

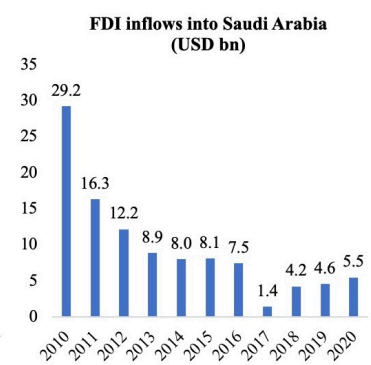
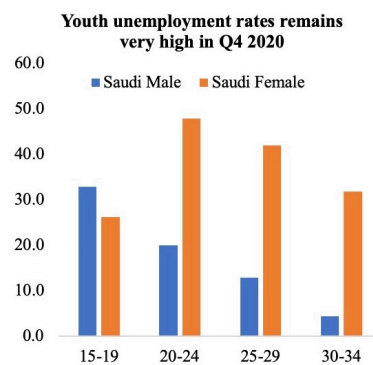
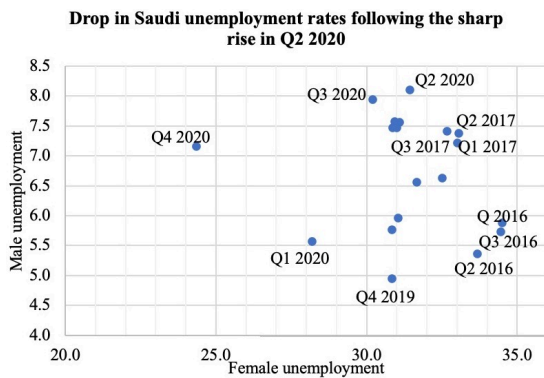
Weekly Insights 1 Apr 2021: Reforms ramping up as GCC nations plan recovery in a post-Covid world

Download a PDF copy of this week's insight piece [here](#).

Chart 1. Saudi Arabia's Shareek investment package to jumpstart the economy

- **The Shareek strategy (SAR 27trn stimulus over the coming decade) aims to** jumpstart and shift expenditure patterns post-Covid by emphasizing investment vs consumption spending (incl.govt current spending), while implementing diversification. As proposed, the plan should be **strongly supportive of non-oil growth, increase overall productivity growth and lead to job creation.**
- **Jobs are one of the biggest concerns for the country: female unemployment** was running close to 50% for the 20-24 age group in Q3 & close to 20% for males in the same age group. It has come off highs earlier in 2020, but remains one of the highest in the region
- **FDI** has improved massively from the fall to USD 1.4bn (0.2% of GDP) in 2017; **according to the Saudi Central Bank's estimates, overall FDI reached USD 5.49bn in 2020** (+20% yoy, still below 1% of GDP).
- **Saudi Arabia has been aggressively courting foreign investors:** revamped over half of the 400 FDI regulations, introduced new laws (e.g. bankruptcy, PPP) and recently stated that presence of firms' regional HQs in Saudi would become a necessary condition to bid for government contracts.
- **FDI inflows would be directed away from oil & gas into**

