

Panelist at the IMF Regional Economic Outlook Middle East & Central Asia Report Launch in Dubai, 31 Oct 2024

Dr. Nasser Saidi participated in the panel discussion during the launch of the IMF Regional Economic Outlook (REO) report held in Dubai on Oct 31st, 2024.

Amid high uncertainty and the threat of intensifying conflicts, how can the countries of the Middle East and North Africa safeguard macroeconomic stability? What risks and vulnerabilities lie ahead? Which policies can help countries navigate this uncertain economic landscape while strengthening medium-term growth prospects?

The insightful discussion titled “Growth Challenges and Opportunities in the MENA Region Amid Uncertainty” delves into these critical issues highlighted in the IMF’s Regional Economic Outlook: Middle East and Central Asia issued in Oct 2024.

Watch the discussion – the video titled **Press Briefing: Middle East & Central Asia, October 2024 (Dubai)** – via: <https://www.imf.org/en/Videos/view?vid=6364122084112>

Comments from the discussion appeared in an article on AGBI titled [“Middle East, not the West, should lead rebuilding, say experts”](#): Dr. Saidi’s comments are highlighted below.

Economist Nasser Saidi, founder of Nasser Saidi and Associates and AGBI columnist, said the cost to rebuild countries in the region impacted by conflict in recent years – including Iraq, Syria, Lebanon, Jordan, Egypt, Sudan, Libya and others – could be as much as \$2.5 trillion.

“The private sector will not invest until they see stability and a political strategy,” he said.

He suggested forming an organisation called the Arab Bank for Reconstruction and Development to unite the countries in the region in helping rebuilding efforts.

Interview with Al Arabiya (Arabic) on the economic impact of the conflict in Lebanon, 15 Oct 2024

In this TV interview with Al Arabiya aired on 15th Oct 2024, Dr. Nasser Saidi discusses the ongoing conflict in Lebanon and the financing for the reconstruction of Lebanon & Gaza.

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

ناصر السعيدى " للعربية : 25 " مليار دولار خسائر لبنان من الحرب حتى الآن

قال رئيس شركة ناصر السعيدى وشركاه د. ناصر السعيدى، إنه إلى الآن لم يتم بحث مصادر تمويل إعادة إعمار لبنان و غزة .

أن الأضرار في "Business" وأضاف السعيدى في مقابلة مع "العربية لبنان حتى الآن قدرت بـ 25 مليار دولار وهو ما يمثل 100% من الناتج القومي .

Comments on the impact of UAE being removed from the FATF grey list in The National, 24 Feb 2024

Dr. Nasser Saidi's comments appeared in an article in The National titled "[UAE's removal from Financial Action Task Force's grey list to spur investor confidence](#)" published on 24th February 2024.

The comments are posted below.

The immediate benefit would be an improvement in investors' trust and confidence in the UAE, leading to an increase in

more sustainable capital, foreign direct investment and portfolio flows, according to Nasser Saidi, head of consultancy Nasser Saidi and Associates.

This move will also support the expansion of both the domestic banking and financial sectors as well as the international financial free zones, as wealthy global investors and foreign businesses become more comfortable investing in the UAE, given its adoption of international laws and conventions, he explained.

Another major beneficiary will be the asset and wealth management activities of UAE-based family offices, he said.

“The UAE’s removal from the FATF grey list is a testament to the country’s political will and willingness to improve overall governance, transparency and disclosure of the banking and financial sector, address weaknesses alongside increasing its ability to deter illicit money flows [via the Executive Office for Anti-Money Laundering and Counter-Terrorism Financing], enhancing its ability to undertake financial investigations and extraditions of financial criminals among others,” Mr Saidi added.

“However, it is important that the UAE continues on its journey in adopting and implementing international best practices and standards, continuously strengthening its financial regulatory regime, including AML/ CFT.”

Comments on the impact of the war in Gaza on Lebanon in The

National, 14 Feb 2024

Dr. Nasser Saidi's comments appeared in an article in The National titled "[Lebanon's economy reels as cost of damages from Gaza war soar](#)" published on 14th February 2024.

The comments are posted below.

