

World Free Zones Organization | Dubai, 30 April/1 May 2018
4th Annual International Conference

World Free Zones Economic Outlook

Putting the world's free zones on the global macroeconomic map

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The Kiel Institute for the World Economy

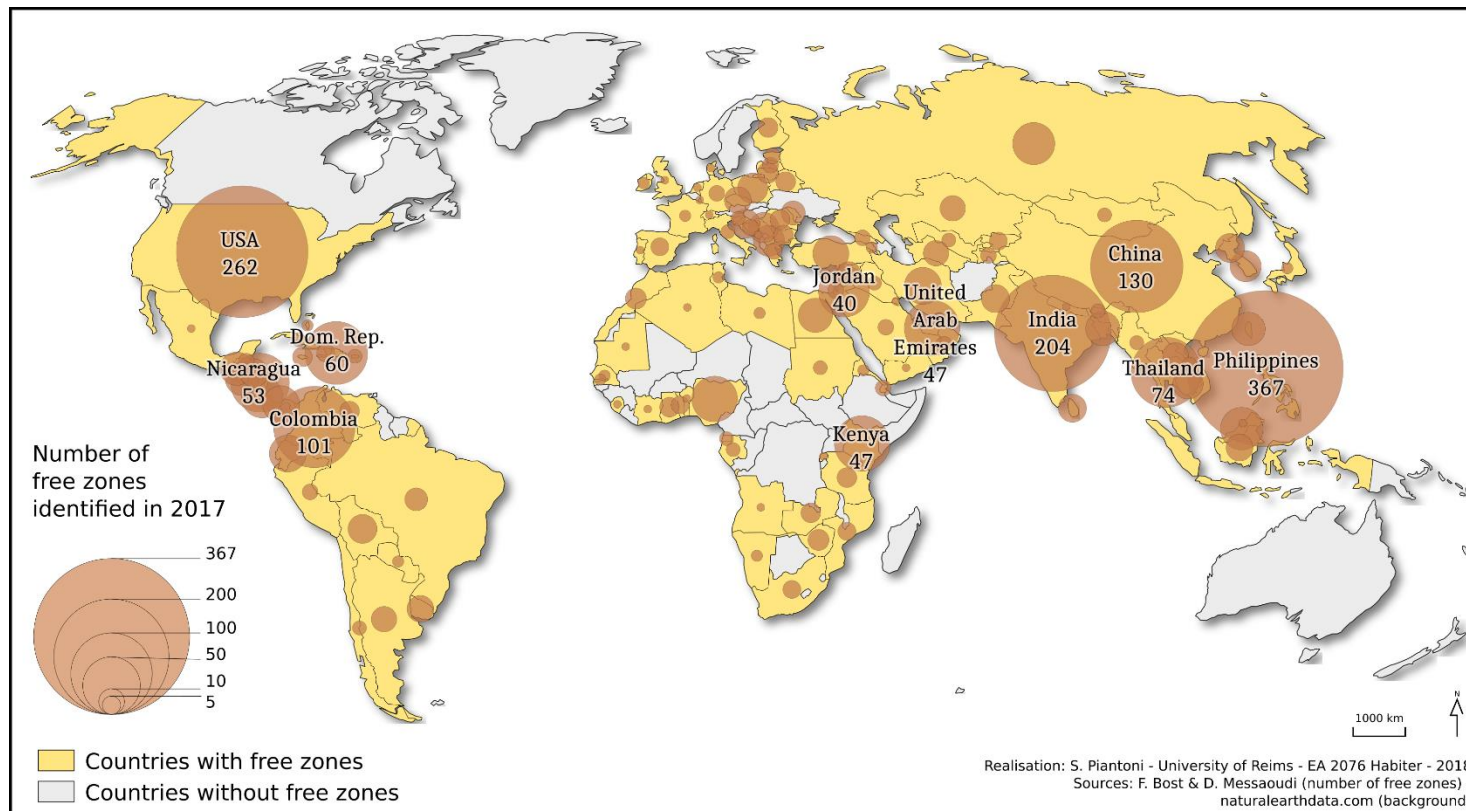


- Founded 1914
- Applied economic research in global economic affairs
- 150+ researchers

Forecasting Center

- Macroeconomic think tank and business cycle analysis unit
- Quarterly Kiel Economic Outlooks

Free Zones around the globe



- Economic impact of free zones
 - » So far based on case studies or non-standard approaches
 - » No systematic assessment of economic activity and trends
- WFZO initiative
 - » Collecting a unique dataset on output, turnover, employment, investment, and institutional characteristics
 - » Continuous exercise allows for future time series analysis
 - » Panel data analysis (regions, industries, types)
 - » Benchmarking for participants, attention of general public

