



FY 2025

Survey on Business Conditions of Japanese-Affiliated Companies in Middle East

– Proportion of profitable companies set new record; energy, infrastructure, and consumer markets are regarded as promising –

Japan External Trade Organization (JETRO)

Research & Analysis Department

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Key Points of Survey Results

Proportion of profitable companies set new record; energy, infrastructure, and consumer markets are regarded as promising

I. Operating Profit Forecast

The proportion of companies that expect to be profitable in 2025 stood at 73.8%, setting a record for the third straight year. More than 80% of companies in the United Arab Emirates (UAE) and Türkiye expect profits. The number of companies expecting to lose money decreased to 10.7% from a year earlier. About 40% of companies expect operating profit to improve in 2026.

II. Future Business Outlook

Regarding business development in the next one to two years, the ratio of companies that reported their business would expand was 49.1%, around the same as in the previous year, and exceeds that of the world. The most common reason for expansion was "increase of the local market demand," followed by "increase of exports." In the UAE, the number of companies that said they exported 80 to 100% of their sales rose 13.2 percentage points from the previous year to 42.6%.

III. Investment Environment

More than 70% of respondents said they set up bases in the Middle East because of its "future market potential," the most common reason from the previous year. In terms of the attractiveness of the Middle East, the survey found the most frequently mentioned aspect was "market scale or growth potential." As for challenges, "increase of labor cost" was again the most common issue, the same as last year.

IV. Employment Environment

18.5% said the situation of securing human resources has deteriorated and more than 50% said it has remained unchanged. The most common reason for the deterioration was "rising demands for wages/benefits." Compared with other regions, more respondents said that securing personnel in specialty occupations and management positions has deteriorated.

V. Impact of Global and Regional Situations and Additional U.S. Tariff Measures

89.0% of companies said that political and diplomatic developments affected their business activities. Clashes between Israel and Hamas were cited the most, at 68.3%. Asked about the impact of additional U.S. tariff measures, 53.1% of respondents in the Middle East said they had no impact, and 47.6% of the respondents said they had no specific countermeasures.

VI. Promising Business Areas & Focus Countries

"Natural gas" in resources/energy, "urban development" and "electric power" in infrastructure, and "food" in consumer market are promising areas. Just like last year, AI is also in the spotlight. Saudi Arabia is the top country to watch.

Survey Overview

Survey Overview

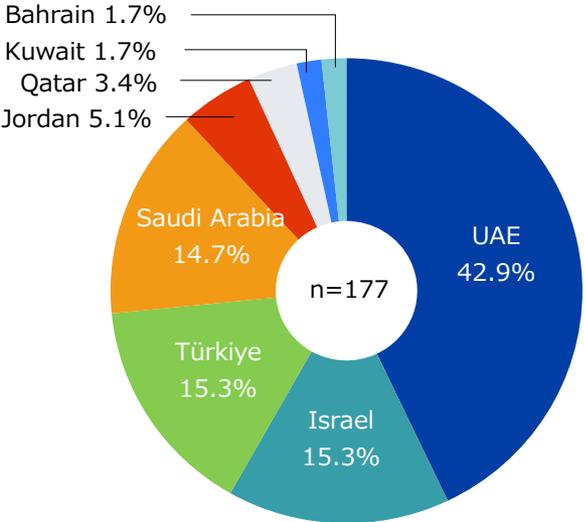
Objective	To understand the conditions of business activities of Japanese companies operating in 8 countries in the Middle East (United Arab Emirates (UAE), Türkiye, Saudi Arabia, Jordan, Israel, Kuwait, Qatar, and Bahrain) through the survey and provide the results to the public.
Target companies	A questionnaire survey was conducted locally on Japanese companies based in the 8 countries. Valid responses were received from 177 companies. (UAE: 76, Türkiye: 27, Israel: 27, Saudi Arabia: 26, Jordan: 9, Qatar: 6, Kuwait: 3, Bahrain: 3)
Period	September 1 to September 22, 2025
Response rate	The valid response rate was 85.9%. Questionnaires were sent to 206 Japanese companies operating in 8 countries in the Middle East. Of these, valid responses were received from 177 companies.
Remarks	<ul style="list-style-type: none"> This was the 13th survey for the UAE, the 12th for Saudi Arabia, the 11th for Türkiye covering all industries, the 9th for Qatar, and the 8th for others. Iran is not included in this year's survey. JETRO conducted the survey by either notifying the target companies of a URL containing the survey form or by sending them a questionnaire in Japanese and English by e-mail and asking them to fill out and return the form. The component percentages in the tables and charts have been rounded off to the 2nd decimal place. Therefore, the sum of the percentages of each answer may not be 100%. "n" written in the report is the number of valid responses.

(Note 1) Some companies that responded to the questionnaire did not respond to all of the questions.
 (Note 2) For the results of the global survey, refer to "JETRO FY 2025 Survey on Business Conditions of Japanese-Affiliated Companies Overseas: Global Edition."
 (Note 3) All years in this report refer to calendar years.
 (Note 4) In order to clarify the intent of the response, the open-ended response has been amended to the extent that it does not undermine the intent of the original text.

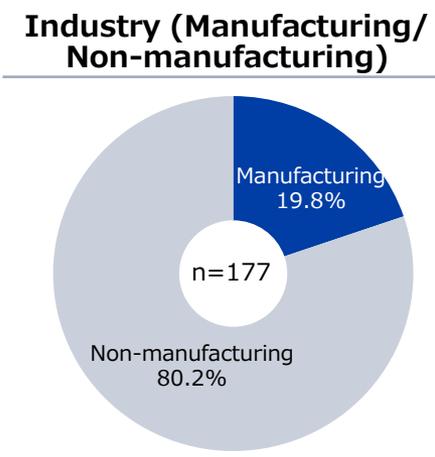
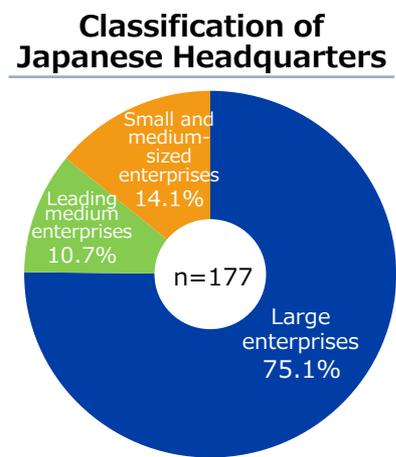
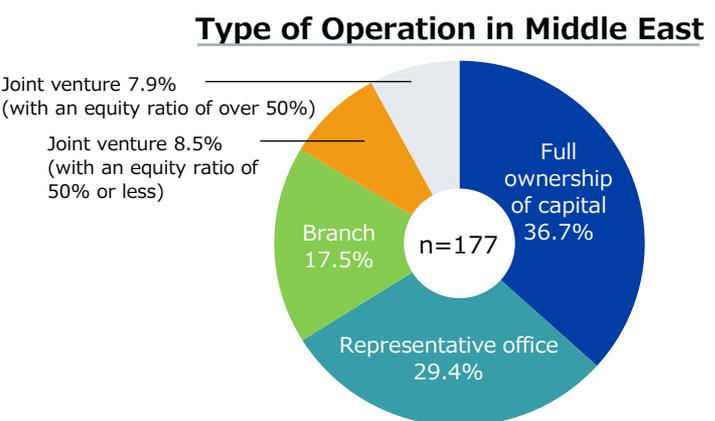
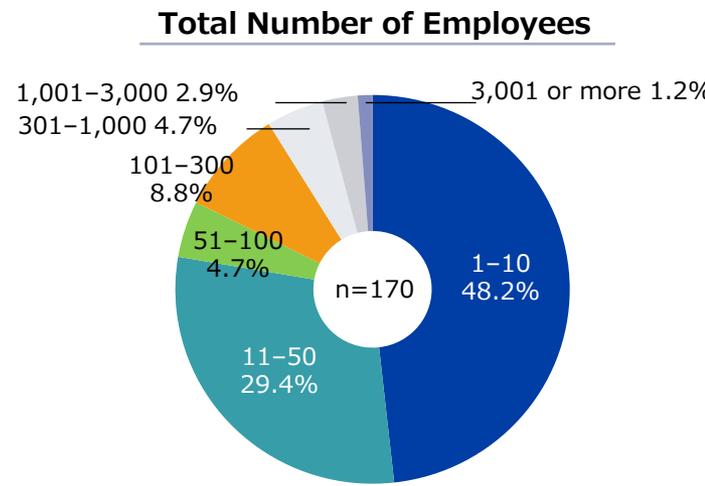
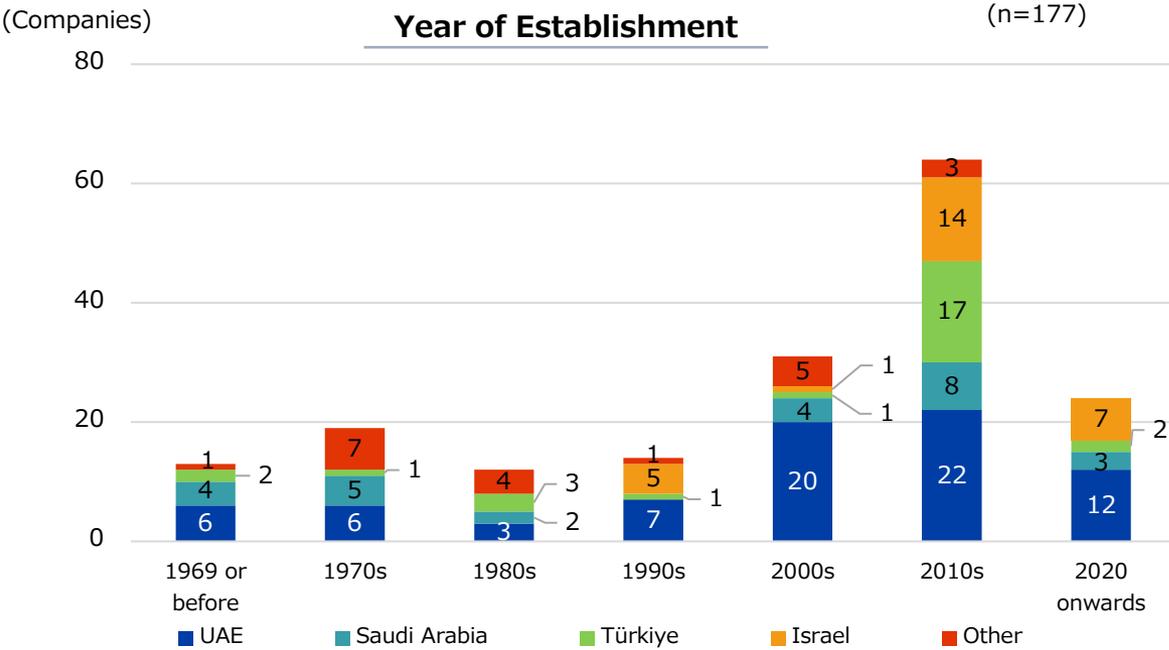
Map



Breakdown of Respondent Companies



Respondent Company Profile



(Note 1) The component percentages in the tables and charts have been rounded off to the 2nd decimal place. Therefore, the sum of the percentages of each answer may not be 100%.

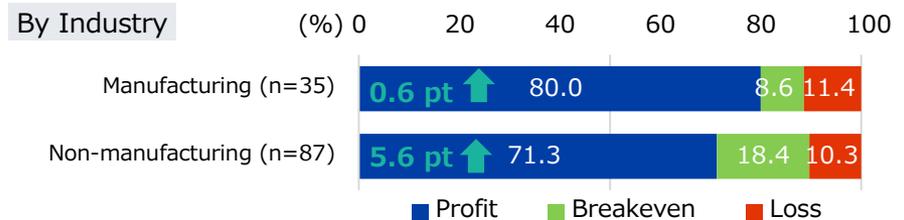
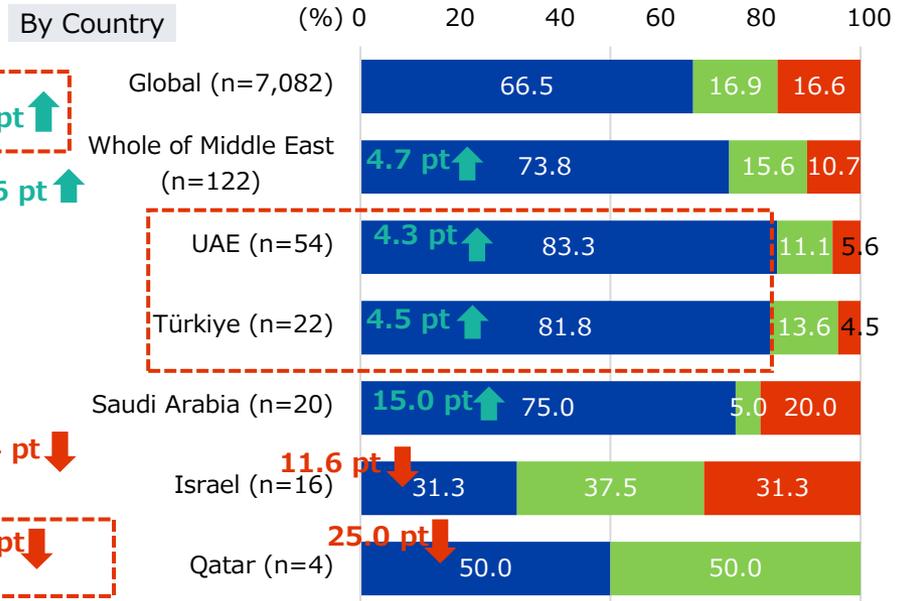
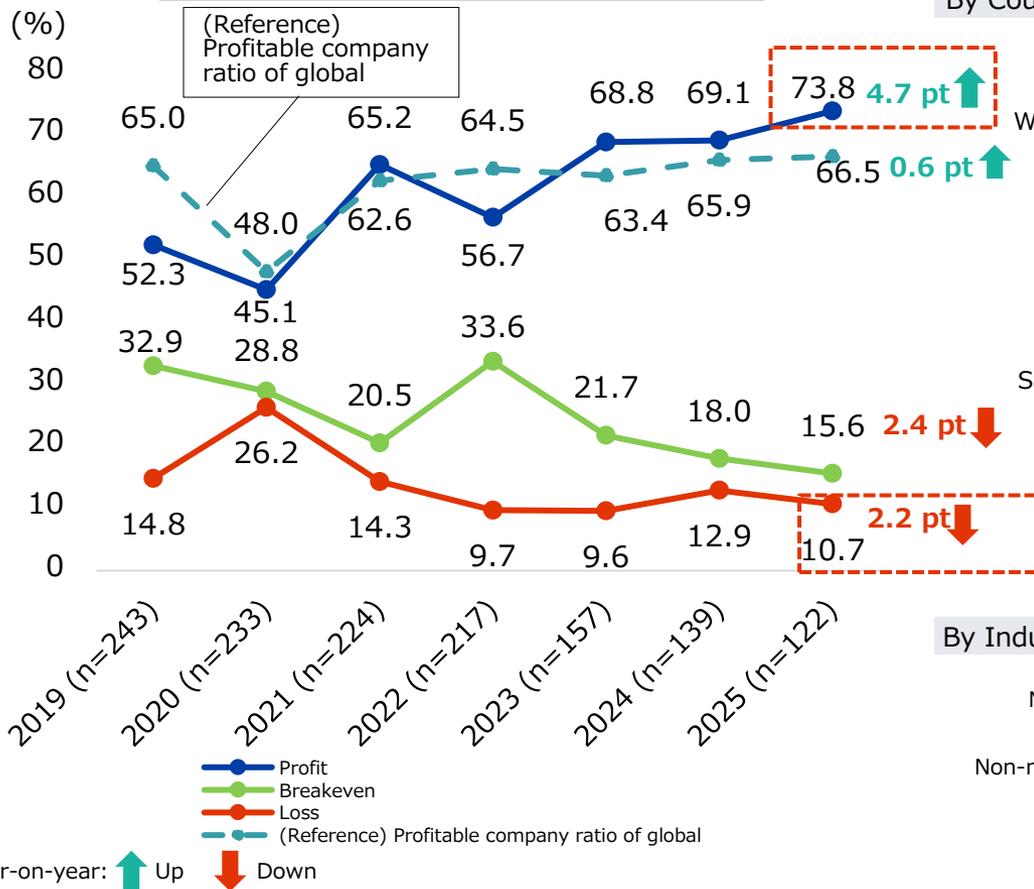
(Note 2) In terms of classification of the Japanese Headquarters, this survey is conducted with the classification of large enterprises, leading medium enterprises, and small and medium-sized enterprises based on the definitions in the "Small and Medium-Sized Enterprise Basic Act" and the "Act on Partially Amending the Act on Strengthening Industrial Competitiveness and Other Acts to Create New Business and Encourage Investment in Industries."

I. Operating Profit Forecast

1 | 2025 Operating Profit Forecast (Overall Trend/by Country)

- The percentage of companies that expect to be profitable in 2025 was **73.8%**, the highest for three years in a row(*). This figure surpassed the global average. On the other hand, the percentage of companies expecting losses **decreased 2.2 percentage points from the previous year to 10.7%**.
*Comparable figures since 2015.
- More than 80% of respondents in the UAE and Türkiye reported operating profit.**

Trends in Operating Profit Forecast

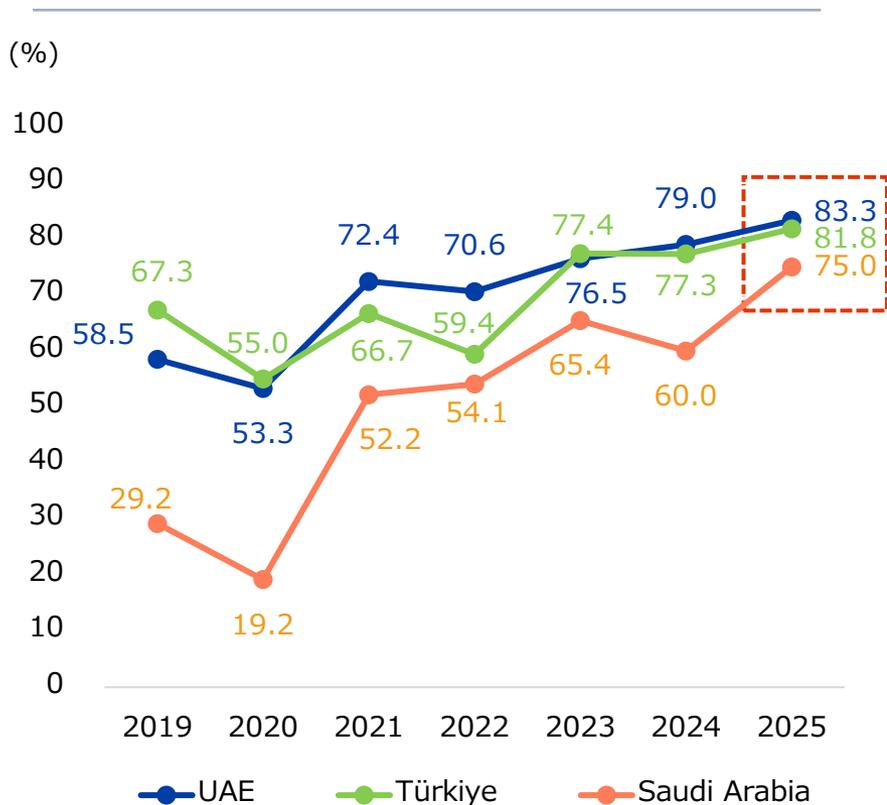


(Note) In the survey since 2023, representative offices that do not generate operating profit/loss were not subject to questions about operating profit/loss.

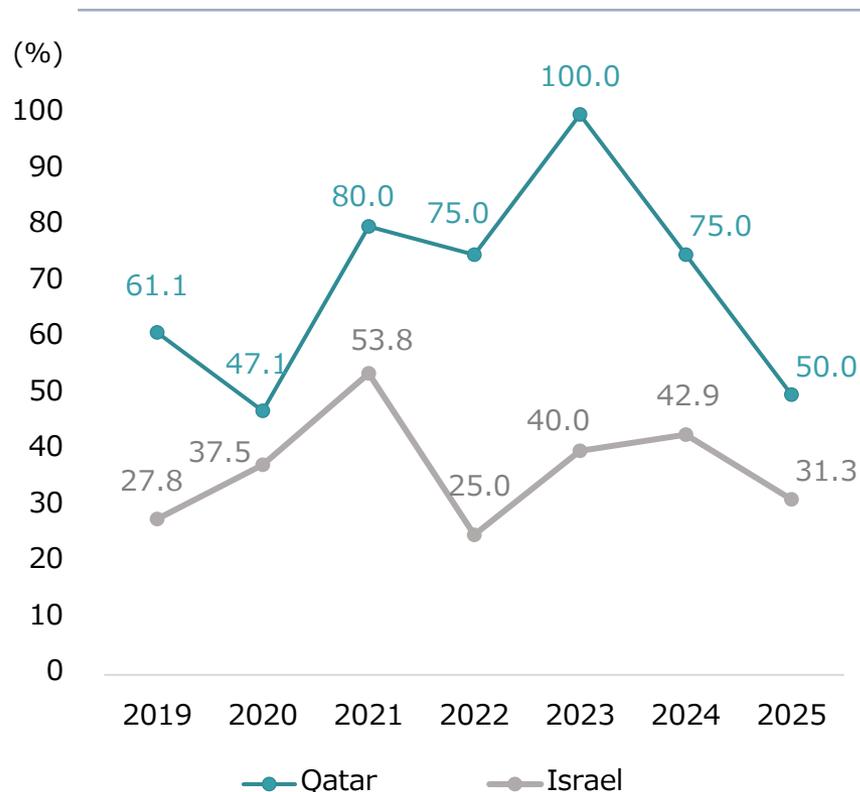
2 | 2025 Operating Profit Forecast (by Country/Trends in Percentage of Companies Expecting Profit)

- The share of companies expecting profit **increased in the UAE, Türkiye, and Saudi Arabia, all setting record highs***. * Comparable figures since 2015.
- In Israel, although the share of companies expecting to be profitable had increased over the past two years, it declined this year.

Trends in the Percentage of Companies Expecting Profit in Major Countries (Year-on-year Increase)



Trends in the Percentage of Companies Expecting Profit in Major Countries (Year-on-year Decrease)

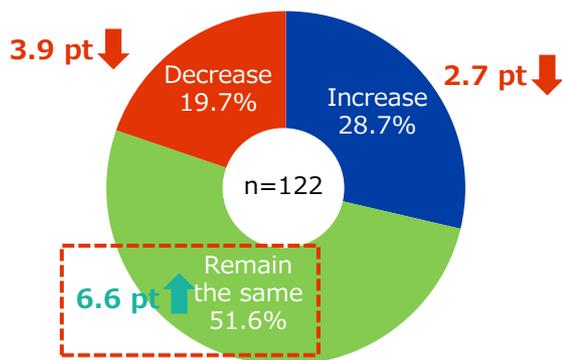


(Note) In the survey since 2023, representative offices that do not generate operating profit/loss were not subject to questions about operating profit/loss.

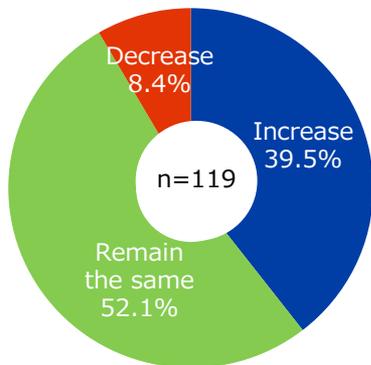
3 | Operating Profit: 2025 Forecast and 2026 Outlook (Compared to Previous Year/Trend)

- Regarding the 2025 operating profit forecast (year-on-year), the proportion selecting **"remain the same" is projected to exceed 50%, up 6.6 percentage points from the previous year**. The share of respondents expecting an "increase" was down 2.7 percentage points from the previous year, while the share expecting a "decrease" also fell by 3.9 percentage points.
- The outlook for operating profit in 2026 (compared to the forecast for 2025) is **favorable, with a 10.8 percentage points increase in "increase" and an 11.3 percentage points decline in "decrease."**

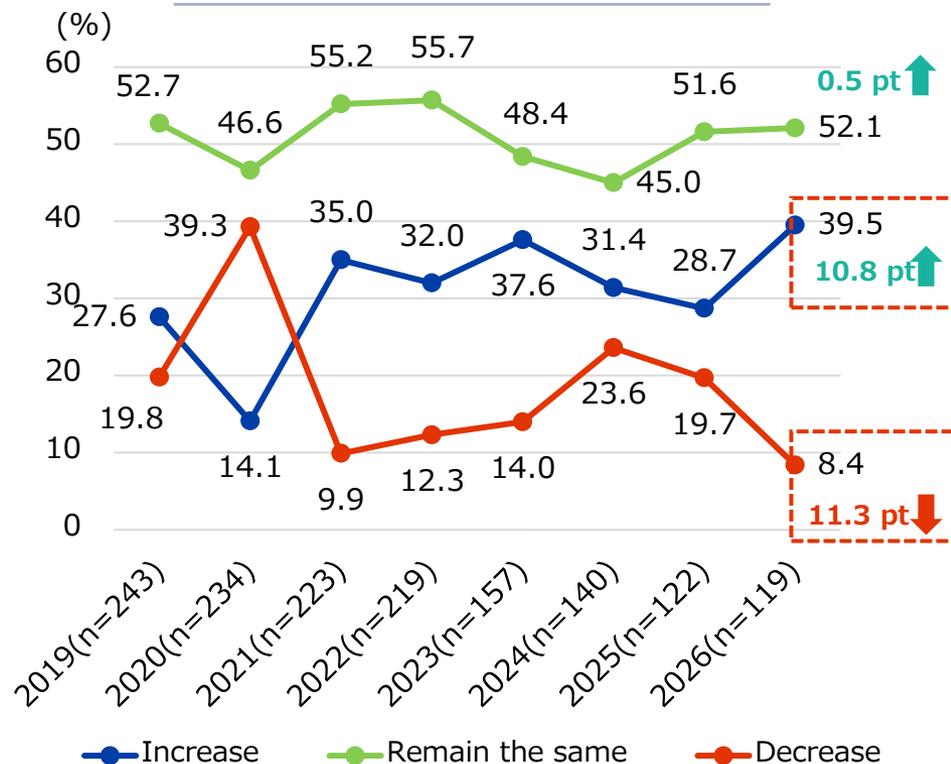
2025 Operating Profit Forecast (Compared to Previous Year)



2026 Operating Profit Outlook



Trends in Operating Profit Forecast



(Note 1) Forecast for 2019–2025; outlook for 2026.

