# Comments on Lebanon's ongoing economic turmoil in Arab News, Mar 13 2021

Dr. Nasser Saidi's comments appeared in an Arab News article titled "Prolonged crisis of governance leaves Lebanon adrift and isolated" on 13th March 2021.

The comments are posted below.

…the latest lockdown has all the trappings of the final straw.

*"None of this is surprising," Nasser Saidi, Lebanon's former economy and trade minister, told Arab News.*

*"Income is down. GDP is down by at least 25 percent. We're having inflation in excess of 130 percent; general poverty is over 50 percent of the population; food poverty is over 25 percent of the population; unemployment is rapidly increasing; and thousands of businesses are being shut down.*

*"All of this is coming to the fore and at the same time we have a lockdown. It was a very stupid decision the way it was done, to lock Lebanon down, because it prohibits people from even being able to go and get their groceries, their food and necessities. And then it meant also shutting down factories and manufacturing.*

*"If you get sick, you can't even get to a hospital or afford a hospital. Hospitals are full now due to COVID-19. You have had a series of very bad decision-making and policies, and Lebanon is paying the price for it. This is going to continue. It is not going to go away. In my opinion, we are seeing just the tip of the iceberg."*

# "Accelerating decarbonisation and digitisation can build upon UAE’s game-changing reforms", Op-ed in The National, 27 Dec 2020

The op-ed by Dr. Nasser Saidi, titled “*Accelerating decarbonisation and digitisation can build upon UAE’s game-changing reforms*“, appeared in The National on 27th Dec 2020 and is reposted below.

## Accelerating decarbonisation and digitisation can build upon UAE’s game-changing reforms

*The Emirates’ monetary, fiscal and health stimulus packages cushioned the economy from the impact of the Covid-19 pandemic*

Adjusting to Covid-19 has defined this year – from partial or full lockdowns to remote working and stalling global trade, investment and tourism, with cleaner air the rare bright spot.

Hopes of a V-shaped recovery diminished with the emergence of new Covid strain and subsequent lockdowns. Yet, despite the “Great Lockdown” resulting in a deep recession, markets are exuberant amid expectations that the production and distribution of several vaccines will create a path to normality in 2021.

Unlike the global financial crisis from 2008 to 2009, which began as a housing bubble and a demand shock, the current health crisis began as a supply shock that disrupted global supply chains and caused a spillover to the demand side, where it hit trade, tourism and consumption.

Given the widespread impact of the pandemic and despite concerted monetary and fiscal stimulus equal to 12 per cent of global gross domestic product, not only will the road to recovery be longer but the cumulative output loss will be much larger than during the 2008 financial crisis, with long-term scarring of labour markets and economies expected.

The UAE’s combined monetary, fiscal and health stimulus package – equal to 18 per cent of its GDP – cushioned the economy after a demand-induced oil price shock and the effects of a global lockdown.

After several weeks of movement restrictions and stringent health measures, the UAE’s public health system proved effective and resilient, allowing the economy to reopen earlier than regional peers.

While maintaining social distancing and applying Covid-19 protocols to keep the community safe, the UAE reopened offices, businesses, allowed tourists to enter and successfully held events and conferences – both online and on site. This bodes well for the delayed Expo 2020 Dubai and the resumption of tourism.

With the reverberations of Covid-19, the UAE’s policy reforms were spot on – from the game-changing 100 per cent foreign ownership of businesses to the remote working initiative to the retirement and 10-year residency visas for skilled professionals – amid the country’s intentions to become a knowledge-based, innovative economy.

Liberalisation and market access reforms are set to attract foreign investment, boost capital flows to the property market, enhance workforce skills and support innovation and productivity growth.

With energy market volatility and lingering coronavirus-induced uncertainty, what activities can drive an economic recovery next year and support medium-term growth prospects?

For GCC oil producers, de-risking fossil fuel assets by following a strategy of part-privatisisions and public-private partnerships in energy reserves, upstream and downstream operations and related infrastructure such as pipelines is important. This has started with Adnoc and Aramco.

With the oil price required to balance budgets higher than current prices, deficit financing instruments should be developed by governments. We can expect new government bonds to be issued next year that will encourage more corporate bond issuances and private debt placements.

The UAE is accelerating its decarbonisation efforts, focusing on energy efficiency, transitioning to renewable energy and building on its leadership in renewable energy projects and investment in climate risk mitigation and adaptation.

Greater investment in agriculture technology for food security, which includes sustainable vertical farming and desert agriculture, should take place in tandem with the sustainability and energy efficiency drive.

Decarbonisation and the diversification of the energy mix will support the growth of the UAE's capital markets through the issuance of green bonds and sukuk, as well as the financing of PPP and privatisation deals for renewable energy and clean technology.

Indeed, the UAE can become a regional, if not a global, centre for renewable energy finance.

Covid-19 has led to a strong impetus to digitise as working and learning from home became more popular. The UAE should build on its strong e-commerce and e-services base by massively investing in 5G to support the Internet of Things and building smart cities and infrastructure.

This is critical for the retail sector to move online from brick-and-mortar shops. Liberalising the telecoms sector and lowering the costs of broadband services will help the country become a fully digitised economy and a regional hub for digital services.

The UAE has world-class core infrastructure in transport and logistics, power and telecoms. These assets can serve infrastructure-poor countries in the region, East and Central Africa, India, Pakistan and Central Asia. Electricity from solar power can be exported through cross-country, integrated

grids.
Finally, the UAE's normalisation of relations with Israel heralds a new regional economic geography: new trade and investment opportunities, as well as the reduction of geopolitical tensions.

