

“AI, geopolitics and the Mena opportunity”, Op-ed in Arabian Gulf Business Insight (AGBI), 27 Feb 2025

The opinion piece titled “[AI, geopolitics and the Mena opportunity](#)” was published in Arabian Gulf Business Insight (AGBI) on 27th February 2025.

AI, geopolitics and the Mena opportunity

DeepSeek’s emergence has spotlighted the GCC’s role in hosting green AI infrastructure

The surprise arrival of Chinese LLM startup DeepSeek roiled global markets, wiping billions from US chipmaker Nvidia’s market cap and slashing global tech stocks.

DeepSeek’s breakthrough highlights China’s rapid innovation capabilities, as well as Washington’s struggle to contain Beijing’s rise, particularly in AI and quantum computing.

The Chinese tech firm’s emergence is attributable to its open source, cost-effective AI models, which operate with significantly lower costs and data requirements than existing models. Since DeepSeek entered into the market, global tech firms have announced even higher spending on AI infrastructure and accelerated deployment.

However, financial sustainability remains a question. There is also a long way to go to reach human-level intelligence levels or Artificial General Intelligence (AGI).

DeepSeek has challenged the belief that advanced chip hardware is necessary for better AI. This raises hope for less advanced countries to catch up in the AI race, particularly against the backdrop of greater geopolitical fragmentation and increased protectionism.

As it becomes easier and cheaper to adopt new technology this will increase the ubiquitousness of AI-based applications and services.

AI is a general-purpose technology that promises to be transformational. Its wide applicability will increase economic efficiency and reshape innovation and R&D processes, while complementing other innovations – such as in quantum computing, generative biology and robotics – leading to an upward shift in total factor productivity.

In the early 2020s, initial expectations assumed that AI tools would primarily benefit lower-skilled workers by enhancing efficiency (for example, assisting new customer support employees). However, research has since warned that AI could exacerbate socio-economic disparities.

The International Labour Organisation estimates that 75 million jobs worldwide (or 2.3 percent of global employment) are at risk of automation due to high exposure to generative AI (GenAI) technology, with the risk rising to 5.1 percent in high-income countries.

Nobel Laureates Daron Acemoglu and Simon Johnson caution that decisions regarding powerful automation tools should not be left solely to a small group of entrepreneurs and engineers, as this could deepen income and wealth inequality.

They advocate for AI policies that prioritise worker interests

to prevent widespread job displacement and unemployment.

Where does the Middle East stand?

As GenAI technology becomes more mainstream, its growing adoption calls for more data centres, increased electricity consumption and higher carbon emissions.

AI is highly carbon-intensive, with ChatGPT alone generating over 260 tonnes of CO₂ emissions per month. This presents a significant sustainability challenge for tech firms and governments.

However, the GCC offers a solution: renewable energy powered data centres.

Moro Hub, a subsidiary of Digital Dewa, operates a data centre entirely powered by renewable energy (in partnership with Masdar and Acwa Power). With abundant and cost-effective renewable energy, the GCC has a strategic advantage in becoming a global hub for sustainable data centres.

Within the next five years, renewables could account for 30 percent of the region's total energy capacity, supporting the expansion of "green" data centres.

The GCC had \$3.1 billion worth of data centre projects in progress, as of November 2024, with the UAE and Saudi Arabia leading investments in this sector.

Recent partnerships with Europe, China, and the US to develop AI capacity have cemented the ambition of the region to become a prominent player in the sector.

For example the UAE plans to invest EUR 30-50 billion in building a mammoth AI data centre in France. The project is backed by a consortium of French and Emirati investors, including MGX, a major Abu Dhabi government-backed investor.

MGX is also a core stakeholder in OpenAI's Stargate project,

which aims to invest \$500 billion in AI infrastructure over the next four years.

The successful adoption of AI and digital technologies requires both hard and soft infrastructure.

This includes electrification, digitalisation infrastructure, supportive policies, R&D investments, STEM education, workforce reskilling, an enabling regulatory environment, and adaptable legal frameworks.

There remains a wide technology divide between the GCC and other Mena countries, which face challenges such as a shortage of AI talent, digital illiteracy, underdeveloped infrastructure, and limited R&D investment.

While AI has the potential to be transformative, it also risks deepening inequalities due to the region's disparities in digitalisation and AI preparedness.

As the GCC emerges as a leader in AI, it should prioritise technology sharing and capacity building across the region through investment, digital infrastructure integration, and inclusion in foreign aid programmes.

Dr Nasser Saidi is the president of Nasser Saidi and 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

Comments on the landmark

power project of GCC Interconnection Authority and Iraq in Arab News, Jun 24 2023

Dr. Nasser Saidi's comments appeared in an Arab News article titled "[Electrical transmission line connecting Afar in Saudi Arabia to Yusufiya in Iraq inaugurated](#)" published on 24th June 2023.

The comments are posted below.

Crucially, the agreement underscores part of what Nasser Saidi, Lebanon's former economy and trade minister and founder of Nasser Saidi & Associates, calls "the regionalized globalization by the GCC.

"Integrated electricity grids, such as between Saudi and Iraq, result in greater power efficiency, improved management of electricity grids and network economies, lowering costs for all the countries involved," he told Arab News.

"It allows the creation of a GCC-augmented electricity market and electricity trading across borders. In parallel, Saudi, the UAE and other GCC countries are heavily investing in renewable energy (mainly solar) for their power generation," he said.

"Eventually, the GCC can export solar-based electricity green energy to not only neighboring countries (Iraq, Jordan, Egypt and Yemen) but also to India and across North Africa into Europe. Already, a GCC-India undersea electricity connector is planned. A new energy infrastructure map is emerging."

There also, said Saidi, wider possibilities and vision for the

agreement that have the potential as stated by Prince Saud and Al-Mitiwiti to garner greater energy security and economic benefits for the region.

“The integration of basic infrastructure – water, electricity, transport and logistics (ports and airports) – is a major building block of greater economic integration between the GCC and its regional partners, enabling the deepening of regional trade and investment links,” Saidi explained.

He added: “Infrastructure integration fosters economic development. It creates jobs in countries such as Iraq, Jordan, Egypt, Lebanon and Syria that have traditionally been reliant on exporting labor, helping them combat the present brain drain.”

Moreover, as Saidi stressed, the greater integration of these countries with the GCC enables partners to participate in global value chains through the region, generating higher value exports (rather than low-value commodity exports such as phosphates) and diversify their economies.

All of this is taking place during a time of great change for world energy markets.

“The GCC countries are now pursuing an active international trade and investment strategy leading to ‘regionalized globalization’, at a time when the rest of the global economy is fragmenting and there is attempted US, EU and allies decoupling from China,” he added. “Strategically, regionalized globalization can lead to greater geopolitical stability.”