

“Digital remittances will unlock financial inclusion in the Middle East”, Oped in The National, 21 Jan 2026

The article titled “Digital remittances will unlock financial inclusion in the Middle East” appeared in the print edition of The National on 21st January 2026 and is posted below.

Digital remittances will unlock financial inclusion in the Middle East

Nasser Saidi

Financial inclusion remains a challenge for Arab countries in the Middle East. Only 50 per cent of adults in the region have a financial account, the lowest global score in financial account ownership, the World Bank says.

There are also wide gaps between the Gulf and the rest of the region, while women are disproportionately less likely than men to have accounts.

The gender gap in account ownership is most severe in the region, at 15 percentage points, more than double the average of other upper-middle-income countries.

Financial exclusion forces people into the informal cash economy, limiting their ability to save, invest and protect themselves from economic shocks. By contrast, globally, 78.7 per cent of people aged over 15 have an account with a bank, financial institution, or mobile money provider, up from 50.6 per cent in 2011.

Of the 1.3 billion adults that remained unbanked globally in 2024, the majority are located in the Arab region, Asia and Africa.

But digital technology is transforming the financial landscape. The *Global Findex Digital Connectivity Tracker* finds that 84 per cent of adults in developing economies own a mobile phone (in the Middle East and North Africa, it is a higher 89.3 per cent). Mobile phones and internet connectivity allow more people to access and use digital financial services. Mobile money accounts are gaining popularity as an alternative means of accessing financial services, with 2.1 billion registered mobile money accounts globally in 2024, according to the GSMA.

The Middle East is a global hub for migration, characterised by a unique demographic flow.

The Gulf Co-operation Council-South Asia (India, Pakistan, Bangladesh and Nepal) labour flow corridor is the single largest labour migration corridor into the Mena region.

Beyond South Asia, many migrants come from labour exporting Arab states such as Egypt, Jordan, Lebanon and Syria.

Remittance outflows from the Gulf clocked in at \$131.5 billion in 2024, with \$77 billion from Saudi Arabia and the UAE alone. For recipient countries such as Egypt, Jordan, Lebanon, India and Pakistan, these flows are not merely supplementary income; they are vital economic stabilisers that often outstrip foreign direct investment and official development assistance.

In Lebanon, remittances have become a critical lifeline amid economic collapse, representing 27.5 per cent of gross domestic product and more than 80 per cent of total external resource flows in 2023.

Money to send money

The traditional channels for remittances are costly and slow. High fees erode the value: when a migrant worker pays 7 per cent or more to send money home, it acts like a tax on development, with the reliance on cash agents an additional source of uncertainty and security risks.

The digital space offers a transformative opportunity. Digital remittances are not just about cost, efficiency and convenience; they are a gateway to broader financial inclusion.

The Mena region is already embracing this: in 2024, only 9.1 per cent of respondents to the Global Findex survey used a bank account for sending or receiving domestic remittances, compared to 26.3 per cent by all means including money transfers.

Empirical evidence finds a positive correlation between remittances and formal deposits/ credits, and using accounts for such transfers leads to remitters sending on average 30 per cent more than via informal channels.

By bypassing physical networks and leveraging mobile technology, the cost of sending money can drop to below the UN Sustainable Development Goals target of 3 per cent.

Digital transfers are near-instantaneous and secure, while also reducing the risks associated with carrying cash. Importantly, using digital channels creates a financial footprint.

For a migrant worker or displaced person who has never had a bank account, a digital remittance history can be the first step towards accessing credit, insurance and savings products. The success stories of M-Pesa in Kenya and Jazz Cash in Pakistan highlight mobile money services that have

revolutionised financial inclusion by leveraging high mobile phone penetration – sporadic internet access is not a limiting factor in such cases. Both digital platforms have since expanded beyond simple transfers to offer loans, savings, insurance and merchant payments.

These models can be easily introduced in the Mena region, especially given the migration and expatriate labour patterns.

Users in Morocco are embracing digital payments, with various international money transfer operators present in the country (eg, Wise, Remitly, Xoom etc), and government and the central bank are working to streamline regulations for such operators.

In Jordan, “Digi#ances” (a CBJ-GIZ implemented project) aims to increase the use of digital financial services, including cross-border remittances via e-wallets, among unbanked Jordanians and refugees, with a specific focus on women.

Cross-border interoperability between payment systems is important, with the Arab Regional Payment System (Buna) aiming to streamline clearing and settlement across Arab currencies.

Blockchain technology holds the promise of offering transparent and immutable ledgers for cross-border transactions.

The use of central bank digital currency (CBDCs) also offers a transformational solution for financial inclusion. A retail CBDC can be stored in a digital wallet on a basic mobile phone (even without access to the internet), allowing unbanked populations in rural areas to receive funds directly and safely.

Superapps are imminent, with remittances just one feature within a broader set of lifestyle and financial services, embedding financial inclusion into users’ daily digital experience.

Nasser Saidi is the president of Nasser Saidi and Associates. He was formerly Lebanon's economy minister and a vice-governor of the Central Bank of Lebanon.

Panelist at Reuters Next Gulf 2025 event in Abu Dhabi, 22 Oct 2025

Dr. Nasser Saidi joined the panel titled "Tariff Wars and Trade Shifts" at the Reuters Next Gulf 2025 event held in Abu Dhabi on Oct 22nd, 2025.

Major shifts in global trade driven by new tariffs and the move toward nearshoring and friendshoring come as the Gulf continues its push for economic diversification beyond oil. How are businesses and governments adapting to these changing trade dynamics, and what is the impact on global economies and inflationary pressures.

The high level themes covered in the panel discussion were: the changing picture of trade following Donald Trump's tariffs, the changing nature of investment flows.; and the geo-economic and geopolitical position of the Gulf and the Middle East.

Watch the discussion below from point 3:37:40 onwards till 4:09:22

Panelist at the IMF Regional Economic Outlook Middle East & Central Asia Report Launch in Dubai, 21 Oct 2025

Dr. Nasser Saidi participated in the panel discussion during the launch of the IMF Regional Economic Outlook (REO) report held in Dubai on Oct 21st, 2025.