Nasser Saidi, a former economy minister and deputy governor of Lebanon's central bank, told The National that the violence has caused extensive damage to buildings, infrastructure and private property, adding up to huge losses for Lebanon's already struggling economy. More than 65,000 people have been displaced in Lebanon because of the war. Trade, tourism, hospitality as well as agriculture and aviation are some of the sectors that have been hit hard.

"The direct attacks in the south of Lebanon heighten uncertainty, inflict damage and destruction to an already impoverished region of the country and inevitably augment the country's burdens," Mr Saidi, who is also head of consultancy Nasser Saidi and Associates, said.

"Already, Lebanon's four main economic pillars, trade and tourism, health, education, banking and finance have been decimated by the ongoing crisis and lack of reforms. Not to mention the long-term scarring effects from the mass migration of Lebanon's human capital which will accelerate if there is an escalation or war in Lebanon."

The agriculture sector has been particularly affected by the fighting. "South Lebanon and Nabatieh are major agricultural hubs accounting for 21.5 per cent of Lebanon's cultivated areas and damage to the sector will result in loss of the means of livelihood and income," Mr Saidi said.

"Any escalation [in the conflict] to the wider nation would be disastrous for a country already reeling from political,

economic, and social woes – rebuilding would likely take decades rather than years,” Mr Saidi said.

Comments made during this interview were also included in [The National’s Editorial on 16th February 2024](#).

“Disastrous”, “decimated” and “impoverished” – these are just some of the words used by Nasser Saidi, a former economy minister and deputy governor of Lebanon’s central bank, to describe his country’s fragile state this week. In an interview with The National published on Wednesday, he outlined how Lebanon’s economic problems – which the World Bank has called one of the worst global financial crises since the middle of the 19th century – were being exacerbated by the spreading violence of the Israel-Gaza war.

According to Mr Saidi, the escalation of the conflict will drive “mass migration” from Lebanon. Rebuilding would “likely take decades rather than years”, he added.

“Markets face bumpy ride rather than soft landing”, Op-ed in Arabian Gulf Business Insight (AGBI), 29 Jan 2024

The opinion piece titled [“Markets face bumpy ride rather than soft landing”](#) appeared in the Arabian Gulf Business Insight (AGBI) on 29th January 2024.

The article is published below.

Markets face bumpy ride rather than soft landing

Persistent inflation, high interest rates and slow growth will dog 2024

Inflation surged post-Covid, reaching multi-decade highs of 8.7 percent in 2022 globally, driven by pent-up consumer demand, supply disruptions, the Russia-Ukraine war and ultra-easy monetary policy.

But a less commented-on major cause of inflation has been fiscal profligacy.

Governments boosted spending, increased subsidies, provided business incentives and reduced taxes to revive consumption and maintain jobs, all financed by public borrowing encouraged by historically low interest rates and central banks' quantitative easing.

The result was a surge in budget deficits and public debt rising to the highest levels since the end of the World War II.

The world also experienced its largest debt surge since World War II during 2020. Global debt rose to \$226 trillion (or 256 percent of GDP) with public debt accounting for about 40 percent of the total.

The global public debt ratio soared to a record 99 percent of GDP in 2020. The IMF forecasts global government debt to touch \$97.1 trillion in 2023 (a 40 percent increase since 2019), with the US accounting for over one-third of total

public debt (\$33.2 trillion, or 123.3 percent of GDP).

According to the Congressional Budget Office, net interest will total more than \$13 trillion over the decade through 2033, exceeding defence spending by 2025 and the net cost of Medicare by 2026.

In the Middle East, Bahrain's debt to GDP is running at 121 percent, while Egypt is expected to see around 40 percent of revenues going towards debt repayments. Lebanon has been in default since 2020.

Governments and central banks underestimated the inflationary impact of a doubled-barrelled bazooka of increased deficit spending, with low rates and quantitative easing. From 2009 until the end of 2022, net asset purchases by major central banks (the Fed, ECB, BoE and BoJ) totalled about \$20 trillion.

Central banks have since reversed course and applied the monetary brakes, through high interest rates and quantitative tightening.

Inflation rates have eased, though core inflation rates declined more gradually and remain higher than central bank targets, with actual and expected price inflation feeding into cost-of-living wage and salary increases, further fuelling inflation.