(Note 2) The range of change shown in pt is a comparison between the 2025 forecast and the 2026 outlook.

(Note 3) In the survey since 2023, representative offices that do not generate operating profit/loss were not subject to questions about operating profit/loss.

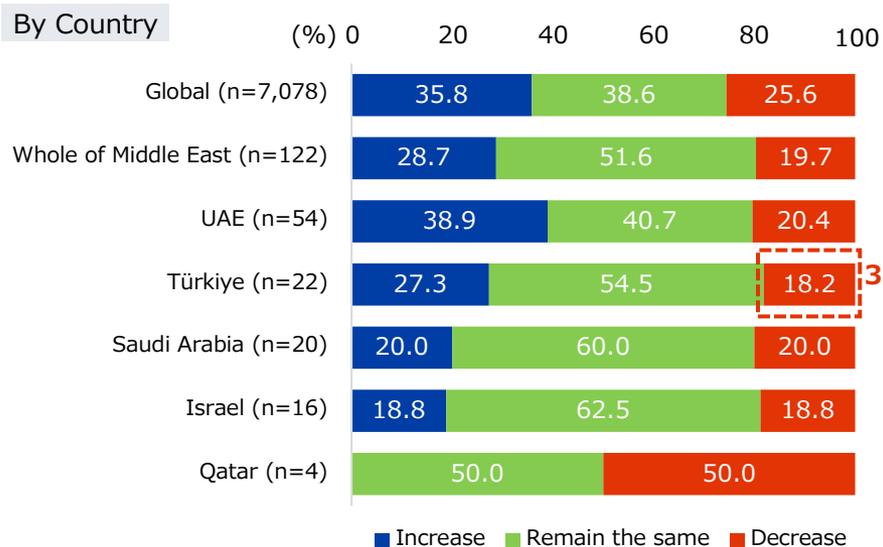
Year-on-year: ↑ Up ↓ Down

(Note) Representative offices that do not generate operating profit/loss were not subject to questions about operating profit/loss.

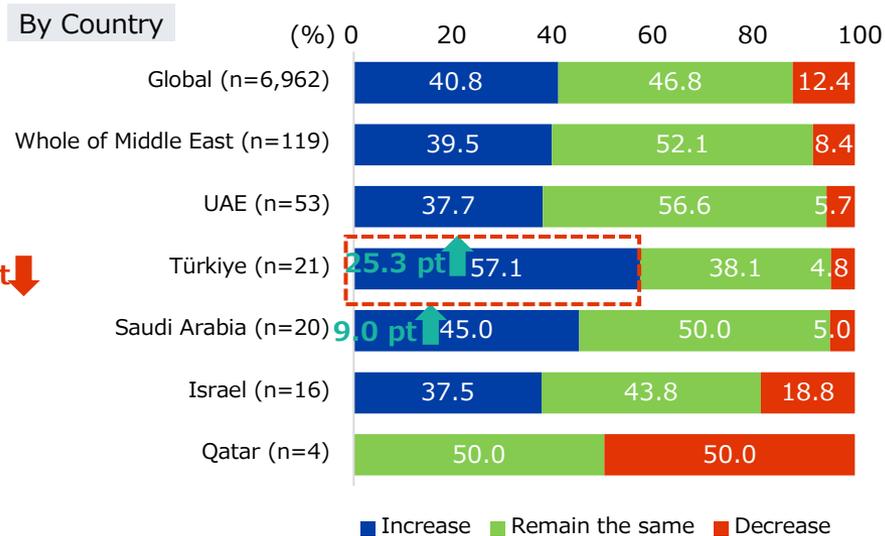
4 | Operating Profit: 2025 Forecast and 2026 Outlook (by Country/by Industry)

- The UAE has the highest percentage of companies that expect operating profit to improve in 2025 compared to the previous year. **In Türkiye, the percentage of companies that expect a "decrease" fell sharply by 36.3 percentage points from a year earlier.** By industry, in the manufacturing sector, the companies expecting "decrease" indicated a decline of 12.3 percentage points.
- The share of respondents expecting "increase" in 2026 in Türkiye increased 25.3 percentage points to more than 50%. In Saudi Arabia as well, the percentage increased by 9.0 percentage points to nearly 50%.

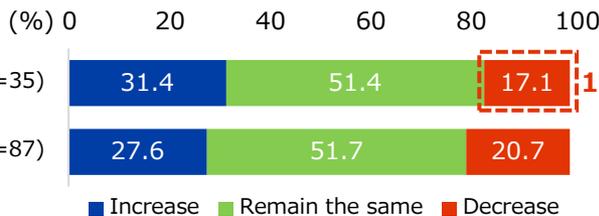
2025 Operating Profit Forecast (Compared to Previous Year)



2026 Operating Profit Outlook



By Industry



By Industry



Year-on-year: ↑ Up ↓ Down

(Note 1) Representative offices that do not generate operating profit/loss were not subject to questions about operating profit/loss.

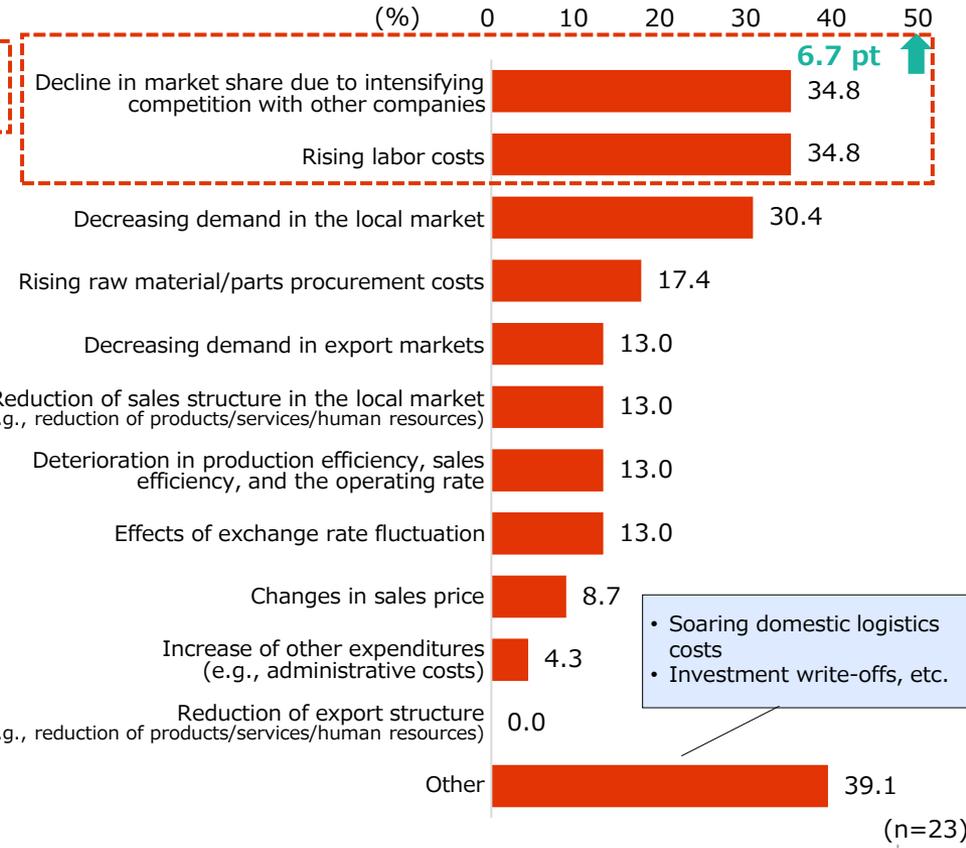
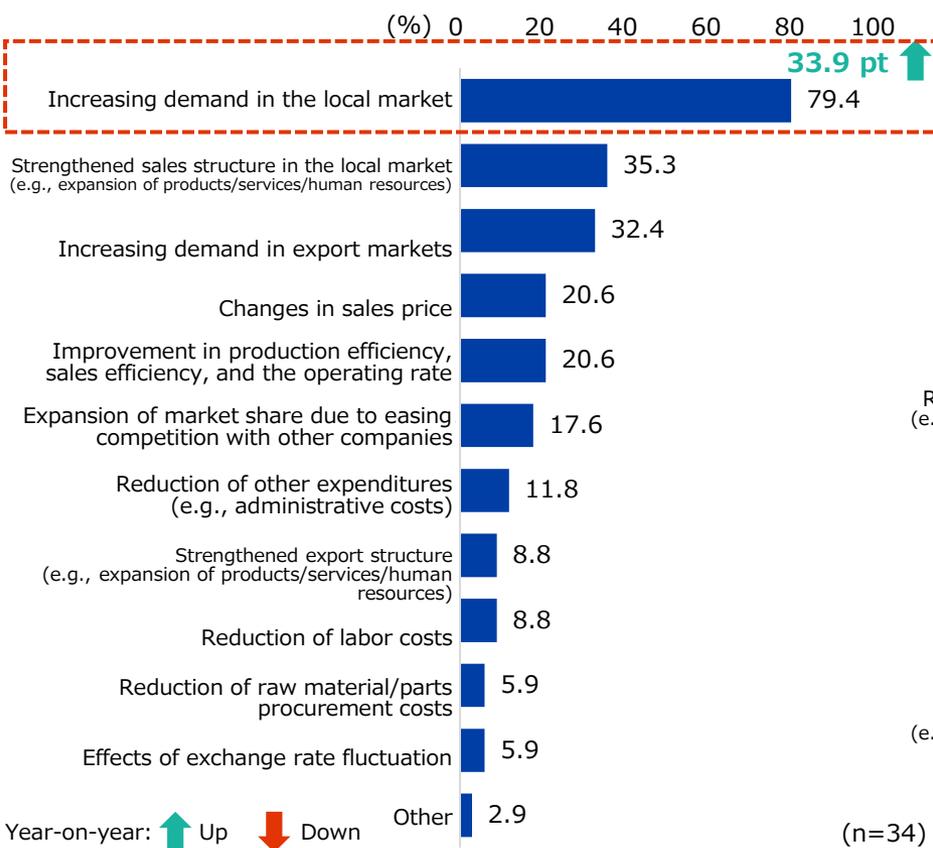
(Note 2) Regarding "2026 Operating Profit Outlook," the range of change shown in pt is a comparison with the "2025 Operating Profit Outlook" in the FY2024 survey.

5 | 2025 Operating Profit Forecast (Reasons for Increase/Decrease)

- As a factor behind the improvement in profit forecasts in 2025, **the percentage of companies citing "increasing demand in the local market" rose sharply, up 33.9 percentage points from the previous year.** This was followed by "strengthened sales structure in the local market" and "increasing demand in export markets," each exceeding 30%.
- As for factors contributing to the deterioration, **"decline in market share due to intensifying competition with other companies" increased by 6.7 points and became the largest factor, together with the "rising labor costs".**

Reasons for Expected Increase in Operating Profit in 2025 (Compared to Previous Year) <Multiple Answers>

Reasons for Expected Decrease in Operating Profit in 2025 (Compared to Previous Year) <Multiple Answers>



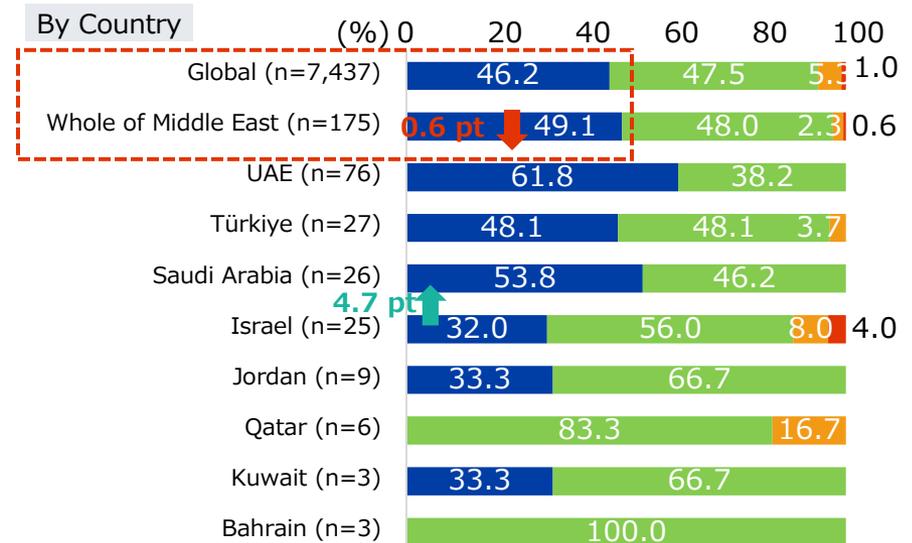
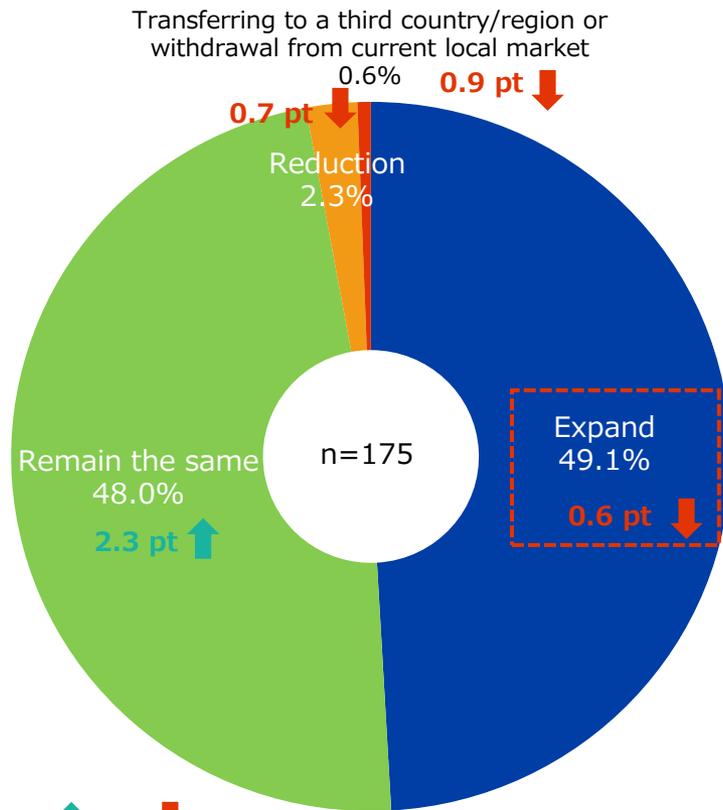
(Note) Representative offices that do not generate operating profit/loss were not subject to questions about operating profit/loss.

II. Future Business Outlook

1 | Direction of Business Operations in the Next One to Two Years (Whole of Middle East/by Country)

- As for business development over the next one to two years, **49.1% of respondents said they would "expand" their businesses, a share that was almost unchanged from the previous year and higher than the global average.** The percentage of respondents who said "remain the same" increased by 2.3 percentage points from the previous year to 48.0%, while the share indicating they would "" decreased by 0.7 percentage points.
- More than half of respondents in the UAE and Saudi Arabia said they would expand. In Israel, the share selecting "expand" increased for the first time in three years, reaching 32.0%.

Direction of Business Operations in the Next One to Two Years



■ Expand
■ Remain the same
■ Reduction
■ Transferring to a third country/region or withdrawal from current local market

Year-on-year: ↑ Up ↓ Down

(Note) For the details of the global survey results, refer to "JETRO FY 2025 Survey on Business Conditions of Japanese Companies Operating Overseas (Global)."

2 | Operating Profit Forecast and Direction of Business Operations in the Next One to Two Years

- Among the companies that expect to be profitable in 2025, a majority (57.8%) said they would "expand" their business in the future.
- About 70% of companies expecting to "breakeven" and around 50% of those expecting a "loss" chose to "remain the same."

2025 Operating Profit Forecast and Direction of Business Operations in the Next One to Two Years

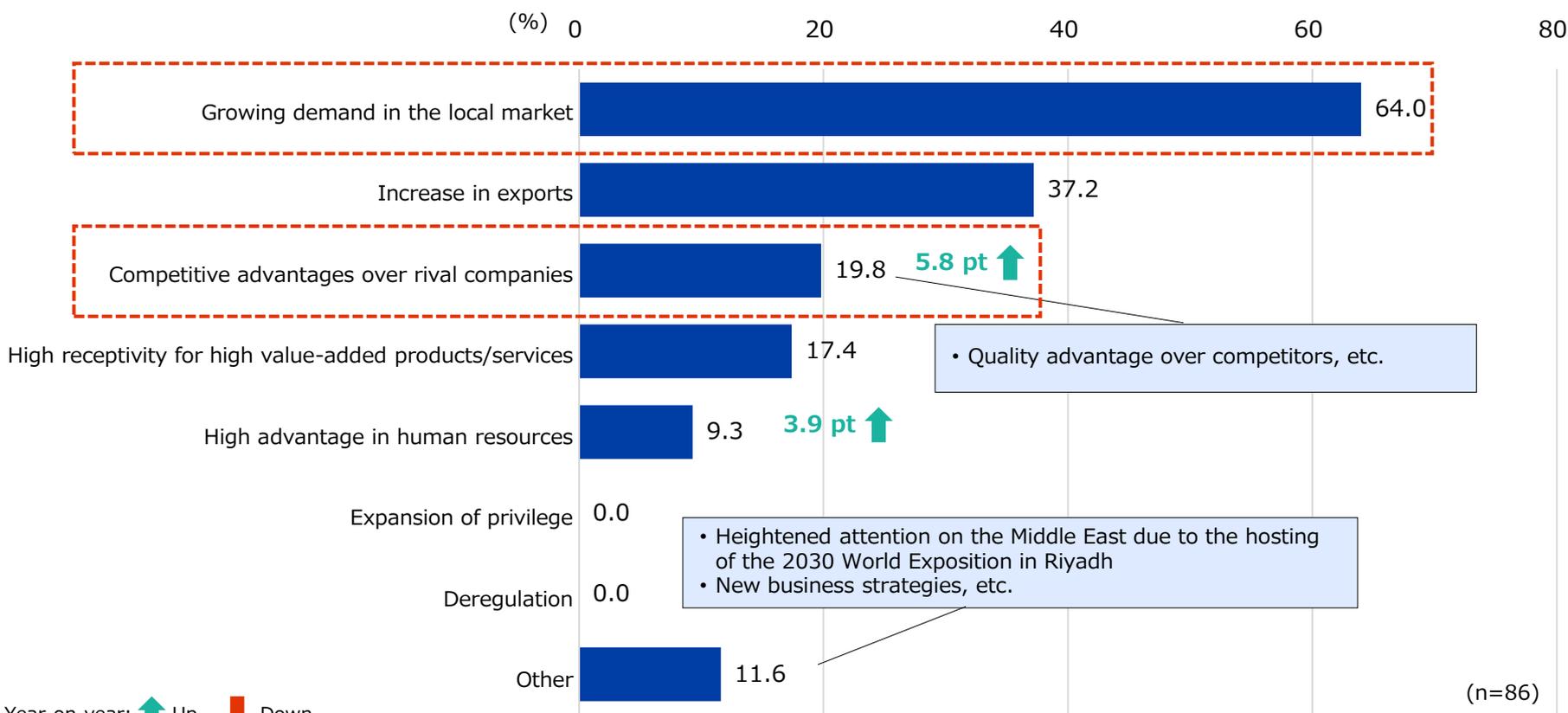
		Direction of Business Operations in the Next One to Two Years			
		Expand	Remain the same	Reduction	Transferring to a third country/ region or withdrawal from current local market
		(%)			
2025 (Jan-Dec) Operating Profit Forecast	Whole of Middle East (n=122)	51.6	45.1	2.5	0.8
	Profit (n=90)	57.8	38.9	2.2	1.1
	Breakeven (n=19)	26.3	68.4	5.3	0.0
	Loss (n=13)	46.2	53.8	0.0	0.0

(Note) Blue indicates a response rate of 50% or more.

3 | Direction of Business Operations in the Next One to Two Years (Reasons for Expansion)

- The most common reason for business expansion was **"increase of the local market demand" as in the previous year, with more than 60%**. This was followed by "increase in exports" at about 40%, reflecting growing demand and export expansion in neighboring regions, including Africa.
- **The share of respondents who said they had "competitive advantages over rival companies" increased by 5.8 percentage points from the previous year to 19.8%**. Many of these companies indicated that they had advantage over their competitors in terms of product quality.

Reasons for Business Expansion <Multiple Answers>



• Quality advantage over competitors, etc.

• Heightened attention on the Middle East due to the hosting of the 2030 World Exposition in Riyadh
 • New business strategies, etc.

4 | Direction of Business Operations in the Next One to Two Years (Reasons for Expansion/by country)

- In the UAE, Türkiye, and Saudi Arabia, "increase of the local market demand" was most cited as the reason for expansion, higher than the rate of Middle East as a whole.
- The response rate of "increase in exports" was especially high in the UAE.

Reasons for Business Expansion <Multiple Answers>

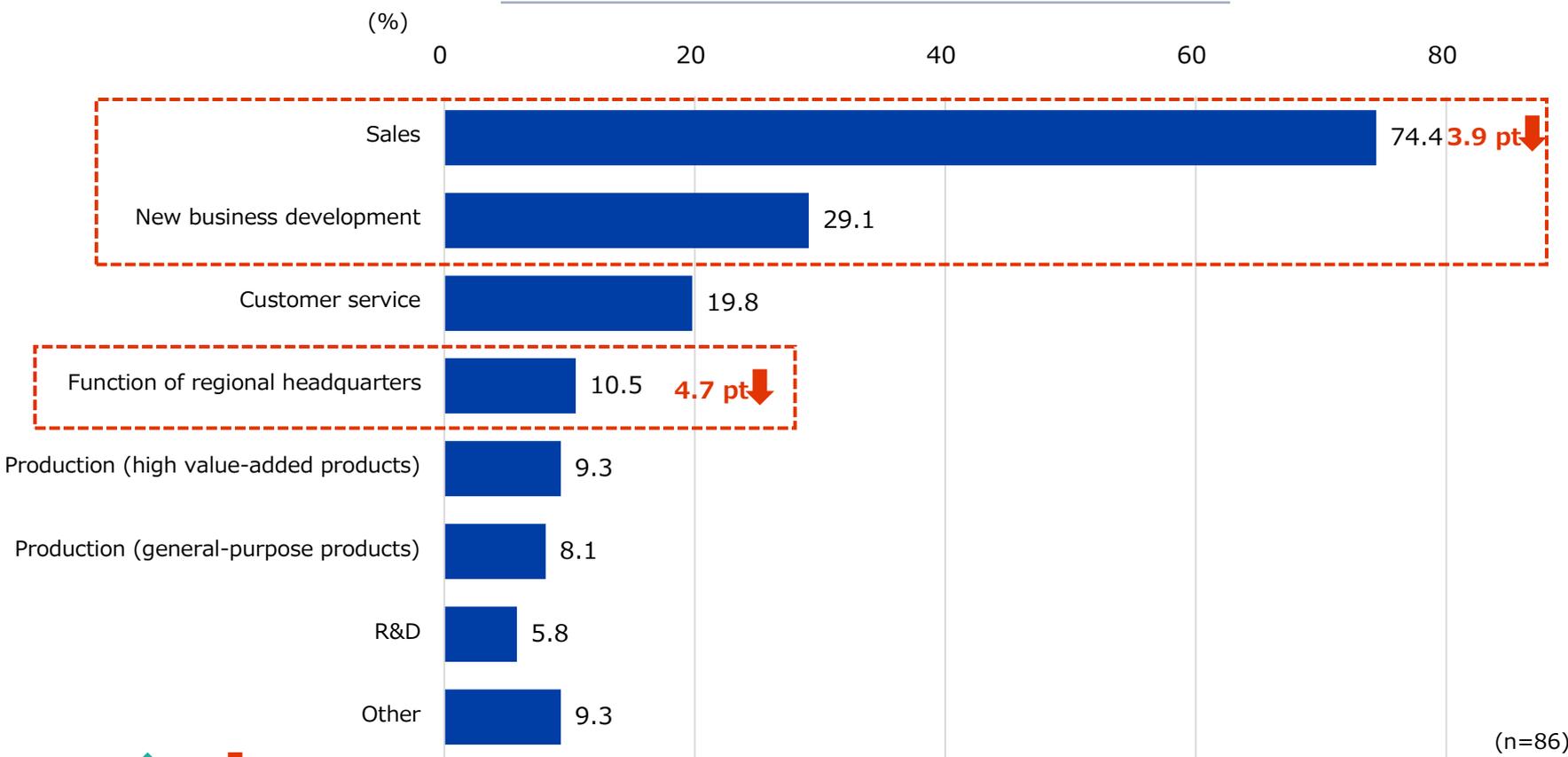
(%)	Increase of the local market demand	Increase in exports	Advanced competitiveness over rival companies	High receptivity for high value-added products/services	High advantage in human resources	Expansion of privilege	Deregulation	Other
Whole of Middle East (n=86)	64.0	37.2	19.8	17.4	9.3	0.0	0.0	11.6
UAE (n=47)	66.0	48.9	23.4	21.3	10.6	0.0	0.0	8.5
Saudi Arabia (n=14)	71.4	7.1	7.1	0.0	7.1	0.0	0.0	21.4
Türkiye (n=13)	69.2	30.8	7.7	15.4	0.0	0.0	0.0	0.0
Israel (n=8)	37.5	37.5	37.5	25.0	25.0	0.0	0.0	12.5
Jordan (n=3)	66.7	0.0	0.0	0.0	0.0	0.0	0.0	33.3

(Note) Dark blue indicates a response rate of 70% or more, blue indicates a response rate of 50% or more but less than 70%, and light blue indicates a response rate of less than 50% but exceeding the overall response rate by 10 percentage points or more. Copyright © 2025 JETRO. All rights reserved.

5 | Direction of Business Operations in the Next One to Two Years (Functions to Be Expanded)

- As for functions planned for expansion, "sales" accounted for the largest share, at more than 70%, as in the previous year. This was followed by "new business development" at around 30%.
- The share selecting "function of regional headquarters" decreased 4.7 percentage points from the previous year to 10.5%.