Despite rising global policy uncertainty, economies in the Middle East and North Africa have demonstrated resilience this year, driven by increased oil production, lower energy prices, strong remittances and tourism inflows, and supportive global financial conditions. Can this resilience be maintained? What risks remain and how can MENA policymakers best navigate them? What new opportunities might emerge for the region in a rapidly shifting global economy?

The insightful discussion titled “Resilience Amid Uncertainty: Will it Last” delves into these critical issues highlighted in the IMF’s Regional Economic Outlook: Middle East and Central Asia issued in Oct 2025.

Watch the discussion below:

“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:

“Economic Consequences of a Trump Presidency Redux”, Op-ed for CNN Business Arabic, 14 Jan 2025

The opinion piece is available in both English & Arabic.

The Arabic version titled “التداعيات الاقتصادية لعودة ترامب” was published in CNN Business Arabic on 14th January 2025 and can be accessed [here](#) & below.

The English version of the article:

Economic Consequences of a Trump Presidency Redux

The world is in a much different configuration compared to the previous Trump Presidency years, with multiple multi-year wars, growing trade and investment fragmentation [1], burgeoning global debt [2], an expanding BRICS+, an AI

transformation unfolding , while 2024 is the first year above 1.5C of global warming [3]. Cold War II and a new world order are emerging.

Domestic policies to trigger inflation and lead to higher rates for longer. Trump second-term MAGAnomics- potentially a combination of tariffs, protectionism, tax cuts and a crackdown on immigration – with an already booming US economy, is inflationary in nature, leading to even higher US budget deficits [4] and debt [5]. A flareup in inflation would lead the US Fed to delay lowering interest rates and monetary easing, while other major central banks are easing rates (including the ECB and Bank of England). MAGAnomics policies would strengthen the dollar and increase US trade deficits. Higher-for-longer interest rates and a strong US dollar will negatively affect emerging markets and countries with high external debt-to-GDP, further exacerbating a growing global debt crisis and threatening socio-economic stability at a time when 48 developing countries spend more on interest payments than on either education or health [6].

Drill baby drill! The Trump administration would stimulate the fossil fuel industry, remove drilling restrictions from areas extending from Alaska to the Gulf and accelerate the building of oil and gas pipelines. The US is already a major oil and gas exporter (with Russia sanctioned and displaced from EU markets), maintaining its position as the top global exporter of LNG in 2024 [7]. Deregulation of US oil and gas would increase domestic production, lead to increased supplies and a downward impact on oil prices in addition to greater competition in export markets. This could adversely affect the GCC, with a consequent negative impact on their fiscal and current account balances.

Trade tariffs and protectionism. An intensification of US protectionist policies, justified on grounds of security or strategic interest, would exacerbate global trade tensions and lead to retaliatory actions. An increase in global trade and

investment barriers would be anti-competitive, disrupt markets, and further distort global supply chains [8]. Higher and more encompassing tariffs on China, given ongoing tech wars and de-coupling measures, could slow growth, but China would likely counter with countervailing trade and investment measures, expanding markets in the global South, deepening BRICS+ economic integration. Strategically, US and EU decoupling from China can play in the GCC's favour through bilateral trade diversion and investment and economic partnership [9] with China.

Pause button on climate commitments. Even as LA tries desperately to contain blazing fires, the current Trump/Republican narrative is one of climate denial, making it more likely that the Trump administration will repeal many of the Biden-era policies, and reverse US international climate commitments. Recall that the US exited the Paris Climate Agreement under Trump. Reduced US spending on climate risk mitigation and adaptation, as well as delays in combatting GHG pollution raises global climate risks. Climate change does not recognise any borders!

The coming decade will be hotter if the underinvestment in combatting climate change is not reversed. This necessitates massive investment in clean and renewable energy and climate tech. The shift in climate related policies in the US offers an opportunity for the GCC. The GCC can build on their comparative advantage by increasing their clean energy investments, with an aim to export renewable energy as well as related climate technology (such as solar power, hydrogen, desalination, district cooling, desert agriculture).

No more wars? Statements about the "acquisition" of Greenland or Canada as the 51st US State notwithstanding, it is widely expected that Trump will not support ongoing wars. Whether Trump will be supportive of a deal to rebuild Gaza / Lebanon / Syria [10] or how he will deal with the Russia-Ukraine war

will have a direct impact on the infrastructure industry, and oil and food markets. Of more far-reaching consequence would be if there are plans for more active use of the US military [11] – the anti-China and anti-Iran stance could lead to confrontation and increased sanctions; Cold War II would become warmer. If so, higher geopolitical risk would lead to increased defence spending, higher CDS rates, reduced capital inflows and FDI and a global recession.

The bottom line is that a second Trump term will be disruptive and turbulent. Uncertainty is the name of the game as the world waits to see what policies will be implemented once the President is inaugurated come Jan 20th. A global recession is a less likely scenario unless the beggar -thy-neighbour trade measures spread through the global economy, dragging everyone down.

التداعيات الاقتصادية لعودة ترامب

اختلفت الصورة العالمية كثيراً مقارنة بفترة ترامب الرئاسية الأولى؛ حروب على جبهات متعددة مستمرة منذ سنوات، واختلافات وتوترات تجارية واستثمارية بين الدول مترافقة مع ارتفاع هائل في الدين العالمي وتوقعات بتخطيه 100 تريليون دولار هذا العام، وتوسع في مجموعة بريكس وتحول نحو الذكاء الاصطناعي، هذا بينما سجل عام 2024 أول ارتفاع بـ1.5 درجة حرارة الأرض. الحرب الباردة الثانية والنظام العالمي الجديد على الأبواب

سياسات ترامب الداخلية سترفع التضخم وتقود لفائدة أعلى لفترة أطول

والتي IMAGAnomics الولاية الثانية من سياسات ترامب المعروفة بمصطلح هي عبارة عن مزيج من التعريفات الجمركية والحماية التجارية وتخفيض في الضرائب مترافق مع تضيق على الهجرة غير الشرعية ستأتي في ظل اقتصاد أميركي ينمو بقوة، وبالتالي ستكون ذات طبيعة تضخمية وستقود إلى عجز أعلى في الميزانية الأميركية وارتفاع في الدين

أيضاً ، حيث إن تمديد سياسات خفض الضريبي التي أقرها ترامب لمدة 10 سنوات أخرى ستُضيف 4.6 تريليون دولار إلى الدين الأمريكي .
المتفاجم أصلاً

إن أي إشارة إلى ارتفاع التضخم ستجعل الفيدرالي يتمهل في سياسة خفض الفائدة والتيسير النقدي، فيما بقية البنوك المركزية الكبرى .
كالأوروبي وبنك إنجلترا تخفض الفائدة
ستقوِّي الدولار وسترفع العجز التجاري MAGAnomics سياسة الـ
الأميركي

فائدة أعلى -لفترة أطول- ودولار قوي سيؤثران سلباً في الأسواق الناشئة والدول التي لديها نسبة مرتفعة من الدين إلى الناتج المحلي الإجمالي، وبالتالي ستفاجم خطوة الوصول إلى أزمة دين عالمية، وتهدد الاستقرار الاقتصادي الاجتماعي في الوقت الذي تنفق فيه 48 دولة على مدفوعات فوائد الدين أكثر مما تنفق على التعليم والصحة .