Will monetary tightening result in lower inflationary pressures and usher in lower interest rates in 2024? Financial markets focused on data-driven central banks are over-optimistic, exhibiting soft-landing exuberance.

Short-termism disregards economic fundamentals and neglects growing geopolitical risks, which the markets have failed to price in.

First and foremost, 2024 is an election year in 64 countries, together representing over four billion people. Governments do

not cut spending in election years, let alone with rising populism in advanced, and many emerging, markets.

The biggest overhanging risk is the US. Elections are taking place in a highly divided and divisive political landscape, with no parties willing to undertake spending cuts.

US budget deficits are running at 6 to 7 percent of GDP, which is unprecedented in a near-full employment economy. The Biden administration is also requesting additional spending of some \$115 billion to finance Ukraine and Israel.

US Treasury funding in 2024 will be flooding markets with \$4 trillion in issuance, and *net* issuance is set to increase to about \$1.9 trillion. Investors are unlikely to absorb surging borrowing at lower interest rates.

What's more, the growing calls from the US, EU and UK for further decoupling from China increase the risk of disrupting global supply chains, leading to lower global growth and higher inflation rates.

Defence spending has also been rapidly rising and is likely to increase further given growing geopolitical flashpoints, the New Cold War and the potential risks of military confrontation with China in a US election year.

World military spending had already reached a new record high of \$877 billion in 2022 (39 percent higher compared to 2021), with the US not only the world's largest military spender but also spending more on defence than the next 10 countries combined.

The ongoing conflict in Gaza could spill over to include other countries, engulfing the GCC and Iran and threatening global trade and energy supplies.

Marine war risk premiums have soared almost 50-fold since before the war, about 0.7 percent to 1 percent of the value of

the ship; war risk rates for shipping in the Black Sea from Ukraine can range up to 3 percent.

The bottom line is that markets face a growing risk of debt crises, high interest rates, rising debt service burdens, high levels of inflation, weakening currencies and slower growth.

Rather than a goldilocks scenario, 2024 is likely to be a bumpy ride for economies and financial markets dominated by short-termism to the neglect of economic fundamentals and growing geopolitical and geostrategic risks.

“IMF Report Launch 2024: Economic Prospects and Policy Challenges for the GCC Countries”, Panel Discussion, AGSIW webinar, 17 Jan 2024

Dr. Nasser Saidi participated in the panel discussion hosted by the Arab Gulf States Institute in Washington (AGSIW) related to the launch of the IMF report titled “Economic Prospects and Policy Challenges for the GCC Countries” held as a webinar on Jan 17th, 2024.

After exceptionally strong economic expansion in 2022, growth in the Gulf Cooperation Council countries slowed in 2023 largely as a result of cuts in oil production. Nonhydrocarbon growth remained robust driven by higher domestic demand, increased capital inflows, and ongoing reforms. Unemployment rates continued to decline, while inflation remained well

contained.

The challenging global and regional situation creates an uncertain outlook for the GCC countries in 2024. The commitment to economic and financial reforms bodes well for continued expansion of the nonhydrocarbon sector, but uncertainty in the global oil market, the ongoing conflict in Gaza, and the trajectory of U.S. monetary policy all present risks to the outlook.

AGSIW was pleased to host a discussion of the International Monetary Fund's [report](#) on Economic Prospects and Policy Priorities for the GCC Countries. The discussion focused on the economic outlook in the region and the policies that need to be implemented to navigate the challenges posed by current global and regional uncertainties and the longer-term need to diversify economies and reduce reliance on fossil fuel revenue.

Watch the discussion below:

Comments on Saudi Arabia's gold discovery in The National, Jan 7 2024

Dr. Nasser Saidi's comments appeared in an article in The National titled "[Will Saudi Arabia's recent gold discovery provide a major boost to its economy?](#)" published on 7th January 2024.

The comments are posted below.

“The gold discovery could prove significant as the gold content of the ore is high,” Nasser Saidi, a former Lebanese economy minister and vice governor of the country’s central bank, told The National.

“Saudi Arabia can attract private sector investments in underexplored regions such as the Western Arabian Shield both in precious metals, as well as critical industrial minerals that are basic resources in global decarbonisation,” Mr Saidi said. The Western Arabian Shield region also holds valuable rare earth elements, such as tantalum, for which it has a quarter of the world’s reserves. It is widely used in smartphones.