⇒ World Free Zones Economic Outlook

Architecture: Two pillars + global foundations

Comprehensive report
on economic activity

Quarterly business
climate indicators

**WFZO
Annual Survey**

**Freezones
World Economic
Barometer
(F-WEB)**

Global Economic Outlook

WFZO
Annual Survey

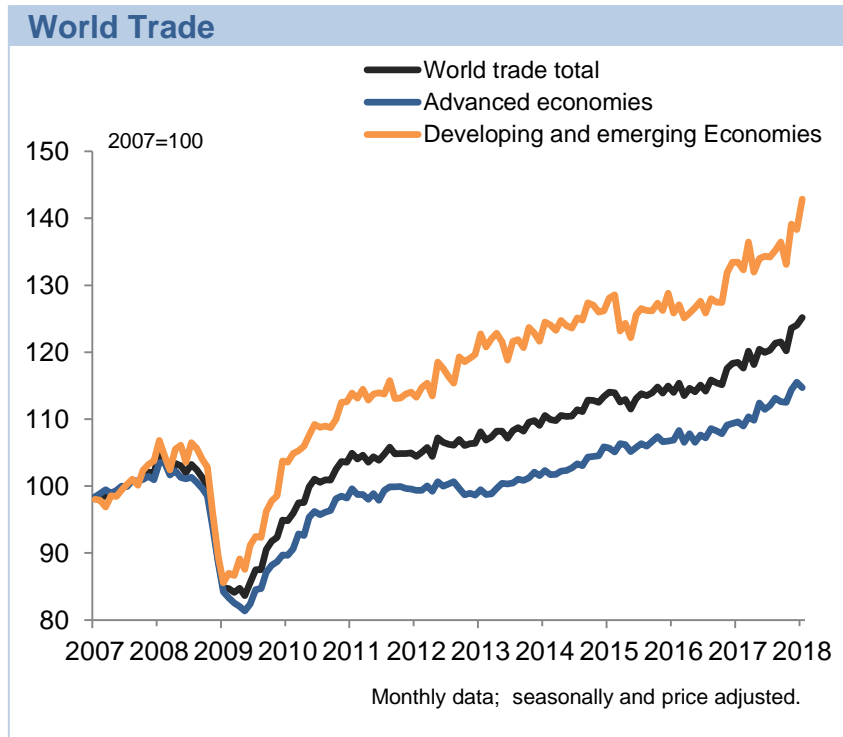
Freezones
World Economic
Barometer
(F-WEB)

Global Economic Outlook

- Ongoing assessment by the Kiel Institute's Forecasting Center
- Observation of major macro-analytic institutions (IMF, OECD, WTO, WB, ...)
- Global trends, hot spots, and regional features
- World trade and raw material prices
- Monitoring monetary and fiscal policy makers
- Financial market conditions
- Evaluating the international and national policy debates
- Structural analysis and special features
- Comprehensive risk assessment

- Overview
 - » Growth, cyclical pattern, business climate, inflation, financial conditions, risks
- Regions/countries
 - » US, China, East Asia ex China, India, MENA (incl. Afghanistan, Pakistan), Latin America, European Union
- World trade
- Commodity markets
- 2018/2019 highlights
 - » Widespread acceleration of growth, but concerted rather than synchronized upswing
 - » Stronger global investment cycle
 - » Moderate inflation, but in line with past experience (Phillips curve still at work)
 - » Declined business sentiment, but global growth remains on the upbeat
 - » Risks: Neo-protectionism, high debt levels, monetary exit maneuvers, policy change in China