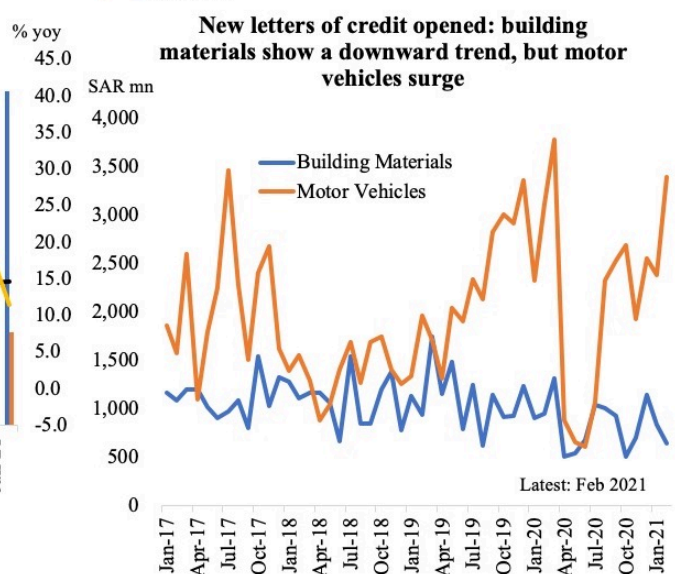
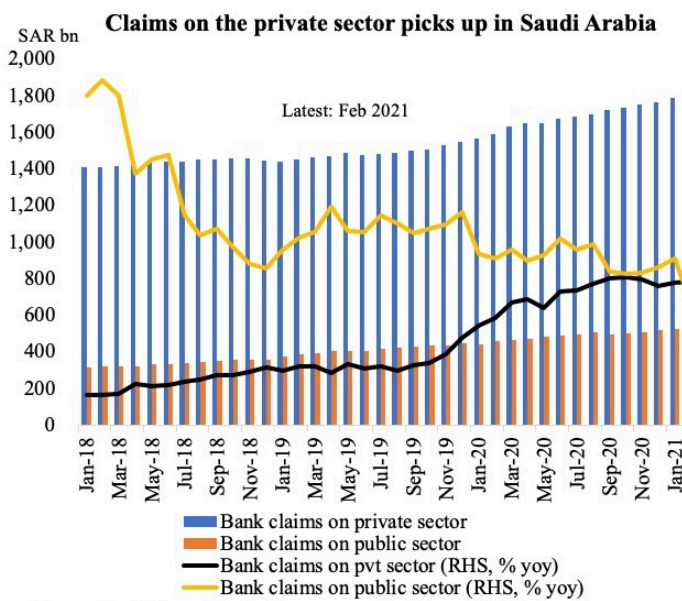
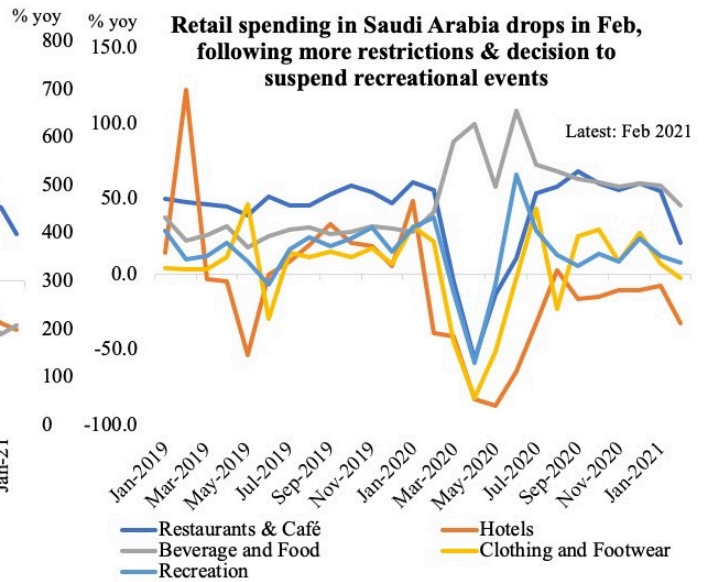
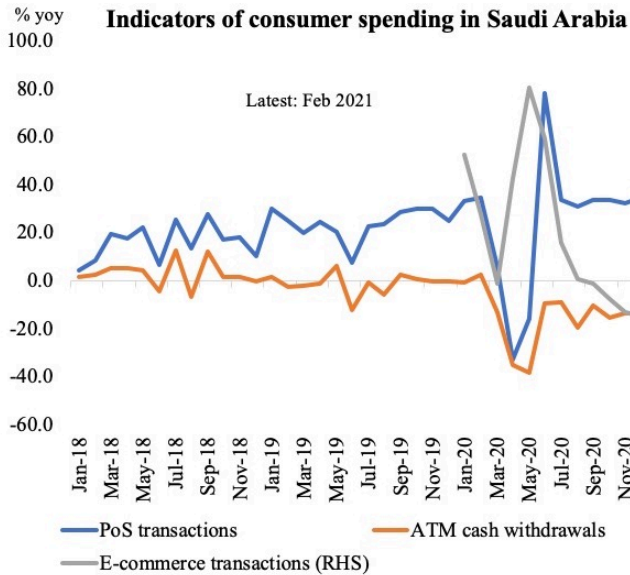
more job creating & higher value-added sectors (e.g. renewable energy and clean tech, 'clean' petrochemicals, desert agriculture & AgriTech, digital economy). Potentially, this revival of investment and a successful program **could attract back a fraction of Saudi private wealth held offshore** (estimated at 56% of GDP).



Source: GaStat, UNCTAD, Saudi Central Bank (2020 est for FDI). Charts created by Nasser Saidi & Associates

C
h
a
r
t
2

. Monetary indicators in Saudi Arabia: PoS & e-commerce transactions and claims on the private sector rise in Feb

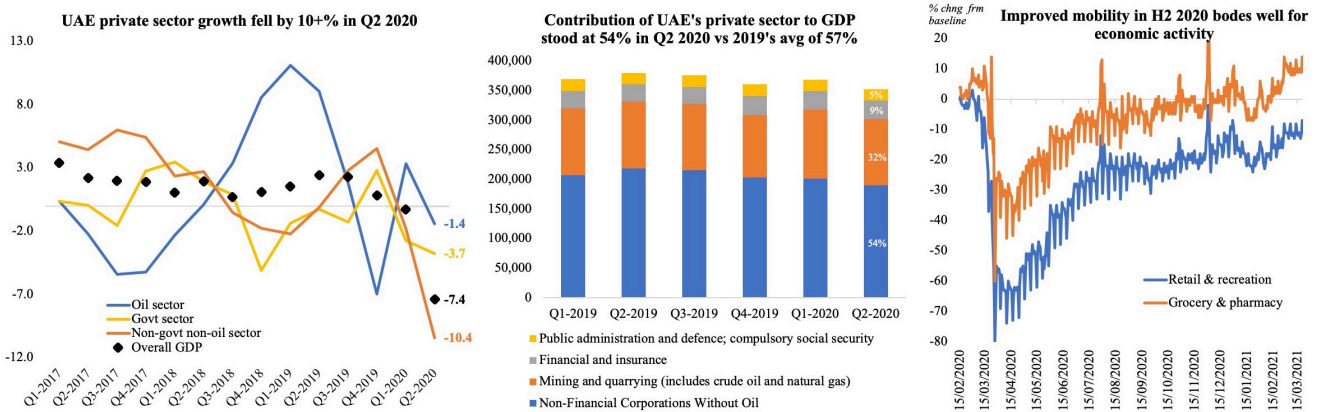


Source: Saudi Central Bank. Charts created by Nasser Saidi & Associates

Chart 3. Overall GDP in UAE contracted by 7.4% yoy in Q2 2020; recovery expected in H2