*Dr Nasser H Saidi is a former Lebanese economy minister and founder of the economic advisory and business consultancy Nasser Saidi & Associates*

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# "A COVID-19-induced macroeconomic overview of the GCC", Keynote presentation at Bonds, Loans & Sukuk Middle East, 8 Dec 2020

Dr. Nasser Saidi, a keynote speaker at the latest Bonds, Loans and Sukuk Middle East event, held virtually on 8-9 Dec 2020, presented a 30-min talk titled "A COVID-19-induced macroeconomic overview of the GCC".
The presentation covered the macroeconomic impact of Covid19 pandemic on the global economy and the Middle East/ GCC region (economic growth, capital flows, trade, investment, labour movements, job losses). Also covered were the policy responses (monetary, fiscal, social and health policies) in addition to thoughts on the Biden Presidency and its regional consequences. The concluding remarks focused on GCC's way

forward post Covid19, looking at three pillars: geopolitics, the economy and new sectors of focus.
Download the presentation here.

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# How GCC countries can adapt policies for a post Covid-19 world, Article in The National, 23 Jun 2020

*This article titled "How GCC countries can adapt policies for a post Covid-19 world" appeared in The National on 23rd June, 2020. The original article can be accessed here.*

### How GCC countries can adapt policies for a post Covid-19 world

### *by Dr. Nasser Saidi and Aathira Prasad*

### *As countries emerge from three-months of Covid-19 containment, policy makers need to plan for a transformed post-pandemic world and create a new development model*

Covid19 continues to be part of life as we know it. The GCC nations are gradually emerging from lockdown. There are nodes of optimism as the number of recoveries outpace the confirmed cases, including in the UAE.
Stimulus packages across the GCC included a number of common policy actions – rate cuts, liquidity enhancing measures,

deferment of loans and credit card payments. Also noteworthy is the support extended to small and medium sizes enterprises (SMEs) and affected sectors impacted by the pandemic-induced lockdowns which include tourism, hospitality and aviation.

After almost 3 months of lockdowns, countries are phasing their recovery plans. As we gradually emerge from Covid-19 containment, policy makers need to plan for a transformed post-pandemic world, which underscores the need to create a new development model.

For the GCC countries, this means reviewing three broad policy measures related to monetary and fiscal policies as well as structural reforms.

Most GCC nations are pegged to the dollar except for Kuwait which pegs its dinar to a basket including the greenback. Hence, the countries follow the Fed’s interest rate moves, which may limit the use of other instruments of monetary policy and might restrict other policy moves from the central banks other than stimulus packages to increase liquidity.

So what can the central banks do to support their economies, while maintaining a peg or moving to a currency basket? Two innovative ways of providing support would be the establishment of GCC central bank swap lines and monetising new government debt issued for deficit financing.

The establishment of GCC central bank swap lines, with an option for the larger central banks (SAMA, UAE) to tap the Fed or People’s Bank of China (PBoC) would enable regional central banks to tap additional liquidity during times of market stress, support financial stability and provide a liquidity backstop.

Monetising new government debt issued for deficit financing can help avoid the crowding out of the private sector and inject liquidity, given the lack of developed local currency debt markets and central banks’ limited ability to conduct open market operations.

On the fiscal policy front as part of their pivot towards diversifying their economies and becoming less reliant on oil revenues, a move towards deficit financing along with the institution of fiscal rules for long-term fiscal sustainability can help accelerate the development of local currency debt and mortgage markets to finance housing and long-term infrastructure projects.

Rationalising government spending either by reducing the size of government, shifting activities to the private sector, and moving to targeted subsidies is another element of fiscal reform. In conjunction governments can issue long term debt that can be bought by central banks during a crisis period which is happening in the US and Europe today.

Diversify government revenues by improving the management of public commercial assets and increasing the efficiency of tax collection is an important element of fiscal reform. Consolidating the large number of fees and charges on consumers and businesses into fewer broad-based taxes, can help lower business and living costs.

The Covid pandemic is also an incentive for “Green New Deals” through investment in public health, domestic AgriTech for food security, renewable energy, clean cities and technologies, that will support job creation and economic diversification. Governments can take the first step to ensure a project pipeline, focusing on public-private partnerships, with targeted incentives for SME participation.

Accelerating the digitisation drive will also lower the cost of broadband internet and accessibility while speeding up the implementation of 5G.

The establishment of social safety nets and protection programs and pension schemes will also help reduce financial burdens that can come around in periods of crisis. For employees, a contribution towards a pension fund would ensure sufficient savings in the event of job losses or retirement and for employers, this provides them with an investment fund and support end-of-service or gratuity payments.

Structural reforms including the acceleration of privatisation, working closer with private sector participation is key. Developing insolvency frameworks to support out-of-court settlement, corporate restructuring and adequately protect creditors' rights is another important element. Enhancing the environment that continues to attract and retain human capital through a permanent residency programme could help generate significant economic gains.

A positive side-effect of Covid-19 is the realisation that working from home is a feasible option. Companies can offer flexible work options, reduce office space and rents, while employees can stay at cheaper home locations, save on rents, and telecommute. To realise these benefits, requires removing barriers by amending labour laws and liberalising voice over Internet Protocol (VoIP).

The Covid-19 perfect storm is an unprecedented opportunity for the GCC countries for a policy reset, to steer toward a new development model for a post-pandemic world and move away from business as usual.