Functions to Be Expanded <Multiple Answers>



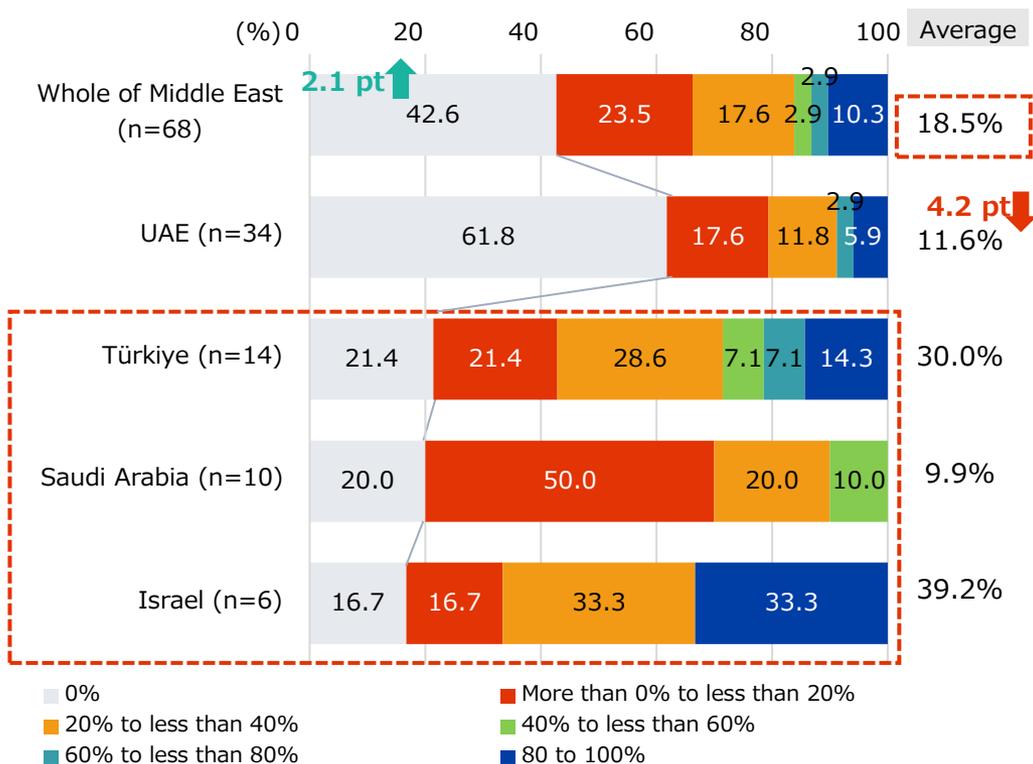
(n=86)

Year-on-year: ↑ Up ↓ Down

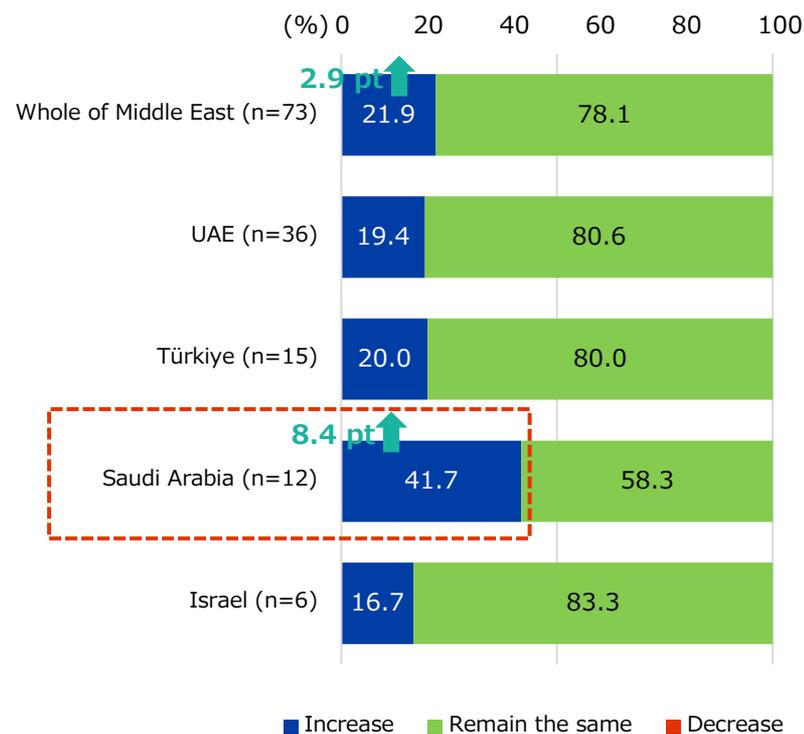
6 | Local Procurement Rate (Current/Outlook for the Next One to Two Years)

- The average local procurement ratio **in the Middle East is currently 18.5%. Around 80% of companies in Türkiye, Saudi Arabia, and Israel engage in local procurement.** In the UAE, both the percentage of companies procuring locally and the average local procurement rate declined year-on-year.
- Looking ahead to the next one to two years, slightly less than 80% of companies across the Middle East said that their local procurement ratio would remain unchanged. **In Saudi Arabia, 41.7% of companies stated that their local procurement ratio would increase, up 8.4 percentage points from a year earlier.**

Current Local Procurement Rate



Local Procurement Rate Expected in Next One to Two Years



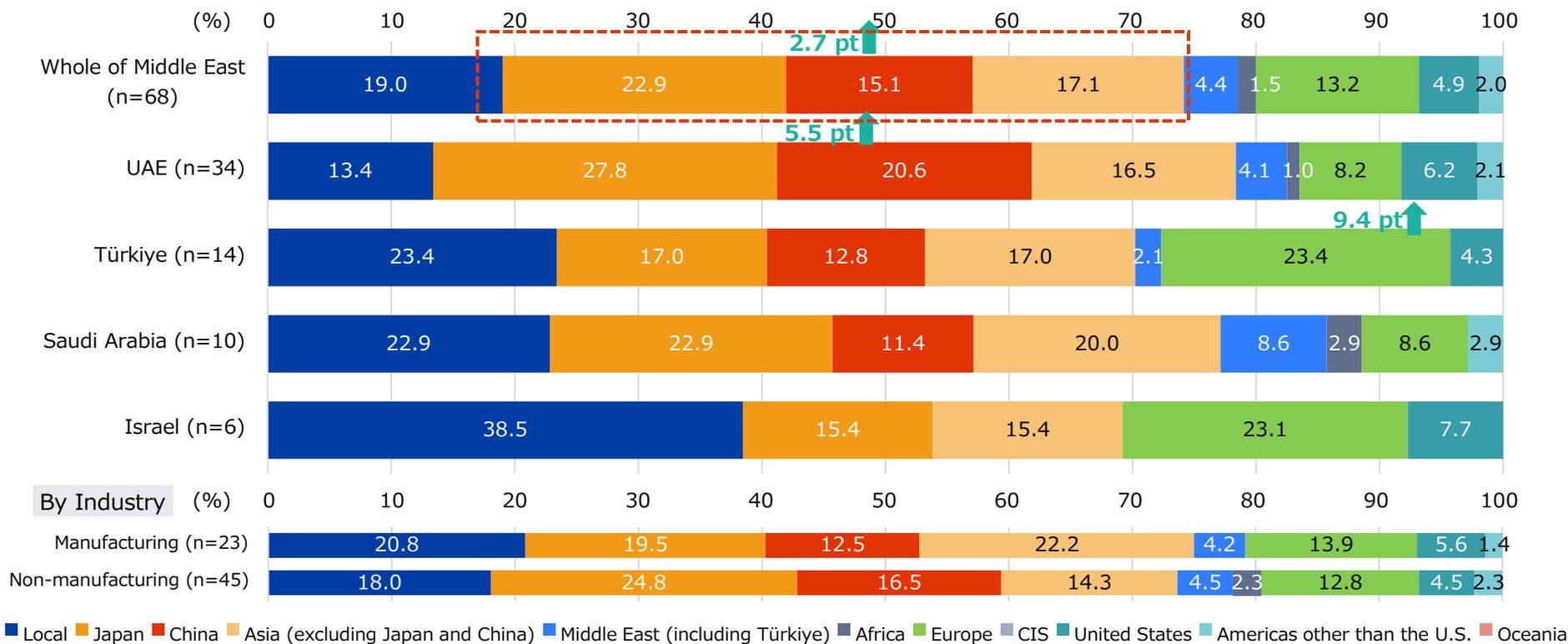
Year-on-year: ↑ Up ↓ Down

(Note 1) Calculated on a monetary basis.
 (Note 2) Representative offices that do not generate operating profit are excluded from the survey.
 (Note 3) Answers ranged from 0% to 100%, and the average was calculated.

7 | Breakdown of Procurement Sources (Products, Parts, and Raw Materials)

- **Asia, including Japan and China, accounted for 55.1%** of total procurement sources of the companies across the Middle East.
- In the UAE, Japan remained the largest procurement source as in the previous year, while procurement from China increased by 5.5 percentage points year-on-year. In Türkiye, imports from Europe rose by 9.4 points from the previous year to 23.4%, matching the share of local procurement.

Breakdown of Procurement Sources for Products, Parts, and Raw Materials (in Value Terms)



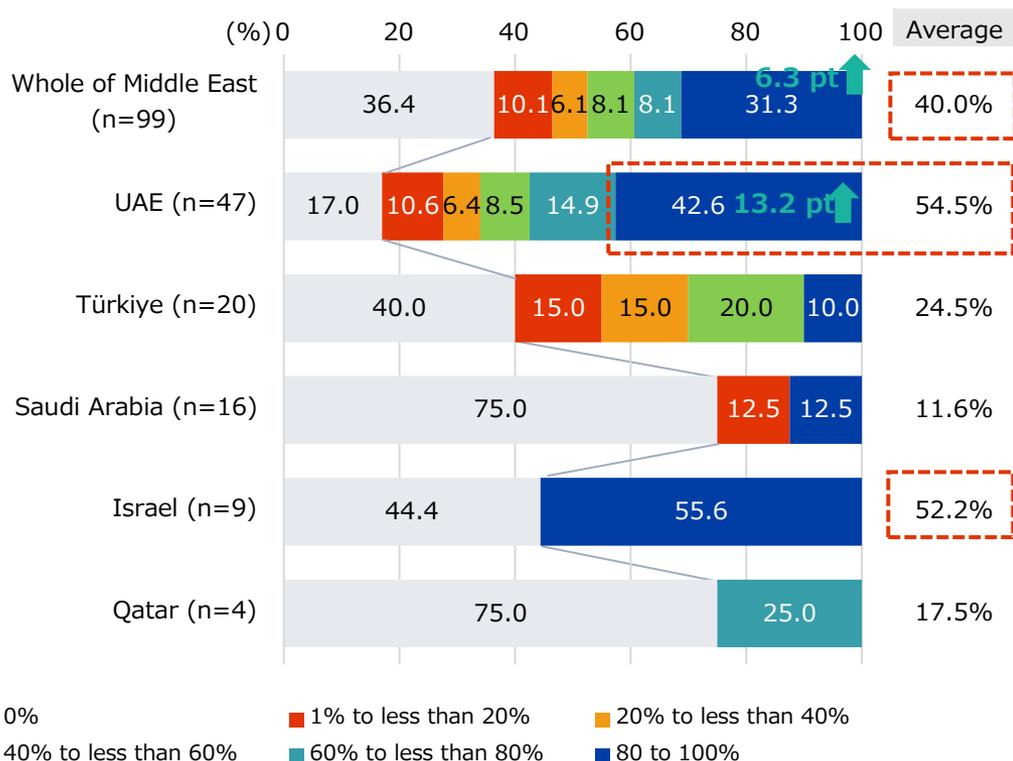
Year-on-year: ↑ Up ↓ Down

(Note 1) Based on responses from 0% to 100% of suppliers when the total amount to be procured is set at 100, the distribution of the response values is shown.
 (Note 2) Representative offices that do not generate operating profit are excluded from the survey.

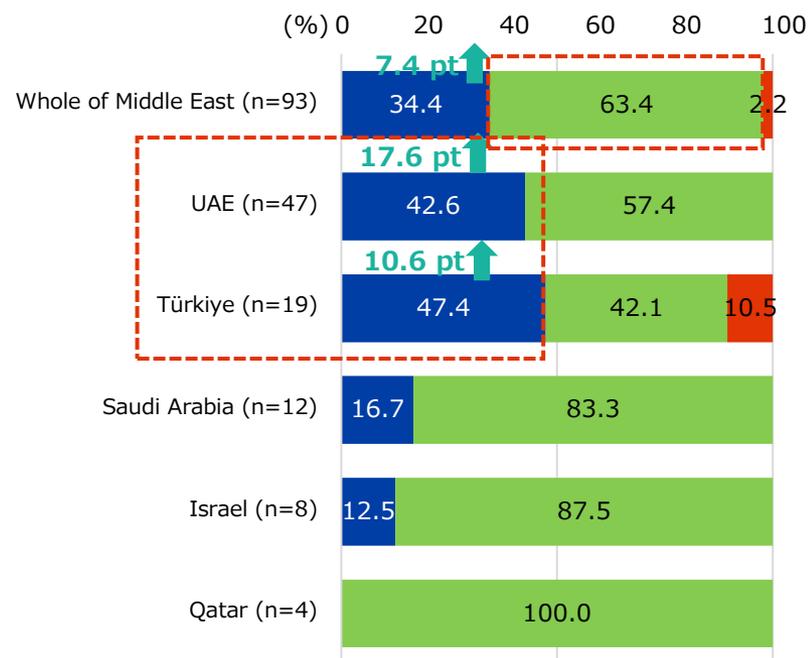
8 Exports-to-Total Sales Ratio (Current/Outlook for the Next One to Two Years)

- The average exports-to-total sales ratio **across the Middle East is 40.0%**. In Israel, it remained above 50%, as in the previous year. In the UAE as well, it exceeded 50%, with the share of companies reporting an export ratio of 80 to 100% increasing by 13.2 percentage points.
- More than 60% of respondents across the Middle East said their export ratio would "remain the same" in the future. In the UAE and Türkiye, the share of companies reporting an "increase" in their export ratio rose by more than 10 percentage points from a year earlier, surpassing 40%.

Current Export Ratio



Export Ratio Expected in Next One to Two Years



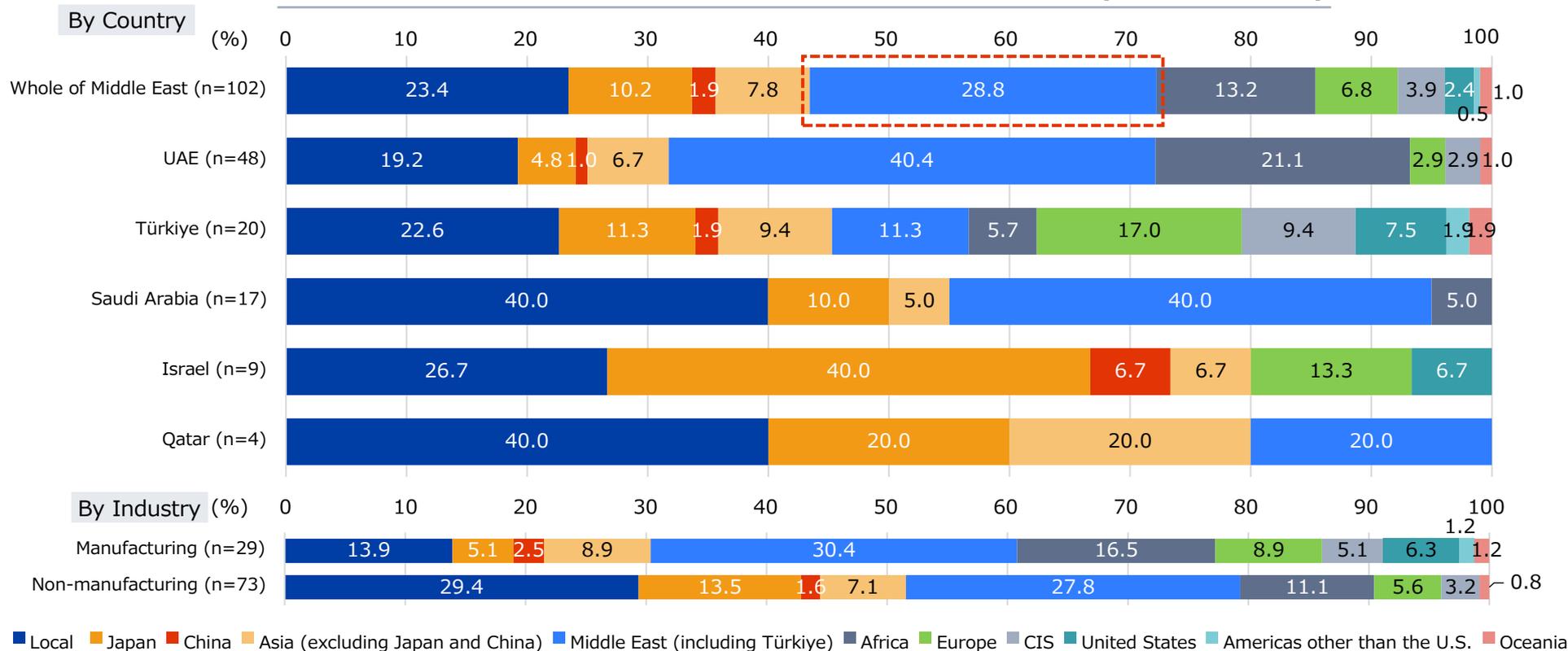
(Note 1) The ratio of exports (overseas sales) when sales in monetary terms is 100.
 (Note 2) Representative offices that do not generate operating profit are excluded from the survey.
 (Note 3) Answers ranged from 0% to 100%, and the average was calculated.

Year-on-year: ↑ Up ↓ Down

9 | Breakdown of Sales Destinations (Products and Services)

- The breakdown of sales destinations of the companies across the Middle East shows that **28.8% of sales are directed to other Middle Eastern countries**, while 23.4% are sold locally within the countries of operation. These are followed by Africa at 13.2% and Japan at 10.2%.
- By country, companies in the UAE sell the largest share of their products and services to other Middle Eastern countries, while companies in Türkiye sell the largest share within their domestic market. Companies in Israel direct the largest share of their sales to Japan, while in Saudi Arabia, sales to the domestic market and to other Middle Eastern countries are evenly split at 40% each.

Breakdown of Sales Destination of Products and Services (in Value Terms)

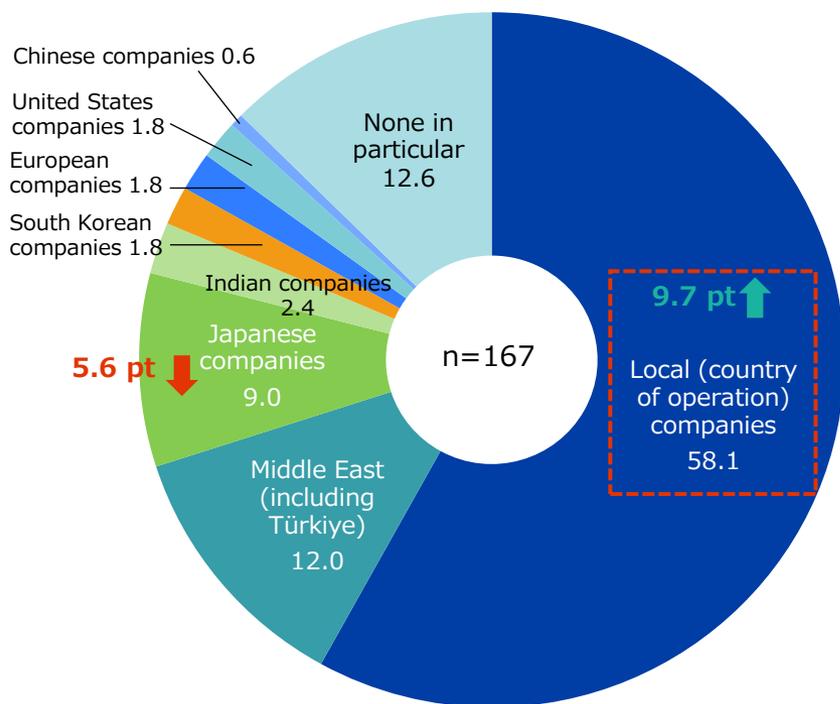


(Note 1) Calculated ratio of customers with sales of 100 on a monetary basis.
 (Note 2) Representative offices that do not generate operating profit are excluded from the survey.
 (Note 3) Answers ranged from 0% to 100%, and the distribution of response values is shown.

10 | Potential Partners in the Middle East

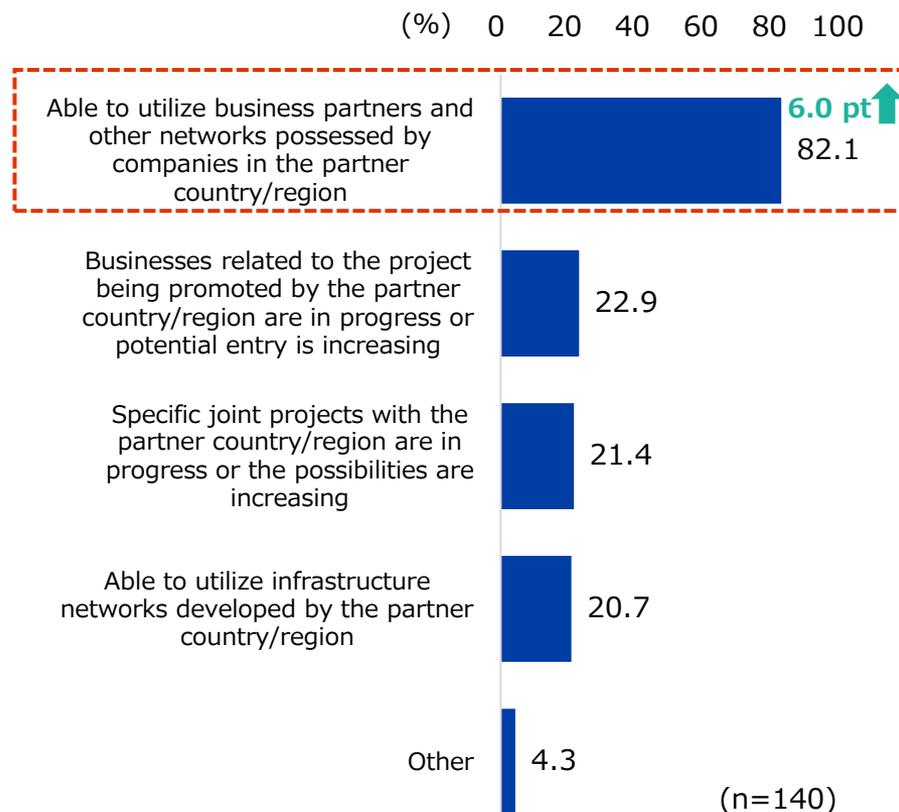
- Looking at companies that can serve as partners in local business by country and region, **local companies accounted for 58.1%, up 9.7 percentage points from the previous year and forming largest group.** This was followed by Middle Eastern companies at 12.0%, Japanese companies at 9.0%, and Indian companies at 2.4%.
- The largest proportion of companies (82.1%) **expect to make the use of the business networks of partner companies in these countries and regions.**

Potential Partners in the Middle East



Year-on-year: ↑ Up ↓ Down

Opportunities and Advantages Being Brought about to Middle East Business by Partner Countries/Regions' companies <Multiple Answers>

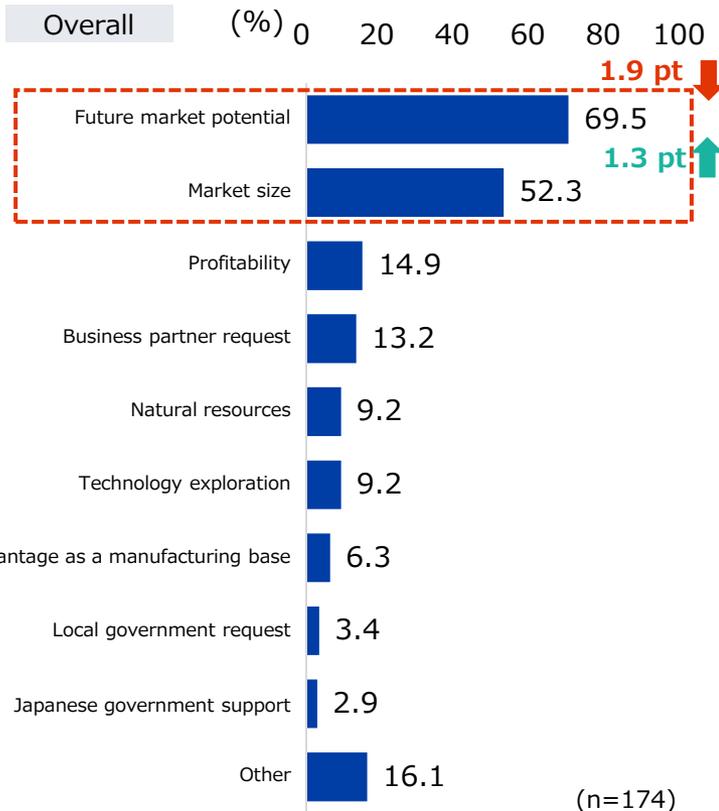


III. Investment Environment

1 | Reasons for Maintaining Presence in the Middle East (Middle East as a Whole/by Country)

- The most common reason for setting up a base in the Middle East is **"future market potential,"** as in the previous survey, **with around 70% of respondent companies selecting this option.** This is followed by **"market size,"** cited by more than 50% of respondents. In the UAE, Türkiye, Saudi Arabia, and Bahrain, more than 70% of companies cited "future market potential."
- **In Israel, 64.0% selected "technology exploration"; in Saudi Arabia, 34.6% selected "business partner request"; and in Türkiye, 22.2% selected "advantage as a manufacturing base."** Each of these shares is higher than that of the Middle East as a whole.

