deals over time, and comparable figures from the first half of last year were later revised up by around a quarter.

Saudi capital goes to Europe

Saudi Arabia was the only market in our sample where outbound investment grew. Greenfield FDI outflows rose 90% to $3.3bn across 39 projects. The growth was concentrated: Saudi-owned renewable-energy developers rolled out multi-plant programmes across Spain and Italy, which together accounted for over half of all announcements.

ACWA Power announced projects in Morocco and Türkiye, while renewable energy accounted for $3.1bn of the outbound total. The pipeline also included first steps into Syria as reconstruction opportunities open, as well as single ventures abroad in aviation, healthcare, and engineering services by Saudi private groups.

Inflows moderated to $3.8bn, down 59% from a year earlier. The mix rotated away from services projects, which dominated in the first half of 2025, towards industrial supply chains.

The largest announced investments were in battery-chain materials: Zhejiang Hailiang's $566mn copper facility and Northern Graphite's $200mn plant. Much of the new capacity is in the Eastern Province, and China was the largest source of capital in this segment.

The shift from services offices towards metals, electronic components, and minerals is consistent with the Kingdom's localisation agenda.

Türkiye takes industrial investment

Türkiye recorded the sharpest slowdown in inward investment among the countries we examined. Inflows eased to $2.1bn, down 39% from a year earlier, as the services projects that made up most of the first-half 2025 pipeline thinned.

Inward investment was mainly industrial. SK Plasma's announced $545mn biotechnology facility in Ankara was the largest project. German turbine makers announced wind-power equipment plants in Izmir, and Gulf investors including DP World and ACWA Power plan projects in logistics and renewable energy. Saudi Arabia ranked among Türkiye's largest sources of capital, behind South Korea and Germany.

Outward investment fell by more than three-fifths in the first half to an estimated $1.6bn. Its composition, though, points to where Turkish industry is heading. Arca Defense announced a $327mn facility in Estonia, taking Turkish defence production inside the EU.

Textile and packaging groups pushed into Egypt, where Turkish announcements more than doubled, led by Eroglu Holding's $175mn plant. Apparel makers account for most of the Türkiye-Egypt corridor, suggesting Turkish industry is relocating export production to lower-cost bases with duty-free access to Western markets—the same pull drawing Chinese manufacturers to the Suez zone.

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