Comments in the Economist's article "An oil windfall offers Gulf states one last chance to splurge", 7 Aug 2022

Dr. Nasser Saidi's comments appeared in The Economist's article titled "An oil windfall offers Gulf states one last chance to splurge", published on 7 Aug 2022.

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Oil wealth offers other ways to shield citizens from cost pressures. In 2016 the Gulf states agreed to introduce a 5% value-added tax, and four have done so since (the laggards are Kuwait and Qatar). Saudi Arabia has gone much further. In 2020 it tripled vat to 15%, hoping to offset the fiscal effects of the pandemic and low oil prices. **"You have a policy tool you didn't have before," says Nasser Saidi, a Lebanese economist who runs an advisory firm in Dubai. "Rather than increase spending or hiring, you could lower VAT."**

The Gulf states would be wise to focus on areas where they have clearer competitive advantages. Developing expertise in desalination techniques and technologies, much as Israel has done, could make a virtue of the region's aridity. **Investments in green-energy technologies like hydrogen could offer a source of revenues after the energy transition. Mr Saidi proposes investing in renewables projects and climate-mitigation strategies in Asia and Africa, as a green version of China's Belt and Road Initiative. "This is a moment when you want to look again at how you provide foreign aid," he**

argues.