!الحفر ثم الحفر

إدارة ترامب ستُنْعَش صناعة النفط الأحفوري، وستُزيل التقييدات كلها على مناطق التنقيب من آلاسكا إلى خليج المكسيك وستسرّع عملية بناء خطوط الأنابيب .

تعتبر الولايات المتحدة من أكبر مصدري النفط والغاز في العالم، لا سيما مع العقوبات على روسيا وإبعادها عن السوق الأوروبية، وقد حافظت على مركزها كأكبر مصدر في العالم للغاز المسال في 2024 .
إعطاء الحرية لصناعة النفط والغاز سترفع الإنتاج المحلي وتزيد المعروض العالمي وبالتالي ستضغط على أسعار النفط وستُشعل المنافسة في سوق الصادرات العالمية.. هذا قد يحمل بعض التأثير السلبي في ميزانيات دول الخليج العربي التي تعتمد على النفط بشكل كبير .

التعريفات الجمركية والحماية التجارية

التركيز على سياسات الحماية التجارية -المبررة بحماية الأمن القومي الاستراتيجي- سيزيد التوتر في التجارة العالمية ويقود إلى إجراءات مضادة انتقامية .

العوائق التجارية وارتفاع حدة الحماية ستضر بالتنافسية وتعطل الأسواق وسلاسل الإمداد العالمية

تعريفات جمركية أعلى وأشمل على الصين -مع الأخذ بعين الاعتبار الحرب التكنولوجية القائمة حالياً - ستضر بالنمو، لكن الصين ستتخذ إجراءات مضادة منها التجارية ومنها تقييد الاستثمارات والتوسع في أسواق "الجنوب" العالمي، بالإضافة إلى تعميق العلاقات مع مجموعة بريكس+ والتكامل معها .

استراتيجياً ، إن فصل العلاقات أو فتورها بين أميركا والاتحاد الأوروبي مع الصين سيلعب دوراً في صالح دول الخليج العربي، التي ستستفيد من اتفاقيات تجارية ثنائية وشراكات اقتصادية مع الصين !
إيقاف الالتزامات المناخية

حتى مع صراع لوس أنجلوس لاحتواء الحرائق الهائلة التي لم تحصل في تاريخها، لكن لهجة ترامب والجمهوريين لا تزال بإنكار كل ما يتعلق بالتغيّر المناخي، ما يجعل التوقعات تصب بأن يعكس ترامب القوانين البيئية كلها التي صدرت في حقبة بايدن، ويعكس التزامات أميركا كافة في ما يتعلق بالمناخ

وبالعودة إلى الوراء، لا ننسى أن الولايات المتحدة انسحبت من اتفاقية باريس للمناخ في ولاية ترامب الأولى، وقلصت الإنفاق على تبذّر إجراءات محاربة التغيّر المناخي وتقليص مخاطره، والتأخر في محاربة التلوث الناتج عن غازات الدفيئة، لكن لم يتم الأخذ بالاعتبار حينها أن التغيّر المناخي لا يقتصر على دولة بذاتها ولا يعرف حدوداً

العقد المقبل سيكون أكثر حرارة خصوصاً إذا لم يتم تعويض النقص الهائل في الاستثمارات المخصصة لمحاربة التغيّر المناخي.. هذا يتطلب ضخ استثمارات هائلة في الطاقة النظيفة والمتجددة وتكنولوجيا المناخ

التغيّر في السياسات المناخية الأميركية يشكّل فرصة لدول الخليج العربي.. دول الخليج تستطيع البناء على الميزات التي تمتلكها بزيادة استثماراتها في الطاقات النظيفة، مستهدفة تصدير هذه الطاقات الفائضة بالإضافة إلى تصدير منتجات متعلقة بها كالألواح الشمسية والهيدروجين الأخضر ومشاريع تحلية المياه وتبريد المناطق والزراعة الصحراوية

إلا مزيد من الحروب

إعلانات ترامب المتكررة عن "الاستيحاوذ" على غرينلاند أو جعل كندا الولاية الحادية والخمسين غالباً ما يتم تجاهلها، لكن من المتوقع ألا تدعم إدارة ترامب أي حروب قائمة

مهما كان قرار ترامب بدعم إعادة الإعمار في غزة ولبنان وسوريا، وكيفية تعامله مع الحرب الروسية الأوكرانية سيكون له تأثير عظيم على قطاع البنية التحتية وعلى قطاع النفط والغذاء على حد سواء بالتأكيد ستكون هناك تبعات كبرى لو كانت هناك خطط قادمة لاستخدام القوة العسكرية الأميركية بشكل أكبر، اللهجة المعادية للصين والمعادية لإيران قد تفضي إلى المزيد من المواجهات أو على الأقل المزيد من العقوبات؛ الحرب الباردة الثانية ستزداد سخونة إذا حدث هذا، فبالتأكيد المخاطر الجيوسياسية ستؤدي إلى زيادة الإنفاق الدفاعي، وتكلفة أكبر للتأمين على وتعثر الديون أو وتقلص الاستثمارات الرأسمالية والاستثمارات العابرة، الـCDS، للحدود، وبالتالي ركود عالمي

خلاصة القول إن الفترة الرئاسية الثانية لترامب ستكون مليئة بالمطبات

عنوان المرحلة سيكون "عدم اليقين"، العالم سينتظر أي سياسات سيطبقها ترامب من لحظة دخوله إلى البيت الأبيض في الـ20 من يناير الحالي.. ركود عالمي هو السيناريو الأقل حدوثاً إلا إذا بدأت

الدول جميعها تطبيق سياسة "أنا أولا" في التجارة الدولية - وهي السياسة التي يسوق لها ترامب في الولايات المتحدة - وبالتالي الجميع سيخسرون.

