Interview with Al-Arabiya Jan 2013

My interview with Al-Arabiya (Arabic version) on the need for an Arab Bank for Reconstruction and Development is available here.

An English version of the interview was published here & has been reproduced below.

The Middle East needs $100 bn for Infrastructure projects

The Economic Expert Nasser al-Saidi told "Al-Arabiya net" that the transitional period of "Arab Spring" economies requires neighboring countries to take initiatives and establish an Arab Bank for both reconstruction and economic development.

He stressed that the role of the bank will not only be limited to providing financial support, but will include an organizational framework that provides financial and legal expertise aimed at ensuring growth in the Middle East.
Saidi added such a bank will attract promising investment while financing key areas; such as infrastructure projects in many war-torn Arab countries like Iraq, Lebanon, Palestine, Sudan and Libya.
A recent World Bank study revealed that the Middle East region needs to spend $100 billion per year on Infrastructure, while the present status doesn't exceed $40 bn.
Saidi said the regional bank which will finance these projects is within reach, and can be established with a capital of $100 bn and financed through the excess of the GCC budget surplus.
He also noted that the United Arab Emirates and Qatar, which enjoy rich infrastructure investments, can play a pivotal role in establishing such a bank.

Saidi suggested that GCC countries have a real opportunity to be the catalyst, by merging Arab countries' economies in the aim of guaranteeing an efficient economic unity in the future. The Arab world consists of 5.5% of the World population and its GDP doesn't exceed 3% of the world's economy.

While talking to Al Arabiya he stressed that financing infrastructure projects can be beneficial to other economic activities, such as unifying a water and electricity distribution network, in addition to spreading oil pipelines to neighboring countries, which will work in favor of establishing the long-awaited common Arab market.

Saidi pointed out that inter-Arab commercial activities do not reach 10%, while oil is the major export other inter-Arab product exchanges vary between 2 and 3%.

He explains there has always been an Arab 'will' for an economic merger, but it was looked at from the perspective of capital vs. labor. The oil rich countries were exporting oil to other countries, and importing Arab talents and workers, but there wasn't a real economic and trade exchange beyond that.

Saidi continued by noting that oil importing countries can play a bigger economic role if they show more of an economic openness, which encompassing many sectors, such as telecommunication in Morocco – that attracted capitals from France – and the success of hospitality and tourism in many other countries.

He advised creating new laws to protect foreign investments in the Arab world as a sure measure to attract capital and boost trade, saying that creating free zones and lifting all trade barriers while encouraging the individual entrepreneurs in local markets (with a clear economic and financial policies) will contribute in creating an economic union just like the European model.

Saidi had an optimist look at the future of the Arab Economy, which can achieve high growth rates if the Arab industry is freed from the currently imposed barriers – a bigger interest in quality – and if Arab countries invest in developing their *human capital to boost creativity and therefore increase its chance at competing on a global scale.*