

Comments on Gulf Sovereign Wealth Funds in uncertain times in Forbes Middle East, 29 Mar 2026

Dr. Nasser Saidi's comments appeared in a Forbes Middle East article titled "[How Gulf SWFs Are Driving Long-Term Investment Strategy](#)" published on 29 March 2026.

Dr. Saidi's comments are posted below:

Periods of heightened uncertainty place immediate pressure on liquidity, but not at the expense of long-term positioning. SWFs are structurally designed to strike a balance between these two objectives. However, during periods of stress, that balance becomes more deliberate. Capital is often redirected toward more liquid and defensive assets, enabling governments to maintain spending if external revenues weaken.

"As part of good risk management, investments are re-routed towards hedge assets and safe havens—such as gold, precious metals, and highly liquid instruments," says Dr. Nasser Saidi, Founder and President of Nasser Saidi & Associates. "This allows for domestic counter-cyclical spending should oil export volumes remain low for an extended period."

Yet even the definition of a "safe" asset is shifting. "The weaponisation of finance—through sanctions or the freezing of reserves—has introduced political risk into the concept of liquidity," Saidi adds. "Sovereign investors now have to factor in the risk of economic warfare when constructing portfolios."

The use of windfall revenues is also evolving. Historically, oil-driven surpluses were largely saved or recycled into global markets. Today, the approach is more strategic, particularly in a context where higher prices may be linked to supply constraints rather than demand strength. "Any revenue gain must be treated as a hedge against potential damage to critical infrastructure," Saidi noted, pointing to energy systems, power networks, and desalination facilities. As a result, windfalls are increasingly directed toward domestic priorities: industrial policy, infrastructure resilience, and reconstruction capacity where needed. Sovereign capital is also being deployed as long-term, low-cost funding for startups and SMEs in non-oil sectors, supporting broader economic diversification.

Diversification, long a central theme in sovereign investment, is also being redefined. Post-pandemic, Gulf governments have accelerated efforts to reduce dependence on hydrocarbons, with sovereign wealth funds playing a central role. This includes a shift toward domestic-focused investment vehicles such as ADQ and PIF, alongside globally oriented allocators like ADIA.

But diversification today extends beyond sectors. "One key lesson is that non-oil diversification must be accompanied by diversification in trade and export partners," Saidi says. "This requires investment in infrastructure and trade platforms across multiple geographies, particularly in the Global South, to ensure resilience." This includes logistics networks, alternative supply chains, and digital infrastructure. Sovereign funds are also allocating heavily to technology, artificial intelligence, and data centres, sectors less exposed to physical trade disruptions and capable of supporting long-term economic growth.

"Given their size, these funds are in the international spotlight," Saidi noted. "There is a clear intention not to be seen as destabilising or adding volatility." Rather than withdrawing from markets, sovereign investors tend to signal

continuity—maintaining exposure and reinforcing confidence. “They act patiently,” Saidi added. “Instead of panic selling, they send a signal that volatility is temporary, not a structural shift in how they invest.”

At the same time, their capital can be redirected domestically when needed—supporting defence spending, supply chains, and essential goods—without necessarily triggering a significant retreat from global markets, particularly given the scale of previous windfalls.

Interview with Dubai TV (Arabic) on DIFC’s planned strategic expansion & findings of the Global EDI, 16 Feb 2026

Dr. Nasser Saidi appeared in an interview with Dubai TV, broadcast on 16th Feb 2025, discussing the strategic expansion of the DIFC that could propel it to become one of the top 4 Global International Financial centres from the current ranking of around 11th-12th globally (and top 4 for FinTech). The focus on AI, digital tech and Web3 would allow it to compete in new financial verticals where legacy hubs may be slower to adapt. This could allow Dubai to potentially leapfrog London and other centres in specific verticals like virtual assets/ crypto and AI-finance, where London faces heavier legacy regulatory burdens and Brexit-related frictions.

Also discussed is the findings of the Global Economic Diversification Index (EDI), that was released at the World Governments Summit 2026.

The video can be viewed below.

“Global Economic Diversification Index 2026”, report released at the World Governments Summit, Feb 2026

The 5th edition of the Global Economic Diversification Index “[Global Economic Diversification Index 2026](#)” was co-produced with and released by the Mohammed Bin Rashid School of Government (MBRSG) at the World Governments Summit held in Dubai on 4th Feb 2026. Dr. Nasser Saidi & Aathira Prasad were co-authors of the report, which was developed in cooperation with Keertana Subramani, Zeid Qiblawi & Fadi Salem (MBRSG) and Ben Shepherd (Developing Trade Consultants).

The [presentation](#) prepared for the WGS event highlights some of the main findings. Access the latest and past reports as well as the underlying data on the [website](#).

The report arrives at a transformational juncture in the global economy – a global landscape defined by geo-economic fragmentation, trade protectionism and the accelerating digitalization and decarbonization transitions. Both economic and trade policy uncertainty readings have been rising since the end of 2024, touching historic highs in Apr 2025 (following the announcement of US tariff hikes). Trade policy

uncertainty at the end of 2025 (308.3 vs 1151.4 in Apr 2025) was 6-times that of the average in 2023 more than double the average in 2024.

The Economic Diversification Index provides an assessment of three foundational pillars of diversification – Output, Trade, and Government Revenue – across 117 nations spanning the 2000–2024 period. The upper quartile of the Global EDI presents a remarkably stable hierarchy over time: the US, China, and Germany anchor the rankings, followed closely by a group of high-income, advanced economies. Conversely, the bottom rankings remain dominated by low-income developing nations, predominantly characterized by high commodity dependence.

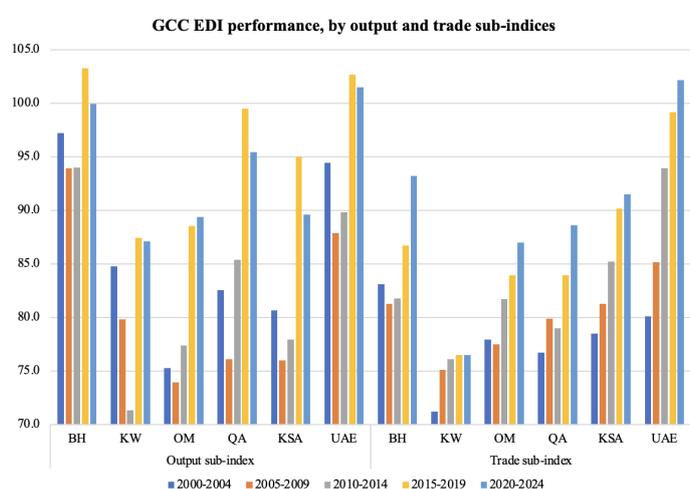
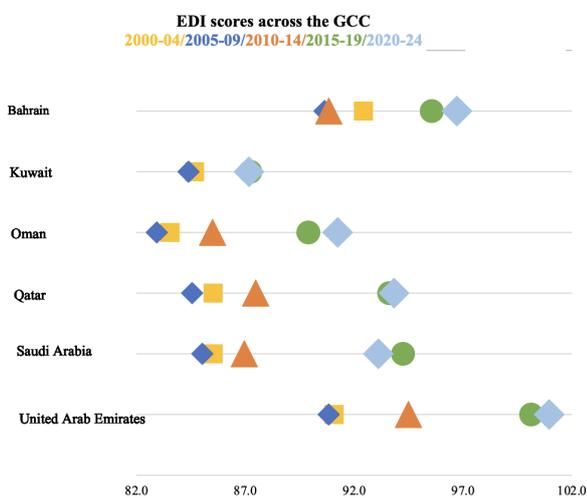
The 2024-25 period has not just been about what countries trade, but who they trade with. Not only is it necessary to alter the structure of exports i.e. move from raw materials to processed goods and services, but also to move from market concentration dependence to a diversified portfolio of trading partners to avoid tariffs or trade and investment sanctions. Absent this structural transformation, commodity exporters risk remaining trapped as price-takers – exposed to volatility at every turn of the commodity price cycle.

A central focus of the 2026 report is the performance of the 40+ commodity-dependent nations in the index. Data reveals a sharp divergence in trajectories with the GCC countries emerging as a distinct cluster of successful diversifiers within the commodity cohort (the UAE maintains its position as the distinct leader among the GCC countries for economic diversification), while for mineral exporters (e.g. Chile, Mongolia), the global energy transition presents a paradox. As the demand for critical minerals (lithium, copper, cobalt) has surged, it risks deepening commodity dependence rather than alleviating it. Without active policies to encourage domestic value addition (processing and refining), the green transition and accelerating investment in AI related chips and infrastructure could threaten economic diversification. **The GCC meanwhile is uniquely positioned to capitalize on a dual comparative advantage:** remaining the central hub of “old energy” (hydrocarbons) while emerging as a global hub for “new energy” (renewables and hydrogen). Digitalisation and new tech sectors are a key component of GCC’s diversification effort,

supported by low-cost sustainable power.

The report also captures the transformative role of the digital economy via an augmented metric EDI-plus. The findings reveal a widening diversification gap between advanced economies that have successfully leveraged technology to deepen their resilience to economic and trade shocks and many commodity-dependent nations that remain trapped in cycles of volatility. When digital indicators are included, the dispersion between high-performing and low-performing regions narrows. Though digitalisation provides the opportunity for commodity dependent countries to leapfrog, the persistent digital divide threatens to exclude the most vulnerable economies.

The 2026 EDI confirms that economic diversification is a marathon, requiring structural change and reforms, not a sprint. The winners are nations that have succeeded in pivoting to digital services and high-tech manufacturing, building diversified tax bases, investing in digital connectivity and leveraging their resources to fund the transition to a knowledge economy. The cost of inaction in a digital, decarbonizing world is the risk of remaining trapped in cycles of volatility and stagnation.



“Digitalization, Growth, and Diversification in the Gulf”, AGSIW webinar, 11 Mar 2025

Dr. Nasser Saidi participated in the presentation and discussion hosted by the Arab Gulf States Institute in Washington (AGSIW) ahead of the publication of an IMF report on Digitalisation in the GCC – held as a webinar on March 11th, 2025.

The Gulf Cooperation Council member countries have actively embraced digital transformation, making notable progress in the extensive development of digital infrastructure, the maturity of government digitalization, and a dynamic ecosystem for financial technology activities.

In a forthcoming paper, the International Monetary Fund highlights the positive relationship between progress in digitalization and more favorable macroeconomic and financial outcomes, including economic growth, government effectiveness, financial inclusion, and private sector resilience to shock.

New analysis by the Mohammed bin Rashid School of Government (along with Nasser Saidi & Associates and Developing Trade Consultants) also emphasizes the important and growing role of digitalization in supporting growth and economic diversification.

Within the context of these two papers, what additional efforts can be made toward improving digital skills, industry, and innovation? What are the challenges raised by the broad adoption of digital technologies and artificial intelligence, especially relating to cybersecurity and the potential effect on the labor market? Could comprehensive strategies help further accelerate the GCC countries’ already impressive progress on digitalization and support their broader economic

transformation agendas?