Reasons for Maintaining Presence in the Middle East <Multiple Answers>



By Country	Future market potential (%)	Market size	Profitability	Business partner request	Natural resources	Technology exploration	Advantage as a manufacturing base	Local government request	Japanese government support	Other
Whole of Middle East (n=174)	69.5	52.3	14.9	13.2	9.2	9.2	6.3	3.4	2.9	16.1
UAE (n=76)	78.9	63.2	18.4	7.9	9.2	0.0	3.9	1.3	1.3	21.1
Türkiye (n=27)	74.1	70.4	7.4	18.5	3.7	0.0	22.2	0.0	0.0	7.4
Saudi Arabia (n=26)	76.9	57.7	11.5	34.6	11.5	0.0	3.8	19.2	0.0	3.8
Israel (n=25)	32.0	8.0	8.0	8.0	4.0	64.0	0.0	0.0	4.0	24.0
Jordan (n=8)	62.5	37.5	12.5	0.0	12.5	0.0	12.5	0.0	37.5	25.0
Qatar (n=6)	50.0	16.7	33.3	16.7	33.3	0.0	0.0	0.0	0.0	0.0
Kuwait (n=3)	66.7	33.3	33.3	0.0	33.3	0.0	0.0	0.0	0.0	33.3
Bahrain (n=3)	100.0	66.7	33.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0

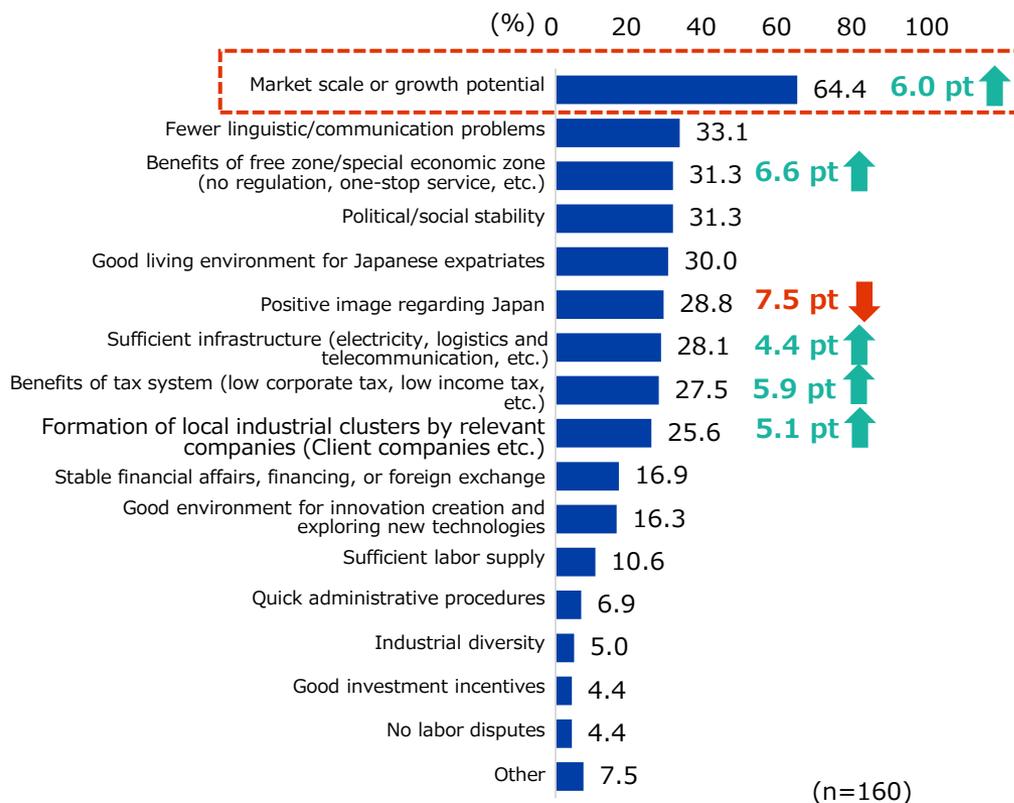
(Note) Dark blue indicates a response rate of 70% or more, blue indicates a response rate of 50% or more but less than 70%, and light blue indicates a response rate of less than 50% but exceeding the overall response rate by 10 percentage points or more.

Year-on-year: Up Down

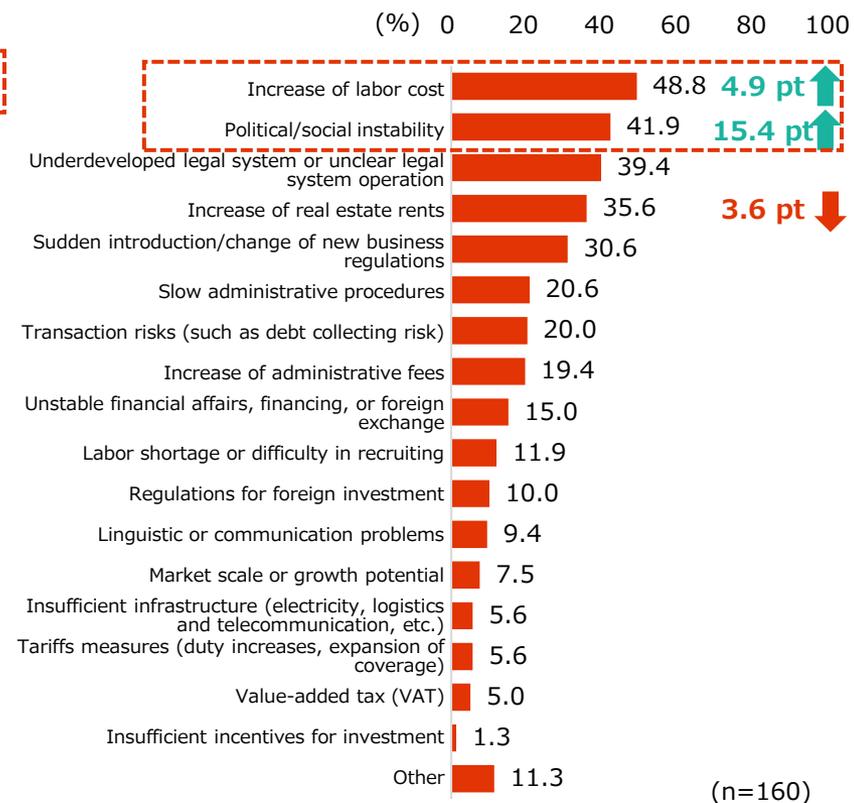
2 | Investment Environment Advantages and Challenges (Whole of Middle East)

- **"Market scale or growth potential"** topped the list of advantages of investing in the Middle East, **receiving votes from 64.4% of companies, up 6.0 percentage points from the previous year**. This was followed by "fewer linguistic/communication problems." The share of respondents citing "positive image regarding Japan" dropped by 7.5 percentage points.
- As for disadvantages, **"increase of labor cost" continued to top the list, selected by 48.8% of companies, up 4.9 percentage points from the previous year**. **"Political or social instability" ranked second, up 15.4 percentage points**. This was followed by "underdeveloped or opaque legal system," at 39.4%.

Advantages of the Investment Environment
<Multiple Answers>



Challenges of the Investment Environment
<Multiple Answers>



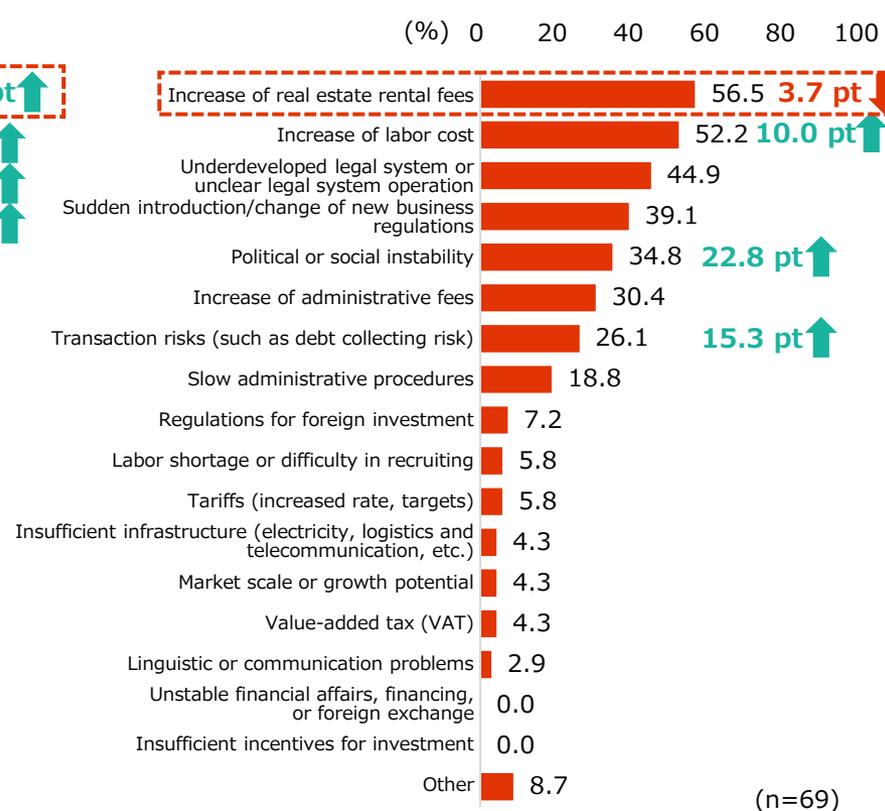
Year-on-year: ↑ Up ↓ Down

3 | Investment Environment Advantages and Challenges (the UAE)

- The most selected advantage was "benefits of free zone/special economic zone (no regulation, one-stop service, etc.)," up 15.5 percentage points from the previous year to 66.7%. This was followed by "market scale or growth potential" and "good living environment for Japanese expatriates."
- As for disadvantages, "increase of real estate rental fees" was the most frequently cited concern, selected by 56.5% of companies, although down 3.7 percentage points from the previous year. "Increase of labor cost," "political or social instability," and "transaction risks" all increased significantly from the previous year.

Advantages of the Investment Environment
 <Multiple Answers>

Challenges of the Investment Environment
 <Multiple Answers>

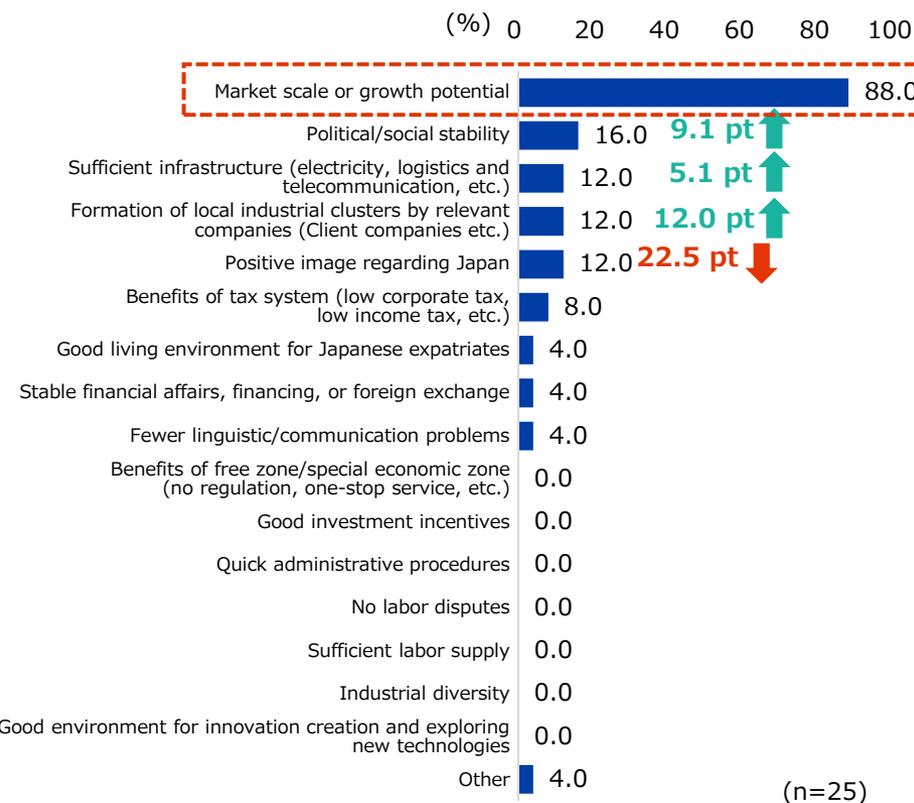


Year-on-year: ↑ Up ↓ Down

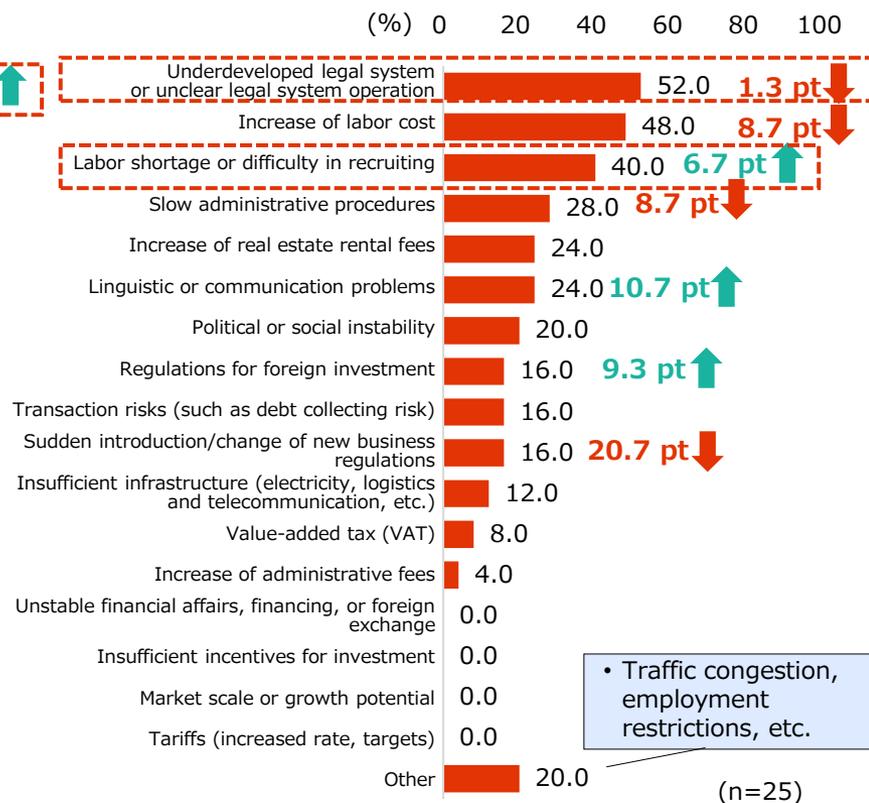
4 | Investment Environment Advantages and Challenges (Saudi Arabia)

- As for advantages, **"market scale or growth potential"** was most frequently cited factor, selected by around **90% of companies, up 1.8 percentage points from the previous year.** This was followed by "political/social stability," at 16.0%.
- As for disadvantages, **"underdeveloped or opaque legal system"** was the most frequently cited response, despite dropping 1.3 percentage points from the previous year. This was followed by "increase of labor cost," down 8.7 percentage points. In third place was **"labor shortage or difficulty in recruiting," up 6.7 percentage points.**

Advantages of the Investment Environment
 <Multiple Answers>



Challenges of the Investment Environment
 <Multiple Answers>



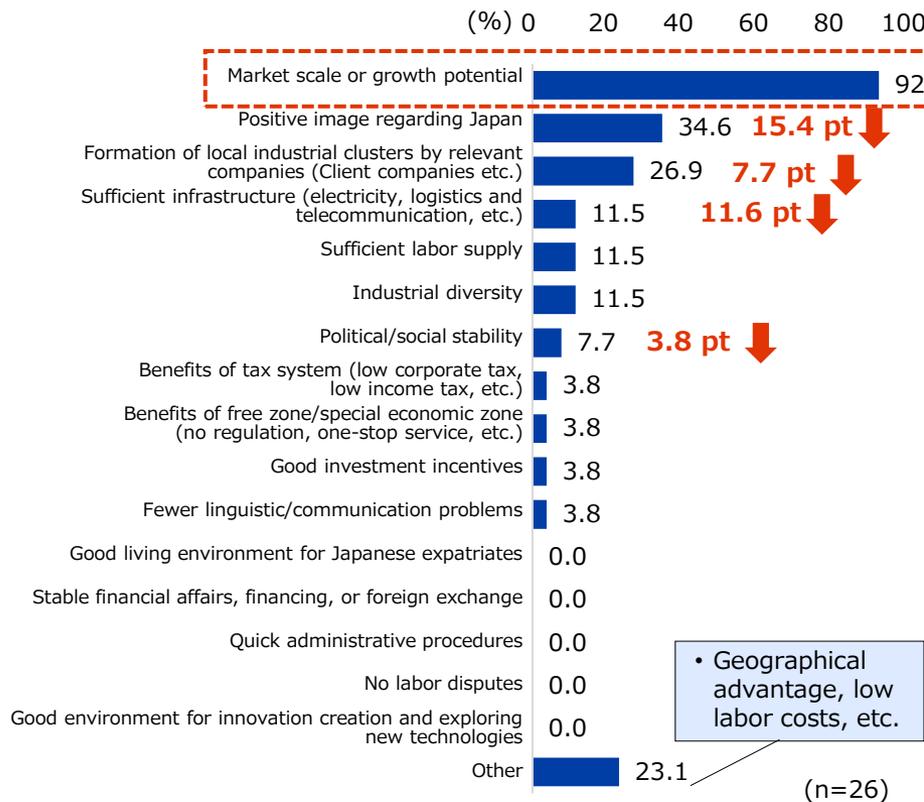
• Traffic congestion, employment restrictions, etc.

Year-on-year: ↑ Up ↓ Down

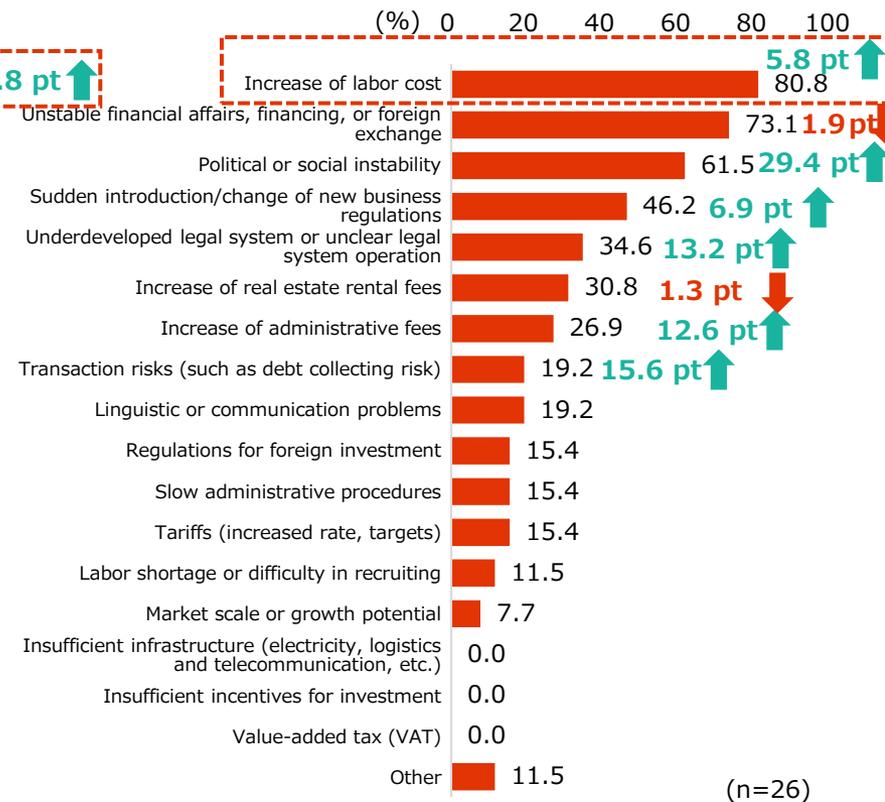
5 | Investment Environment Advantages and Challenges (Türkiye)

- As for advantages, **"market scale or growth potential" was most frequently cited factor, selected by 92.3% of companies, up 3.8 percentage points from the previous year.** Among other major factors, the share citing "positive image regarding Japan" decreased by 15.4 percentage points, while "Formation of local industrial clusters by relevant companies (Client companies etc.)" decreased by 7.7 percentage points from the previous year.
- As for disadvantages, **"increase of labor cost" topped the list, up 5.8 percentage points from the previous year.** "Unstable financial affairs, financing, or foreign exchange," "political or social instability," and "sudden introduction/change of new business regulations" were also cited as disadvantages by many companies.

Advantages of the Investment Environment
 <Multiple Answers>



Challenges of the Investment Environment
 <Multiple Answers>



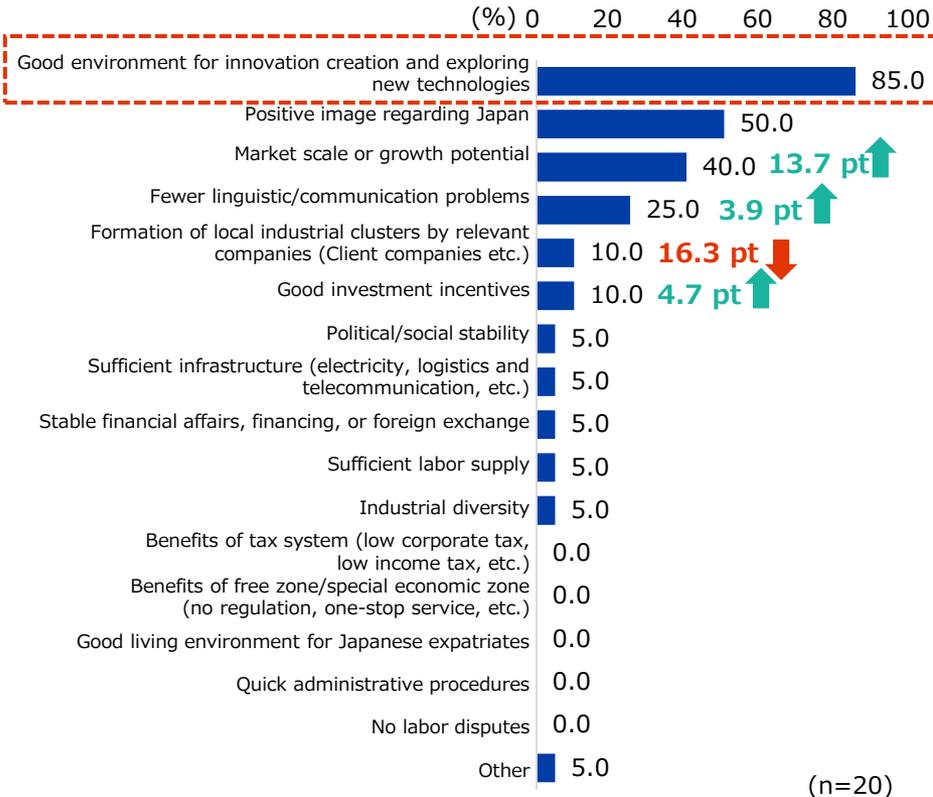
• Geographical advantage, low labor costs, etc.

Year-on-year: ↑ Up ↓ Down

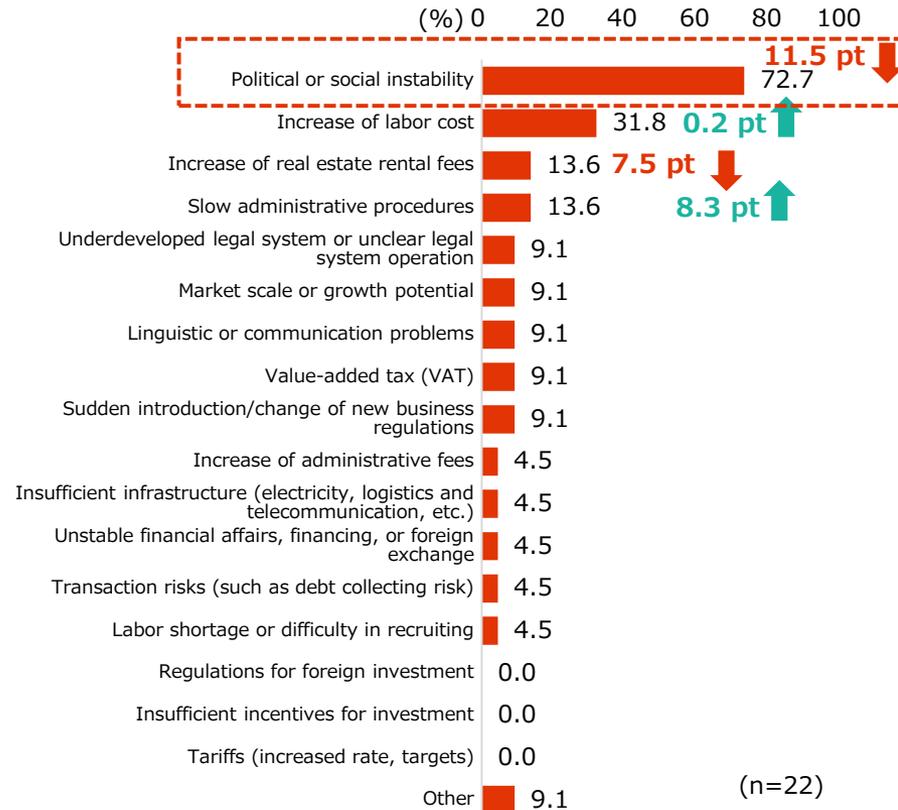
6 | Investment Environment Advantages and Challenges (Israel)

- As for advantages, **"good environment for innovation creation and exploring new technologies" was most frequently cited factor, selected by 85.0% of respondents.** As in the previous year, "positive image regarding Japan" and "market scale or growth potential" were also cited by many companies. The share selecting "formation of local industrial clusters by relevant companies" decreased by 16.3 percentage points.
- The largest number of respondents, 72.7%, cited "political or social instability" as a disadvantage, despite down 11.5 percentage points from a year earlier.** "Increase of labor cost" remained high at 31.8%.