[1] Gopinath et al (2024) find significant declines in trade and FDI flows between countries in geopolitically distant blocs are 12% and 20% respectively lower relative to flows between countries in the same bloc since the onset of the war in Ukraine

[2] It is forecast to cross USD 100trn, with a USD 5trn increase since 2023.

[3]

<https://www.reuters.com/business/environment/2024-was-first-year-above-15c-global-warming-scientists-say-2025-01-10/>

[4] Trump's 2017 Tax Cuts and Jobs Act's reduction in corporate taxes was permanent, but much of the rest of the law, including cuts to personal income taxes, is set to expire at the end of 2025. If Trump extends these cuts for the next decade, a highly probable scenario, it could add approximately USD 4.6 trillion to the burgeoning national debt, according to a Congressional Budget Office report.

[5] Trump added USD 4.8 trillion in non-Covid debt, and Biden added another USD 2.2 trillion, according to the Committee for a Responsible Federal Budget.

[6] UNCTAD, June 2024.

[7] LNG exports hit 88.3 million metric tonnes (MT) in 2024, up from 84.5 MT in 2023, according to LSEG data.

[8] The Smoot-Hawley Tariff Act of 1930, which raised average tariffs on imports by around 20% and incited a tit-for-tat trade war, was devastatingly effective: global trade fell by two-thirds. Simon Evenett (2024) outlined various scenarios with retaliatory measures to US tariffs: in the case where the

US imposes tariffs and countries retaliate against the US, the attractiveness of US as an export base declines; in a scenario where countries retaliate to US tariff hikes with tariffs on all its trading partners, there would be a tariff-drive contraction in global goods trade, eventually leading to a competitive devaluation spiral.

[9]

<https://nassersaidi.com/2024/12/11/uae-china-partnership-for-a-transforming-global-economic-geography-presentation-at-the-china-uae-investment-summit-abu-dhabi-finance-week-10-dec-2024/>

[10]

<https://www.agbi.com/opinion/development/2024/11/trump-must-focus-on-rebuilding-a-war-torn-middle-east/>

[11] The US already spends more on its military than the rest of the top 10 highest spending countries combined.

Interview with Al Arabiya (Arabic) on a potential looming debt crisis in 2025, 23 Dec 2024

In this TV interview with Al Arabiya aired on 23rd Dec 2024, Dr. Nasser Saidi discusses a potential looming debt crisis in 2025. Dr. Saidi believes that interest rates are likely to remain high while global public debt is high and rising

towards \$100trn. About 3.3bn people live in countries spending more on interest payments than education or health.

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

شبح أزمة مالية عالمية في 2025! . تفجرها الديون

ناصر السعيد: "بقاء أسعار الفائدة" مرتفعة يؤثر سلبا على عدد من بلدان المنطقة مثل مصر

قال ناصر السعيد رئيس شركة ناصر السعيد وشركاه، إن ارتفاع الديون العالمية قد يؤدي إلى أزمة مالية بحلول عام 2025، خاصة في الدول النامية التي تعاني من ارتفاع تكاليف الفائدة.

أن هناك 45 دولة نامية، "Business" وأضاف في مقابلة مع "العربية" تمثل الفوائد فيها أكثر من 10% من إيرادات الدولة، بينما هناك مجموعة الفوائد التي تدفعها 48 دولة هي أعلى من نفقاتها على الصحة والتعليم.

وأشار إلى ذلك يؤدي إلى مخاطر اجتماعية واقتصادية بهذه الدول، موضحا أن بقاء الفوائد مرتفعة قد يؤثر سلبا على بعض بلدان المنطقة منها مثل مصر التي تحاول التعافي تدريجيا.

Dr. Nasser Saidi's interview "Ahead of The Curve" with The Buzz Business on CEBC's pioneering role in MENA's clean energy transition, Nov 2024

The interview with Dr. Nasser Saidi, in his capacity as the Chairman of the Clean Energy Business Council (CEBC), appeared as a Buzz Business article in Nov 2024. The focus was on CEBC's pioneering role in MENA's clean energy transition. The article titled "[Ahead of the Curve](#)" is copied below:

Ahead of the Curve

CEBC's pioneering role in MENA's clean energy transition

As climate change increasingly impacts economies and lives across the globe, the Middle East and North Africa (MENA) region finds itself at a crossroads. Here, in a land rich with fossil fuels but increasingly exposed to climate challenges, the need for a shift towards clean energy and sustainable practices is critical. Leading this charge is Dr. Nasser H. Saidi, founder and chair of the Clean Energy Business Council (CEBC), an organization fostering collaboration between the public and private sectors to catalyze the region's transition to a cleaner future.

Dr. Nasser's journey to the helm of CEBC has been as varied as it is impressive. With a career that spans academia,

government, central banking, and senior positions in finance, he is no stranger to the complexities of building something from scratch. "I've always valued freedom and the ability to think independently," he says, reflecting on his time contributing to establishing the Dubai International Financial Center, which started with just a few companies and grew into a global hub. This drive to create and innovate independently has become the backbone of his leadership at CEBC—a vision not only for clean energy but also for MENA's potential to become a global leader in climate solutions.

CEBC was born from an urgent need for more than dialogue; it was a call to action for the region's leaders to reimagine MENA's place in the global energy landscape. Dr. Nasser understood that while the region has long been defined by its fossil fuel wealth, it also possesses vast untapped potential for renewable energy, particularly solar. "This part of the world is blessed with some of the highest solar irradiation on Earth," he explains. "With partners like ACWA Power, ENOC, ENGIE, and ABB at the forefront, we're already seeing impressive advancements in solar capacity and innovative projects that could one day redefine energy systems globally."