Watch the discussion below:

Interview with Al Arabiya (Arabic) on the Global Economic Diversification Index, 17 Feb 2025

In this TV interview with Al Arabiya aired on 17th February 2025, Dr. Nasser Saidi highlighted the findings from the Global Economic Diversification Index that was released at the World Governments Summit 2025.

Watch the TV interview via this [link](#)

ناصر السعيدي للعربية:
السعودية والإمارات تحققان
تقدماً كبيراً في التنويع
الاقتصادي

أميركا والصين وألمانيا تحافظ على الصدارة في مؤشر التنوع الاقتصادي

قال ناصر السعيدى رئيس شركة ناصر السعيدى وشركاه، إن التنوع الاقتصادي يعد من أهم العوامل التي تؤثر في استقرار الاقتصادات الخليجية على المدى الطويل.

وأضاف السعيدى في مقابلة مع "العربية Business"، أن مؤشر التنوع الاقتصادي الذي يشمل 115 دولة على مدار ربع قرن من عام 2000 إلى 2023 يعتمد على ثلاثة مكونات رئيسية: تنوع النشاط الاقتصادي، وتنوع التجارة الخارجية، وتنوع واردات الدولة.

وأوضح السعيدى أن تنوع النشاط الاقتصادي لا يعني فقط تقليل الاعتماد على النفط والغاز، بل يشمل تعزيز القطاعات الأخرى مثل السياحة والخدمات. أما تنوع التجارة الخارجية فيتعلق بتقليل الاعتماد على النفط والغاز كمصدر رئيسي للتجارة، حيث يمكن للتحولات في أسعار النفط أن تؤثر بشكل كبير على الميزان التجاري وميزان المدفوعات.

وذكر أن تنوع واردات الدولة عبر تطبيق الضرائب على الشركات والخدمات أداة مهمة لتقليل المخاطر الاقتصادية.

وأشار السعيدى إلى أن الفترة بين 2020 و2024 شهدت تحسناً ملحوظاً في بعض دول الخليج في مجال التنوع الاقتصادي، حيث أظهرت الإمارات والسعودية تحسناً كبيراً في هذا المجال.

وأوضح أن السعودية حققت زيادة قدرها 30 نقطة في هذا المؤشر من عام 2000 إلى 2023، بينما ارتفعت الإمارات 24 نقطة.

واعتبر السعيدى أن هذه التحسينات تؤثر بشكل إيجابي على استقرار الاقتصادين في البلدين وعلى المنطقة بشكل عام.

وأضاف أن جائحة كورونا أثرت بشكل كبير على القطاعات التي كانت تعتمد عليها دول الخليج مثل السياحة والتجارة، مما دفع الدول إلى تبني سياسات جديدة لتحفيز التنوع الاقتصادي.

وأفاد السعيد بأن التجارة الرقمية أصبحت جزءاً لا يتجزأ من مستقبل الاقتصاد الخليجي، وأن الاستمرار في تعزيز هذه المجالات سيسهم بشكل كبير في تحقيق التنوع الاقتصادي المطلوب.

ويراقب مؤشر التنوع الاقتصادي العالمي "EDI" أداء 115 دولة، بما في ذلك كبار مصدري السلع الأساسية، خلال الفترة 2000-2023.

ويستند EDI إلى 25 مؤشراً لقياس التنوع الاقتصادي، من بينها ثلاثة مؤشرات رقمية تعكس التطورات في الاقتصاد الرقمي.

وحافظت الولايات المتحدة والصين وألمانيا على المراكز الثلاثة الأولى في مؤشر التنوع الاقتصادي العالمي لعام 2023.

وعند تحليل الدول التي تحتل المراتب بين 48 و67 في المؤشر، برزت مولدوفا، الإمارات وفيتنام كأثلة بارزة على تحسن التصنيف، حيث تقدمت هذه الدول بعد أن كانت ضمن أقل 30 دولة تصنيفاً سابقاً.

"Global Economic Diversification Index 2025", report released at the World Governments Summit, Feb 2025

["Global Economic Diversification Index 2025"](#) was released by the Mohammed Bin Rashid School of Government (MBRSG) at the World Governments Summit held in Dubai on 12th Feb 2025. Dr. Nasser Saidi & Aathira Prasad were co-authors of the report, which was developed in cooperation with Keertana Subramani, Salma Refass and Fadi Salem (MBRSG) and Ben Shepherd (Developing Trade Consultants).

Access the latest and past reports as well as the underlying data on the [website](#).

Effective governance of economic diversification efforts

is highly reliant on the availability of representative and robust data that informs evidence-based development and policy directions. The Global Economic Diversification Index (EDI) 2025 report provides valuable longitudinal datasets to inform policy, research and economic development efforts across the globe. It specifically highlights the importance of economic diversification for commodity-producing nations to mitigate the risks of growth, trade, and revenue volatility. The report underscores the vulnerability of countries dependent on commodities to various shocks, such as price fluctuations, climate change, and global pandemics. Successful diversification can be accelerated through adopting new technologies and digitalisation, moving towards a services-based economy, focusing on value-added manufacturing, and investing in human capital and infrastructure.

The findings of this latest edition of the EDI emphasises the need for commodity-dependent nations, particularly those reliant on oil and gas, to adopt policies that prevent the natural resource curse and promote sustainable economic growth. Globally, there are numerous examples of successful transitions, including Norway's diversification into high-tech sectors and Malaysia's move towards greater industrialisation. However, the report highlights that there is no one-size-fits-all approach to diversification, as the urgency and pace of reform depend on multiple factors, including institutional effectiveness and governance, among others.

The Economic Diversification Index, first published in 2022, provides a comprehensive measure of economic diversification across countries. The EDI, derived by calculating the scores of three key sub-indices: government revenue, output, and trade, allows countries to assess the state and evolution of their economic diversification, as well as compare themselves with peers, and identify factors that can foster or

impede diversification. The 2025 edition covers the performance of 115 countries, using publicly available quantitative indicators to ensure transparency and allowing reproducibility of the results.

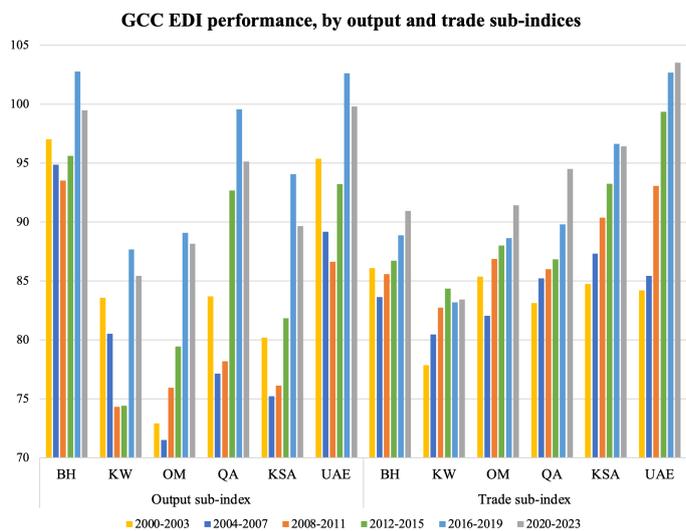
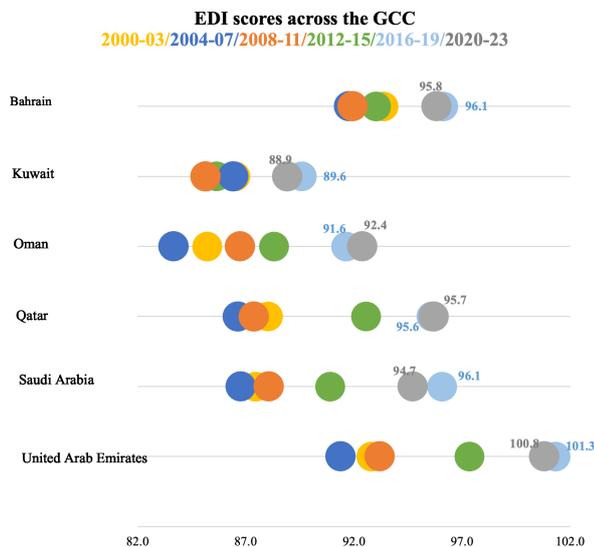
The top-ranked EDI nations in the current EDI edition continue to include the United States, China, and Germany. In 2023, twenty-five of the top 30 nations were high-income countries, alongside only four upper-middle-income nations (China, Mexico, Thailand, and Turkey) and a single lower-middle-income nation (India, at rank 20 globally). Only three of the eight regional groupings show an increase in EDI compared to pre-pandemic readings (Western Europe, East Asia Pacific and South Asia). It is, however, important to highlight that while EDI and GDP per capita are generally positively correlated, high-income countries, particularly oil dependent economies, do not always have high economic diversification scores.

In 2024, the Global EDI report introduced new digital trade augmented index (the 'EDI+'). In the post-pandemic years, digitalisation continues to play an important role in increasing economic diversification while also enabling emerging and developing nations to catch up. The inclusion of digital indicators in the EDI shows that many developing nations are diversifying into the digital space and catching up with more advanced economies. This progress is dependent on factors such as infrastructure availability, regulatory support and the presence of a skilled workforce among others. The 2025 edition confirms that multiple countries in the top quintile of the EDI rise even higher with the inclusion of the digital indicators within the trade sub-index (i.e. trade+ sub-index). Over two-thirds of the nations' show greater improvements in the trade+ sub-index (comparing 2023 versus 2010) than in the overall EDI+ scores. On the other hand, the lower income groups have yet to recover to pre-pandemic levels, in either EDI or EDI+ scores. This underscores the

challenge of achieving recovery without substantial investment in digital infrastructure and relevant enablers. The performance of EDI+ is in line with other digital indices, with the scores showing a positive correlation.

Insights from the latest EDI scores point to a few policy directions. Commodity producing nations need to consider three key factors while deciding on economic policy: (a) the implications of climate change will have an impact on commodities production and extraction; (b) how energy transition is affecting the demand for commodities, including fuel and metals; (c) the continued risks from geopolitical tensions and trade fragmentation, particularly for low-income and emerging market countries that depend on commodities, which may potentially leading to long-term output losses.

In this EDI edition, 40 countries in the index, nearly 35 percent of the countries covered, are commodity exporters, and within that subset, close to 50 percent of the commodity dependent nations are reliant on fuels. While the more diversified Mexico and Malaysia retain top rankings, given the dynamic nature of diversification, other countries are also undertaking transformational policies: notable cases in 2023 compared to 2000 include Saudi Arabia (up more than 30 ranks), UAE (+24 ranks), Kazakhstan (+17 ranks), Qatar (+12 ranks) and Oman (+10 ranks). Low to middle-income nations such as Angola, Congo and Nigeria remain consistently within the lowest quartile (with common characteristics such as poor governance scores and/ or being politically unstable) along with upper middle-income Azerbaijan. Among the Gulf Cooperation Council (GCC) countries, Bahrain and the UAE have both scored highly in the output sub-index in recent years, while the UAE outperformed in the trade sub-index. Kuwait lags its peers in all sub-indices, making it the lowest scoring among the GCC countries.