Comments on the war in Gaza in Arab News, Nov 19 2023

Dr. Nasser Saidi’s comments appeared in an Arab News article titled [“Gaza war a threat to fragile world economy, analysts warn”](#) published on 19th November 2023.

The comments are posted below.

“At the moment, the situation is fluid,” Dr. Nasser Saidi, former Lebanese economy and trade minister and founder of Nasser Saidi & Associates, an economic and business advisory consultancy, told Arab News, adding: “The impact of the Israel-Hamas war will depend on the length and depth of the conflict as well as if it spills over into the wider region, thus drawing in other parties, resulting in international ramifications that would then have an effect on global supply

chains.”

In his presentation “The Middle East in a Fragmented, Multi-Polar World” at the 19th Korea Middle East Cooperation Forum in Doha from Nov. 5-8 this year, Saidi stated how “global growth momentum has already slowed significantly this year; the war has the potential to further slow growth rates, raise already record-high public debt levels into crisis.”

“We are meeting at a very dangerous time for our part of the world,” said Saidi during his presentation in Doha. “The timing of this conference is very opportune at a personal level, and I think it reflects many of us. I have known nothing but war during my own lifetime as a professional, as a minister, as a public official, as an academic. My message is it must end and maybe what is happening today in Gaza and Palestine more generally may be a moment of change. We don’t know yet. We’re still living the fog war.”

As Saidi underlined, the Middle East is home to 60 percent of the world’s refugees – the highest number in the world.

Palestinian refugees won’t just stay in neighboring countries, they will be pushed to move to other regions, including Europe, he added.

“The impact of the war on oil and gas prices could be huge,” said Saidi, further noting that if oil prices jump to a record \$150 per barrel as the World Bank warns, “it will affect world economic growth, which has already been slowing during 2023. The more inflation affects commodity prices, the lower economic growth and the increase in debt crises for many countries because you are also having a period of high interest rates.”

“Destruction and violence beget violence,” added Saidi in his presentation. “There are no military solutions in Gaza.”

The countries most vulnerable in the Middle East include

Lebanon, Egypt, Jordan and Iran. These countries are already facing a decline in growth, have current account and fiscal deficits and a fall in international reserves. According to Saidi, the sectors that will be most impacted in these countries are tourism, hospitality, construction and real estate, as well as capital outflows and lower foreign direct investment inflows.

"The world is becoming increasingly fragmented," said Saidi.

It has also experienced great economic shifts in recent years – shifts that see the global economy looking eastward rather than westward.

In 1993, the G7 countries produced close to 50 percent of the world's gross domestic product. Today, that group accounts for 30 percent, while Asia, in particular China, produces close to 20 percent.

"The implications for this part of the world are very clear," said Saidi. "Our economic relations, politics, defense and other ties have always been with the West, but economic geography dictates that we need to shift those relations towards Asia."

Saidi argued in his presentation that one way to solve some of the dire economic prospects facing the Middle East, especially with the war in Gaza, is the creation of a regional development bank. The focus now needs to be on "post-war stabilization, reconstruction, recovery and a return to pre-war economic legacy."

"The GCC (Gulf Cooperation Council) have got to be the main engine for economic stability across the Middle East because they're capable of doing that," said Saidi. "In order to do so, we must reinvigorate the GCC common market and the GCC customs union. We need trade agreements as a block for the GCC countries. Secondly, we need to establish an Arab bank for reconstruction and development."

"We are the only region in the world without a development bank," said Saidi.

When asked why the Middle East needs a development bank, Saidi said: "Because many of our countries have been destroyed."

"We need to help rebuild them. The cost is easily \$1.4 to \$1.6 trillion, and the list of countries is increasing. We now have Gaza and Palestine added to them."

This, he said, could be one area for cooperation between the Middle East and Asia.

"The big tectonic shift is moving towards Asia," added Saidi. "All our trade agreements are with Europe and the United States. That must change. We must shift."

Bloomberg Daybreak: Middle East & Africa Interview, 6 Nov 2023

Aathira Prasad joined Yousef Gamal El-Din on 6th of November, 2023 as part of the Bloomberg Daybreak: Middle East & Africa edition. The discussion focused on Saudi Arabia's PMI release, Egypt's inflation and the regional implications of the Israel-Hamas conflict on markets, especially oil.