Strong growth of world trade into 2018

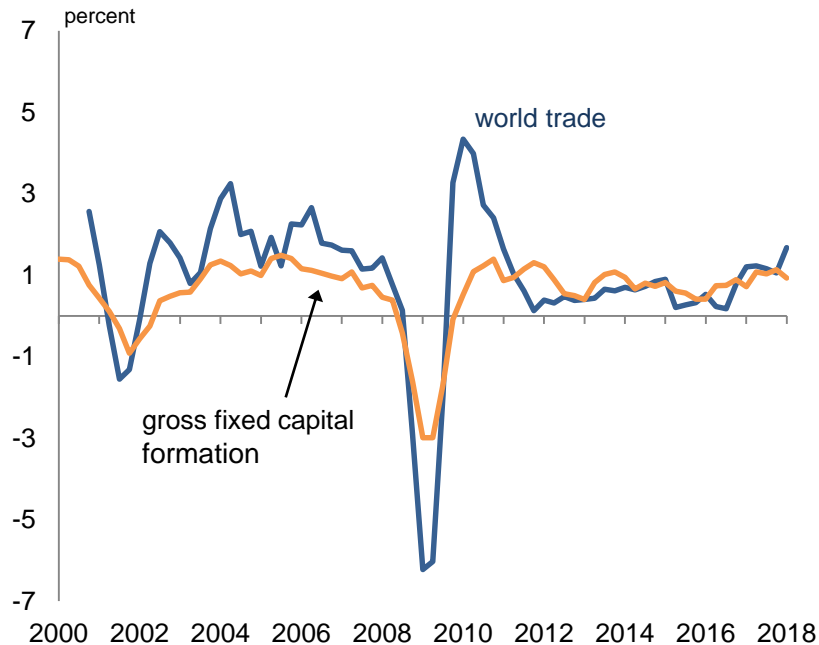


- World trade accelerated towards the end of 2017, especially in EE
- Annual growth of 4.5 % in 2017 strongest result in 7 years
- Driven by investment recovery and acceleration in China
- Structural or cyclical?

Cyclical acceleration of world trade

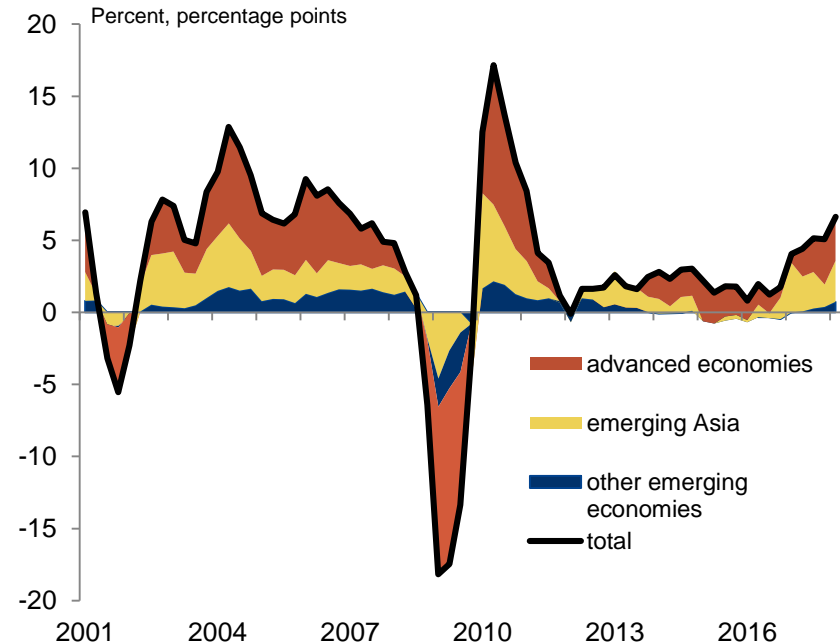
Investment cycle

World trade and investment , q-o-q, 3mma



China factor

Contribution to word trade growth by country group



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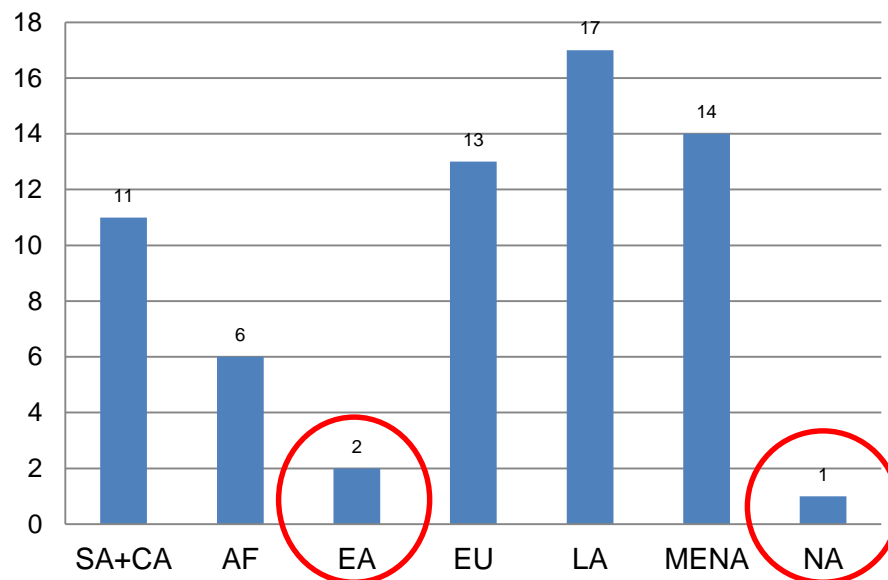
Global Economic Outlook