Source: Global Economic Diversification Index 2025

Today, the world faces heightening environmental concerns exacerbating social inequalities and economic instability. The World Economic Forum's Global Risks Report 2025 underscores the urgent need to address these environmental concerns, with "biodiversity loss and ecosystem collapse" ranked by respondents as the second-most concerning risk over the next decade. Climate change is forcing nations to hasten low-carbon energy transition plans and policies and consumers to make gradual behavioural shifts away from fossil fuels. Geopolitical forces also reconfiguring the global energy map. Even as the GCC countries emerge as "Middle Powers" in a globally fragmented world, its member states are stand out as energy powerhouses in both fossil fuels and renewable energy amidst global fragmentation.

Panelist at the Investment Conference 2025 session

“Shaping the Future – GCC Economies in Transition”, 10 Feb 2025

Dr. Nasser Saidi participated as a panelist in the discussion titled “Shaping the Future – GCC Economies in Transition” at the Investment Conference 2025 by Kamco Invest, held in Kuwait on 10th February 2025.

The session covered the broad headings of cyclical growth vs. structural transformation, fiscal policy and government spending, monetary policy, capital markets, productivity challenges & overall resilience.

View the session below ([original link](#))

“The Age of Electricity Beckons”: Presentation at ABB Channel Partners event, 29 January 2025

Dr. Nasser Saidi's joined as a keynote speaker at the ABB Channel Partners Event on 29th of January 2025, with a presentation titled “[The Age of Electricity Beckons](#)”.

The presentation touched upon the ongoing global economic-geopolitical fragmentation, how costly it would be given it accelerates deglobalisation while also touching on the Trump Presidency and potential impact on the MENA region. Regional implications was analysed with a view that the GCC can benefit from global fragmentation via increasingly diversified, integrated & globally connected economies, emerging as “Middle Powers”. The presentation focused on the challenges of climate change and energy transition in the MENA region, underscoring the fact that tech deployment is critical for energy transition.

A [press release of the event](#) quotes Dr. Saidi:

“Climate change is the name of the game,” said Dr Saidi, President of Nasser Saidi & Associates and guest speaker of the event. “Private and public fundings need to be mobilized to accelerate investment in and development of renewable energy and climate technology across the region, one of the most climate stressed globally.

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“UAE-China Partnership for a Transforming Global Economic Geography”: Presentation at the China-UAE Investment Summit (Abu Dhabi Finance Week), 10 Dec 2024

Dr. Nasser Saidi's joined as a keynote speaker presenting on [“UAE-China Partnership for a Transforming Global Economic Geography”](#) at the China-UAE Investment Summit session held during the Abu Dhabi Finance Week on 10th of December 2024.

Starting with an overview of the 40 years of diplomatic & economic relations between UAE and China, Dr. Nasser Saidi highlighted that China was an important partner in UAE's initial diversification phase (infrastructure, trade, tourism). With the UAE and wider GCC benefiting from reconfiguration of global supply chains, trade & investment diversion from China "decoupling", China can become a Comprehensive Strategic Partner for UAE's next phase of diversification.

What are the building blocks of such a Comprehensive Strategic Partnership? Regional / multilateral cooperation measures aside, bilateral efforts could range from a free trade agreement to banking/ financial integration and investing in future technologies among others.

Some snippets of the summit are highlighted below:

The China-UAE Investment Summit 2024 at ADFW wrapped up with valuable insights into the strengthening economic ties between China and the UAE.

Leaders from both nations explored key opportunities in trade, innovation, and investment, setting the stage for a new era of... pic.twitter.com/QTtmZ9o3D2

– ADFW (@ADFinanceWeek) [December 10, 2024](#)

Interview with Al Arabiya

Insight (AGBI), 3 Apr 2024

The opinion piece titled "[Economic diversification is the GCC's top priority](#)" appeared in the Arabian Gulf Business Insight (AGBI) on 3rd April 2024.

The article is posted below.

Economic diversification is the GCC's top priority

Saudi Arabia has taken great steps to diversify its economy – Kuwait must follow suit

It is a paradoxical truth that nations highly dependent on natural resources tend to be poor economic performers.

Such countries are exposed to ongoing adverse shocks, including price jolts, volatile demand and supply, and natural disasters. These factors can stir up macroeconomic instability and higher economic risks – otherwise known as the “natural resource curse”.

The demand and supply shocks that occurred during the Covid-19 pandemic, as well as those caused by ongoing wars and the planned energy transition, increased the urgency for fossil fuel exporters to diversify their economies and mitigate risks.

Such strategies also avert the crisis of being left with lower-valued or stranded assets.

Robust and extensive economic diversification is a must-have policy for the commodity-producing nations of the GCC. It is essential for the region's macroeconomic stability and job creation.

The [Global Economic Diversification Index](#) (EDI) measures diversification across three dimensions including output, trade and government revenue for 112 nations, over the period 2000 to 2022. Its underlying 25+ indicators are all quantitative (i.e., no survey or perception indicators) and publicly available, resulting in a quantitative benchmark that can be replicated.

The latest issue of the EDI, released at the World Governments Summit in February, finds that **the top-ranked nations – the US, China and Germany – are well-diversified and tend to be resilient, even amid unexpected shocks like the Covid-19 pandemic.**

The high commodity or natural resource-dependent nations, where the diversification process has been slow and stagnant, languish at the other end of the spectrum. Four nations – three from Sub-Saharan Africa and Kuwait from the Mena region – remain in the bottom 20 ranks of the EDI over the period 2000-2022.

However, the emergence of other countries from the bottom quartiles to become more diversified, such as Saudi Arabia, underscores the rewards of reforming.

Though commodity-dependent nations have made gains in output and trade diversification sub-indices over time, reforming, introducing broad-based taxation or instituting new tax regimes for fiscal sustainability is more problematic, and is holding back oil exporters from making gains in government revenue diversification.

For example, tax revenue as a percentage of GDP in Norway, which is highly ranked in the revenue sub-index, stands at

around 30-plus percent versus single digit readings in Bahrain and Kuwait.

The effort necessary for lower ranked nations to catch up in the post-Covid era will be tougher, given not only the long-term scarring effects and output loss induced by the pandemic but also due to limited fiscal space and high debt burdens.

However, a pandemic silver lining effect can be seen in the accelerated adoption of digital technologies, resulting in societal gains such as higher labour force participation rates and productivity gains – especially in nations with existing basic IT infrastructure.

The EDI 2024 edition includes three digital-specific indicators in the trade sub-index, capturing growth of the digital economy.

One main finding is that if digital adoption is delayed existing divides can widen, leading to deteriorating outcomes and prospects in the absence of an acceleration of reforms.

Another is that digital economy investments tend to improve trade diversification, notably through the ability to export services.

It is noteworthy that the UAE and Saudi Arabia were the 8th and 24th largest exporters in world trade of commercial services (excluding intra-EU trade) in 2022, according to the World Trade Organisation.

The GCC region has achieved significant progress in economic diversification over the past two decades. The UAE and Bahrain have higher EDI scores compared to their peers, while Saudi Arabia and Oman have both substantially improved their scores relative to 2000.

The implementation of reforms at a much more aggressive pace after the pandemic has helped to improve GCC rankings across

the board. Such initiatives include incentives to invest in new tech sectors, broadening tax bases, trade liberalisation through free trade agreements and improvements to regulatory and business environments, while facilitating rights of establishment and labour mobility. Gulf governments have also been diversifying their “national asset” portfolios, by investing in economic institutions. These reforms improve diversification across all three pillars (output, trade, government revenue) and will strengthen long-term economic resilience.

As countries adapt to and mitigate climate change risks, energy transition and green investments such as renewable energy can play a key role in transforming economies and output structures.

Fossil fuels are likely to remain in the global energy mix for decades, but a potential sustained decline in demand necessitates the roll-out of diversification policies at the earliest.

With many oil-exporting nations in the Middle East already diversifying energy sources, potential exports of clean energy – such as hydrogen – from these nations can widen their export base (both of products and trade partners).

Regional integration would support diversification efforts, as would increasing intra-regional trade in the Mena region.

Gulf-wide trade agreements would lower costs, thereby generating demand for specific goods and services outside traditional commodity exports.

The prospect of regional integration creates a massive opportunity to link domestic, regional and global value chains, supporting diversification efforts.

To paraphrase the late great author Lewis Carroll, in a resource-rich country “you have to run twice as fast to get

anywhere”.

Dr Nasser Saidi is the president of Nasser Saidi & Associates. He was formerly chief economist and head of external relations at the DIFC Authority, Lebanon’s economy minister and a vice governor of the Central Bank of Lebanon

With additional contributions from Aathira Prasad, director, macroeconomics at Nasser Saidi & Associates

“Regionalised Globalisation & Building Markets to Overcome Disruptions”: Presentation at the DIFC’s “The Pursuit of Alpha” event, 21 Feb 2024

Dr. Nasser Saidi’s joined as a keynote speaker presenting on [“Regionalised Globalisation & Building Markets to Overcome Disruptions”](#) at the DIFC’s “The Pursuit of Alpha” event held on 21st of February 2024.

Dr. Nasser Saidi’s insights at “The Pursuit of Alpha” event revealed a tectonic shift towards Asia, underlining the significance of strategic partnerships in expanding energy, trade, and investment ties.

Global opportunities abound as ‘Gulf Falcons’ (UAE and KSA) navigate the landscape of global fragmentation and ‘China decoupling,’ with initiatives like the GCC-China FTA and the India-Middle East-Europe Economic Corridor paving the way for

a transformative geo-economic/geopolitical shift.

Commending the GCC Falcons, Dr. Saidi highlighted their transition to Economic Diversification 2.0, promising reduced volatility, sustainable growth, and enhanced regional integration. Furthermore, the role of Gulf Falcons in driving regional structural transformation was emphasized, encompassing finance, energy transition, climate change mitigation, privatisation, digitalisation, and effective wealth management.

In summary, Dr. Saidi's perspective underscores the need for strategic partnerships, economic diversification, peace building, and forward thinking policies to foster sustainable growth, stability, and prosperity amidst evolving global dynamics in the Gulf region.

Some snippets of the session are highlighted below:

*Deep dive into the new world's dynamics, gaining insights into the understanding of global macroeconomic shifts and trends. [#Wealth](#) [#AssetManagement](#) [#DIFC](#)
pic.twitter.com/ITulH090n0*

– DIFC (@DIFC) [February 21, 2024](#)

“Global

Economic

Diversification Index 2024”, report released at the World Governments Summit, Feb 2024

[“Global Economic Diversification Index 2024”](#) was released by the Mohammed Bin Rashid School of Government (MBRSG) at the World Governments Summit held in Dubai on 12th Feb 2023. Dr. Nasser Saidi & Aathira Prasad were co-authors of the report, which was developed in cooperation with Keertana Subramani, Salma Refass and Fadi Salem (MBRSG) and Ben Shepherd (Developing Trade Consultants).

Access the latest and past reports as well as the underlying data on the [website](#).

Economic diversification is a gradual, transformative process for countries that are dependent on commodities or a limited set of products or services.

Diversification for commodity producers leads to greater macroeconomic stability, more sustainable growth patterns, enables a gradual move to higher value-added economic activities (from over-dependence on primary commodities) and helps lower trade concentration (i.e., increase a country’s ability to export a wider set of products to a larger set of trade partners). This requires active and productive private sector participation, and in parallel, governments need to rollout effective policy reforms (often structural) and undertake productive investments – while diversifying the government revenue base by raising non-commodity-related revenues.