- **New data: Non-oil GDP fell by 9.9% in Q2 2020**, following a 1.9% decline in the previous quarter. **Finance and insurance was the lone sub-sector to post growth in Q2.**
- Stringency was the highest and mobility lowest in Q2. **Mobility data** shows improved activity in H2 of 2020, which bodes well for GDP. **UAE's PMI**, which averaged 50.2 in H2 2020 (vs 47.1 in Q2 and 47.5 in H1), also **indicates a faster recovery in H2.** Faster vaccination rollout and the Expo later this year will result in increased consumer and business confidence.

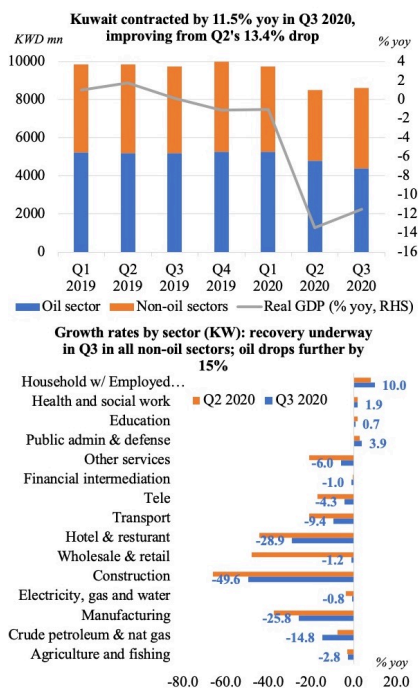
- With an aim to grow faster in the post-Covid world, the UAE has been proactively announcing reforms: with the latest industrial strategy ("Operation 300bn"), Dubai's 5-year plan to increase trade to AED 2trn and its 2040 urban development plan alongside various incentives to attract high-skilled professionals (10-year visas, remote working visas, path to citizenship etc.)



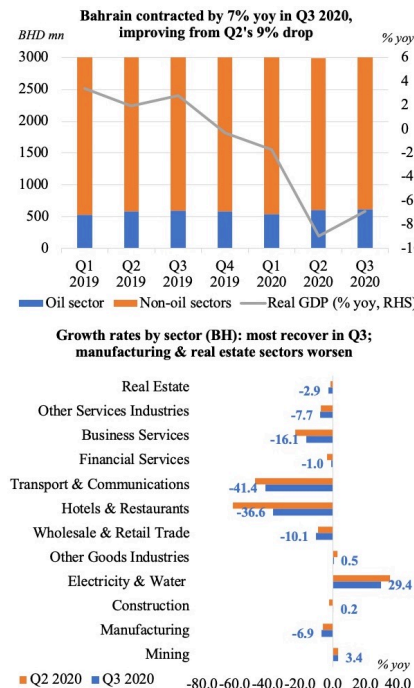
Source: UAE Federal Competitiveness & Statistics Authority, Google Mobility. Charts created by Nasser Saidi & Associates

Q3 GDP data from other GCC nations suggest better quarters ahead for the UAE – the least restrictive of all

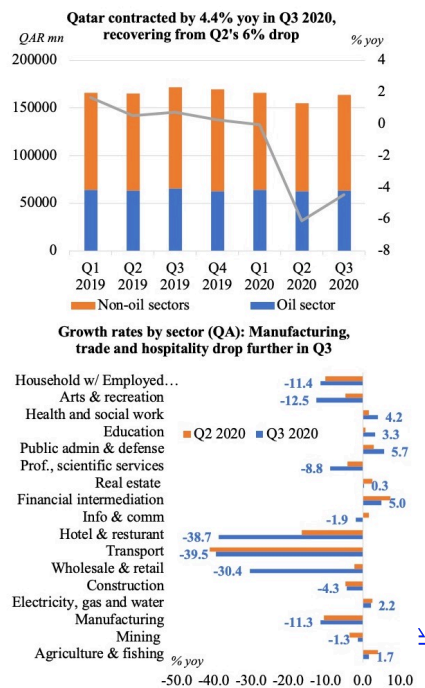
While overall % yoy GDP improved in Q3, some sectors (including oil, given OPEC+ cuts & others like trade, hospitality) contracted even more



Source: Central Statistical Bureau, Kuwait. Charts created by Nasser Saidi & Associates



Source: Information & eGovernment Authority, Bahrain. Charts created by Nasser Saidi & Associates



Source: Planning & Statistics Authority, Qatar. Charts created by Nasser Saidi & Associates

Chart 4

Power by :