CEBC's initiatives are built to tackle a diverse range of challenges, from energy efficiency to hydrogen innovation, e-mobility, and climate finance. Yet, Dr. Nasser emphasizes that the real breakthrough lies in fostering strong, lasting partnerships with both public and private sectors. This commitment to collaboration is evident in CEBC's Annual Summit, now in its 12th year, which brings together policymakers, industry leaders, and technology innovators to align on regional sustainability goals. This year's summit, themed "Strategic Levers for Decarbonizing MENA," will be held at Expo City Dubai, reflecting the growing regional commitment to decarbonization and sustainability. "By bringing government and regulatory bodies to the table, we're creating the conditions for action," Dr. Nasser says. "CEBC is not just an

organization; it's a platform for real change in MENA's energy future."

The MENA region, he points out, is uniquely positioned in the global fight against climate change, with opportunities that extend beyond renewable energy into areas such as water desalination, desert agriculture, and district cooling. These technologies are critical in a region where temperatures are rising, and water scarcity is a daily reality. "Cooling alone accounts for up to 70% of peak energy demand in the Gulf," Dr. Nasser notes. "We've pioneered district cooling systems that are not only more energy-efficient but can be powered by renewable sources. This technology could become a model for the world."

As climate disasters continue to reshape economies, MENA countries face both an urgent challenge and a significant opportunity. CEBC is working to help the region balance its reliance on traditional fossil fuels with the need for renewable energy development. According to Dr. Nasser, this transformation will require considerable investment and policy reforms, especially in terms of reducing fossil fuel subsidies and attracting private financing to fill funding gaps. The International Monetary Fund estimates that MENA will need to invest up to 4% of GDP annually to build climate resilience and meet emissions targets—a staggering number, but one Dr. Nasser sees as achievable with the right public-private partnerships. "For every dollar invested in climate adaptation, we see a return of ten in economic benefits," he says, highlighting how companies across the region can drive these returns by investing in clean energy solutions.

The private sector, he believes, will play a pivotal role, especially with national initiatives like Saudi Arabia's Vision 2030 laying the groundwork. "The goals set forth in Vision 2030 offer a roadmap for the private sector to contribute to decarbonization through investments in clean energy technologies and sustainable practices. Companies like

ACWA Power, ABB, Totalenergies, BEEAH, and other CEBC partners are proving what's possible with large-scale solar and wind projects that have the power to reshape our entire region." CEBC, he adds, has been instrumental in creating platforms for private sector leaders to engage directly with policymakers, facilitating cross-border clean energy projects that address regional needs while also setting an example for the world.

Looking to the future, Dr. Nasser sees energy efficiency as a vital component in achieving MENA's net-zero ambitions, especially in high-energy sectors like construction, transport, and infrastructure. CEBC has recently partnered with the Advancing Net Zero Volunteering Team to launch a white paper focused on retrofitting existing buildings—a crucial step in reducing energy consumption across the region. He believes this focus on efficiency, combined with technological advances like AI-driven energy management and smart grids, will be key to MENA's sustainable development. But Dr. Nasser stresses that the most critical driver will be awareness, both public and governmental. "We're at a tipping point where climate adaptation isn't a choice; it's a necessity," he says, echoing the urgent tone that has defined his work and vision.

What are CEBC's key achievements to date?

"I'd say the most critical achievement is public awareness. Climate and clean energy are now part of our regional discussions, which is something we couldn't have imagined a decade ago. Today, we have ministers in charge of climate portfolios, notably in the UAE, and I hope other countries follow. Our partnerships are creating regulatory frameworks that involve both government and the private sector in the transition to clean energy."

How optimistic are you about the region's clean energy transition?

"I am cautiously optimistic. The region's leadership has a clear vision of what's needed, and we're seeing an unprecedented level of commitment to clean energy and climate adaptation. Yet, challenges remain—subsidies for fossil fuels need to be removed, and people's perceptions around the 'cost' of energy must shift. Still, I am inspired by the strides we've made and confident that with ongoing collaboration, we can achieve real, lasting change."

What advice would you give to companies in the private sector?

"Start with energy efficiency—look at your own operations, from building temperatures to energy sources, and be ready to invest in clean technologies. Long-term success will depend on this. I also advise companies to get involved with CEBC or similar platforms to stay aligned with national goals and regulatory developments. The future will belong to companies who adapt early and invest in sustainable practices."

Looking ahead, Dr. Nasser's vision for CEBC reflects both urgency and optimism. As the region grapples with the realities of climate change, CEBC stands as a catalyst, turning MENA's unique challenges into opportunities. With the right partnerships and a clear focus, CEBC is not just imagining a cleaner future—it's building one.



“CEBC isn’t just an organization; it’s a platform for real change in MENA’s energy future.”

Dr. Nasser H. Saidi, founder & chair, Clean Energy Business Council (CEBC)

Interview with CGTN Europe on the ceasefire in Lebanon, 27 Nov 2024

In this [TV interview with CGTN Europe’s The World Today program](#), aired on 27th Nov 2024, Dr. Nasser Saidi spoke about the ceasefire in Lebanon. While there is a lot of euphoria at the announcement, more importantly, the 60 day ceasefire

period is fraught with security and political risks and uncertainties. Focus has to turn to attracting aid commitments & start reconstruction. For that, need to urgently elect a new president & form a credible national emergency government able to garner regional and international support and confidence and undertake long-delayed structural reforms.

**Interview with Al Arabiya
(Arabic) on Trump's election
victory, potential policies &**

impact, 6 Nov 2024

In this TV interview with Al Arabiya aired on 6th Nov 2024, Dr. Nasser Saidi discusses Trump's election victory, potential domestic policies (leading to wider deficits) and impact on GCC & wider Middle East.

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

هل يتمكن ترامب من تخفيض العجز؟

قال رئيس شركة ناصر السعيد وشركاه الدكتور ناصر السعيد، إن انتصار دونالد ترامب في انتخابات الرئاسة الأميركية "تاريخي"، كونه أول رئيس يسيطر على مجلس النواب ومجلس الشيوخ والمحكمة العليا وامتلاكه كل الإمكانيات لتحقيق كل سياساته.

أن تخفيض العجز، "Business" وأضاف السعيد في مقابلة مع "العربية"، تحت إدارة ترامب سيكون صعبا.

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.

“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/ITulHQ90nQ

– DIFC (@DIFC) [February 21, 2024](#)

“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 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.”