The Global Economic Diversification Index (EDI), based on publicly available indicators, data and information, provides a

quantitative measure of the state and evolution of the economic diversification of countries going back to 2000. The current edition expands the coverage of countries to a total of 112 countries (7 additional countries compared to the previous EDI edition) owing to improved data availability.

The United States, China and Germany retain the top 3 ranks in the EDI for 2022, with the top 10 nations having small margins between scores (implying the strength of diversification). Western European nations account for almost two-thirds of the top 20 highly-ranked nations and while 26 of the top 30 nations are high income, there are representatives from upper-middle income (China, Mexico, and Thailand) and one lower middle-income nation (India).

At the other end of the spectrum, however, the diversification process has been long and slow. Four nations – three from Sub-Saharan Africa alongside Kuwait from the Middle East and North Africa region (MENA) – continue to remain in the bottom 20 ranks of the EDI over the period. The share of MENA nations in the bottom 20 ranks fell to just 10% from one-fourth in 2000. At the same time, there were 13 Sub-Saharan African nations among the lowest 20-ranked nations in the year 2022 from nine in 2000. Furthermore, the catch up for lower ranked nations in the post-Covid era will be a tougher ask, given the long-term scarring effects and output loss induced by the pandemic in addition to an already limited fiscal space and existing debt burdens.

As the global economy slowly recovers post-pandemic, it is contending with a lasting structural change: the accelerated adoption of digital technologies, which has resulted in societal gains such as higher labour force participation rates and productivity gains among others (especially in nations where the basic infrastructure was already in place). Despite challenges in data availability in this realm, this edition of the EDI includes indicators that aim to capture the growth of the digital economy: three digital-specific indicators are

added to the trade sub-index.

Using this updated list of indicators and availability of data, a revised trade+ (“trade-plus”) sub-index is calculated for the years 2010-2022, for a subset of 106 countries. The revised trade+ sub-index is also used to calculate a digital augmented EDI+ (“EDI-plus”) score and ranking. Other than the Sub-Saharan Africa region, all regional groups improved their trade+ sub-index scores in 2020-2022. While the top four ranked countries are the same in both the trade and trade+ sub-indices, of the bottom 20-ranked nations in the original trade sub-index, thirteen are worse-off when including digital indicators. This finding is in line with what other studies have shown i.e. if adoption is delayed, existing digital divides can widen leading to deteriorating outcomes and prospects in the absence of an acceleration of reforms. South Asia shows a significant upwards jump in trade+ scores over time and this is reflected as well in the EDI+ scores as well.

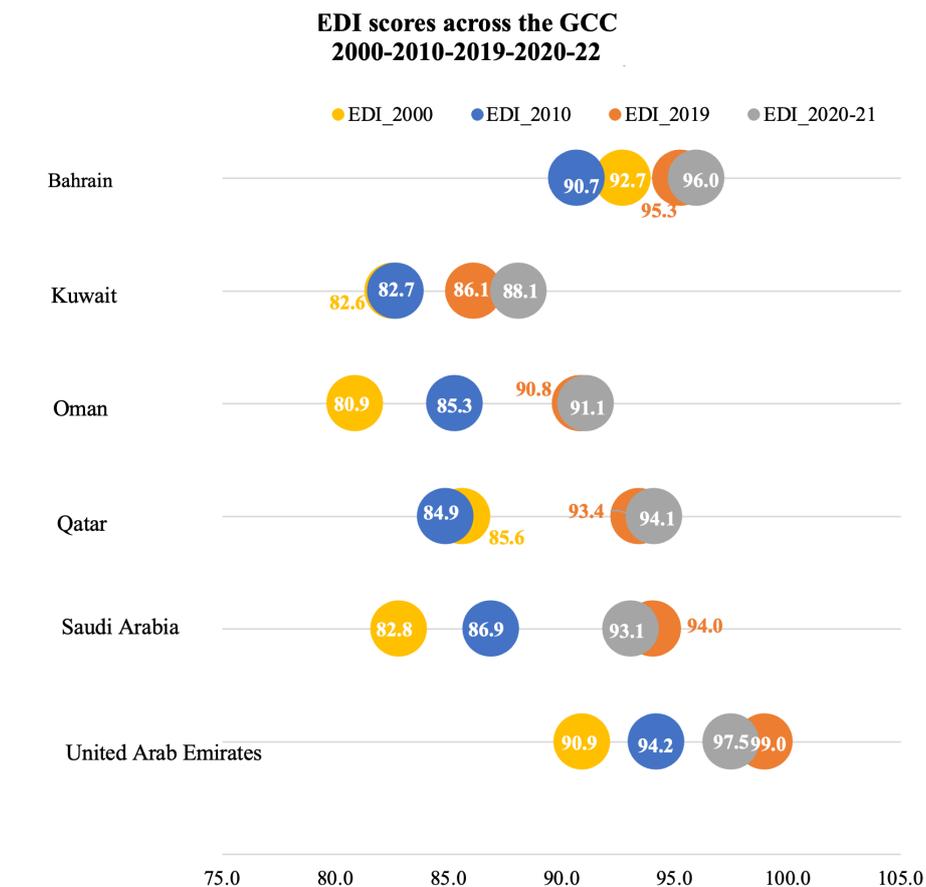
A clear outcome across countries is that digital economy investments improve trade diversification, notably through the ability to export services. For commodity producers and exporters, the report finds that they can strongly improve their overall EDI and trade rankings by investment in and adoption of new digital technology and its services. Additionally, country geographical size does not appear to be an impediment to economic diversification and EDI scores (e.g. highly-ranked nations such as Singapore, Ireland and Netherlands among others are relatively small economies, both in the EDI and EDI+ versions).

Commodity producing nations are vulnerable to volatility in commodity prices. Prices can be more or less volatile depending on the type of commodity. For instance, price of oil has been more volatile than the price of copper, wheat or cotton and other commodities, as shown by historical data. In the EDI sample of countries, more than 50% of the commodity dependent nations are reliant on fuels. The demand and supply

shocks that occurred during the pandemic and those caused by ongoing wars, in addition to the planned energy transition to Net-Zero Emissions, increase the urgency for fossil fuel exporters to diversify – else these nations run the risk of being left with lower valued or stranded assets.

Sub-Saharan Africa’s commodity exporters posted the lowest EDI scores over time, with the 2020-2022 average score falling below the 2012-2015 period, underscoring not only the pandemic’s

negative impact on performance but also the divergent paces of recovery. However, both the MENA and Eastern Europe & Central Asia regions reported a slight improvement in the 2020-2022 period versus pre-pandemic scores: these nations were all fuel exporters



Source: Global Economic Diversification Index 2024

(i.e. not exporters of any other commodities). The report also finds that countries that reduced (increased) the share of resource rents have seen an increase (decline) in EDI scores, but the relation is one of correlation and not causation. Among the GCC, UAE and Bahrain have higher EDI scores compared to their peers, while Saudi Arabia and Oman have both gained over 10-points in 2020-2022 compared to their EDI score in 2000. Improvements in GCC scores have resulted from the implementation of reforms at a much more aggressive pace after the pandemic – including incentives to invest in new tech

sectors, plans to broaden tax bases, trade liberalisation through free trade agreements and improvements to regulatory and business environment among others facilitating rights of establishment and labour mobility – that support diversification efforts and provide long-term economic resilience.

Lastly, the report highlights an increasingly relevant discussion related to climate change and the vulnerability of commodity-dependent nations. As countries adapt to and mitigate climate change risks, energy transition and “Green economy” investments, such as renewable energy, can play a key role in transforming economies and output structures. Fossil fuels are likely to remain in the global energy mix for decades, but a potential sustained decline in demand necessitates the roll-out of diversification policies at the earliest. With many oil-exporting nations in the Middle East already diversifying energy sources, potential export of clean energy from these nations could widen their export base (both in terms of products and trade partners). Furthermore, regional integration would aid diversification efforts of commodity producers and also provide a massive opportunity to link with domestic or regional value chains, adding to diversification efforts.

“GCC can emerge as ‘Middle

Powers' in second Cold War", Op-ed in Arabian Gulf Business Insight (AGBI), 9 Jan 2024

The opinion piece titled "[GCC can emerge as 'Middle Powers' in second Cold War](#)" appeared in the Arabian Gulf Business Insight (AGBI) on 9th January 2024.

The article is published below.

GCC can emerge as 'Middle Powers' in second Cold War

**Three factors will enable the GCC to benefit from
the fragmentation**

We are living in a second Cold War. A multipolar world is evolving as governments adopt policies that are leading to increased economic and financial fragmentation.

Trade, foreign direct investment and financial flows are increasingly encumbered by regulatory and legal restrictions.

The number of global trade restrictions introduced each year has nearly tripled since the pre-pandemic period, reaching almost 3,000 last year, according to the International Monetary Fund.

The result is a restructuring of global supply chain networks. Political decisions dubbed “friend-shoring”, “near-shoring” or “on-shoring” imply increased geo-political fragmentation and de-globalisation.

While the speed of globalisation slowed after the 2008 financial crisis, a major trigger of de-globalisation was the Trump administration’s policy of “China decoupling”.

This was subsequently relabelled “China de-risking” and described in Washington as a policy that aimed to prevent Beijing from emerging as a global tech power.

This tech war, which started with restrictions on access to high-performance chips, has expanded. Now barriers have been imposed on trade, foreign direct investment and financial flows.

The Russia-Ukraine war, the conflict in Gaza and the spillover effects have widened the geo-economic-political fragmentation, resulting in the second Cold War.

Two blocs, but allies don’t always agree

Two major blocs are emerging: the US and its allies, and China-Russia and their allies. Other countries fall into a multi-faceted, multi-interest grouping.

Even within the blocs, there is increased political fragmentation and divergence of interests – notably between the US and the European Union. The upshot of geo-strategic confrontation is a ratcheting up of military spending, at the cost of addressing economic development and investment.

Strategic mistakes, miscalculation and events may lead to the Cold War becoming hot.

National security narratives are increasingly dominating economic policy decisions. Trade is weaponised, while investment (inward and outward), finance and payment systems

are affected. National security interests imply a re-engineering and redesigning of food, energy and tech supply chains towards greater self-reliance.

National security logic has also led to the weaponisation of the US dollar, imposing restrictions on its use in international payments and the freezing of “unfriendly” or “enemy” foreign assets.

This threatens dollar-based international payments and the financial architecture built over the past decades of global financial liberalisation.

The same logic is leading to the weaponisation of access to and diffusion of modern tech and AI, widening the global tech divide and reducing productivity and general growth.

The new Cold War could result in a massive 7 percent loss of global GDP according to the IMF, as a result of global supply chains becoming less efficient, inward-looking self-sufficiency policies being disguised as re-shoring, and restrictions on access to tech and critical resources such as rare earths.

The GCC as emerging ‘Middle Powers’

For the GCC countries, this ominous scenario has a silver lining. It offers a geo-strategic opportunity, allowing them to emerge as Middle Powers between the two global blocs.

The GCC has built its soft power through successfully hosting international events and diplomatic mediation. Next up is the building of economic and financial power.

