

News release

Business counts the cost of Arab Spring

Six months on from the start of the Arab Spring*, businesses around the world are counting the cost of unrest in the Middle East and North Africa.

The latest research from Grant Thornton's International Business Report (IBR) reveals that as the region continues to experience major political change, globally, more than a fifth (22%) of privately owned companies say that the unrest has had a negative impact on their business. This figure is highest in North America where a quarter (26%) of businesses report a negative impact. However, when asked if the situation is affecting their plans to do business in the region, only 10% globally said they are now less likely to do business there. Grant Thornton believes that, despite the upheaval, the region should be viewed by businesses as one with real opportunities for the future.

Impact of Arab Spring on businesses
Average percentage of businesses

Negatively affected by unrest



Less likely to do business in region



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Ed Nusbaum, CEO of Grant Thornton International, said: “The response of businesses in North America to the Arab Spring typifies what we have seen right around the world. Understandably, the unrest has had a significant negative effect and for those businesses with strong links to the region, this will have been particularly acute. Possible contagion of the unrest, and concerns over the rising cost of oil, have done little to aid an already stuttering global economic recovery. And with the situation in Yemen and Syria appearing to intensify, it is likely that businesses will be counting the cost for a little while to come.

“Businesses over the first half of this year have had a number of issues to deal with as a result of the Arab Spring. Fuel prices have increased, pushing up operations and production costs. There is also the direct effect on order books that businesses will have felt as supply routes between these countries are disrupted, with governments in the region focusing on political issues rather than trade. Turkey, for example, has been hit hard, with 53% of business saying they have felt a negative impact - undoubtedly due to the Middle East being a key export region for them.

“Despite these immediate impacts, however, the long-term outlook still holds much promise. The overwhelming majority of businesses do not see the current unrest as a future hindrance to growing or investing in the Middle East and North Africa. As the region continues to open up to outside investment, it will become central to the long-term growth prospects of the global economy and should be seen by businesses as an area of real opportunity. It is certainly a region which Grant Thornton will be monitoring closely over the next couple of years.”

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Notes to editors

The Grant Thornton International Business Report (IBR) provides insight into the views and expectations of over 11,000 businesses per year across 39 economies. This unique survey draws upon 19 years of trend data for most European participants and nine years for many non-European economies. For more information, please visit:

www.internationalbusinessreport.com.

Data collection

The research is carried out primarily by telephone interview lasting approximately 15 minutes with the exception of Japan (postal), Philippines and Armenia (face to face), mainland China and India (mixture of face-to-face and telephone) where cultural differences dictate a tailored approach. Telephone interviews enable Grant Thornton International to conduct the exact number of recommended interviews and to be certain that the most appropriate individuals are interviewed in an organisation which meets the profile criteria.

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Data collection is managed by Grant Thornton International's core research partner - Experian. Questionnaires are translated into local languages with each participating country having the option to ask a small number of country specific questions in addition to the core questionnaire. From 2011, fieldwork takes place on a quarterly basis every quarter with fieldwork lasting approximately one month and a half.

Sample

IBR is a survey of medium to large privately held businesses**. The data for this release are drawn from interviews with 2,697 businesses across the globe conducted in May 2011.

The target respondents are chief executive officers, managing directors, chairmen or other senior executives (title dependent on what is most appropriate for the individual country) from 39 economies primarily across five sectors: manufacturing (25 per cent), services (25 per cent), retail (15 per cent) and construction (10 per cent) with the remaining 25 per cent spread across all sectors.

Locally, the sample tends to cover the sectors mentioned previously, with some countries being able to have local valid data for specific sectors or regions when the sample size is large enough.

Group/region	Economies included in IBR
Asia-Pacific (APAC)	Australia, Hong Kong, India, Japan, China (mainland), Malaysia, New Zealand, Philippines, Singapore, Taiwan, Thailand, Vietnam
Association of Southeast Asian Nations (ASEAN)	Malaysia, Philippines, Singapore, Thailand, Vietnam
BRIC	Brazil, Russia, India, China (mainland)
European Union (EU)	Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Poland, Spain, Sweden, United Kingdom
G7	Canada, France, Germany, Italy, Japan, United Kingdom, United States of America
Latin America	Argentina, Brazil, Chile, Mexico
Nordic	Denmark, Finland, Sweden
North America	Canada, United States of America

*a wave of demonstrations and protests in the Middle East and North Africa taking place since December 2010.

**some counties may include a small proportion of listed businesses in their sample when reporting locally.

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