- One-off
 - » **Key indicators (prior to 2016)**
Number of companies, employees, turnover, investment, imports, exports
 - » **Investor incentives**
Taxes, duties, custom procedures, (temporary) subsidies, ease of doing business, preferential market access, physical/digital infrastructure, geography, security, other regulatory framework (e.g. labor market)
- Regular
 - » **Performance**
Number of companies, employees, turnover, input prices, output prices, production or value added, investment, imports, exports, revenue, focus (if any), regional investment pattern
 - » **Changes in investor incentives**
Taxes, import/export duties, subsidies, procedures, improved physical/digital infrastructure

Pre-defined (qualitative) and crisp (quantitative) answers

- First wave
 - » March/April 2018
 - » So far 65 responding entities
 - » East Asia and North America underrepresented
- Data cleaning and retrieval by Kiel Institute experts

Participation by region



Region acronyms: SA (South Asia), CA (Central Asia), AF (Sub-saharan Africa), EA (East Asia), EU (Europe), LA (Latin America), MENA (Middle East and North Africa), NA (North America).

**WFZO
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Global Economic Outlook

Freezones World Economic Barometer (F-WEB)



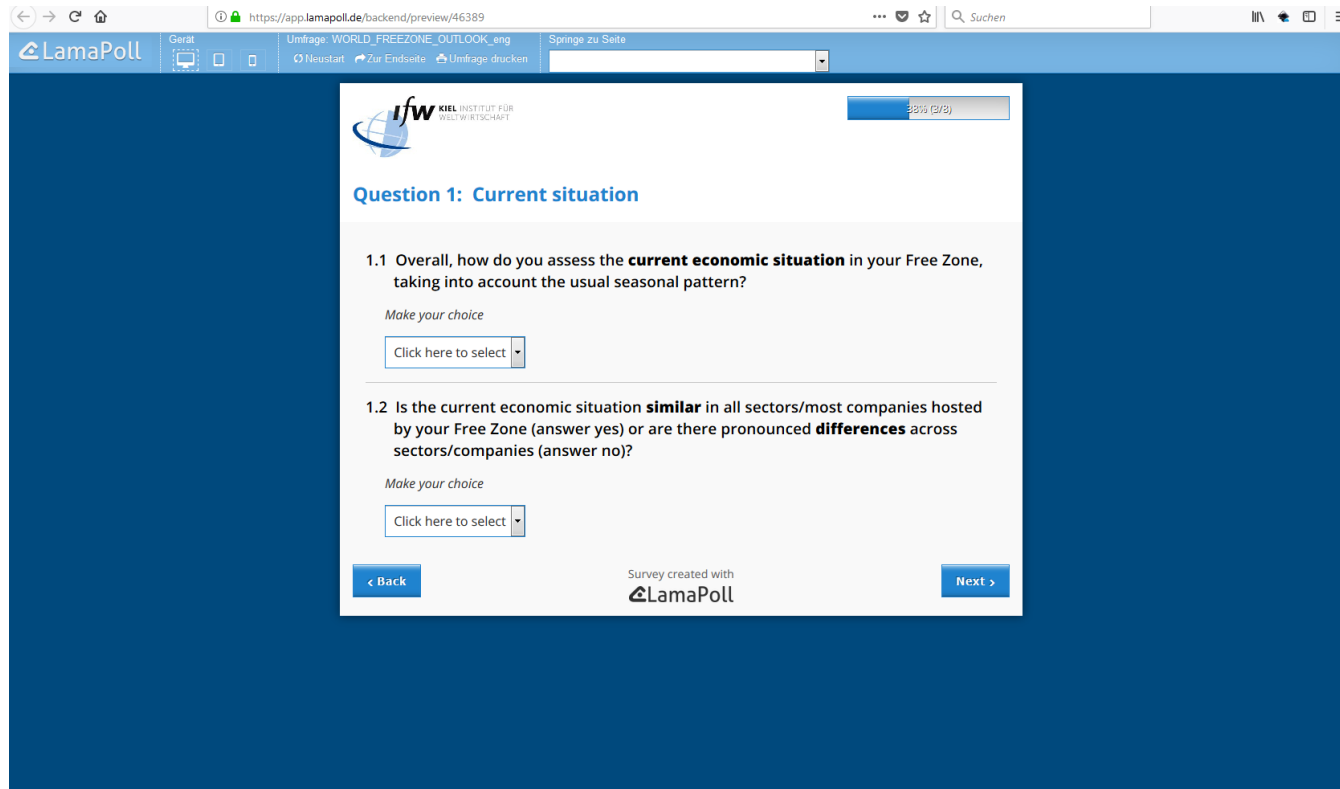
- Battery of business sentiment indicators
- Collecting assessments directly from experts in their field of operations
- Relevant insights, quickly available for decision-makers
- Qualitative in nature, but indicative of trends and trend reversals
- Web-based survey, easy and quick to handle for participants
- 100 percent confidentiality guaranteed (German data protection laws apply)