Three strategic factors represent the building blocks that will enable the Gulf states to benefit from the fragmentation.

First is the GCC’s geography between Africa and Asia and the nations’ promising demographics.

Second, the member states are unique in being old and new energy powerhouses.

Third, the economic diversification of the GCC – combined with investments in trade facilitating logistics, transport, and infrastructure – means the six countries are integrated in global supply chains.

The GCC nations need to enhance and develop economic and financial tools to enable them to become effective Middle Powers. A priority is to accelerate their economic and financial integration, starting with core infrastructure to achieve economies of scale and greater efficiency.

GCC economic and financial integration is a building block for overhauling and implementing the GCC common market, allowing the Gulf countries to negotiate as an empowered economic bloc.

Already, GCC members are participating in international blocs – Brics+ and the India-Middle East-Europe Economic Corridor – along with trade deals that include a likely GCC-China agreement in 2024 and various comprehensive economic partnership agreements.

Cop28 has highlighted that climate change will pose geo-strategic challenges in the coming decades. The GCC states possess the technologies and financial resources to make regional and global investments in climate adaptation, and building and retrofitting infrastructure to make it climate resilient.

These tools underpin the evolving “regional globalisation” policies of the GCC, which will lead to the growing economic integration of the Mena region and African countries. This regional globalisation will reduce the risks of the new Cold War.

“The Middle East in a fragmented multi-polar world”: Presentation at the 19th Korea Middle East Cooperation Forum, 6 Nov 2023

Dr. Nasser Saidi joined a panel discussion titled “Future Prospects for Korea and the Middle East”, after presenting on the topic [“The Middle East in a fragmented multi-polar world”](#) at the 19th Korea Middle East Cooperation Forum held in Doha on 6 November 2023.

Dr. Saidi’s presentation can be viewed in the below video from 1:09:50 to 1:29:50, and the panel discussion continues till 2:25:00

“A Mercantile Middle East”, article in the IMF’s Finance & Development magazine, 1 Sep 2023

The GCC must take leadership at a time of global fragmentation and successfully lead the MENA region into becoming an inter-

linked trade and investment hub. This, while unfolding the GCC strategy of pursuing globalization as a regional group through new trade and investment agreements, foreign aid, and direct and portfolio investment. We envisage two complementary ways to move forward, away from political differences & correcting failures of past implementation: one, implement the GCC Common Market & two, GCC should develop new deep trade agreements – both much more extensive in scope than just trade & investment.

Our article titled “[A Mercantile Middle East](#)” was published in the IMF’s Finance and Development’s Sep 2023 issue.

A Mercantile Middle East

By Nasser Saidi and Aathira Prasad

The world has witnessed a tectonic shift in global economic geography and trade toward emerging Asia in the past two decades. However, the Middle East and North Africa (MENA) region has remained one of the least dominant, accounting for just 7.4 percent of total trade in 2022. The region’s trade is characterized by a relatively high concentration of exports in a narrow range of products or trading partners, limited economic complexity, and low participation in global value chains.

Even so, commodity-dependent nations in the MENA region have made substantial gains over time, specifically in trade diversification, as shown by the [Global Economic Diversification Index](#), which tracks the extent of economic diversification from multiple dimensions, including economic

activity, international trade, and government revenues.

The MENA region's total trade in goods as a percent of GDP (an indicator of openness) was 65.5 percent in 2021, indicating a relatively open regional economy. Yet, as shown in Chart 1, intraregional trade is low, representing only 17.8 percent of total trade and 18.5 percent of total exports, despite a common language and culture as well as geographic proximity. The six oil-exporting Gulf Cooperation Council (GCC) nations—Saudi Arabia, Bahrain, Oman, Qatar, Kuwait, and the United Arab Emirates—account for the bulk of intraregional trade.



Their dominance of intraregional trade suggests that the Gulf nations could become a catalyst for regional trade integration, helping lower barriers to trade, improving trade infrastructure, and diversifying the region's economies. Greater integration of non-GCC Middle East nations with the GCC will lead to more intraregional trade and greater global integration (via the GCC's existing global linkages and participation in global value chains). With the growing global economic integration of the GCC nations and their concerted effort in supporting the region's other nations (via increased trade and investment deals with Egypt and Iraq, for example), they can be a conduit for greater integration of the rest of the region into world trade.

Region's Laggards

Why have non-GCC countries lagged when it comes to intraregional trade? In part it is a failure of the MENA region's multiple regional trade (and investment) agreements. The share of intragroup exports in the Arab region, excluding the GCC, has remained below 2 percent of their trade flows, partially a reflection of regional fragmentation, violence, and wars since the mid-1990s and following the Arab Spring in

2011. The region comprises a group of nations characterized by significant political differences, and this is reflected in trade patterns as well. For example, the orientation of the Maghreb nations of North Africa has been toward Europe, with the regional Euro-Med program and agreements supporting such linkages.

A contributing factor to the stagnation of intraregional trade is the lack of growth of trade in services. MENA services trade has ranged between 4 and 6 percent of global services trade in the past two decades. This pales in comparison with the Organisation for Economic Co-operation and Development countries, which account for more than two-thirds of global services trade. Within the MENA region, the GCC accounts for the bulk of services trade, with the largest shares in relatively low-value-added sectors like travel (and tourism) and transportation. The services trade is held back by restrictive policies that limit entry in sectors dominated by state-owned enterprises, such as telecommunications, or that impose high fees and license requirements, especially in professional and transportation services.

Such restrictive policies, along with structural deficiencies, encumber MENA nations' trade both within the region and globally.

MENA nations apply more, and more restrictive, nontariff measures than in any other region. These almost doubled between 2000 and 2020. Lack of uniform standards and harmonization, pervasive red tape, and corruption compound the effects of these barriers. Business and investment barriers include cumbersome licensing processes, complex regulations, and opaque bidding and procurement procedures.

MENA as a region underperforms on trade facilitation measures to ease the movement of goods at the border and reduce overall trade costs, though there are wide disparities across the region. The quality of trade- and transportation-related

infrastructure is significantly lower in the non-GCC MENA nations. Furthermore, delays at the port result in excessive “dwell times” (delays of more than 12 days) for imported goods in some MENA countries. Algeria and Tunisia delays average about 20 days versus less than five days in the United Arab Emirates (among the top three globally).

Knocking down barriers

Overcoming these impediments to wider trade for the region requires removing barriers to trade and investment, diversifying the region’s economies, and improving infrastructure.

A new generation of trade agreements, including more knowledge-intensive services, would not only support export diversification policies but would also help bridge gender gaps, improve women’s economic empowerment, and subsequently result in more inclusive economic growth and integration.

The pandemic has underscored the need for trade diversification (both of products and partners) and development of new supply chains. Although the GCC’s oil trade remains dominant, its members have embarked on various policies and structural reforms, such as increasing labor mobility and opening capital markets across borders, to diversify away from overdependence on fossil fuels and associated revenues. This has resulted in diversification of both the output mix (for example, increased focus on manufacturing) and the export product mix (for example, more services exports) alongside an evident shift in trade patterns toward Asia and away from the United States and Europe. More recently, the war in Ukraine further highlighted the plight of food-importing nations in the Middle East in the context of food security. (Ukraine and Russia accounted for a third of global wheat exports; Lebanon and Tunisia were importing close to 50 percent of their wheat from Ukraine.)

The Global Economic Diversification Index trade subindex shows that the commodity-dependent nations with the most improved scores over time have either reduced dependence on fuel exports, reduced export concentration, or witnessed a massive change in the composition of exports. An example of the latter is Saudi Arabia's increased focus on medium- and high-tech exports, which rose as a share of overall manufacturing exports, to almost 60 percent right before COVID from less than 20 percent in 2000. The MENA region as a whole has already made some headway toward diversification, as shown in Chart 2.



The GCC nations have benefited from the recent rise in commodity prices, but the pandemic reinforced strategies, including the development of free zones and special economic zones, to diversify into new sectors. These policies range from attracting investment (including foreign direct investment) to higher-value-added, higher-tech manufacturing; investing in new sectors (renewable energy, fintech, artificial intelligence); and opening markets to new investors and investments (as is evident in the recent spate of initial public offerings in both the oil and non-oil sectors). These reforms help expand markets (within the MENA region and toward Africa, Europe, and South Asia), while up-and-coming sectors like renewable energy and agritech offer sustainable ways of expanding the extensive and intensive margins of trade and generating new job opportunities.

Engine for regional integration

Full achievement of the benefits of regional trade integration requires a reform of trade policies to break down barriers, including restrictive nontariff measures, complex regulation, corruption, and logistical roadblocks.

Integrating the MENA region's trade infrastructure (ports,

airports, logistics) with that of the GCC would lower costs and facilitate intraregional trade, leading to greater regional integration and generating gains from trade for all parties. The GCC can lead the economic integration and transformation of the region via investments in hard infrastructure and trade-related infrastructure and logistics, in addition to developing an integrated GCC power grid. A GCC renewable-energy-powered, integrated electricity grid could extend all the way to Europe, Pakistan, and India.

The GCC nations have an opportunity to benefit from global decoupling and fragmentation with their unfolding strategy of pursuing globalization as a regional group through new trade and investment agreements, foreign aid, and direct and portfolio investment. The ongoing disengagement from long-standing regional conflicts, in Israel, the West Bank and Gaza, Yemen, the Islamic Republic of Iran, Libya, and elsewhere, and the forging of new links (diplomatic opening such as the Abraham Accords) reduce the geopolitical risks of promoting regional trade and investment. The GCC can use this as an opportunity to shape the MENA region into an interlinked trade and investment hub. The GCC's accelerated new free trade negotiations with key partners in the MENA region, including Egypt and Jordan, and in Asia, including China and South Korea, could become the cornerstone of this transformation. The United Arab Emirates have already signed comprehensive economic partnership agreements with India, Indonesia, and Türkiye covering services, investment, and regulatory aspects of trade.

There are two complementary ways to move forward. One is to implement the GCC Common Market, invest in digital trade, lower tariff and nontariff barriers, and reduce restrictions on trade in services, along with reforms to facilitate greater mobility of labor and enhance financial and capital market linkages. Second, the GCC should develop new deep trade agreements with the other MENA countries, going beyond

international trade to encompass agreement on nontariff measures, direct investment, e-commerce and services, labor standards, taxation, competition, intellectual property rights, climate, the environment, and public procurement (including mega projects). The GCC nations, which have historically used foreign aid and humanitarian aid to support MENA nations, should opt for an “aid for trade” policy to support their partners in implementing trade-boosting reforms that lower business and investment barriers, improve logistics infrastructure, and facilitate the movement of goods.

Comments on Saudi Arabia's economic diversification in Arab News, Aug 26 2023

Dr. Nasser Saidi's comments appeared in an Arab News article titled "[Saudi Arabia's economic diversification thrives amid global uncertainty](#)" published on 26th August 2023.

The comments are posted below.

Despite market volatility, Nasser Saidi & Associates – an economic and business advisory consultancy led by a Lebanese politician and economist who held roles as minister of economy and industry and vice governor for the Lebanese central bank—reveals that from 2000 to 2019, notable improvements in Economic Diversification Index scores are seen in countries such as China, the US, Saudi Arabia, Germany, and Oman.