– Saudi PMI jumped in Oct: employment increased the most since October 2014 => demand for labour => demand for housing will rise while supply has remained relatively stable. Will continue driving up prices of housing & in turn have an impact on inflation.

– The underlying situation in Egypt has still not changed: curbing of imports has led to supply shortages & dollar shortages have led to a rise in dollar rate in the parallel market. Accumulation of govt debt is a worry and the geopolitical situation adds another layer of uncertainty.

There are some +ives: attractiveness to foreign investors (oil. & gas, renewable projects, start ups / e-commerce), tourism. But, this could be affected if the current turmoil in the region spills over and/or continues for longer.

– Re markets: focused on what seems to a halt in the rate-hiking cycle; for now, geopolitical risk premiums have eased & there seems to be no significant impact on demand for oil or a supply disruption.

Watch the interview below:
<https://www.bloomberg.com/news/videos/2023-11-13/prasad-saudi-oil-cuts-to-remain-until-year-end-video>

“Arab world needs a regional development bank as it continues to tally the cost of war”, Op-ed in The National, 26 Oct 2023

The article titled “[Arab world needs a regional development bank as it continues to tally the cost of war](#)” appeared in the print edition of The National on 26th October 2023 and is posted below.

Arab world needs a regional development bank as it continues to tally the cost of war

Focus needed on post-war stabilisation, recovery and reconstruction and the pre-war economic legacy

Nasser Saidi

We are in the third week of the Israel-Gaza war with a growing risk of it becoming yet another drawn-out battle that will leave severe economic scars.

This and previous wars mean horrendous loss of life and human capital, forced migration and displacement, destruction of infrastructure, housing, businesses and productive capacity, of cuts to public utilities, water, power, fuel – all threatening the survival of the remaining population. Overpopulated Gaza is already “de-developed” and deconstructed.

The International Monetary Fund’s September report on Gaza highlighted the calamitous situation in the enclave before the current war. Gaza’s real gross domestic product growth averaged just 0.4 per cent during 2007-22, with real GDP per capita declining at an annual average rate of 2.5 per cent.

By 2022, per capita income in the West Bank was four times higher than in Gaza, reflecting the blockade and recurrent wars resulting in little trade and investment. Unemployment was as high at 45 per cent in 2022 and 53 per cent of the population lived below the poverty line.

By contrast, Israel’s per capita income was eight times higher than in the West Bank and Gaza.

Reconstruction was one of the only “growth” sectors: in 2022, between \$345 million and \$485 million was required for immediate and short-term recovery and reconstruction needs in Gaza.

Israel’s policy of economic warfare against Gaza has been very

costly.



Will the current war engulf Lebanon, Syria, Iran, Iraq and the Gulf? We don't know yet.

Past wars have disfigured the Middle East. Beyond the human cost and war-related destruction of physical assets, war-affected countries witnessed a sharp contraction in economic activity, as well as fiscal, current account and balance of payments deficits, currency crises and high inflation.



They also faced sector-specific collapses – tourism, trade, manufacturing, weaker financial systems – along with a diversion of resources to the military and build-up of military assets at the expense of economic and social development.

Wars result in large-scale displacement of populations and forced migration, with the Mena region already hosting (end-2022) about 2.4 million refugees, in addition to about 12.6 million internally displaced persons, according to the UN refugee agency.

More displacement will put severe strain on the hosting nations' budgets and finances as well as their socioeconomic-political stability.

A collapse in investor confidence in the conflict and neighbouring nations results in lower domestic and foreign direct investment flows. An estimate of the opportunity costs in financial, economic, social, political, military, environmental and diplomatic terms for the entire region for the period 1991-2015 is a staggering \$15 trillion.

With the global economy tentatively recovering from the aftermath of the Covid-19 pandemic, the Russia-Ukraine war, high inflation and slow growth, the continuing war generates

greater global geo-eco-political risk and uncertainty.

Global markets have already reacted. Safe-haven assets, including the dollar and gold, gained, while credit default swaps on Middle Eastern nations' debt (including Saudi Arabia and Qatar) have spiked.