Radio interview with Oryx Radio (in French) on the Korea-Middle East Forum and its importance, 6 Nov 2023

Dr. Nasser Saidi gave an interview to Oryx Radio (in French) on the [Korea-Middle East Forum](#) and its importance given the ongoing shift in economic relations towards Asia at a time of dislocation and fragmentation.

Listen to the interview:

https://nassersaidi.com/wp-content/uploads/2023/11/07-11-23-INVITE-NASSER-SAIDI-FORUM-COREE-ET-MO-HOUDA-ET-KARINE.PAD_.mp3

“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

“State and Future of the GCC Economies: A Story of Transformation”, Presentation to the International Jurists, 20 Oct 2023

Dr. Nasser Saidi was invited as a keynote speaker at a meeting of the International Jurists held in Dubai on 20th October 2023.

Dr. Saidi’s presentation, titled “[State and Future of the GCC](#)”

[Economies: A Story of Transformation](#)", focused on regional macroeconomic and geo-political developments, with a special focus on the Gulf Falcons. The talk also highlighted the GCC's economic transformation and concluded with how the Gulf Falcons would drive regional structural transformation.

"Global Macroeconomic Developments: Impact on Travel & Tourism / MICE", Presentation at the Abu Dhabi Business Events Forum, 26 Sep 2023

Dr. Nasser Saidi was invited to join as a guest speaker at the Abu Dhabi Business Events Forum held in Abu Dhabi on 26th September 2023.

Dr. Saidi's presentation, titled "[Global Macroeconomic Developments: Impact on Travel & Tourism / MICE](#)", focused on the global and regional macroeconomic developments, with a special focus on the drivers and major headwinds. The talk also centred on the GCC's economic transformation and the role played by tourism/ MICE before concluding with slides on the opportunities and risks for the sector in the Middle East.

Interview on CNN's Connect The World with Becky Anderson on Huawei, US-China tensions & Middle East linkages, 25 Sep 2023

What Huawei's latest fall line means for the tech giant?

Dr. Nasser Saidi was interviewed on CNN's Connect the World with Becky Anderson on the 25th of Sep 2023 where he shared his views on Huawei's latest technology, US-China tech (& trade) war and China's increasing linkages with the Middle East.

Part of the interview was published on the CNN website:
<https://edition.cnn.com/videos/world/2023/09/25/exp-huawei-becky-anderson-nasser-saidi-live-09259aseg1-cnni-world.cnn>

Watch the full interview below:

<https://nassersaidi.com/wp-content/uploads/2023/09/Dr-Nasser-Saidi-Connect-the-World-With-Becky-Anderson-2023-09-25-v2.mp4>

Comments on the proposed India-Middle East-Europe trade corridor in The National, Sep 11 2023

Dr. Nasser Saidi's comments appeared in an article in The National titled "[Why new trade link between India, Middle East and Europe is a win for all](#)" published on 11th September 2023.

The comments are posted below.

"The India-Middle-East-Europe corridor will be a win-win for all countries involved in the project," president of Nasser Saidi and Associates, Nasser Saidi, and its director of macroeconomics, Aathira Prasad, said.

"The move will support the UAE's diversification efforts, as it can expand its trade with other markets in the corridor, underscoring its current efforts to deepen trade relations with emerging market nations."

"Deep trade agreements need to be signed to reap the full benefits from the corridor," Mr Saidi said.

"The region should take this opportunity to improve trade facilitation measures", including easing the movement of goods at the border and focusing on reducing overall trade costs, he said.

"In the medium term, integrating trade infrastructure (ports, airports, logistics) in the wider Mena region would lower costs and facilitate intraregional trade, leading to greater regional integration," said Mr Saidi.

"Given ongoing renewable energy projects and net-zero emissions ambitions of the UAE and wider GCC, one could even

envisage a GCC renewable-energy-powered, integrated electricity grid could extend all the way to Europe and India,” Mr Saidi said.

A potential land-based alternative to the Suez Canal will reduce the risk of it being a chokepoint, as it currently handles about 10 per cent of global maritime trade, Mr Saidi said.

“Instead of viewing the corridor as a threat to revenue, this should be seen as an opportunity to integrate the various modes of transportation ... creating an air-sea-land custom-free corridor to support the movement of goods,” he said.

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.”

“Navigating the Energy Crisis: A Middle East Viewpoint”, Presentation at the Global Investment Management Summit, 28 Mar 2023

Dr. Nasser Saidi was invited to join as a guest speaker at the Global Investment Management Summit held in London on 28th March 2023.

Dr. Saidi’s presentation, titled “[Navigating the Energy Crisis: A Middle East Viewpoint](#)”, covered among other points the sources and consequences of the ongoing global energy crisis in the backdrop of weaning away from fossil fuels and

investing in Renewable Energy. The geopolitics and emergence of a new global energy map formed another key point in the discussion which advocated for GCC to become the centre of a transformed, new, global energy map.

“China and the Middle East”: Dr. Nasser Saidi’s fireside chat at the UBS Greater China Conference, Jan 2023

Dr. Saidi participated as a keynote speaker in the UBS’s annual flagship event, the 23rd edition of which took place in January 2023 in Hong Kong with a theme of ‘The Way Ahead’.

[In this podcast](#), recorded in Jan 2023, UBS APAC head of research Martin Yule asks Nasser Saidi, former chief economist of the Dubai International Financial Centre and the first governor of the Central Bank of Lebanon, to discuss the theme, ‘China and the Middle East: old friends in a new era’. The talk focuses on trade, oil, growth of Middle East capital markets, the potential free trade agreement as well as broader aspects of China-Middle East cooperation.

Listen to the podcast:

https://nassersaidi.com/wp-content/uploads/2023/03/the_bulletin_with_ubs_441.mp3

“Climate Finance Gap in the MENA”, Keynote Speech at Emirates Environmental Group’s Forum, 24 Feb 2023

Dr. Nasser Saidi was invited as a keynote speaker to a forum called “Bridging the Climate Finance Gap” organised by the Emirates Environmental Group (EEG), held in Dubai on 24th February 2023.