Additionally, GCC nations, excluding Bahrain, rank among the top 20 countries that have advanced their EDI scores during this timeframe.

While Saudi Arabia ranks among the nations experiencing rapid EDI growth, it's important to note that its journey started from a relatively modest base, notes Saidi.

The Kingdom's earlier limited level of diversification implies that its pace would outstrip that of already highly diversified economies, he explains.

"There is a process of convergence toward highly diversified economies. We can expect this trend to continue."

Saidi emphasizes that the improvement of Saudi's EDI score is not surprising, given the conscious effort to expand the non-oil private sector's contribution to the GDP – a pivotal component of the diversification strategy supported by economic policies.

"On the output side, diversification away from oil has benefitted from the size of the country as well as having relatively closed sectors although with relatively low levels of tariffs," he says.

While Saudi Arabia's economic diversification model is reaping notable benefits and success, oil still remains a dominant source of Saudi export and fiscal revenue, directly accounting for over 40 percent of its GDP, according to a report by the IMF in 2022.

"With respect to trade, oil is still the prominent commodity the Kingdom trades, however, being an international commodity, it is traded with a large, diversified set of nations (offering some buffer in case a few of the major trade partners' growth/ demand weakens)," explains Saidi.

However, as we look forward, the question arises: how can

Saudi Arabia's economic diversification model sustain its fruitful trajectory?

According to Saidi, Saudi investments in sectors like mining and metals, along with hospitality and tourism, including religious, cultural, and historical, "seem most likely to reap benefits."

Additionally, there has also been the introduction of revenue-enhancing measures. These include measures such as value added tax at a comparatively higher rate of 15 percent compared to other GCC nations, along with excise and legislated taxes on specific goods and services at purchase.

These additions, explains Saidi, "have enabled the country to move away from the procyclical nature of government revenue that was evident in the past, tracking oil's boom-bust cycles and leading to pro-cyclical fiscal policies."

Saidi emphasizes that for Saudi Arabia, the continuation of fiscal consolidation efforts is vital, which includes implementing revenue-enhancing measures. As the country strives to attract regional headquarters to relocate to Riyadh, he says it would be interesting to see how the corporate taxation efforts are molded.

Further expansion of economic diversification opportunities can stem from the clean energy sector, particularly as the Kingdom advances its initiatives toward achieving net-zero emissions by 2060.

"The clean energy sector has much potential for growth – the nation could even export electricity generated from solar power via an interconnected grid all the way to Europe and/ or South Asia," he states.

"In my view Saudi will emerge as a new energy powerhouse during this decade, building on its comparative advantage in solar power and exporting 'green electricity' and hydrogen,"

Saidi concludes.

Comments on Saudi Arabia's & UAE's invitation to join the BRICS in AGBI & The National, Aug 24 2023

Dr. Nasser Saidi's comments appeared in an article in AGBI titled "[New Middle East members expand Brics reach](#)" published on 24th August 2023.

The comments are posted below.

"It is an important geo-strategic move, the bloc can focus on issues and objectives relevant to them as opposed to a Bretton Woods agenda set by the West," said Nasser Saidi, a prominent Lebanese economist and former government minister.

Dr Saidi said that the current and future Brics members are not holding common currency discussions. But the potential for using local currencies for trade financing and settlement is critical if the announcement is to have lasting significance.

"This is extremely important for the emerging market nations which are currently dependent on dollar fluctuations and the Fed's rate decisions," he said, referring to the US Federal Reserve.

Comments from Dr. Nasser Saidi and Aathira Prasad appeared in an article in The National titled "[Expansion of the Brics](#)"

[group could lead to 'different world order', analysts say](#)

published on 24th August 2023.

The comments are posted below.

“Expanding the Brics to include six new members, including the UAE and Saudi Arabia from the GCC, underscores the potential for the expanded bloc to become the architect of a different world order – one that reflects the shift in global economic and financial geography towards the East,” president of Nasser Saidi and Associates, Nasser Saidi, and its director of macroeconomics, Aathira Prasad, said.

“Joining the group will allow these GCC nations to diversify strategic alliances and also help set a global policy agenda.

“There are many economic challenges that are common to this set of nations including impact from climate change, energy transition, infrastructure for development, poverty as well as growing inequality across and within nations – being part of the bloc will enable these nations to tailor solutions according to their needs and interests.”

Saudi Arabia and the UAE are already among the largest trading partners of the Brics in the Middle East and joining the group facilitates further expansion in trade and supports their economic diversification strategies, added Mr Saidi and Ms Prasad.

“The newly expanded bloc can follow the precedent set by the UAE and India and use local currencies for trade financing and settlement,” they said.

“Global Economic Diversification Index 2023”, report released at the World Government Summit, Feb 2023

[“Global Economic Diversification Index 2023”](#) was released by the Mohammed Bin Rashid School of Government (MBRSG) at the World Government Summit held in Dubai on 14th Feb 2023. Dr. Nasser Saidi & Aathira Prasad were co-authors of the report, which was developed in cooperation with Salma Refass and Fadi Salem (MBRSG) and Ben Shepherd (Developing Trade Consultants).

Access the latest and past reports as well as the underlying data on the [website](#). The report’s release was covered in newspapers like [The National](#) and [Khaleej Times](#) among others.

Economic diversification has been a guiding policy theme for commodity producing nations to minimize volatility, support economic growth and development, create jobs. alongside greater private sector activity and more sustainable public finances. While research about economic diversification centers around its determinants and the impact of policies on economic development, there had been no agreed, available measure or index of economic diversification till the first edition of the Global Economic Diversification Index (EDI) was published in 2022. The EDI measures and ranks countries on the extent of their economic diversification from a multi-dimensional angle, exploring diversification of economic activity, international trade as well as of government revenues (away from a dependence on natural resource or commodity revenue).

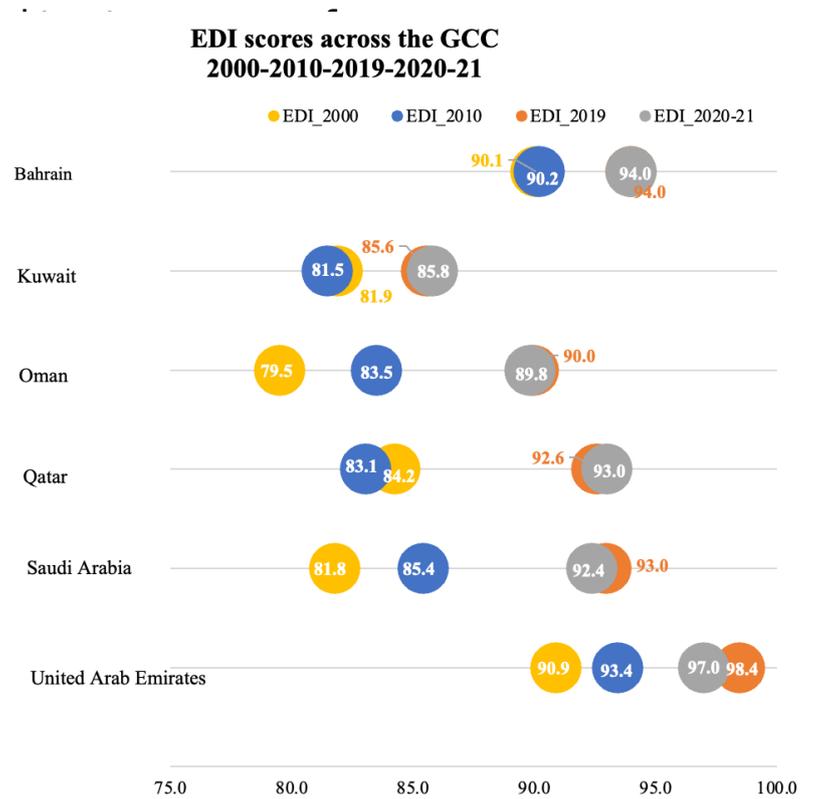
The EDI is based solely on quantitative indicators, with no

survey or perception indicators, providing a quantitative benchmark and ranking of the economic diversification of countries, using 25 publicly available indicators, data and information. This edition of the EDI extends the coverage to a total of 105 countries, for the period 2000 to the Covid19 affected 2020 and 2021, allowing an international, cross-country, regional comparison and ranking of commodity dependent countries.

The United States, China and Germany hold on to their top 3 positions in this edition of the EDI. Nations that rank 4th to 10th have only a 6-point difference between them, highlighting the strength of diversification among the highly ranked countries. Three oil producing nations continuously remain in the bottom 10 nations across the period, but the MENA region has recorded an improvement towards the latter part of last decade (supported by the acceleration of many oil producer's diversification plans).

Overall regional rankings held steady even during the pandemic years (though the scores were much lower): North America topped the list while Sub-Saharan Africa remained a laggard. The analysis highlights that while commodity dependent nations have made gains in both output and trade diversification sub-indices over time, revenue diversification has been holding back overall advances for many. Tax revenue as a % of GDP in Norway, highly ranked in the revenue sub-index, stands at a high 30%+ and compares to single digit readings in countries

like Bahrain, Iran or Ku



Source: Global Economic Diversification Index 2023

Within the GCC, UAE and Saudi Arabia have made the most significant economic diversification progress, thanks to a conscious effort to diversify into the non-oil sector. Following the onset of Covid-19, which put the brakes on non-oil sectors of focus (like tourism, infrastructure and logistics), there has been an accelerated shift in policies rolled out to enable economic transformation. This includes structural reforms (especially directed at the labour market and increased mobility), embracing the digital economy, efforts to broaden the tax base and a concerted push towards the privatisation of certain state-owned assets and enterprises to de-risk fossil fuel assets among others. This will support the next phase of economic diversification in the region.

“A new global economic diversification index”, post in OECD’s Development Matters blog, 1 July 2022

The below article was published as a post in the OECD’s Development Matters blog on 1st July 2022. The original post can be accessed directly at: <https://oecd-development-matters.org/2022/07/01/a-new-global-economic-diversification-index/>

A new global economic diversification index

*By **Aathira Prasad**, Director, Macroeconomics and **Nasser Saidi**, President, Nasser Saidi & Associates*

“My dear, here we must run as fast as we can, just to stay in place. And if you wish to go anywhere you must run twice as fast as that.”

Lewis Carroll, Alice in Wonderland

The well-known “natural resource curse” comes from the observation that economic growth in nations with an abundance of natural resources tends to be lower and more volatile. A number of empirical regularities characterise these countries: (a) resource-abundant countries tend to underperform their resource-poor counterparts, with evidence of a negative relationship between real GDP growth per capita and resource exports; (b) resource-based economies’ exposure to adverse external shocks leads to macroeconomic instability and higher economic risks; (c) non-resource based activities get crowded out; and (d) institutions tend to be weak and anarchic.

Economic diversification – a key to addressing economic risks, macroeconomic stability, volatile economic growth and sustainable development issues – has become an everyday term in the policy lexicon of natural resource dependent countries. Although many diversification policies have been implemented over the past several decades, there has been little effort to assess if they have been successful. The majority of existing research focuses on trade diversification.