The current surge in oil prices could accelerate with a further escalation or broadening of the war, with the Middle East accounting for more than one third of the world's seaborne oil trade and the Suez Canal about 15 per cent of world trade.

An oil and commodity shock resulting from the likely disruption in transport and logistics would cut growth and raise inflation rates. A scenario emerges of continued monetary policy tightening by central banks, slower credit growth (affecting both households and businesses alike), increased refinancing risks and, potentially, debt crises or defaults and a global recession.

The future is clouded by the fog of war. A priority is to address humanitarian concerns: amid the massive human toll, Gaza's citizens run the risk of starvation and the spreading of diseases without access to water, food, health care and electricity.

We need to go beyond, to postwar stabilisation, recovery and reconstruction from the destruction wrought by the war and prewar economic legacy. It took 20 years after the Lebanese civil war for real GDP to recover to its prewar level, seven years in Kuwait after the Gulf War.

In the case of Gaza, there is still no consensus what a postwar Gaza would look like. With its economy intrinsically tied to Israel, and the lack of its own (or stand-alone) fiscal, financial or infrastructure resources begs the question of how postwar recovery would be undertaken.

This is a time to develop a new vision for the Mena region. In a multipolar world, the Arab world needs to take the initiative to set up an Arab Bank for Reconstruction and Development (ABRD), backed by the GCC.

Unlike other regions, Mena lacks a regional development bank. This is the historic moment to set up the ABRD given the need for reconstructing places already devastated by war and violence, such as Palestine, Iraq, Syria, Lebanon, Libya, Sudan and Yemen.

The ABRD would be set up by the region's sovereign wealth funds and existing development funds.

Prior to the latest Israel-Gaza war, a rough estimate of the cost of development and reconstruction of the region's countries destroyed by war and violence was upwards of \$1.5 trillion, to which must be added the massive costs of reconstructing Gaza.

Comments on Lebanon & potential spillover from the Israel-Gaza war in The National, Oct 18 2023

Dr. Nasser Saidi's comments appeared in an article in The National titled "[Lebanon's economy could collapse completely if Israel-Gaza war spreads, warn analysts](#)" published on 18th October 2023.

The comments are posted below.

"The economic situation and all the indicators will rapidly deteriorate as a result of the security crisis and the Hamas-Israel war which can spill over into Lebanon," Nasser Saidi, a former economy minister and vice-governor of Lebanon's central bank, told The National.

An escalation of the conflict into Lebanon, he said, would lead to "potential destruction of its remaining infrastructure, including ports and the airport which are the economic lifeline of the country given its high dependence on the Lebanese diaspora."

Lebanon "could experience complete collapse" if the fighting continued to spread, added Mr Saidi, president of Nasser Saidi and Associates.

"Already we have seen population displacement from the south of the country, while we are witnessing an accelerated exodus of skilled professionals."

Bloomberg Daybreak Middle East Interview, 18 Oct 2023

Aathira Prasad joined Yousef Gamal El-Din on 18th of October, 2023 as part of the Bloomberg Daybreak: Middle East edition. The initial discussion focused on the Israel-Gaza conflict and its regional impact, followed by if that could lead to any impact on growth in GCC nations like the UAE. The interview also touched upon Egypt's inflation levels and rumours of a state asset sale soon before ending with the outlook for oil prices (& OPEC+ decisions).

– The impact of the conflict will depend on how long-drawn-out

the conflict is likely to be, whether there are spillovers & if other parties are drawn into the conflict. Growth will slow down.

- Negative impacts likely on tourism & hospitality, FDI flows, and commodity prices (especially if the conflict continues & there are disruptions to transport and logistics).
- Investor confidence will be affected.
- Middle East accounts for more than 1/3-rd of the world's seaborne oil trade; IF conflict leads to disruption at any of the major oil transit chokepoints, it could impact supplies in an already tight market.
- As of end-2022, MENA was hosting about 2.4mn refugees + about 12.6mn internally displaced persons (Source: UNHCR). Any further addition to this would put severe strain on the hosting nations' budget & finances.

Watch the interview below (from 29:40 onwards):
<https://www.bloomberg.com/news/videos/2023-10-18/bloomberg-day-break-middle-east-africa-10-18-2023-video>