Dr. Nasser Saidi, Chairman of Clean Energy Business Council, the Honorary Member of Emirates Environmental Group, delivered the keynote address. Saidi called for climate and net-zero emission commitments to be enshrined in constitutions, making them more difficult to disregard. He stressed the enormous financial needs of countries to address climate change and estimated that Arab countries require US\$570 billion by 2030, while only US\$34 billion has been allocated to public international climate finance in this region, which is a mere 6 percent of what countries say they need. Saidi highlighted the enormity of the gap that needs to be filled and the urgency to take action.

More details about the event is available at <https://www.wam.ae/en/details/1395303134035>

“COVID-19 and its impact on Arab economic integration”, UN ESCWA report, Nov 2022

[“COVID-19 and its impact on Arab economic integration”](#), prepared by Nasser Saidi & Aathira Prasad, is available on UN ESCWA (United Nations Economic and Social Commission for Western Asia)’s [website](#).

The paper explores the impact of the COVID-19 pandemic on the Arab region’s global and regional economic integration. In terms of output, oil exporters faced a double whammy of lower domestic demand and supply shocks along with lower oil prices and exports, while tourism-dependent countries took a severe hit. The Middle East’s decline in international and regional trade was sharpest across all regions, and the decline in services trade was even harsher. With respect to labour, there was evidence of reverse migration alongside resilient remittances, but the recovery will be long for those in the informal sector, especially women and young people. Overall, the Gulf Cooperation Council (GCC) countries seem to be the main drivers of greater regional (and indirectly of greater global) economic integration, and Mashreq countries are becoming increasingly integrated with the GCC.

To enhance regional integration in a post-pandemic world, the Arab region needs to rethink its trade and investment policies (agreements with key partners in the GCC and Asia, reduce restrictions related to trade in services, strengthen links to the global value chain, and invest in digital trade), while allowing for greater mobility of labour and enhancing financial (and capital market) linkages. Moreover, policy coordination is paramount to address some of the common

challenges facing the region, including mitigating the risks of climate change and food security.

Radio interview with Dubai Eye's Business Breakfast on Biden's visit to the Middle East, 13 July 2022

Dr. Nasser Saidi spoke with Dubai Eye's Business Breakfast team on 13th July 2022 regarding US President Biden's visit to the Middle East, with a focus on meeting with the Saudi Crown Prince

Listen to the full radio interview at the link below (from 10:21 to 17:10):

<https://omny.fm/shows/thebusinessbreakfastpodcast/less-passengers-will-be-able-to-fly-out-of-heathro>

<https://nassersaidi.com/wp-content/uploads/2022/07/Less-passengers-will-be-able-to-fly-out-of-Heathrow-this-summer..mp3>

Impact on Trade with Middle East as a New Arena for Asian Competition (?), Panel Discussion at the MEI NUS Annual Conference, 18 May 2022

Dr. Nasser Saidi joined a panel discussion online titled “Impact on Trade” within the wider context of “Middle East: A New Arena for Asian Competition?” which was the theme of the National University of Singapore’s Middle East Institute Annual Conference.

The session, held on 18th of May, discussed the background of trade, investment and labour flows, in addition to what the contrasts are for China and India’s policies in the Middle East.

Watch the session below

Comments on Middle East’s

electric vehicle market, The National, 23 May 2022

Dr. Nasser Saidi's comments (posted below) on the Middle East's electric vehicle market, made during a panel discussion at the inaugural Electric Vehicle Innovation Summit (EVIS) in Abu Dhabi, appeared in the article titled "[Middle East EV market 'needs more infrastructure to support electric shift'](#)" on The National dated 23rd May 2022.

While government subsidies do play a role in encouraging consumers to shift from traditional vehicles, investments in infrastructure have been more effective and are responsible for about 40 per cent of EV sales globally, Nasser Saidi, chairman of the Clean Energy Business Council, said during a panel discussion at the inaugural Electric Vehicle Innovation Summit (EVIS) in Abu Dhabi on Monday. Aside from the core infrastructure, "we also look at charging points, the speeds and quality of EVs and if they are able to compete with internal combustion vehicles", he said. Consumers also require options that are cheaper.

Oil prices can also be an influencing factor in consumer decisions. Prices have surged in the past several weeks, mainly because of supply concerns linked to the Russia-Ukraine conflict. "If we look at the tremendous increase in oil prices, that would encourage more [buyers of EVs]," Mr Saidi said.

Comments on Lebanon's conditional deal with the IMF in Al Monitor, 7 Apr 2022

Dr. Nasser Saidi's comments on Lebanon's conditional deal appeared in the article titled "[IMF, Lebanon strike conditional deal on \\$3 bn aid](#)" in Al Monitor's 7th April 2022 edition. The comments are posted below.

A former vice governor of Lebanon's central bank, Nasser Saidi, said he had doubts that such reforms would ever materialise. "This is good news if the set of Monetary-Fiscal-Governance-Structural reforms including banking sector restructuring are implemented. Highly unlikely!" he wrote on Twitter.

Comments on "SPACs may reshape Gulf financial markets" in Arab News, Feb 13 2022

Dr. Nasser Saidi's comments appeared in an Arab News article titled "[SPACs may reshape Gulf financial markets](#)" published on 13th February 2022.

The comments are posted below.

"SPACs also allow for diversification in listed sectors, which are too concentrated on banks, real estate, and telecoms," former chief economist of the DIFC business district Nasser Saidi told Arab News. "They will bring support for startups, especially those in disruptive sectors and later-stage growth companies."

"Target companies will certainly include promising technology ones, financial technology firms, the media industry, and health and education, as well as renewable energy and clean tech."

Driven by strong liquidity and high technology sector growth, SPACs have boomed recently. There were 613 listings around the world totaling \$145 billion in 2021, compared to \$80 billion for 247 SPACs the year before, according to figures from the consultancy Nasser Saidi & Associates.

Another problem is that, often, SPAC cash can spend a long time looking for a home. "If you look at the 2021 cycle, 82 percent of 2021 SPACs are still searching for deals and only 3 percent of the SPACs realized their deals," Saidi added.

SPACs also face a shifting financial environment as central banks tighten global monetary policies to battle inflation. The fact that regional economies will profit from spiking oil prices does not necessarily mean that this cash will be injected into SPACs, but instead be used to buy into government initial public offerings, Saidi pointed out.

"The process in Gulf Cooperation Council countries will be more institutionalized, given that regulatory frameworks will look at the US example and avoid mistakes that were done there."