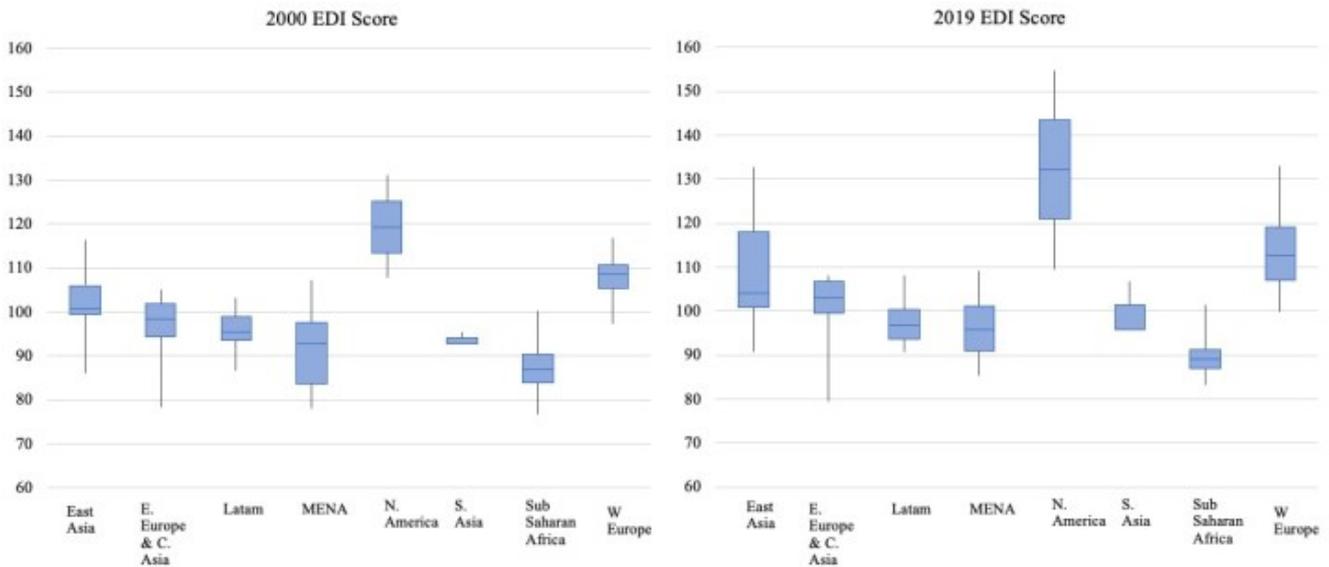
The [Global Economic Diversification Index \(EDI\)](#) aims to fill this gap. The EDI examines economic diversification from a multi-dimensional angle, exploring activity, trade and government revenue diversification. Some of the main findings from the inaugural edition of the EDI are as follows.

- For the least diversified nations, overdependence on commodity production and exports has meant growth volatility and a long path to catch up with top performers.
- Seven nations have consistently ranked among the top ten countries in the EDI from 2000 to 2019, with China joining this cohort from 2008 onwards. Service-led nations stand out among the top-ranked (UK, Ireland,

Singapore and Switzerland), highlighting the growing importance of the services sector (and adoption of new technologies) and its pivotal role in enabling a “catch-up” with highly industrialised nations.

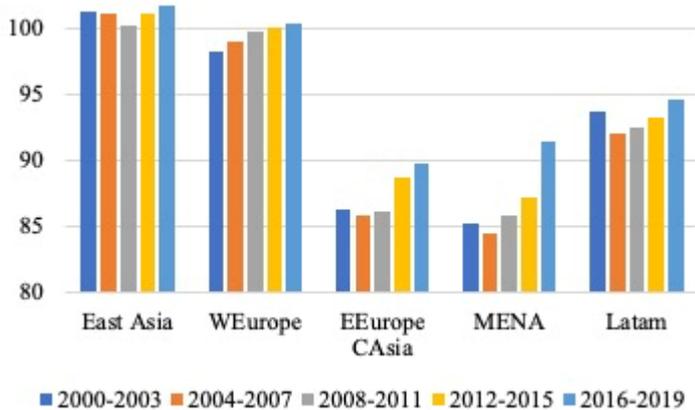
- At the other extreme, seven nations have remained in the bottom ten, including four oil-producing nations (two from the Gulf Co-operation Council – GCC) and two low-income and agriculture-dependent countries.
- Between 2000 and 2019, the nations that have improved their EDI scores the most include China, the US, Saudi Arabia, Germany and Oman. The GCC nations (except Bahrain) are among the top 20 nations to have improved EDI scores over that period.
- Low and lower-middle income nations among the commodity producing nations have the lowest EDI scores overtime. Oman and Kuwait (part of the GCC) rank poorly, but the former has embarked on a diversification path, while the latter, due to ongoing political gridlock, has not undertaken economic reforms.
- In regional terms, North America is the best performer and the Sub-Saharan Africa region is the worst performer on a comparative basis (even though their average scores have improved over time) across overall EDI. The fastest pace of improvement in the EDI has been within the MENA region.

Figure 1. Regional disparities in EDI scores (2000 vs 2019)



- There is a **positive correlation between the EDI and GDP per capita**. UAE and Norway are examples of nations in the process of diversification that are inching closer to the mean EDI score in 2019. By 2019, almost all countries' resource rents readings had declined (versus the level in 2000), and many had improved on their EDI scores. This only shows correlation and not causation.

Figures 2. EDI across commodity producers, by region



The MENA region has lagged behind its regional peers with respect to diversification yet it has caught up relatively fast. This has been supported by diversification strategies introduced by many oil-producing nations in recent years, including the introduction of non-oil taxes (excise, customs and value added taxes to name a few), alongside various liberalisation measures ranging from rights to establishment to trade facilitation measures, and improvements to hard and soft infrastructure. For resource-

dependent countries, economic diversification (activity, trade and government revenue) is a strategic imperative given their demographics and job creation requirements, as well as their need to achieve sustainable development and to mitigate the macroeconomic risks of volatile commodity prices and markets. The Global EDI aims to provide guidance for countries, policy makers and analysts to design successful diversification strategies and policies, turning resource rents into an engine of growth rather than a barrier to economic development and thereby avoiding the “resource curse”.

Weekly Insights 26 Nov 2020: UAE needs to attract FDI into viable, sustainable economic diversification sectors & projects

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

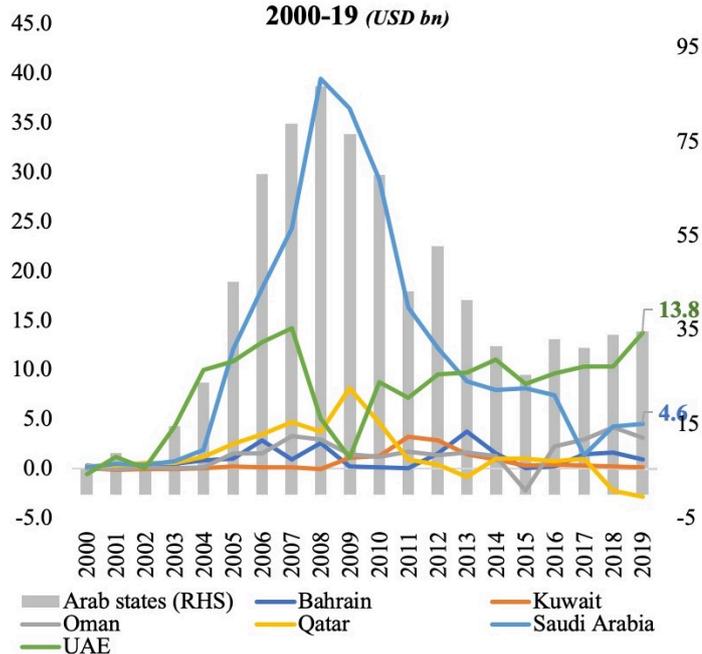
UAE needs to attract FDI into viable, sustainable economic diversification sectors & projects

The liberalization of foreign ownership laws in the UAE (announced this week) breaks down major barriers to the rights of establishment and will be a game-changer for the country. This reform will help to reduce costs of doing business, lead to a recapitalization of existing jointly owned companies and encourage entrepreneurs to invest in new businesses and new ventures, supporting innovation and the introduction of new technologies while also promoting inflows of foreign direct investment. Foreign companies within UAE's free zones would also be allowed to link up with the domestic economy,

supporting local businesses and thereby boosting overall growth. The barriers between free zones and the domestic economy would become blurred, if not absent leading to greater competition and improved competitiveness.

The latest announcement follows a spate of reforms undertaken this year – including labour (long-term residency via a 10-year visa, Dubai’s virtual/remote working visa and retirement visa, Abu Dhabi’s freelancer permit/ license) and social (removing laws which criminalized alcohol consumption, cohabitation) – aimed to revive the economy attempts from the negative impact of low oil prices, Covid19 and the Global Lockdown. Importantly, these reforms will encourage the retention of savings in the UAE, reduce remittances and capital outflows, thereby structurally improving the balance of payments. Overall, the result will be an improvement in the Doing Business ranking of the UAE.

**FDI inflows into the Arab states & GCC
2000-19 (USD bn)**



Source: UNCTAD, Nasser Saidi & Associates.

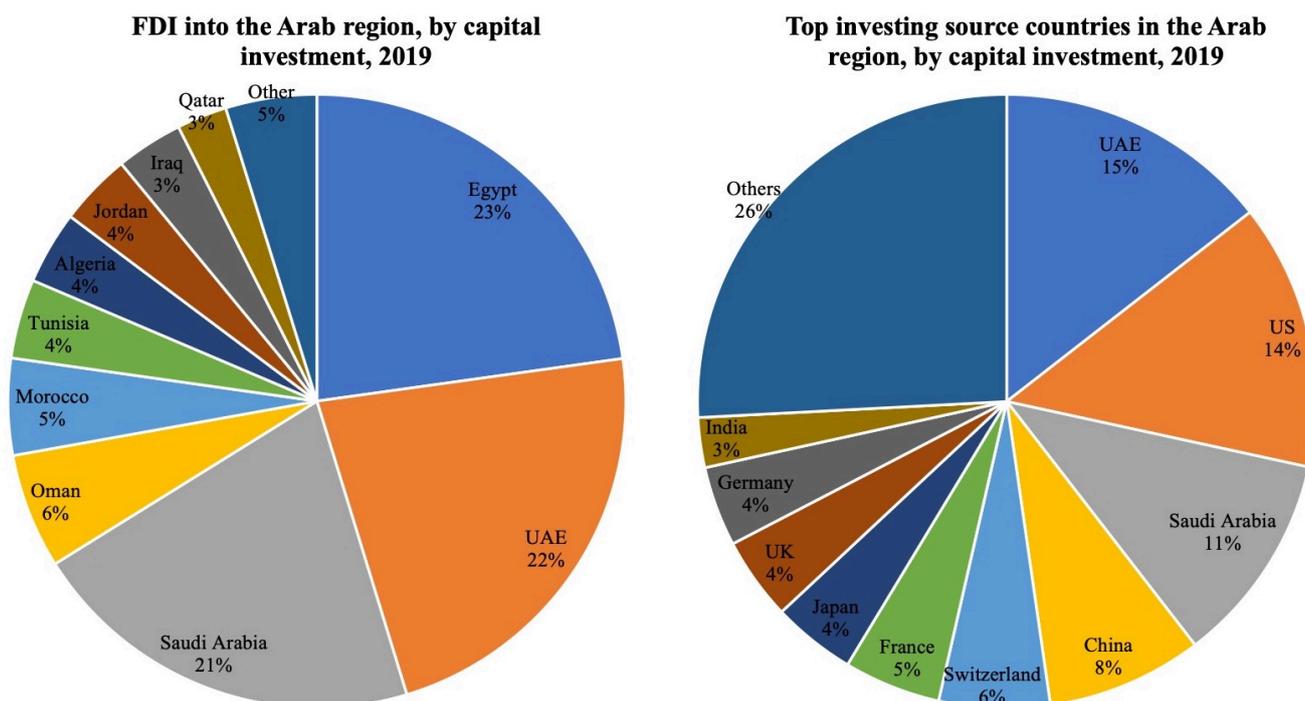
We focus on FDI in this Weekly Insight piece. FDI inflows are essential to the UAE’s diversification efforts, as it would not only create jobs, raise productivity and growth, but could also lead to transfer of technology/ technical know-how and promote competition in the market. According to the IMF, closing FDI gaps in the GCC could raise real non-oil GDP per capita growth by as much

as 1 percentage point.