Advantages of the Investment Environment
 <Multiple Answers>



Challenges of the Investment Environment
 <Multiple Answers>

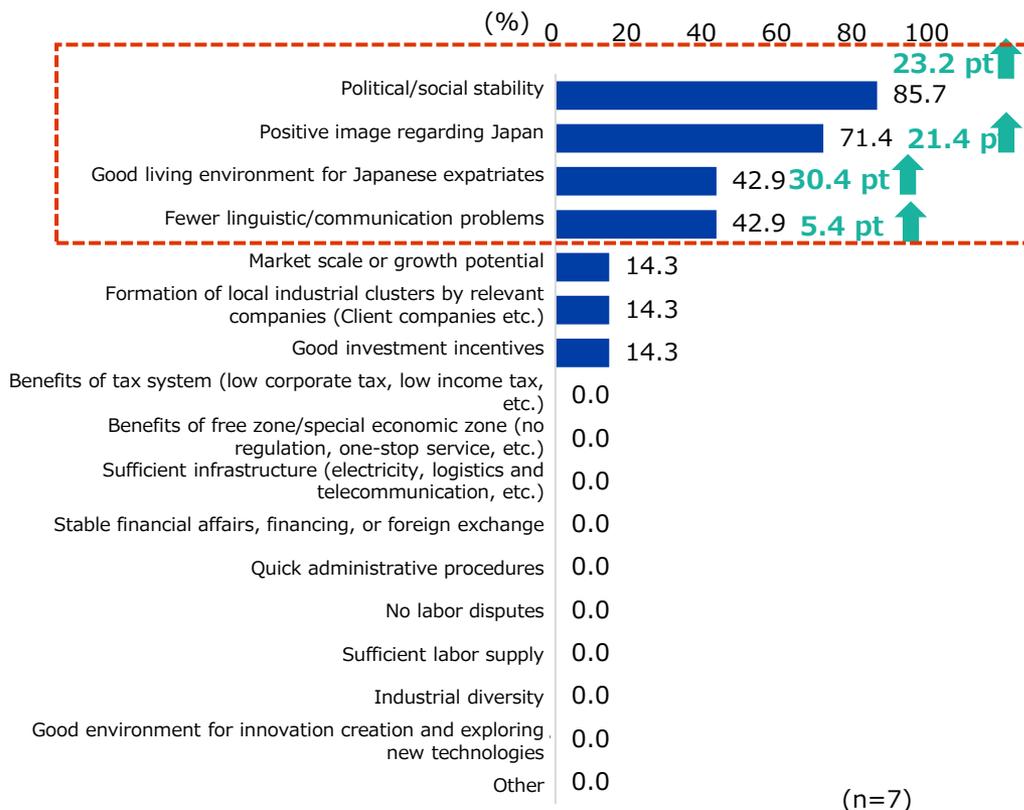


Year-on-year: ↑ Up ↓ Down

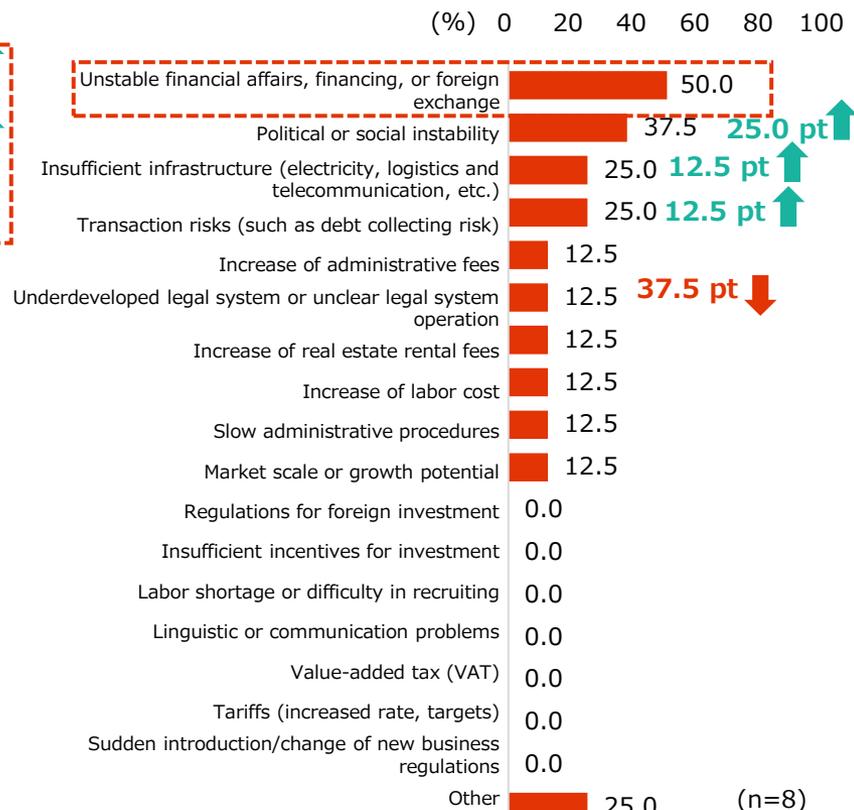
7 | Investment Environment Advantages and Challenges (Jordan)

- In terms of advantages, **respondents cited "political and social stability" and "positive image regarding Japan" as particularly favorable, followed by "good living environment for Japanese expatriates" and "fewer linguistic/communication problems."** All of these increased year-on-year.
- As for disadvantages, **"unstable financial affairs, financing, or foreign exchange" was the most frequently cited factor (50%).** "Underdeveloped legal system or unclear legal system operation," which had been the most cited factor in the previous year, fell sharply. The share citing "political or social instability," "insufficient infrastructure," and "transaction risks" all increased.

Advantages of the Investment Environment
 <Multiple Answers>



Challenges of the Investment Environment
 <Multiple Answers>



Year-on-year: ↑ Up ↓ Down

8 | Investment Environment Advantages and Challenges (Qatar, Kuwait, Bahrain)

- As for advantages in Qatar, **"political and social stability" was most frequently cited factor, as in the previous year.** In Kuwait and Bahrain, the most commonly selected advantages were "fewer linguistic/communication problems" and "positive image regarding Japan."
- As for disadvantages in Qatar, **"underdeveloped or opaque legal system" and "market scale or growth potential" were each cited by 75.0% of respondents.** In Kuwait, "slow administrative procedures" was also cited by many respondents.

Advantages of the Investment Environment
<Multiple Answers>

	Qatar (n=4)	Kuwait (n=3)	Bahrain (n=3)
Political/social stability	75.0	33.3	33.3
Market scale or growth potential	50.0	33.3	0.0
Fewer linguistic/communication problems	25.0	100.0	66.7
Stable financial affairs, financing, or foreign exchange	25.0	33.3	0.0
Benefits of tax system (low corporate tax, low income tax, etc.)	25.0	0.0	33.3
Sufficient infrastructure (electricity, logistics and telecommunication, etc.)	25.0	0.0	33.3
Quick administrative procedures	25.0	0.0	33.3
Benefits of free zone/special economic zone (no regulation, one-stop service, etc.)	25.0	0.0	0.0
Good investment incentives	25.0	0.0	0.0
Positive image regarding Japan	0.0	100.0	66.7
Formation of local industrial clusters by relevant companies (Client companies etc.)	0.0	33.3	0.0
Good living environment for Japanese expatriates	0.0	0.0	0.0
No labor disputes	0.0	0.0	0.0
Sufficient labor supply	0.0	0.0	0.0
Industrial diversity	0.0	0.0	0.0
Good environment for innovation creation and exploring new technologies	0.0	0.0	0.0
Other	0.0	33.3	0.0

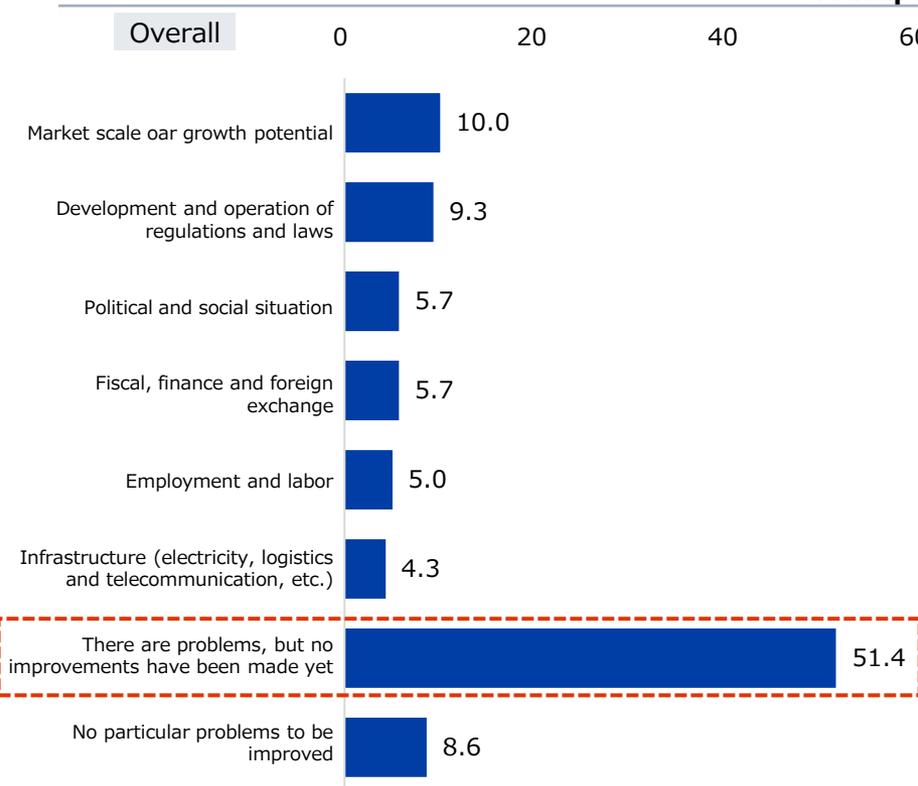
Challenges of the Investment Environment
<Multiple Answers>

	Qatar (n=4)	Kuwait (n=3)	Bahrain (n=3)
Underdeveloped legal system or unclear legal system operation	75.0	100.0	33.3
Market scale or growth potential	75.0	0.0	33.3
Slow administrative procedures	50.0	100.0	0.0
Sudden introduction/change of new business regulations	50.0	66.7	0.0
Political or social instability	50.0	0.0	33.3
Regulations for foreign investment	25.0	66.7	0.0
Labor shortage or difficulty in recruiting	25.0	0.0	0.0
Insufficient incentives for investment	0.0	66.7	0.0
Transaction risks (such as debt collecting risk)	0.0	0.0	66.7
Increase of labor cost	0.0	0.0	33.3
Value-added tax (VAT)	0.0	0.0	33.3
Tariffs (increased rate, targets)	0.0	0.0	33.3
Increase of administrative fees	0.0	0.0	0.0
Increase of real estate rental fees	0.0	0.0	0.0
Insufficient infrastructure (electricity, logistics and telecommunication, etc.)	0.0	0.0	0.0
Unstable financial affairs, financing, or foreign exchange	0.0	0.0	0.0
Linguistic or communication problems	0.0	0.0	0.0
Other	0.0	0.0	0.0

9 | Aspects of the Investment Environment That Have Been Improved (Middle East as a Whole/by Country)

- **Across the Middle East, 51.4% of respondents said that "there are problems, but no improvements have been made yet."** Some respondents noted improvements in "market scale or growth potential" and "development and operation of regulations and laws." In addition, 8.6% answered that there were no particular problems, and this figure rose to 15.0% said so in the UAE.
- In Türkiye, some respondents reported improvements in "fiscal, finance and foreign exchange," while in Israel, some noted improvements in the "political and social situation."

Aspects of the Investment Environment of the Country of Location That Have Been Improved over the Past Year <Multiple Answers>



(n=140)

By Country	Market scale or growth potential (%)	Development and operation of regulations and laws	Political and social situation	Fiscal, finance and foreign exchange	Employment and labor	Infrastructure (electricity, logistics and telecommunication, etc.)	There are problems, but no improvements have been made yet	No particular problems to be improved
Whole of Middle East (n=140)	10.0	9.3	5.7	5.7	5.0	4.3	51.4	8.6
UAE (n=60)	13.3	15.0	1.7	1.7	5.0	6.7	38.3	15.0
Türkiye (n=26)	3.8	3.8	11.5	23.1	7.7	0.0	53.8	3.8
Saudi Arabia (n=22)	9.1	9.1	0.0	0.0	4.5	4.5	59.1	4.5
Israel (n=18)	16.7	5.6	16.7	0.0	5.6	5.6	55.6	5.6
Jordan (n=6)	0.0	0.0	0.0	0.0	0.0	0.0	100.0	0.0
Qatar (n=5)	0.0	0.0	0.0	0.0	0.0	0.0	100.0	0.0

(n=140)

(Note 1) For both the overall and country-specific charts, a total of eight items are shown, including the top six items with the largest number of responses, "there are problems, but no improvements have been made yet" and "no particular problems to be improved."

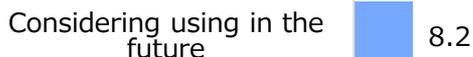
(Note 2) Dark blue indicates a response rate of 70% or more, blue indicates a response rate of 50% or more but less than 70%, and light blue indicates a response rate of less than 50% but exceeding the overall response rate by 10 percentage points or more.

10 | Usage of EPAs, FTAs, and Customs Unions (Whole of the Middle East)

- **13.4% of respondents said they currently use** economic partnership agreements (EPA), free trade agreements (FTA), and customs unions, while 8.2% are considering using such agreements in the future. 46.3% of responded "not using / not considering using in the future."
- **Among respondents using such agreements, the EU-Türkiye Customs Union was cited by the largest share (71.4%), sharply up 31.4 percentage points from the previous year. Over 50% are considering using GAFTA**, while the share considering using the GCC customs union fell sharply.

Current Use of EPAs, FTAs, and Customs Unions <Multiple Answers>

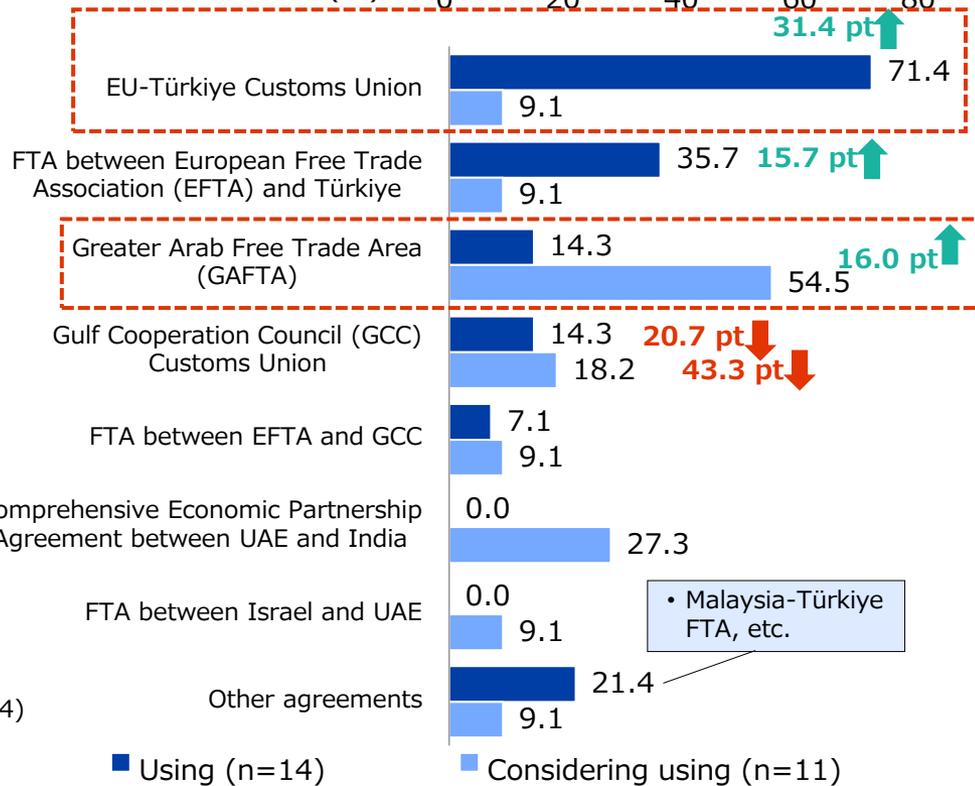
(%) 0 20 40 60



Year-on-year: ↑ Up ↓ Down

FTAs and Customs Unions You Are Using or Considering Using <Multiple Answers>

(%) 0 20 40 60 80



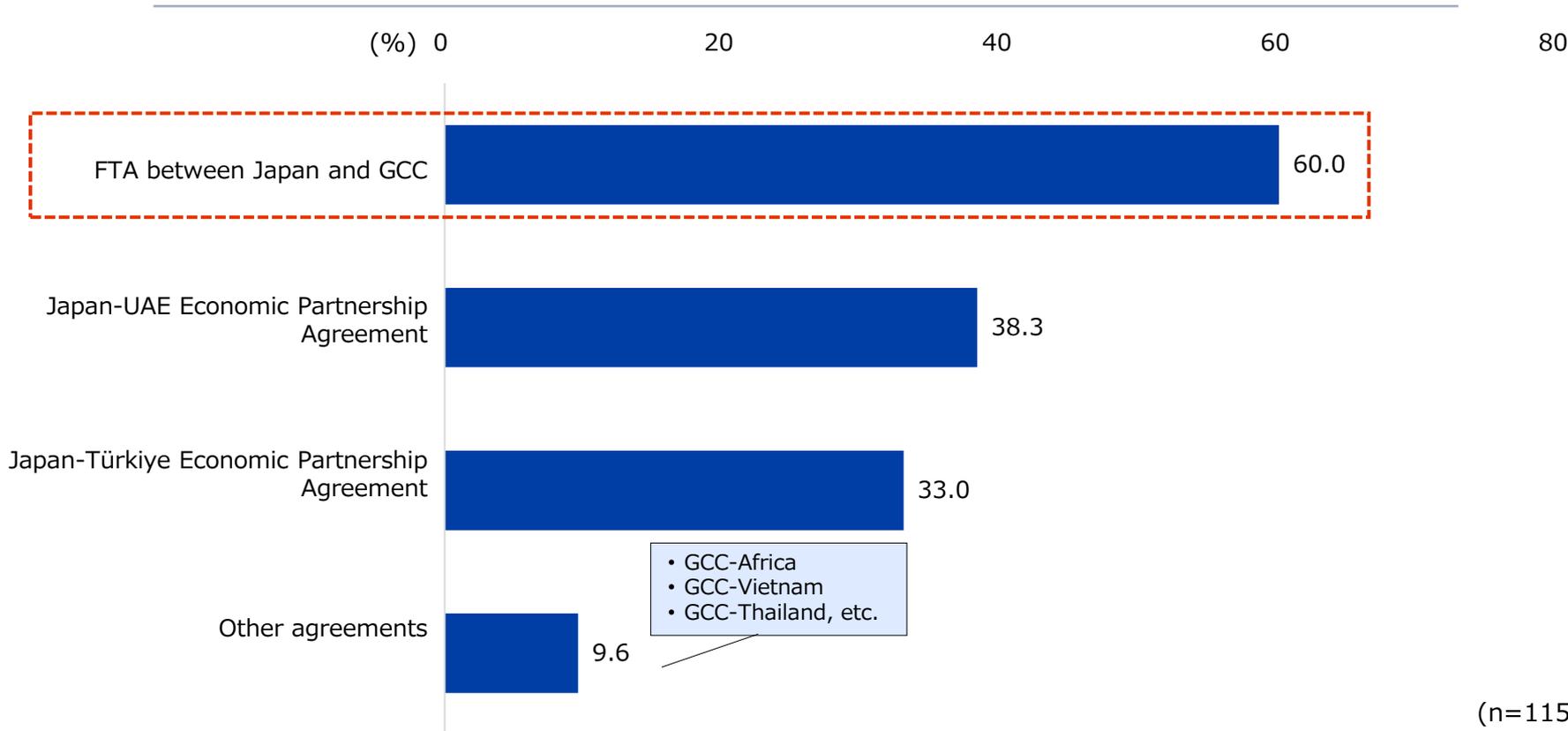
(n=134)

(Note) Businesses and services that cannot utilize EPAs, FTAs, or customs unions are excluded from the survey.

11 | EPAs, FTAs, and customs unions expected to be concluded and put into effect in the future

- Of the EPAs, FTAs, and customs unions that respondents hope to be concluded or take effect in the future, **the most respondents, 60%, cited the FTA between Japan and the Gulf Cooperation Council (GCC)**.
- This was followed by the Japan-UAE Economic Partnership Agreement at 38.3% and the Japan-Türkiye Economic Partnership Agreement at 33.0%.

**EPAs, FTAs, and Customs Unions Expected to be Concluded and Put Into Effect in the Future
<Multiple Answers>**



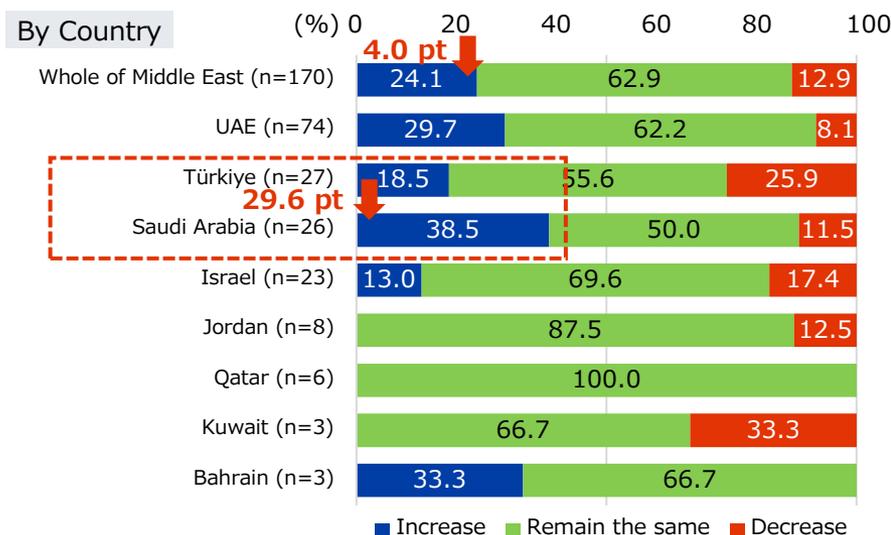
(n=115)

IV. Employment Environment

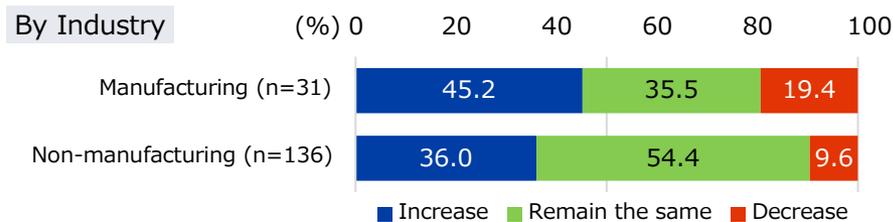
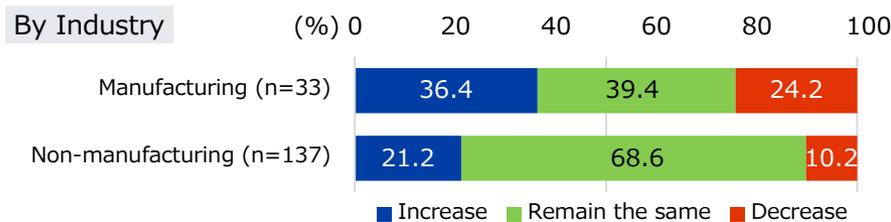
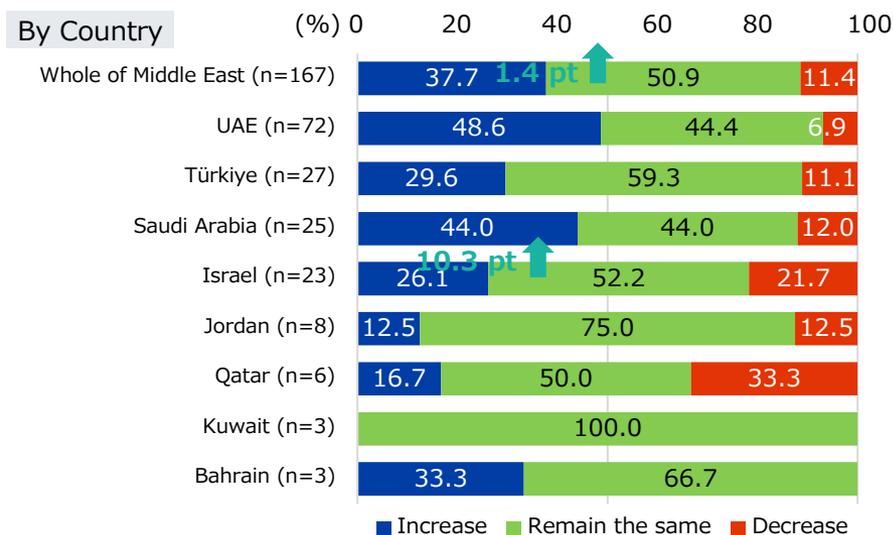
1 | Number of Local Employees (Changes in the Past Year and Future Plans)

- Across the Middle East, 24.1% of companies reported an increase in local staff over the past one year, down 4.0 percentage points from the previous year. **In Türkiye, the share fell sharply by 29.6 percentage points to 18.5%. In Saudi Arabia, it is as high as 38.5%.**
- Regarding the future plans, 37.7% of the respondents said they would "increase" the number of local employees, up 1.4 percentage points from the previous year. 48.6% in the UAE and 44.0% in Saudi Arabia said they would "increase." In the manufacturing sector, 45.2% said they would "increase."