Key characteristics of responding free zone (size, region, dominant industries)

- Situation
 - » General assessment
 - » Pronounced differences
 - » Turnover, Employment, Investment, Profitability
 - » Comparison to host country
- Expectations
 - » General assessment
 - » Turnover, Employment, Investment, Profitability

Occasional focus subjects


F-WEB: User interface



← → ↻ 🏠 <https://app.lamapoll.de/backend/preview/46389> ... 📌 ☆ 🔍 Suchen

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🔄 Neustart 🏠 Zur Startseite 🖨️ Umfrage drucken

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Question 1: Current situation

1.1 Overall, how do you assess the **current economic situation** in your Free Zone, taking into account the usual seasonal pattern?


Make your choice

Click here to select ▾

1.2 Is the current economic situation **similar** in all sectors/most companies hosted by your Free Zone (answer yes) or are there pronounced **differences** across sectors/companies (answer no)?

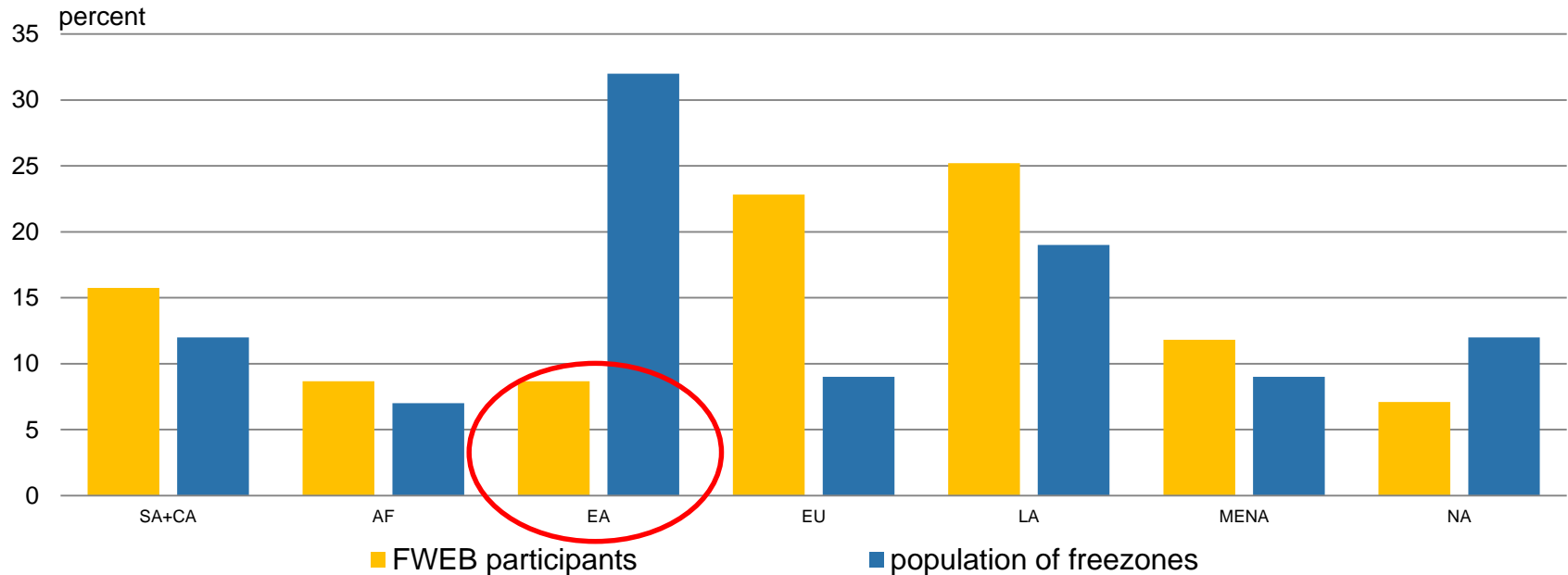
Make your choice

Click here to select ▾

< Back Survey created with  Next >

Spring 2018 snapshot

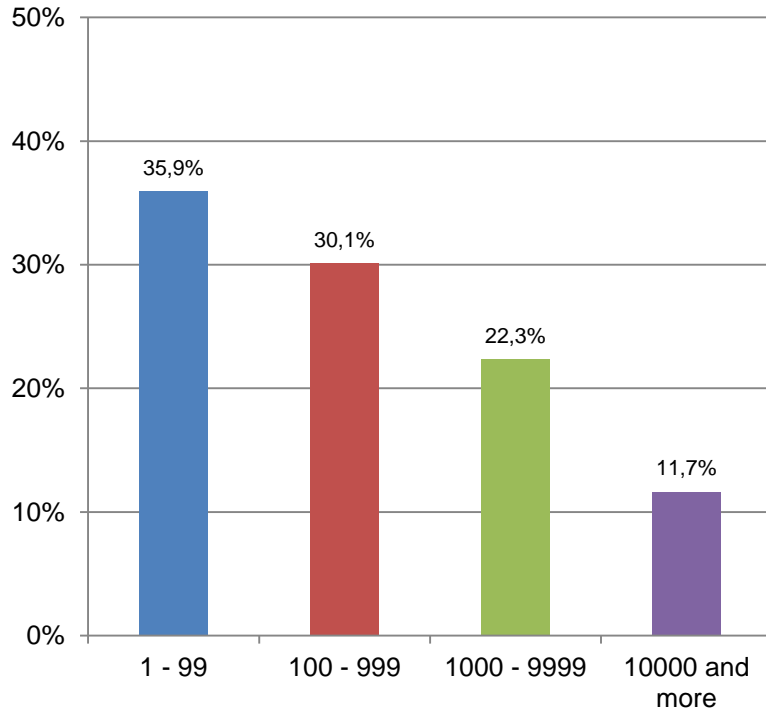
Coverage: So far, East Asia lags behind



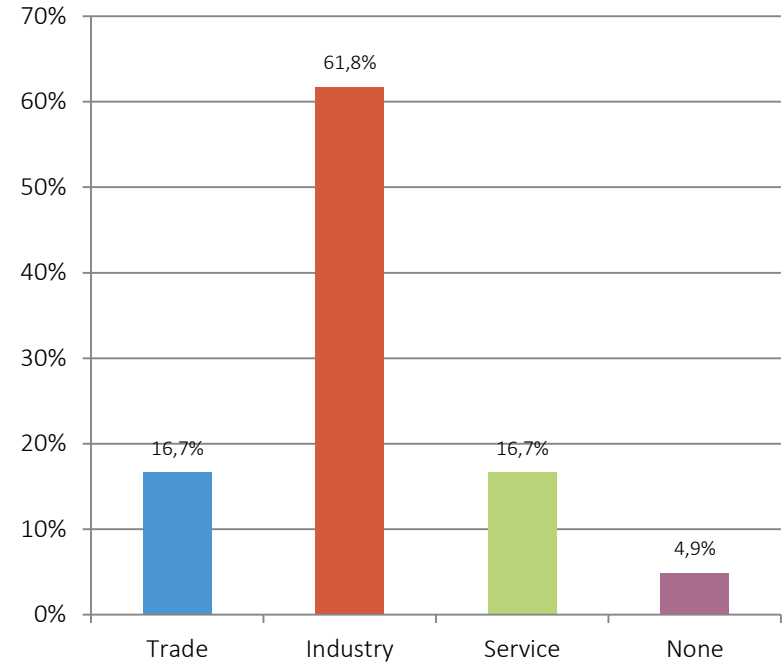
Region acronyms: SA (South Asia), CA (Central Asia), AF (Sub-Saharan Africa), EA (East Asia), EU (Europe), LA (Latin America), MENA (Middle East and North Africa), NA (North America).

Composition of participants (shares)