While FDI inflows into the Arab region have been slowing in the past decade, the UAE still remains one of the top FDI destinations in the region. Inflows dipped during the time of the financial crisis (to USD 1.1bn in 2009 from an all-time peak of USD 14.2bn in 2007), but rebounded to USD 13.8bn last

year, before the Covid crisis. Reforms to improve the investment climate (including allowing 100% ownership at free zones and protecting minority investors), its ease in doing business, good infrastructure as well as macroeconomic and political stability are factors that have aided the increase in FDI.

In 2019, UAE was the second largest destination for FDI inflow into the Arab region (USD 13.6bn or 3.4% of GDP, accounting for 21% of total), behind Egypt (USD 13.7bn or 2.8% of GDP, 23% of total) while it dominated FDI by number of projects (445). Interestingly, UAE is also a major capital exporter, having invested a total USD 8.7bn into the Arab nations last year (topping the list and accounting for 14.4% of total FDI inflows into the region). In part, this reflects the UAE's hosting of multi-national enterprises investing across the region.

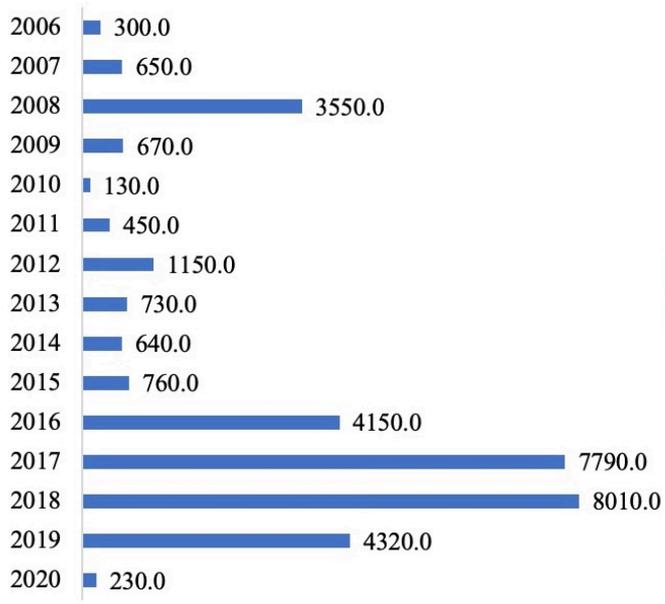


Source: JDI Markets, Arab Investment & Export Credit Guarantee Corporation, Nasser Saidi & Associates.

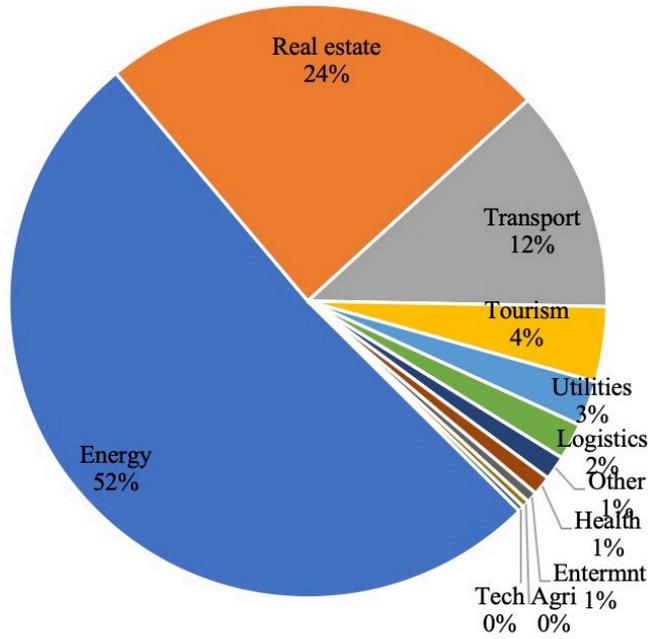
In spite of the Covid19 outbreak negatively affecting FDI inflows[1], Saudi Arabia defied the trend by posting a 12% yoy increase in inflows to USD 2.6bn in H1 2020[2] – in part linked to its mega-projects related to achieving Vision 2030. In Q1 this year, the UAE, along with Saudi Arabia and Egypt accounted for a share of 65.4% of total investment cost of

projects in the region, valued at USD 11.2bn. Outflows from the UAE still accounted for 38.2% of GCC's share of foreign investments in Q1 this year[3].

Chinese investments in the UAE
(USD mn)



Total Chinese investments in the UAE, by sector (2006-2020)

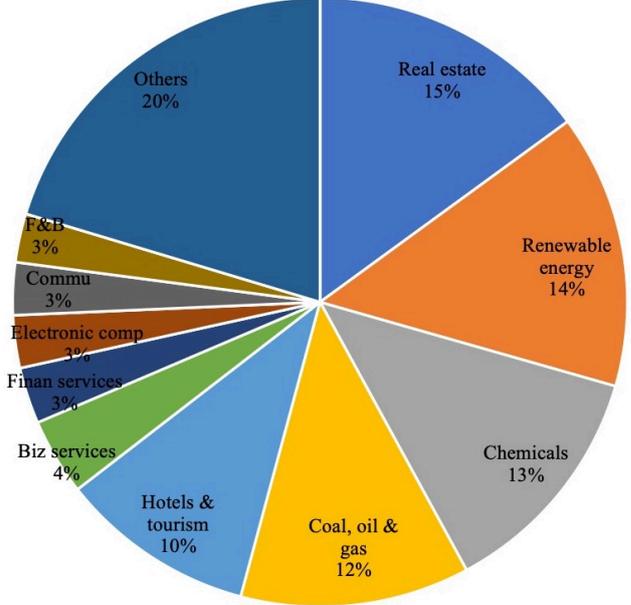


Source: China Global Investment Tracker, AEI, Nasser Saidi & Associates

China's investments in the UAE have been rising, with UAE the top destination country (among Arab nations) accounting for more than one-third of Chinese projects tracked during Jan 2003-Mar 2020 (with the number of projects in double-digits in 2018 and 2019).

According to AEI's China Global Investment Tracker, the value of Chinese investments touched a high of USD 8bn in 2018, thanks to a handful of large projects (including with ACWA Power and Abu Dhabi Oil). Sector-wise, investments were concentrated in energy (both oil and gas as well as renewables), real estate and transport – together accounting for 87.8% of total investments during 2016-2020. This is

Top sectors attracting FDI in the Arab region, by capital investment, 2019



Source: fDI Markets, Arab Investment & Export Credit Guarantee Corporation, Nasser Saidi & Associates.

largely in line with FDI inflows into the Arab region as well, with the top 5 sectors (real estate, renewables, chemicals, oil & gas and travel & tourism) accounting for close to two-thirds of total inflows in 2019.

For the oil producing & exporting countries of the GCC and the wider MENA, the broader trade and investment landscape was further disrupted (in addition to Covid19) as a result of the profound changes in the structure and dynamics of the energy sector and market. The deep recession and Covid19 lockdown and induced collapse in transport and travel led to a sharp fall in the demand for oil and cratering of oil prices. Fossil fuel prices are unlikely to recover even in the medium term due to the increasing competitiveness of renewable energy (solar, wind and geothermal), persisting competition from shale oil & gas and new fossil fuel discoveries, while climate change mitigation policies and greater energy efficiency are leading to a downward shift in the demand curve for fossil fuels. Accordingly, returns on investment in oil and gas (O&G) will decline. The implication is that FDI into the traditional O&G in the UAE and the GCC will be on a downward trend. The challenge will be to attract FDI into viable, sustainable economic diversification sectors and projects.

The new post-Covid19 FDI landscape for the UAE will likely be boosted if the recently announced deep structural reforms are executed well, alongside a review of existing economic strategies. The next obvious step is greater regional integration – a GCC common market (to start with), allowing for free movement of both labour and capital – as well as formalizing trade and investment treaties with major partners including China.

[1] UNCTAD expects global FDI flows are expected to contract between 30 to 40% during 2020-21.

[2] Source: UNCTAD

[3] Source: Arab Investment & Export Credit Guarantee Corporation

Interview on CNN's Connect The World with Becky Anderson on Covid19, low oil prices and Lebanon, 9 Mar 2020

Dr. Nasser Saidi was interviewed on CNN's Connect the World with Becky Anderson on the 9th of Mar 2020.

Watch the interview videos below:

Just how bad are things with Lebanon's economy? What will a combination of COVID19 & the collapse in oil prices bring about in the MENA region? With global stocks falling fast, oil plummeting and COVID19 fears spreading, how should policymakers respond to the crises?

Bloomberg Daybreak: Middle East Interview, 9 Dec 2018

In the 9th December, 2018 edition of Bloomberg Daybreak: Middle East, Dr. Nasser Saidi speaks to Youssef Gamal El-Din about the ongoing US-China trade & economic wars, Fed & the inversion of the US yield curve, UK Parliament's Brexit vote, France's Yellow Vest protests & investor sentiment, and OPEC cut & crude oil price movements.

Watch the interview below.

The original link to the full episode (Dr. Nasser Saidi speaks from 06:00 to 24:00):

<https://www.bloomberg.com/news/videos/2018-12-09/bloomberg-day-break-middle-east-full-show-12-09-2018-video>

Bloomberg Daybreak: Middle East Interview, 7 Oct 2018

In the 7th October, 2018 edition of Bloomberg Daybreak: Middle East, Dr. Nasser Saidi comments on the importance of Saudi Crown Prince's interview with Bloomberg (the delayed Aramco IPO, diversification policies, managing of expectations re Vision 2030 etc.), US unemployment rates, and the ongoing US-China trade wars.

Watch the interview below.

The original link to the full episode (Dr. Nasser Saidi speaks from 07:30 onwards): <https://www.bloomberg.com/news/videos/2018-10-07/bloomberg-daybreak-middle-east-full-show-10-07-2018-video>