[Local Employees] Changes in the Past Year



[Local Employees] Future Plans

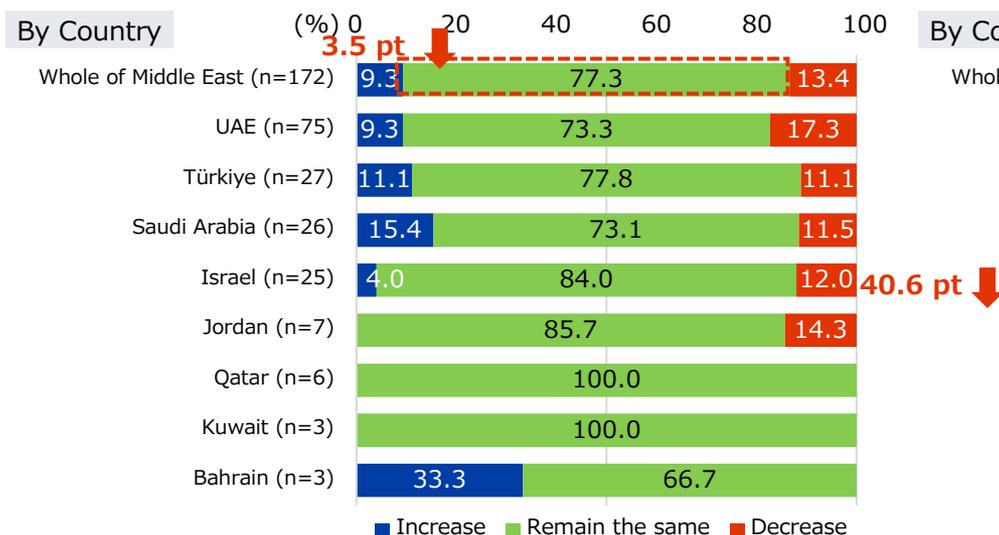


Year-on-year: ↑ Up ↓ Down

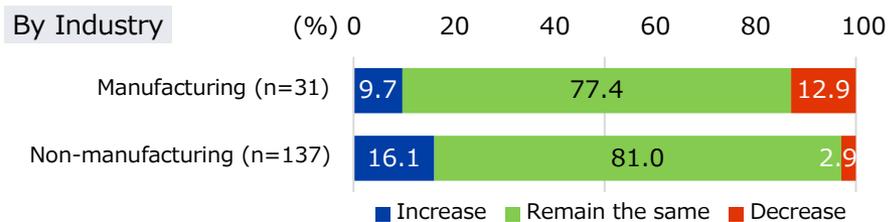
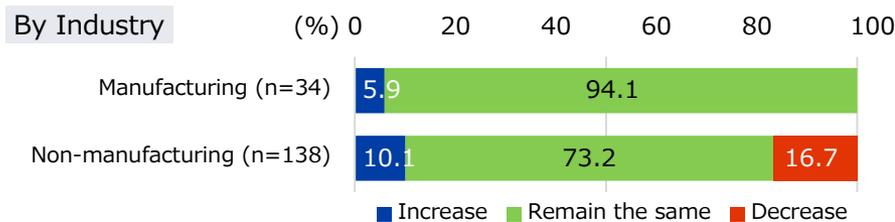
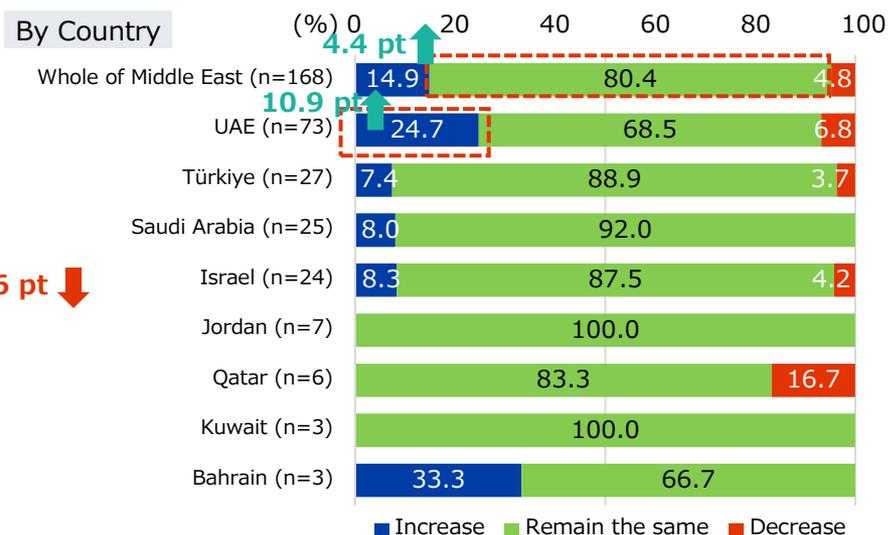
2 | Number of Japanese Expatriates (Changes in the Past Year and Future Plans)

- Only 10% of companies reported an increase in the number of Japanese expatriates over the past year, whereas **around 80% reported that the number had remained the same**. 13.4% answered "decrease." In Israel, the share of respondents reporting a "decrease" was down 40.6 percentage points from the previous year.
- Regarding their future plans, **80% of companies said the number of expatriates would remain the same**, while 16.1% of non-manufacturing companies said they plan to "increase." **In the UAE, 24.7% of companies said they would "increase," up 10.9 percentage points.**

[Japanese Expatriates] Changes in the Past Year



[Japanese Expatriates] Future Plans

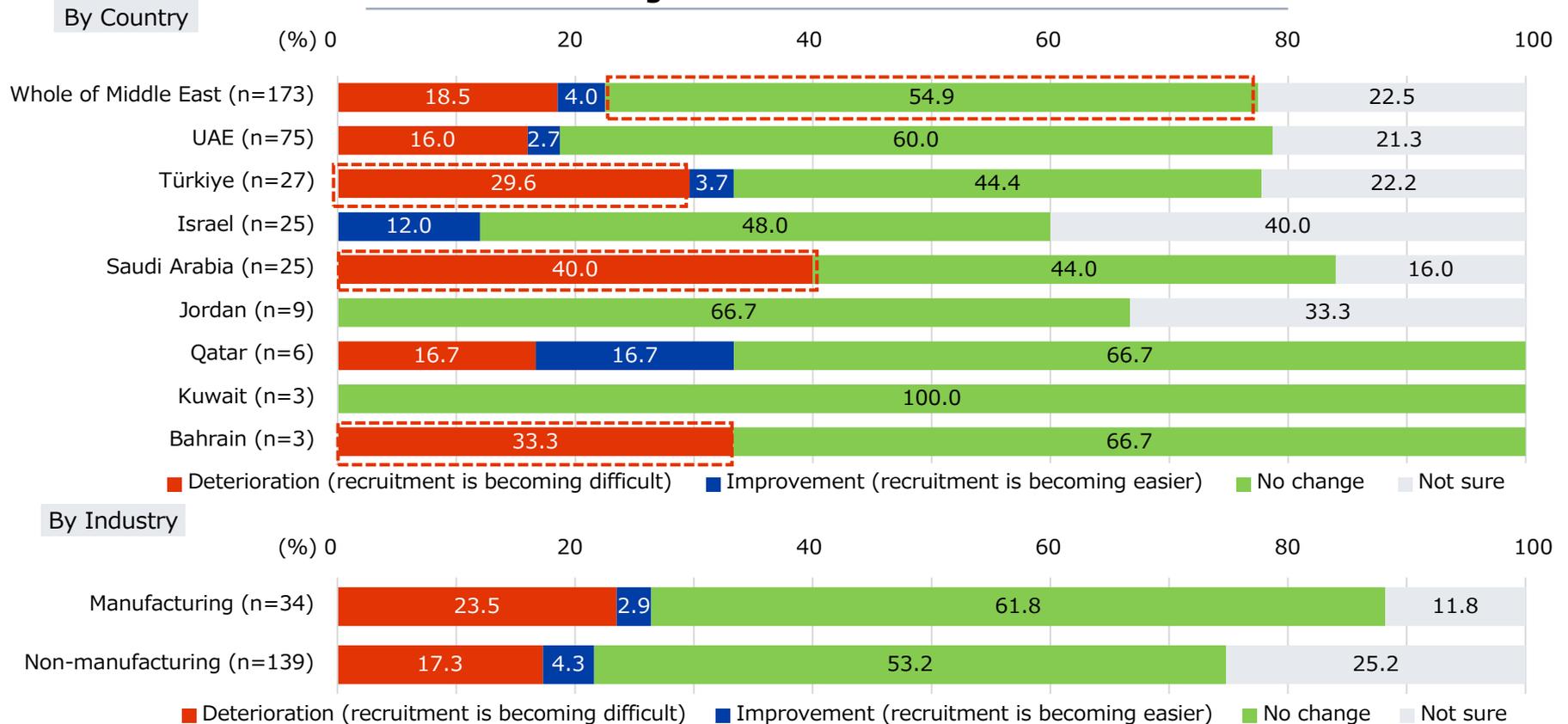


Year-on-year: ↑ Up ↓ Down

3 | Status of Securing Human Resources in the Countries Where Japanese Companies Operate

- Regarding the situation of securing human resources, 18.5% of respondents in the Middle East said the situation had deteriorated, 4.0% said it had improved, and **54.9% said it had not changed. In Saudi Arabia, 40% of respondents said the situation had deteriorated, while around 30% of respondents in Türkiye and Bahrain reported deterioration.**
- By industry, 23.5% of the respondents in the manufacturing sector indicated "deterioration," a higher share than in the non-manufacturing sector, 17.3%.

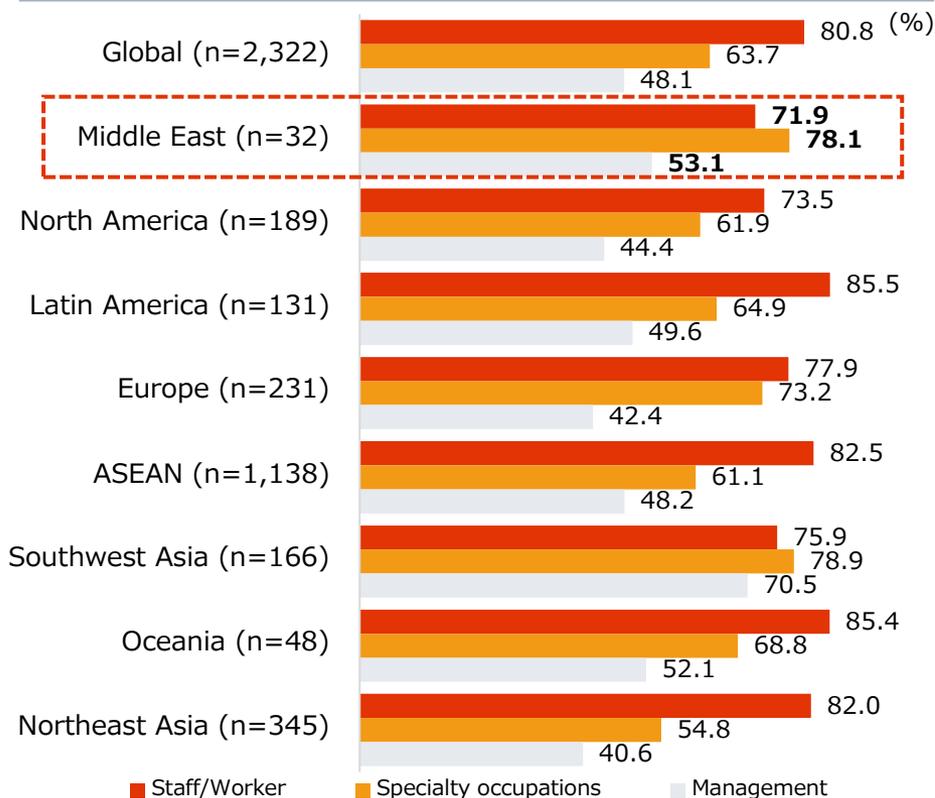
Status of Securing Human Resources in the Last Two Years



4 Occupations Where the Situation Regarding Securing Human Resources is Deteriorating

- A higher **proportion of respondents in the Middle East** than in other regions **reported that the securing of personnel for specialty occupations and management positions had deteriorated**.
- Regarding the occupations for which status of securing human resources **had deteriorated in the Middle East, the most respondents (78.1%) indicated personnel in specialty occupations**. By country, Saudi Arabia recorded the highest ratio for specialty-occupation personnel (90%), while in Türkiye the highest ratio was for staff/workers (87.5%).

Occupations Where the Situation Regarding Securing Human Resources is Deteriorating (by Region) (Multiple Answers)



Occupations Where the Situation Regarding Securing Human Resources is Deteriorating (by Country) (Multiple Answers)

(%)	Staff/Worker	Specialty occupations	Management
Whole of Middle East (n=32)	71.9	78.1	53.1
UAE (n=12)	66.7	75.0	41.7
Saudi Arabia (n=10)	70.0	90.0	80.0
Türkiye (n=8)	87.5	75.0	50.0

(Note 1) Subject to the survey are companies that have reported that their human resource security has deteriorated over the past two years.

(Note 2) Only regions and industries with n=30 or more are listed.

(Note 3) "Global" includes Russia and Africa.

5 | Reasons for the Deterioration in the Status of Securing Human Resources

- As for the reason behind the deteriorating situation in securing human resources, **the most common response** across the job categories **was "rising demands for wages/benefits."**
- Many respondents also cited "intensifying competition with other companies for human resources" for specialties and "mismatch between the skills of job seekers and the skills required by the company" for management personnel.

Types of Jobs in which the Situation Regarding Securing Human Resources is Deteriorating and Their Reasons (Multiple Answers)

Staff/Worker

(%) 0 20 40 60 80 100



(n=23)

Specialty occupations

(%) 0 20 40 60 80 100



(n= 25)

Management

(%) 0 20 40 60 80 100

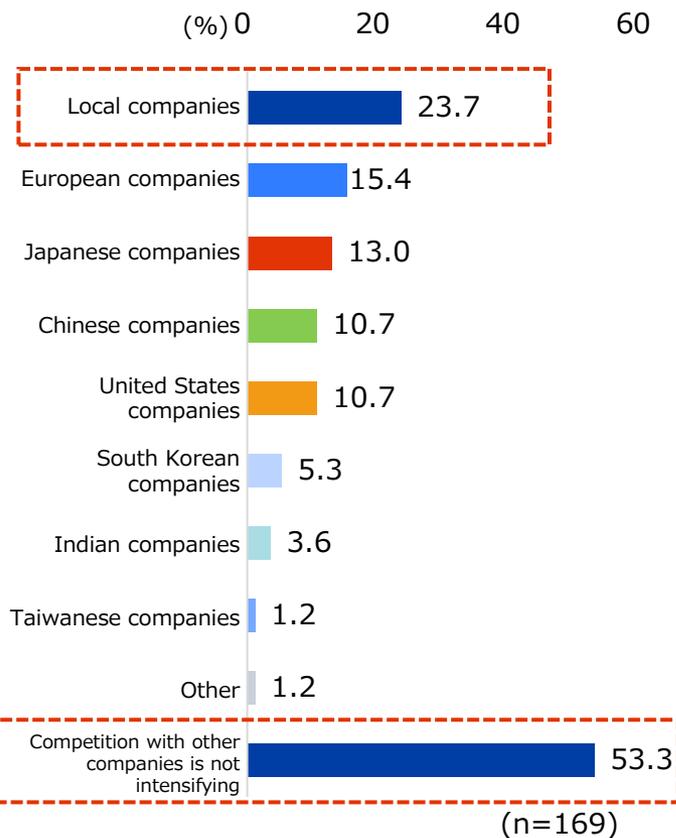


(n=17)

6 | Competition Status for Human Resources by Country and Region

- Across the Middle East, **the largest share of companies (23.7%) reported competing with local companies**. This was followed by European, Japanese, Chinese, and U.S. companies. Many respondents in Türkiye said they were competing with European companies, and in Qatar with Chinese companies.
- **More than half of companies across the Middle East reported "competition with other companies is not intensifying."**

Other Companies Against Whom Facing Particularly Intense Competition for Human Resources <Multiple Answers>



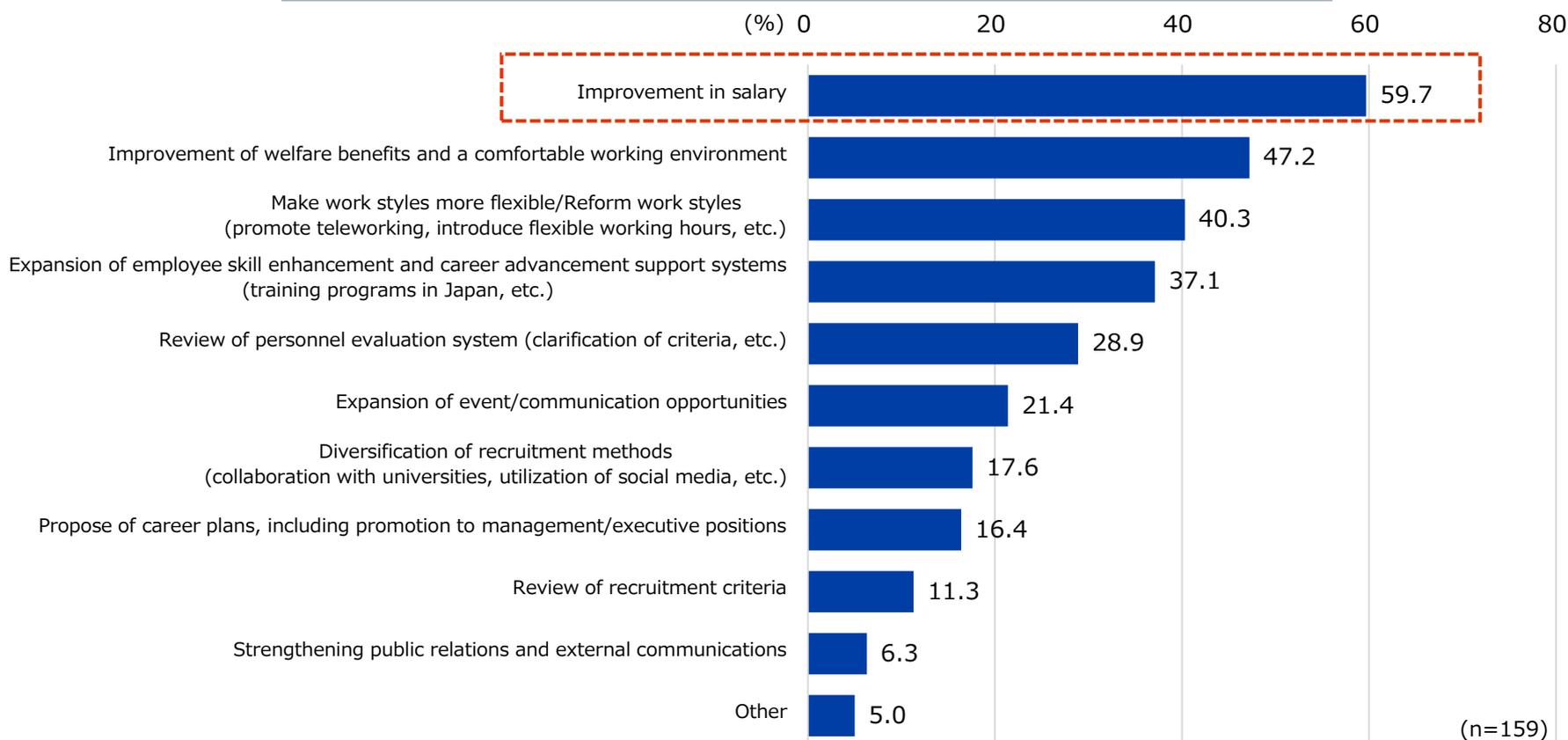
	Local companies	European companies	Japanese companies	Chinese companies	United States companies	South Korean companies	Indian companies	Taiwanese companies	Other	Competition with other companies is not intensifying
Whole of Middle East (n=169)	23.7	15.4	13.0	10.7	10.7	5.3	3.6	1.2	1.2	53.3
UAE (n=74)	14.9	10.8	18.9	13.5	8.1	6.8	6.8	1.4	0.0	60.8
Türkiye (n=27)	40.7	33.3	11.1	3.7	11.1	3.7	0.0	0.0	0.0	37.0
Saudi Arabia (n=25)	44.0	16.0	12.0	12.0	12.0	4.0	4.0	0.0	4.0	36.0
Israel (n=23)	17.4	8.7	8.7	8.7	13.0	8.7	0.0	4.3	4.3	56.5
Jordan (n=8)	0.0	12.5	0.0	0.0	12.5	0.0	0.0	0.0	0.0	87.5
Qatar (n=6)	16.7	16.7	0.0	33.3	16.7	0.0	0.0	0.0	0.0	50.0
Kuwait (n=3)	66.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	33.3
Bahrain (n=3)	0.0	33.3	0.0	0.0	33.3	0.0	0.0	0.0	0.0	66.7

(Note) Dark blue indicates a response rate of 70% or more, blue indicates a response rate of 50% or more but less than 70%, and light blue indicates a response rate of less than 50% but exceeding the overall response rate by 10 percentage points or more.

7 | Efforts to Recruit and Retain Human Resources

- Regarding efforts to recruit and retain human resources, **around 60% of respondents cited "improvement in salary."**
- This was followed by "improvement of welfare benefits and a comfortable working environment" and "reform and flexibility of working styles."

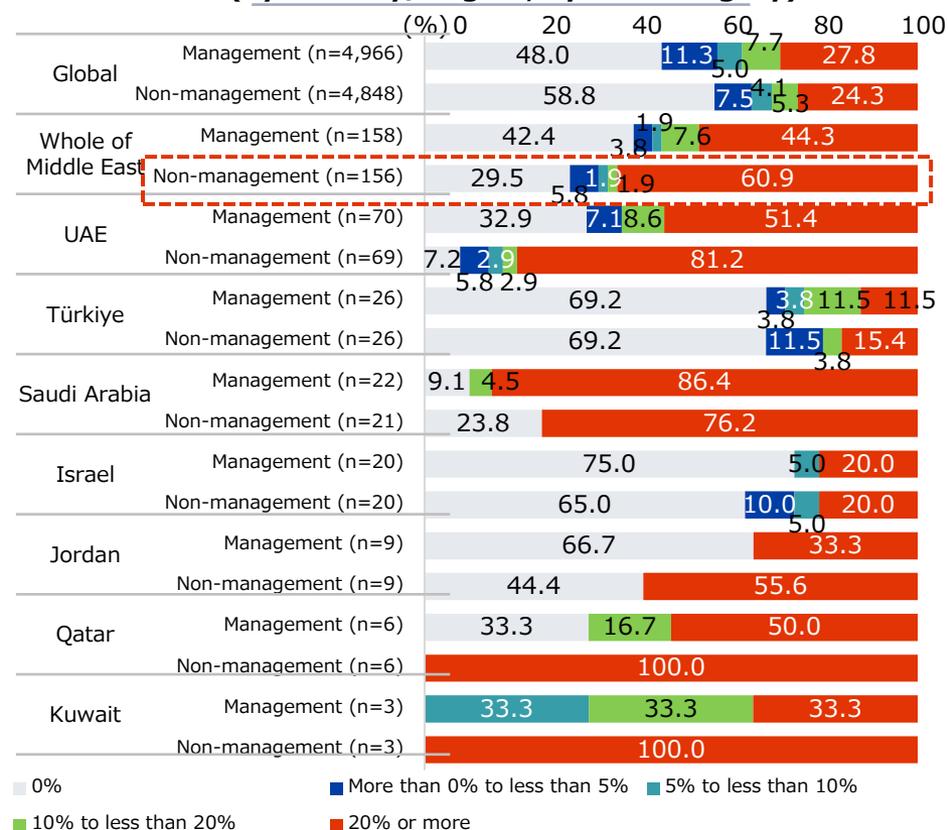
Efforts to Recruit and Retain Human Resources <Multiple Answers>



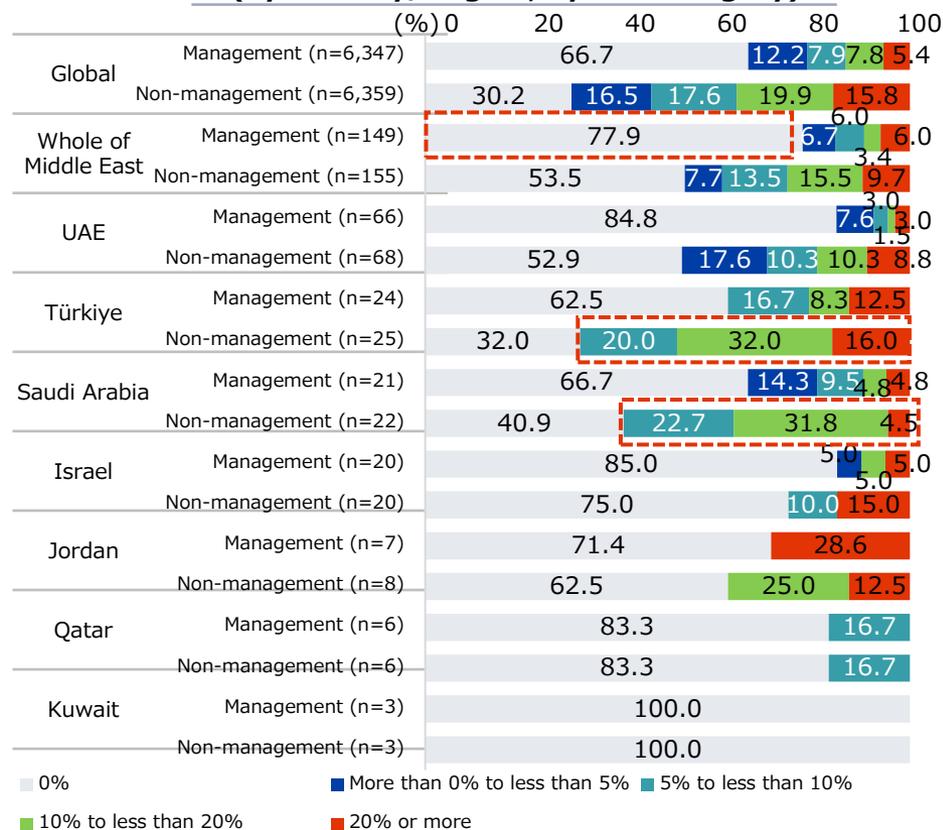
8 | Foreign Nationals Rate and Turnover Rate

- More than 40% of companies across the Middle East, more than 80% in Saudi Arabia, and more than 50% in the UAE have 20% or more foreign management personnel. **More than 60% of companies across the region have 20% or more of foreign non-management personnel**, with the ratios particularly high in the Gulf countries.
- Around 80% of companies in the Middle East reported 0% turnover among management personnel**, while about half of companies in the region reported 0% turnover among non-management personnel. **Turnover rates for non-management personnel in Türkiye and Saudi Arabia are higher than those in other countries.**

Breakdown of Foreign Nationals Rate (by Country/Region, by Job Category)



Breakdown of the Annual Turnover Rate in 2024 (by Country/Region, by Job Category)



(Note 1) The distribution of the response values is shown based on the ratio of foreign nationals and the turnover rate of each company.