Number of employees

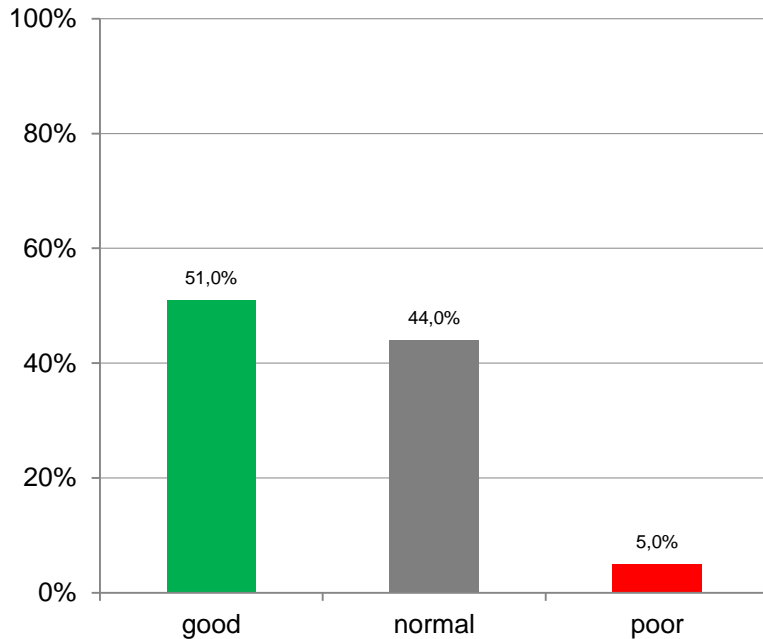


Dominant sector

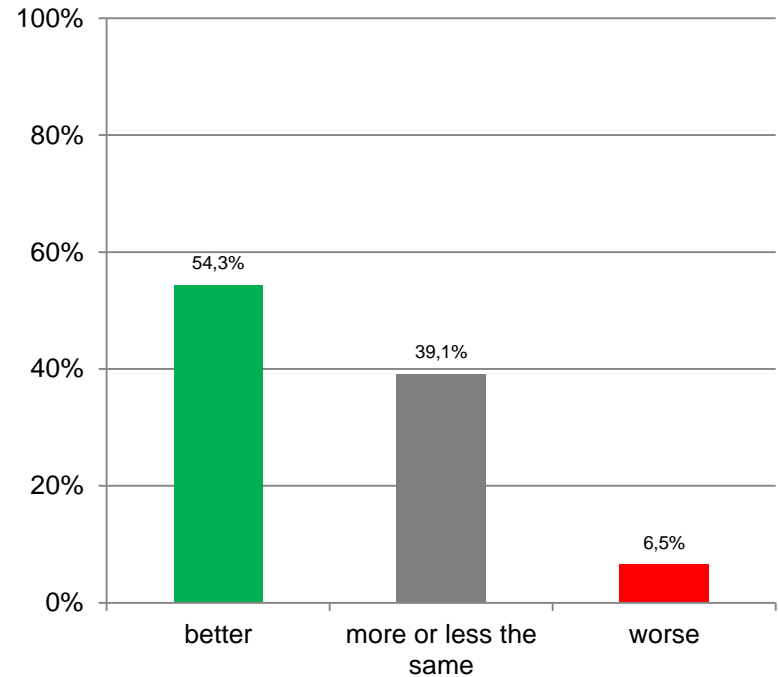


Situation: Clearly above normal (and exceeding host countries)

