

Comments in Qatar Today's article on the latest developments in the energy market, Jun/Jul 2018 issue

The below quotes from Dr. Nasser Saidi appeared in the cover story titled "Oil Price Hike: Shot in the Arm for GCC", in Qatar Today's Jun/July 2018 edition. The full article can be downloaded [here](#).

Dr Nasser Saidi, President of the Dubai-based Nasser Saidi & Associates, too says the latest developments [in the energy markets] will definitely ease the fiscal pains in the GCC which have in the recent past seen removal of subsidies in a phased manner as well as the introduction of VAT and excise taxes.

While higher oil prices and thereby higher oil revenues will help soften the effects of fiscal austerity, it still remains lower than breakeven prices projected for most GCC nations. It therefore remains critical that further structural reforms be undertaken for greater economic diversification.

There have been some positive reforms in the labour market, announcements of residency (in the UAE, Qatar and Bahrain) as well as opening up sectors for 100% foreign ownership. There will be spillover effects into the non-oil sector also, alongside improvements in business and consumer confidence (already visible with the uptick in indicators like PMIs, GCC projects, slow pickup in credit growth, etc). The UAE government recently also announced several measures to reduce business costs, which will also have a positive impact on non-oil growth, says Dr Saidi.

Dr Nasser Saidi, President of the Dubai-based Nasser Saidi & Associates, says that though the markets for crude oil and

gasoline are closely linked, it was not automatic as the prices of both products moved in tandem till 2008, and there has been some divergence ever since.

He says that oil continued to remain a global commodity versus the dominance of natural gas in regional pockets (which is influenced by factors like infrastructure, storage, inventories, etc). The natural gas price shocks post-2008 were attributed to commodity-specific events (e.g., weather-related events like hurricanes) or bottlenecks at refineries, while oil price changes are affected by geo-political changes and global tensions.

“For Qatar, which supplies almost 25% of the world’s LNG demands, there remains a strong demand from Asian economies (especially China) and Europe. Qatar has already announced expansion plans to increase its LNG export capacity to 100 million MTPA by 2024 as against the present output of 77 MTPA,” says Dr Saidi, who was former Minister of Economy and Trade and Minister of Industry of Lebanon.

Saidi believes that oil prices will settle around the \$55-\$65 per barrel mark in the medium term and there are various supply and demand-side factors that affect the oil prices, including factors like production of shale oil, competitive renewable energy, energy efficiency policies, meeting commitments of COP 21 and beyond, etc.