(Note 2) Foreign nationals refer to employees who are not nationals of Japan and the country or region of its location.

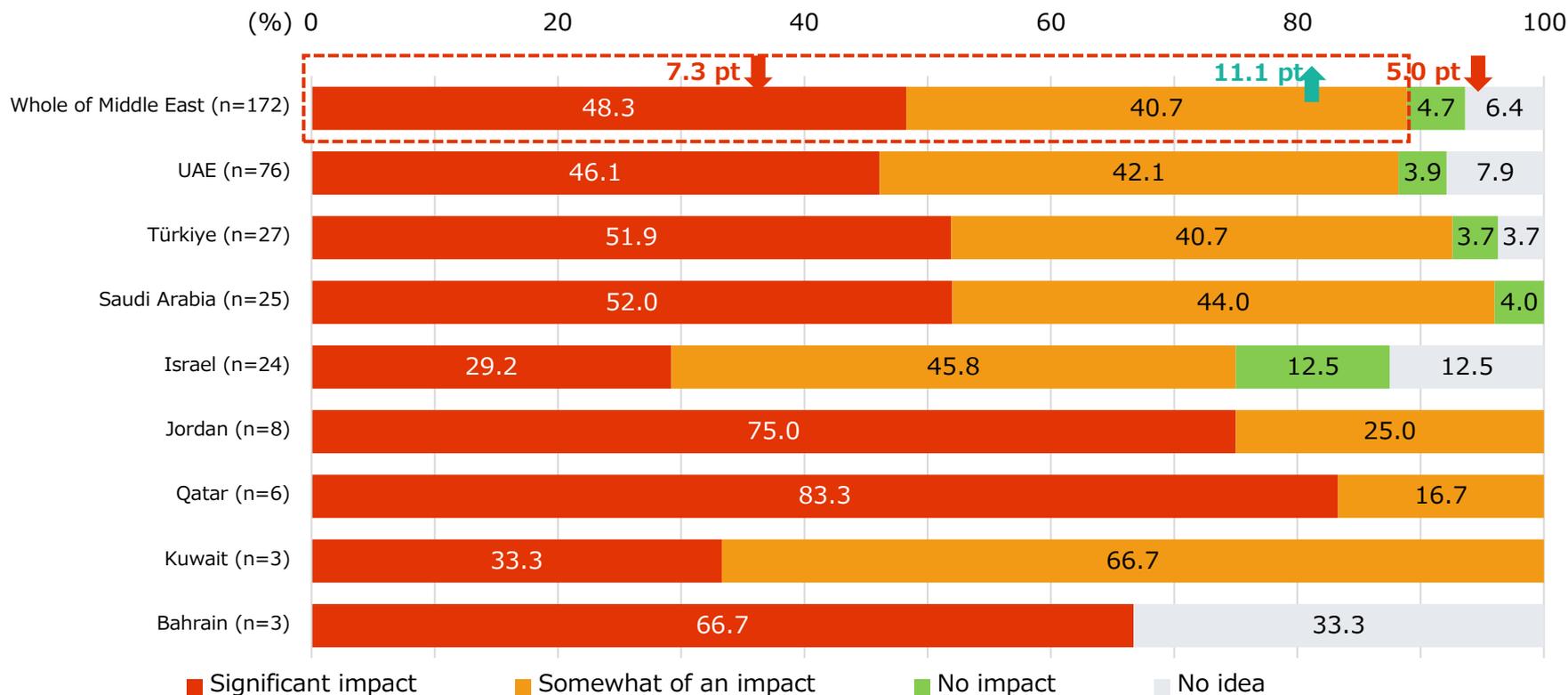
(Note 3) The annual turnover rate for 2024 is calculated based on only direct employees.

V. Impact of Global and Regional Situations and Additional U.S. Tariff Measures

1 | Impact of Political and Diplomatic Developments

- 48.3% of companies said that political and diplomatic developments in the world and in the Middle East have a "significant impact" on their business. 40.7% of companies responded that they have "somewhat of an impact," up 11.1 percentage points from the previous year.
- The combined share of those reporting "significant impact" or "somewhat of an impact" reached 89.0%, a slight increase from the previous year.**

Impact of Political and Diplomatic Developments on Business Activities



Year-on-year: ↑ Up ↓ Down

2 | Political and Diplomatic Developments Affecting Company's Business

- Across the Middle East, the largest political and diplomatic movement affecting corporate activities was the **"Israel-Hamas clash" since October 2023, cited by the largest share (68.3%)**. This was followed by **"Houthi attacks in the Red Sea" at 64.1%**.
- **"Russian invasion of Ukraine" since February 2022 had the biggest impact** on Türkiye, at 72.0%, along with **"Houthi attacks in the Red Sea."**

Political and Diplomatic Developments Affecting Company's Business (Multiple Answers)

(%)	Israel-Hamas clash	Houthi attacks on ships in the Red Sea	Russian invasion of Ukraine	Second Trump Administration	Other	Political and diplomatic developments	Major Impact
Whole of Middle East (n=145)	68.3	64.1	38.6	34.5	8.3	Israel-Hamas clash	<ul style="list-style-type: none"> • Destabilization of the regional situation • Restrictions on business activities • Stagnation of logistics and transportation, economic deterioration • Decline in demand due to a decline in consumer desire to buy • Suspension of sales to Israel due to Türkiye's measures to suspend trade with Israel
UAE (n=62)	74.2	69.4	46.8	40.3	3.2	Houthi attacks on ships in the Red Sea	<ul style="list-style-type: none"> • Increase in transportation days and costs due to the use of detour routes such as the Cape of Good Hope route • Supply chain disruption • Decreased competitiveness due to difficulties in accessing the port of Jeddah on the west coast of Saudi Arabia and increased burden of land transportation costs from Damman port
Türkiye (n=25)	44.0	72.0	72.0	32.0	4.0		
Saudi Arabia (n=24)	62.5	75.0	4.2	16.7	12.5	Russian invasion of Ukraine	<ul style="list-style-type: none"> • Destabilization of energy prices • Reduction or suspension of business in Russia • Supply chain changes due to economic sanctions against Russia
Israel (n=18)	77.8	38.9	22.2	33.3	16.7		
Jordan (n=8)	62.5	50.0	25.0	37.5	37.5	Second Trump Administration	<ul style="list-style-type: none"> • Decrease/increase in competitiveness of exports to the United States due to additional U.S. tariff measures • Changes in logistics due to tariffs between the United States and China, and China's expansion of sales in the region
Qatar (n=6)	100.0	50.0	33.3	50.0	0.0		

• Such as the Israel-Iran conflict

(Note 1) Dark blue indicates a response rate of 70% or more, blue indicates a response rate of 50% or more but less than 70%, and light blue indicates a response rate of less than 50% but exceeding the overall response rate by 10 percentage points or more.

(Note 2) In order to clarify the intent of the response, the open-ended response has been amended to the extent that it does not undermine the intent of the original text.

3 | Additional U.S. Tariff Measures (1) Business with the United States

- As of September 2025, **around 70% of companies in Middle East said they do not conduct transactions with the United States**, compared with about 60% globally. This was followed by **"importing from the United States (directly)" at 12.1%** and **"exporting to the United States (directly)" at 10.4%**.
- By country, a relatively large share of companies **in Israel directly export to the United States(20.0%)**. In **Türkiye**, relatively large shares of companies **directly export to and import from the United States, at 18.5% each**.

By Country and by Industry

Business with the United States as of September 2025 (Multiple Answers)

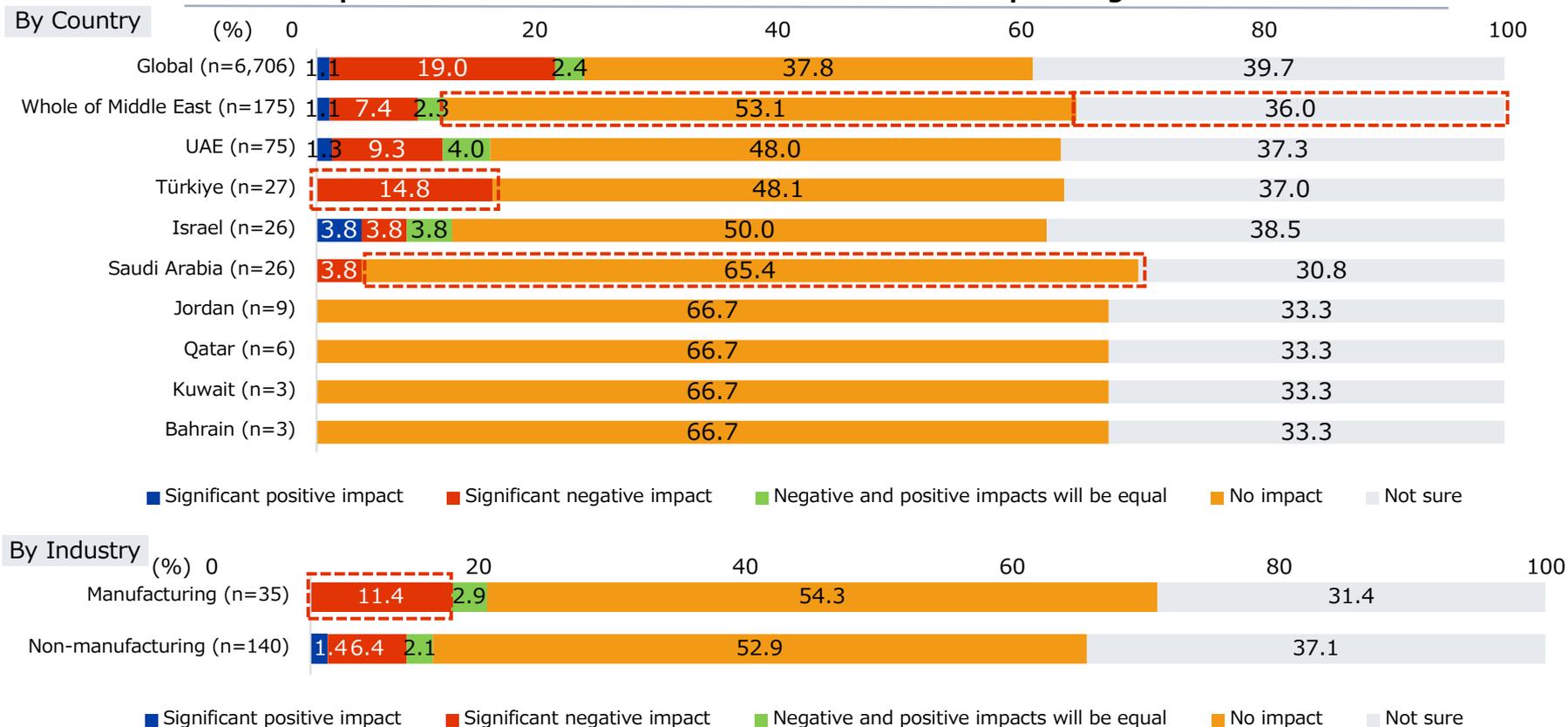
(%)	Exporting to the United States (directly)	Exporting to the United States (via a third country/region or business partner)	Importing from the United States (directly)	Importing from the United States (via a third country/region or business partner)	Other	Not transacting with the United States (including indirect transactions)
Global (n=6,701)	12.9	14.8	8.2	4.7	4.8	63.5
Whole of Middle East (n=173)	10.4	6.4	12.1	6.4	5.8	71.1
UAE (n=75)	9.3	4.0	13.3	5.3	5.3	70.7
Türkiye (n=27)	18.5	11.1	18.5	7.4	3.7	59.3
Saudi Arabia (n=26)	3.8	3.8	7.7	7.7	3.8	80.8
Israel (n=25)	20.0	16.0	8.0	12.0	16.0	60.0
Jordan (n=8)	0.0	0.0	12.5	0.0	0.0	87.5
Qatar (n=6)	0.0	0.0	16.7	0.0	0.0	83.3
Kuwait (n=3)	0.0	0.0	0.0	0.0	0.0	100
Bahrain (n=3)	0.0	0.0	0.0	0.0	0.0	100
Manufacturing (n=34)	11.8	11.8	11.8	5.9	0.0	70.6
Non-manufacturing (n=139)	10.1	5.0	12.2	6.5	7.2	71.2

(Note) Dark blue indicates a response rate of 70% or more, blue indicates a response rate of 50% or more but less than 70%, and light blue indicates a response rate of less than 50% but exceeding the overall response rate by 10 percentage points or more.

3 | Additional U.S. Tariff Measures (2) Impact of Additional U.S. Tariffs

- Across the Middle East, **the largest share of respondents (53.1%) said the additional U.S. tariff measures would have "no impact"** on their 2025 operating profit forecast, exceeding the global rate. **This was followed by "not sure" at 36.0%.**
- By country, **65.4% of companies in Saudi Arabia reported "no impact."** **In Türkiye, 14.8% of companies cited "significant negative impact," the highest among surveyed countries.** By industry, **the manufacturing sector reported 11.4%,** exceeding the non-manufacturing sector.

Impact of Additional U.S. tariff measures on 2025 Operating Profit Forecast

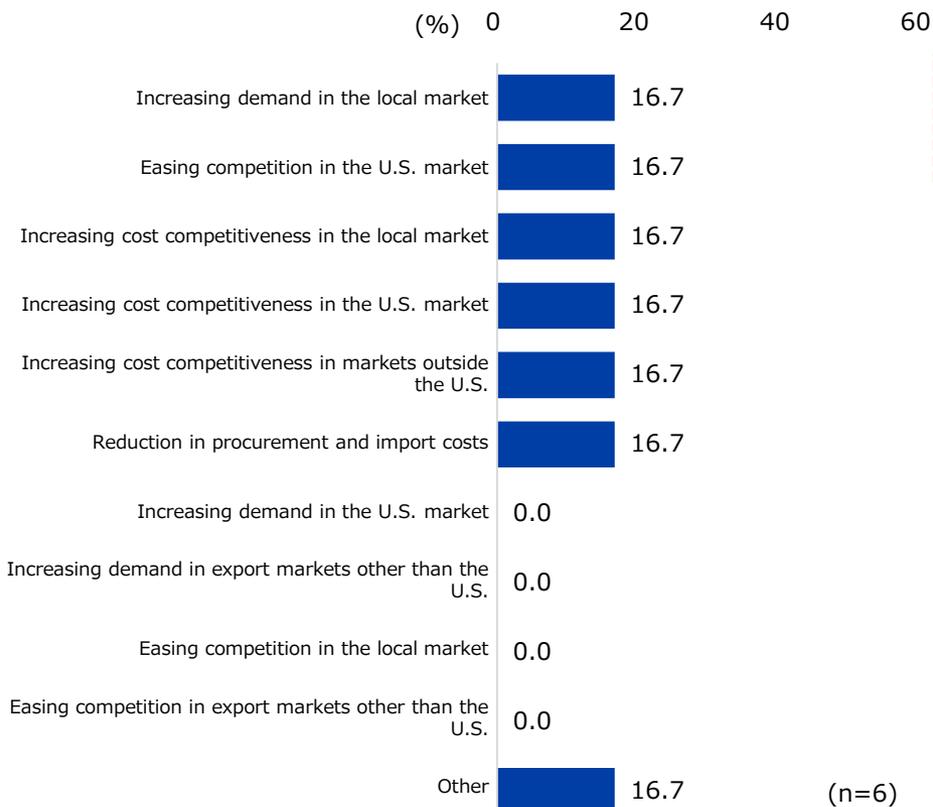


(Note) This refers to United States' tariff increases by the second Trump administration and retaliatory tariff measures by countries and regions in which the companies are located and third countries and regions, which were introduced by August 15, 2025.

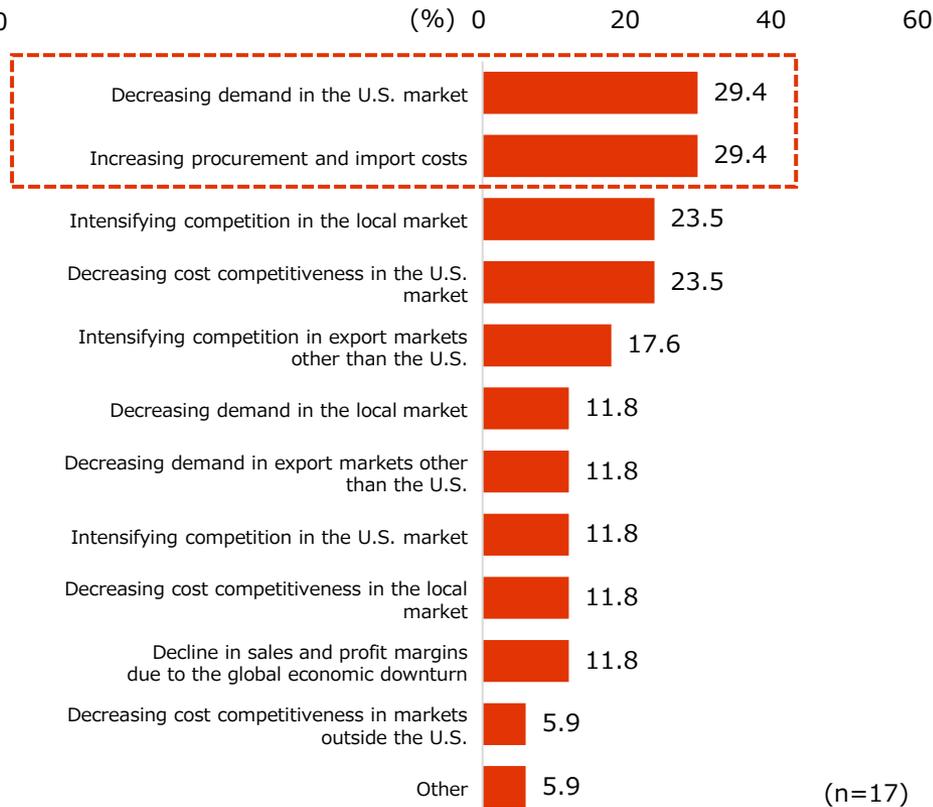
3 | Additional U.S. Tariff Measures (3) Reasons for the Impact of Additional U.S. Tariffs

- Increasing demand in the local market, easing competition in the U.S. market, and increasing cost competitiveness are cited as reasons why the additional U.S. tariff measures would have a positive impact on the company's 2025 operating profit forecast.
- Among the reasons for having a negative impact, **the largest share (29.4%) cited "decreasing demand in the U.S. market" and "increasing procurement and import costs."** This was followed by "intensifying competition in the local market" and "decreasing cost competitiveness in the U.S. market" at 23.5%.

Reasons for the Positive Impact of Additional U.S. tariff measures on the Operating Profit Forecast <Multiple Answers>



Reasons for the Negative Impact of Additional U.S. tariff measures on the Operating Profit Forecast <Multiple Answers>

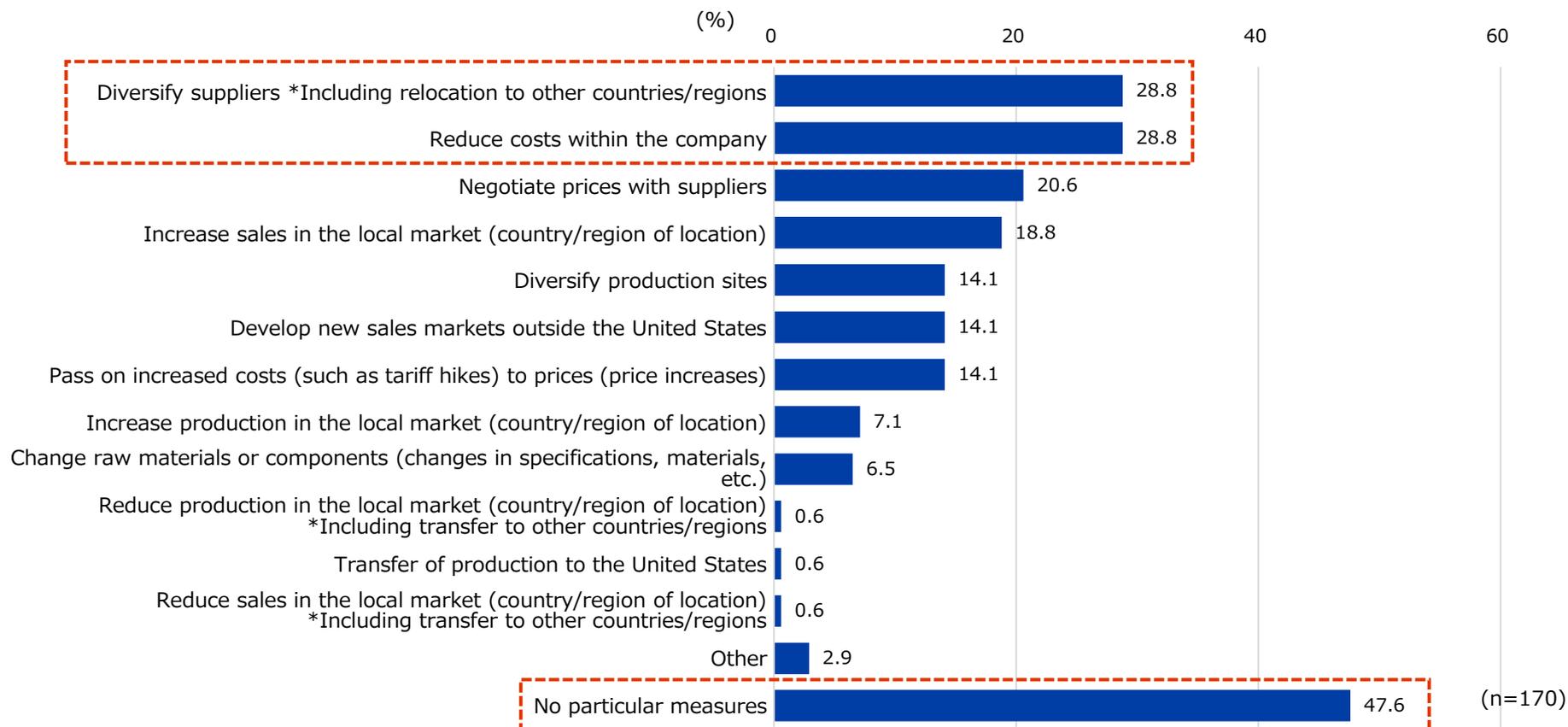


(Note) This refers to United States' tariff increases by the second Trump administration and retaliatory tariff measures by countries and regions in which the companies are located and third countries and regions, which were introduced by August 15, 2025.

3 | Additional U.S. Tariff Measures (4) Response to Additional U.S. Tariffs

- On the question of how to respond to additional U.S. tariff measures, **47.6% answered that they had "no particular measures."**
- As for the specific responses, **the most frequently cited measures were to "diversify suppliers" and "reduce costs within the company," at 28.8%**. As other measures, "negotiate prices with suppliers" and "increase sales in the local market" were cited.

Specific Measures against Additional U.S. tariff measures <Multiple Answers>



(Note) This refers to United States' tariff increases by the second Trump administration and retaliatory tariff measures by countries and regions in which the companies are located and third countries and regions, which were introduced by August 15, 2025.

3 | Additional U.S. Tariff Measures (5) Countermeasures Depending on the Type of Business with the United States

- Among companies that directly import goods from the United States, **the largest share (66.7%) cited "diversify suppliers" as a specific measure.** This was followed by **"negotiate prices with suppliers" at 47.6%.**
- Among companies "exporting to the United States (directly)," **"diversify suppliers" was the most common, along with "reduce costs within the company."**

Business Situation with the United States and Specific Countermeasures <Multiple Answers>

	(%)	Diversify suppliers *Including relocation to other countries/regions	Reduce costs within the company	Negotiate prices with suppliers	Increase sales in the local market	Diversify production sites	Develop new sales markets outside the United States	Pass on increased costs (such as tariff hikes) to prices (price increases)	Increase production in the local market	Change raw materials or components (changes in specifications, materials, etc.)	Reduce production in the local market *Including transfer to other countries/regions	Transfer of production to the United States	Reduce sales in the local market *Including transfer to other countries/regions	Other	None
Whole of Middle East (n=170)	28.8	28.8	20.6	18.8	14.1	14.1	14.1	7.1	6.5	0.6	0.6	0.6	2.9	47.6	
Exporting to the United States (directly) (n=18)	55.6	55.6	50.0	33.3	38.9	38.9	27.8	22.2	22.2	5.6	0.0	0.0	0.0	16.7	
Exporting to the United States (via a third country/region or business partner) (n=11)	54.5	36.4	45.5	27.3	27.3	45.5	36.4	0.0	36.4	9.1	0.0	0.0	0.0	9.1	
Importing from the United States (directly) (n=21)	66.7	28.6	47.6	23.8	28.6	28.6	23.8	0.0	19.0	0.0	0.0	0.0	0.0	19.0	
Importing from the United States (via a third country/region or business partner) (n=11)	72.7	36.4	63.6	18.2	36.4	45.5	45.5	0.0	36.4	0.0	0.0	0.0	0.0	0.0	
Others (n=10)	40.0	40.0	30.0	0.0	20.0	40.0	40.0	0.0	20.0	0.0	0.0	0.0	20.0	30.0	
Not transacting with the United States (including indirect transactions) (n=120)	18.3	22.5	10.8	15.8	10.0	7.5	8.3	6.7	1.7	0.0	0.8	0.8	2.5	60.8	

(Note 1) This refers to United States' tariff increases by the second Trump administration and retaliatory tariff measures by countries and regions in which the companies are located and third countries and regions, which were introduced by August 15, 2025.

(Note 2) Dark blue indicates a response rate of 70% or more, blue indicates a response rate of 50% or more but less than 70%, and light blue indicates a response rate of less than 50% but exceeding the overall response rate by 10 percentage points or more.