Q 1.1: Overall assessment

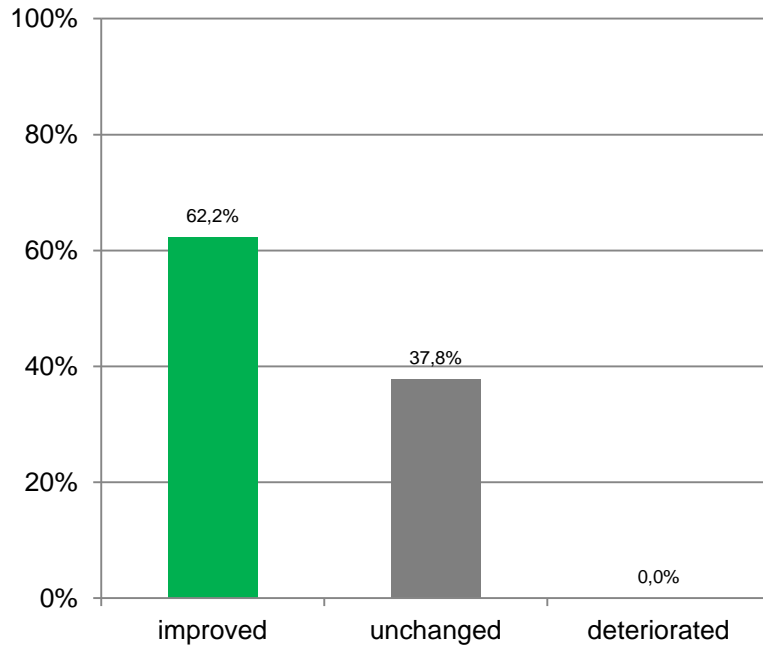


Q 1.7: Relative performance to host country

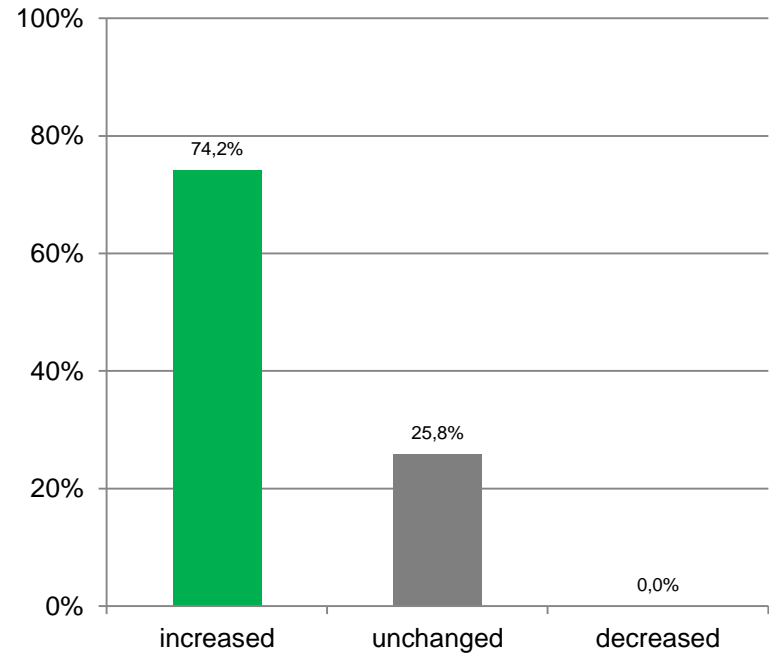


Expectations: Overall optimistic, strong momentum for investment

Q 2.1: Overall expectations

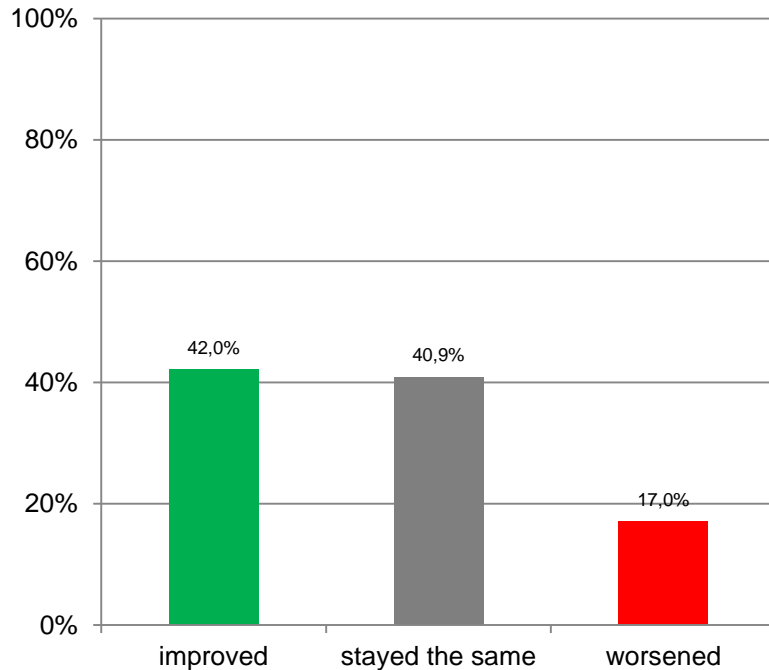


Q 2.4: Expected investment

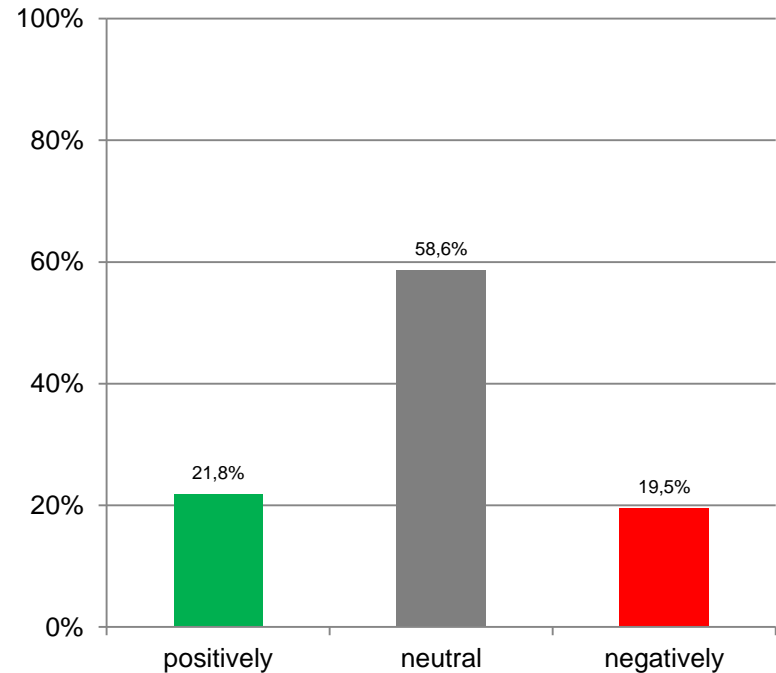


Focus subjects: Better trade environment, neutral oil price impact

FS 1: Global trade environment



F2: Impact of recently higher oil price



Participation welcome!



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