3 | Additional U.S. Tariff Measures (6) Countermeasures Based on Operating Profit Forecast

- Among companies whose operating profit forecast had "significant negative impact" from additional U.S. tariff measures, **the largest share (61.5%) cited "reduce costs within the company" as a specific measure.** This was followed by **"increase sales in the local market" at 53.8%.**
- Among companies that said "negative and positive impacts will be equal," **the most common response was to "diversify suppliers."**

Impact of Additional U.S. tariff measures on Operating Profit Forecast and Specific Countermeasures

(%)	Diversify suppliers *Including relocation to other countries/regions	Reduce costs within the company	Negotiate prices with suppliers	Increase sales in the local market	Diversify production sites	Develop new sales markets outside the United States	Pass on increased costs (such as tariff hikes) to prices (price increases)	Increase production in the local market	Change raw materials or components (changes in specifications, materials, etc.)	Reduce production in the local market *Including transfer to other countries/regions	Transfer of production to the United States	Reduce sales in the local market *Including transfer to other countries/regions	Other	None
Whole of Middle East (n=170)	28.8	28.8	20.6	18.8	14.1	14.1	14.1	7.1	6.5	0.6	0.6	0.6	2.9	47.6
Significant positive impact (n=1)	100.0	0.0	100.0	0.0	0.0	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Significant negative impact (n=13)	46.2	61.5	38.5	53.8	38.5	38.5	7.7	15.4	7.7	7.7	0.0	0.0	0.0	7.7
Negative and positive impacts will be equal (n=4)	75.0	50.0	25.0	25.0	25.0	50.0	0.0	50.0	0.0	0.0	0.0	0.0	0.0	0.0
No impact (n=92)	16.3	13.0	13.0	12.0	8.7	6.5	6.5	3.3	4.3	0.0	1.1	0.0	3.3	65.2
Not sure (n=60)	40.0	45.0	26.7	21.7	16.7	18.3	26.7	8.3	10.0	0.0	0.0	1.7	3.3	33.3

(Note 1) This refers to United States' tariff increases by the second Trump administration and retaliatory tariff measures by countries and regions in which the companies are located and third countries and regions, which were introduced by August 15, 2025.

(Note 2) Dark blue indicates a response rate of 70% or more, blue indicates a response rate of 50% or more but less than 70%, and light blue indicates a response rate of less than 50% but exceeding the overall response rate by 10 percentage points or more.

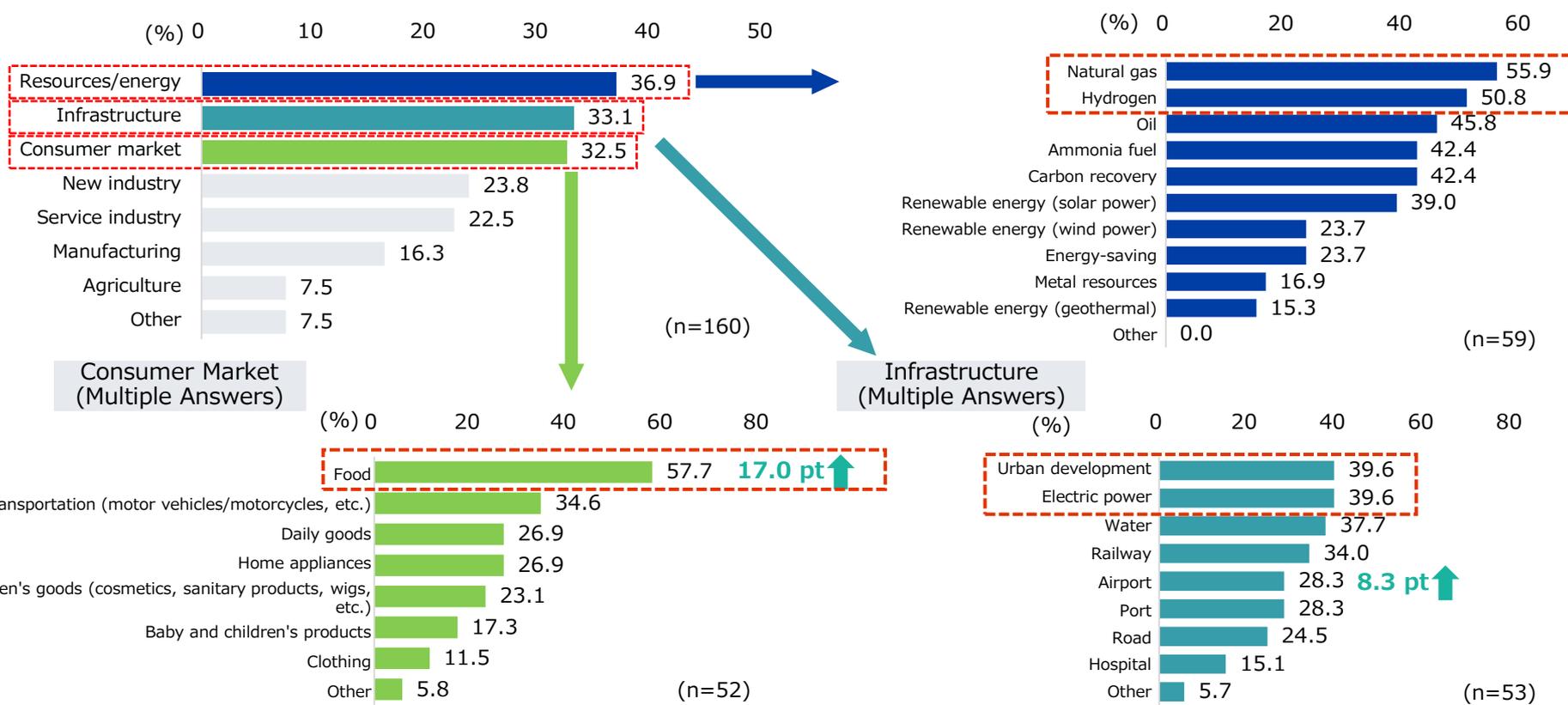
(Note 3) A single answer was given on the impact on the operating profit forecast, and multiple answers were given on specific measures.

VI. Promising Business Areas & Focus Countries

1 | Promising Business Areas (by Area ①)

- Major promising business areas are "resources/energy," "infrastructure," and "consumer market," as was the case last year.
- Within "resources/energy," "natural gas" and "hydrogen" were cited by more than 50% of respondents. In "infrastructure," "urban development," which ranked third in the previous year, rose to the top alongside "electric power." In the "consumer market," "food" saw a sharp increase of 17.0 percentage points from a year earlier.

Promising Business Areas <Multiple Answers>

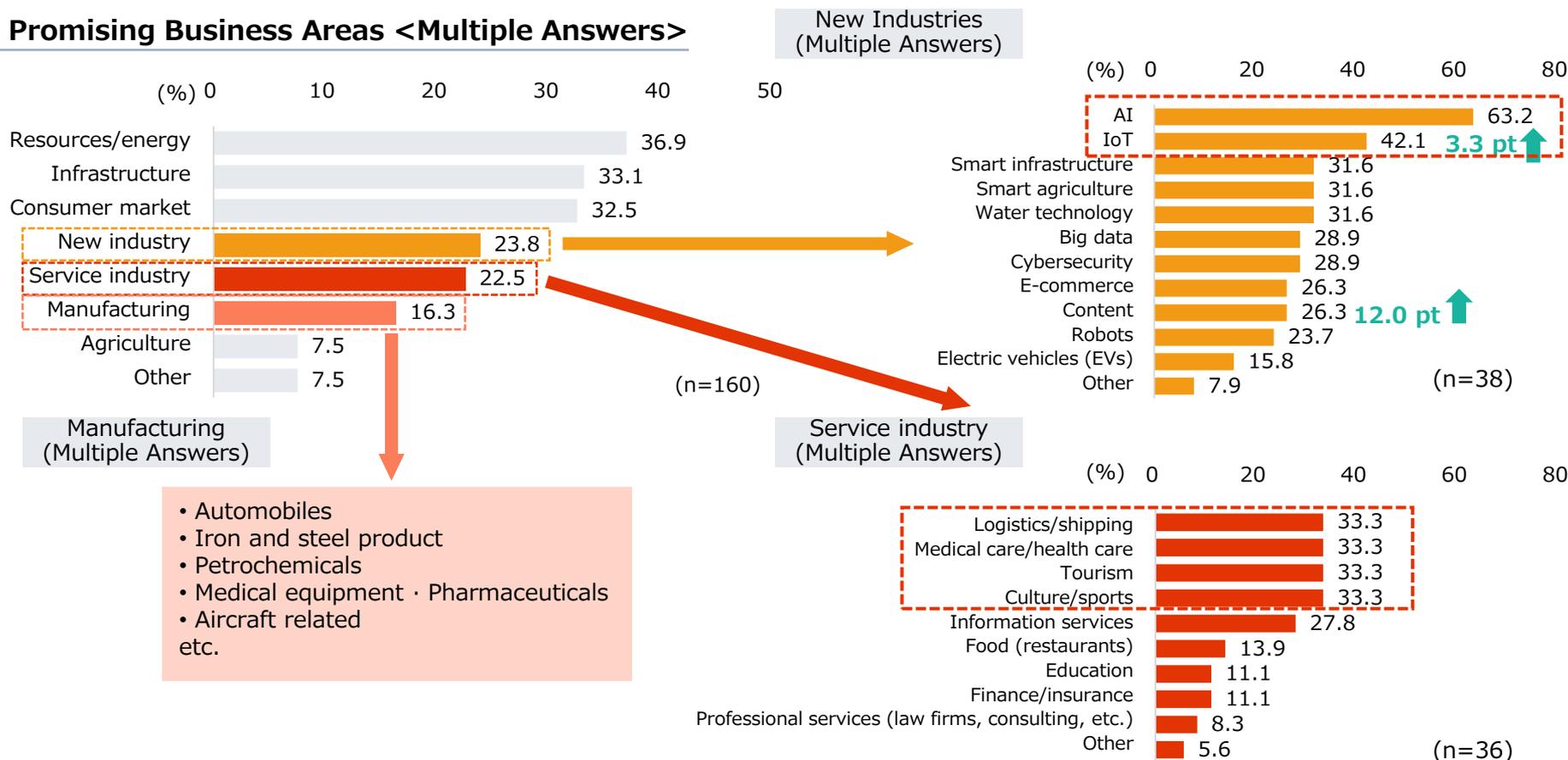


Year-on-year: ↑ Up ↓ Down

1 | Promising Business Areas (by Area ②)

- As for "new industries," **"AI" remained the top choice. The Internet of Things (IoT) also ranked second, showing year-over-year growth.** "Content" saw a large increase by 12.0 percentage points from the previous year.
- In the "service industry," **"logistics/shipping," "medical care/health care," "tourism," and "culture/sports" were tied at 33.3%.**

Promising Business Areas <Multiple Answers>



Year-on-year: ↑ Up ↓ Down

2 | Promising Business Areas (by Country)

- Looking at "resources/energy," the UAE, Saudi Arabia, Jordan, and Kuwait are regarded as promising by a higher proportion of companies than the Middle East as a whole.
- "Infrastructure" in Jordan, "consumer market" in Türkiye, and "new industries" in Israel and Saudi Arabia exceeded the rate of Middle East as a whole by more than 15 percentage points.

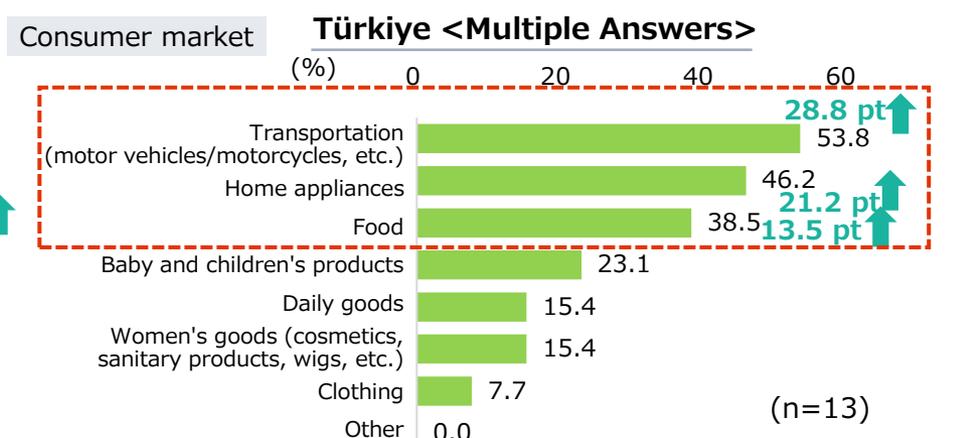
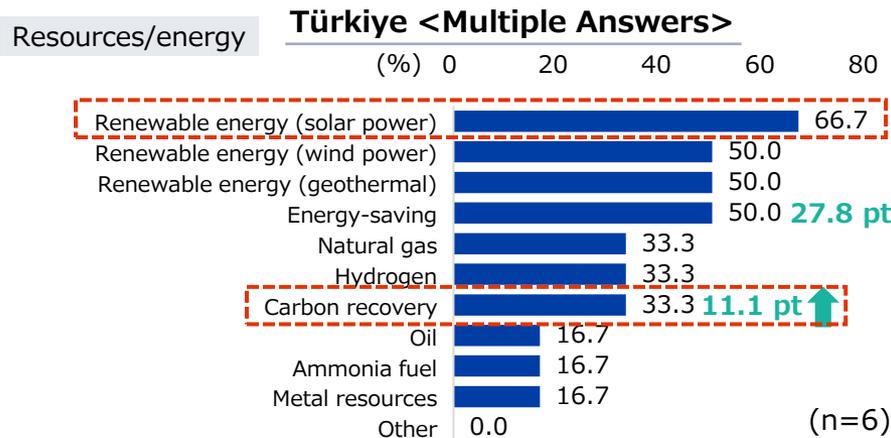
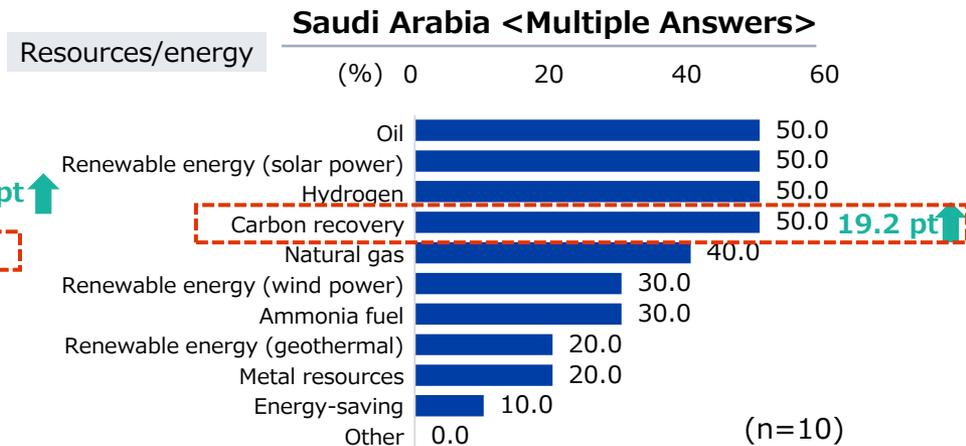
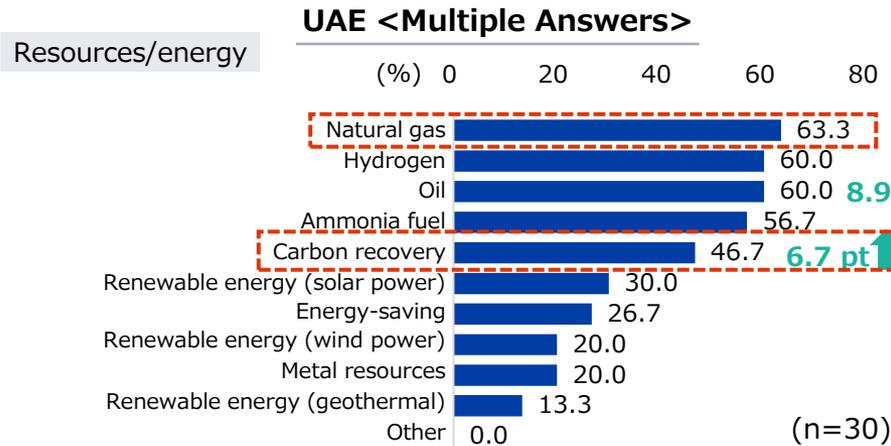
Promising Business Areas in Country of Location or in Middle East <Multiple Answers>

(%)	Resources/energy	Infrastructure	Consumer market	New industries	Service industry	Manufacturing	Agriculture	Other
Whole of Middle East (n=160)	36.9	33.1	32.5	23.8	22.5	16.3	7.5	7.5
UAE (n=74)	40.5	37.8	33.8	18.9	21.6	16.2	2.7	6.8
Türkiye (n=26)	23.1	34.6	50.0	11.5	15.4	34.6	7.7	7.7
Saudi Arabia (n=23)	43.5	34.8	34.8	39.1	34.8	4.3	13.0	4.3
Israel (n=19)	21.1	0.0	5.3	52.6	26.3	15.8	10.5	15.8
Jordan (n=7)	42.9	71.4	42.9	28.6	28.6	0.0	28.6	0.0
Qatar (n=6)	33.3	16.7	16.7	0.0	16.7	0.0	16.7	16.7
Kuwait (n=3)	66.7	33.3	33.3	0.0	0.0	0.0	0.0	0.0

(Note) Dark blue indicates a response rate of 70% or more, blue indicates a response rate of 50% or more but less than 70%, and light blue indicates a response rate of less than 50% but exceeding the overall response rate by 10 percentage points or more.

3 | Promising Business Areas (Resources/Energy, Consumer Market/by Country)

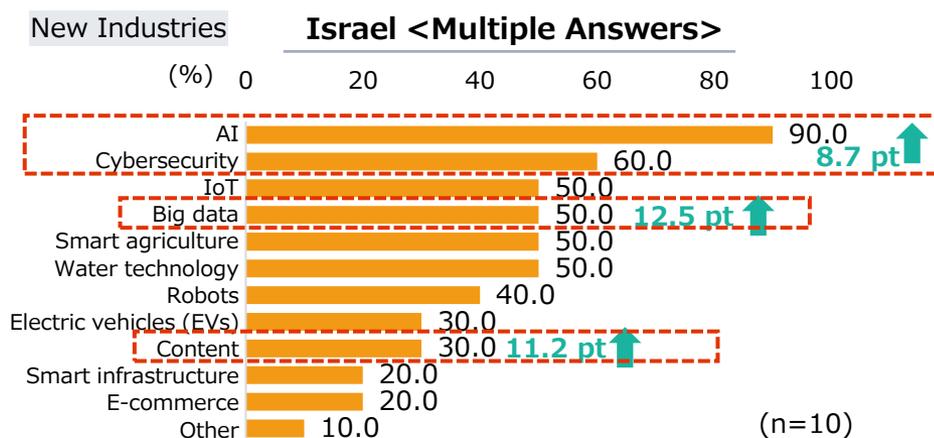
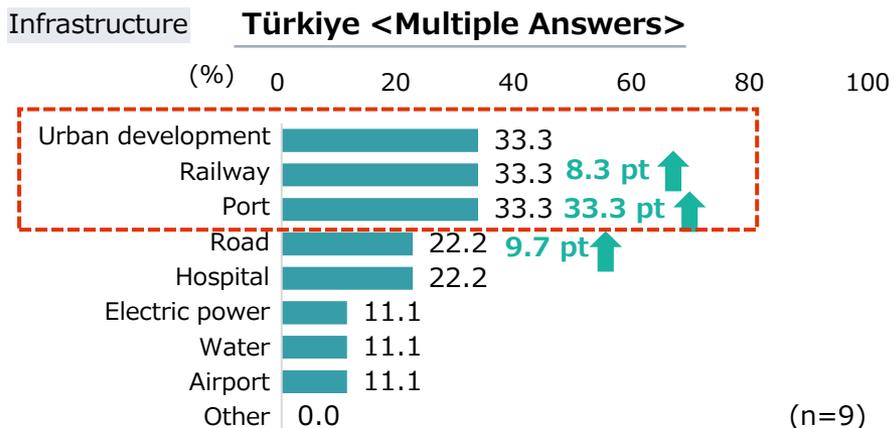
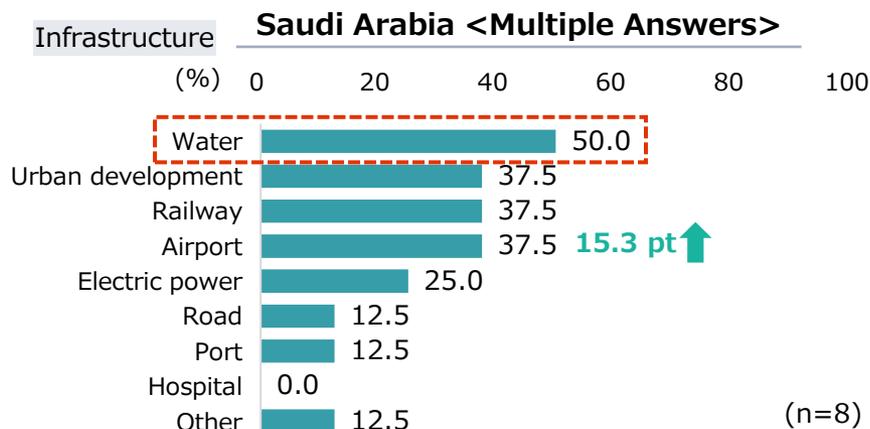
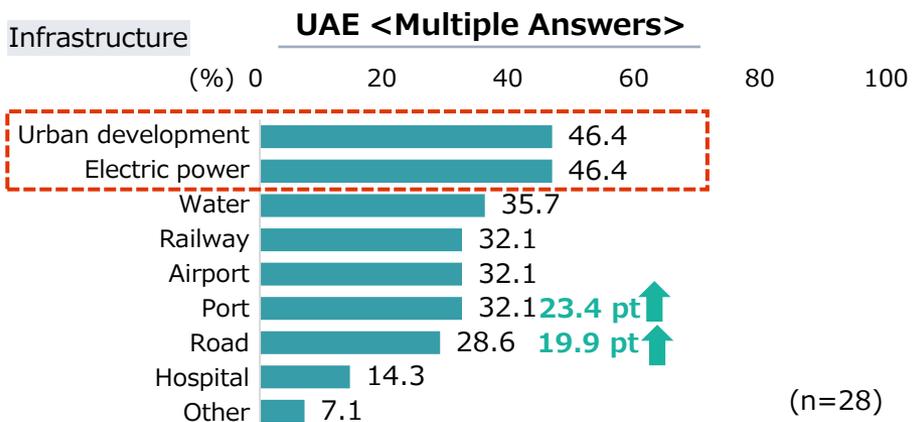
- "Natural gas" in the UAE and "renewable energy (solar power)" in Türkiye were the most frequently cited in each country. "Carbon recovery" increased by 6.7 percentage points in the UAE, 19.2 points in Saudi Arabia, and 11.1 points in Türkiye, showing a significant increase in each country compared to last year.
- In Türkiye's "consumer market" sector, "transportation (motor vehicles/motorcycles, etc.)" topped the list with an increase of 28.8 points from the previous year. This was followed by "home appliances" at 21.2 points and "food" at 13.5 percentage points, both showing large increases.



Year-on-year: ↑ Up ↓ Down

4 | Promising Business Areas (Infrastructure, New Industries/by Country)

- In the infrastructure sector, "urban development" and "electric power" topped the list in the UAE. In Saudi Arabia, the top choice was "water," the same as last year. In Türkiye, "railway" and "port" saw significant increases from the previous year and topped the list, along with "urban development."
- In the new industries sector in Israel, "AI" and "cybersecurity" were the highest, as in the previous year. "Big data" and "content" increased by more than 10 percentage points from the previous year.



Year-on-year: ↑ Up ↓ Down

Promising Business Areas (Related Research/Special Feature)

Reference

- Introduction of special features and surveys on promising business areas in the Middle East: "resources/energy," "infrastructure," "consumer market," and "hydrogen." *Japanese Website



Research Report: "Hydrogen project trends in the Middle East and North Africa 2024"

<https://www.jetro.go.jp/world/reports/2024/02/8802e94435467365.html>

Special Feature on Regional and Analytical Reports: "Current Green Business in the Middle East and Africa"

<https://www.jetro.go.jp/biz/areareports/special/2023/0902/>

Special Feature on Regional and Analytical Reports: "Exploring trends in logistics and infrastructure projects in the Middle East and Africa"

<https://www.jetro.go.jp/biz/areareports/special/2025/1002.html>

Special Feature on Regional and Analytical Reports: "Logistics trends in the Middle East and Africa based on geopolitical impacts"

<https://www.jetro.go.jp/biz/areareports/special/2024/0903.html>

Marketing Information: "Agricultural, Forest and Fishery Product/Food (Middle East)"

https://www.jetro.go.jp/marketingtop/foods/middle_east/marketing/

● (Reference) JETRO Middle East page

https://www.jetro.go.jp/world/middle_east/

- Basic information on major Middle Eastern countries, trade and investment systems, business news, event information, etc.

5 | Top 10 Focus Countries and Company Comments <Multiple Answers>

This year's ranking	Previous year's ranking	Country	Percentage (%)	Focus points (company comments)	n=154
1	1	Saudi Arabia	76.0	Vision 2030, population growth, economic growth, oil and natural gas, infrastructure projects, decarbonization, renewable energy, entertainment, AI, large projects, automotive market, tourism	
2	2	United Arab Emirates (UAE)	49.4	Infrastructure development, real estate investment, oil and natural gas, economic growth, AI, digital, entertainment, food markets, regional hubs, tourism, renewable energy, automotive needs, political and economic stability	
3	3	Egypt	25.3	Manufacturing industry, renewable energy, power infrastructure expansion needs, population growth, political stability, development of the automotive industry, infrastructure development	
4	6	Türkiye	24.0	Population, renewable energy, iron and steel, hub for peripheral regions (Europe, Russia, Middle East, Africa), labor force, political stability, geographical advantage, production base for Europe	
5	7	Iraq	21.4	Reconstruction demand, market expansion, port expansion, market stabilization, ODA	
6	4	Qatar	20.1	LNG, infrastructure business, green steel, high value-added home appliances, lots of high class restaurants	
7	5	Oman	16.9	IPP (Independent Power Producer), gas, green sector, lots of high class restaurants, decarbonization, petroleum diversion	
8	-	Syria	16.2	Post-Sanctions business, reconstruction demand, future business through Türkiye	
9	8	Iran	14.3	Market size, population, post-sanctions business, agriculture	
9	10	Morocco	14.3	Economic growth, renewable energy, electric power infrastructure market, entry of automotive-related companies, manufacturing industry	

(Note) In order to clarify the intent of the response, the open-ended response has been amended to the extent that it does not undermine the intent of the original text.

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