Saidi said: "SPACs' future remains promising because the region has many young dynamic companies. SPACs will fill the gap, given the under-developed venture capital and private equity sector in the region."

Interview with Asharq Business (Bloomberg) on economic growth prospects in MENA/ GCC region, 25 Jan 2022

Dr. Nasser Saidi joined Asharq Business (Bloomberg) on 25th January 2022, following the release of the Jan 2022 update of the IMF's World Economic Outlook, to touch upon the growth prospects in the GCC and wider Middle East and North Africa region.

Watch the interview (in Arabic) at this [link](#).

د. ناصر السعيد: توقعات الأسواق مبنية على التشدد في السياسة النقدية للفيدرالي الأميركي

الدكتور ناصر السعيد | رئيس شركة ناصر السعيد وشركاه: توقعات الأسواق مبنية على التشدد في السياسة النقدية ورفع أسعار الفائدة من قبل الفيدرالي الأميركي. *شهدنا العام الماضي نسب نمو مرتفعة. *سياسة "صفر إصابات بكورونا" في الصين أثرت على الاقتصاد المحلي Berenberg Gossler: والدولي. سالمون فيدلر | محلل اقتصادي في هناك حالة من التباطؤ في النمو الاقتصادي العالمي.

Comments on “2021: Year in Review” in Arab News, Dec 30 2021

Dr. Nasser Saidi's comments appeared in an Arab News article titled “[2021 Year in Review: New coronavirus variant, inflation test strength of global economic recovery](#)” published on 30th December 2021.

The comment is posted below.

Nasser Saidi, Middle East economic expert, said: “Unless the vaccination pace improves drastically (especially in low-income nations) and the new variant is rapidly brought under control, the global economy could see brakes applied on growth at least in the first quarter of next year.”

“Digitalization and the Future of Global Economy”: Panelist at the 8th Abu Dhabi Strategic Debate, 14 Nov 2021

Dr. Nasser Saidi joined as a panelist in the session titled “Digitalization and the Future of Global Economy”, at the

Eight Annual Abu Dhabi Strategic Debate organised by the Emirates Policy Centre on 14th November 2021.

Watch the full session below from 10:13 till 1:21:24:

Weekly Insights 19 Aug 2021: Charts on Global Trade Recovery + Tourism in the Middle East + Fiscal deficits in Bahrain & Kuwait + Consumer & Producer Prices in Saudi Arabia

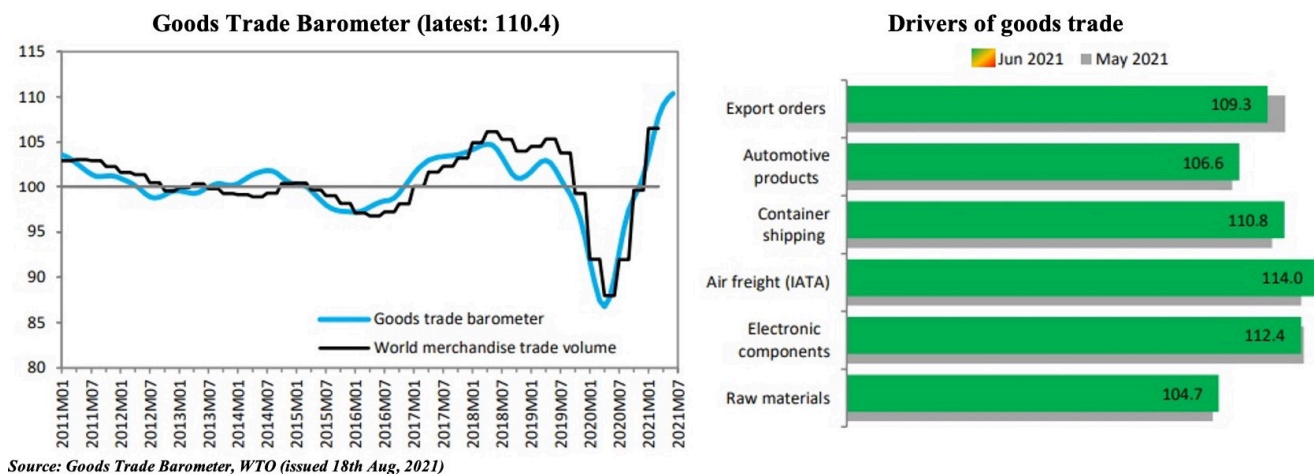
Weekly Insights 19 Aug 2021: Charts of the Week (Global Trade Recovery + Middle East's Tourism Indicators + Fiscal deficits in Bahrain & Kuwait + Consumer & Producer Prices + Industrial Production in Saudi Arabia)

1. Recovery in trade in 2021, though the pace is slowing; port closures to lead to delays & higher costs

- The WTO's latest **Goods Trade Barometer**, with a record **high reading of 110.4**, underscores the strength of **recovery**: it is up more than 20 points in year-on-year

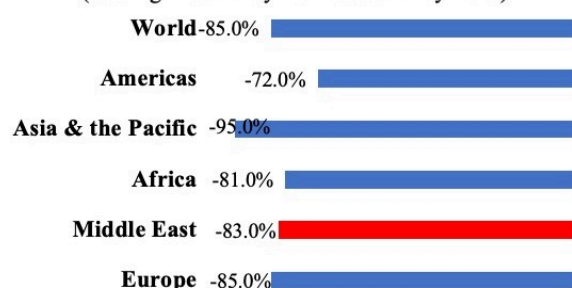
terms. However, data suggest that the index is rising at a slower pace. Overall, **the WTO expects world merchandise volume to grow by 8% this year** (vs 2020's 5.3% drop).

- All components identified as **drivers of trade were above trend** (100): but the **easing of the forward-looking export orders in Jun** (vs May) suggests that the uptick seen in the earlier months might be slowing. This is also evident from recent PMIs: rate of expansion in JP Morgan's global manufacturing PMI had slowed further from May's 15-year high.
- Furthermore, **supply chain disruptions will continue to have a negative impact**: the recent closure of the Ningbo Zhoushan port in China (following a Covid19 case) is leading to congestion at several other Chinese ports & likely lead to delays as well as uptick in freight charges. Case in point: **Freightos Baltic Global Container Index**, a weighted average of 12 major global container routes, **hit a record high of USD 9,770** per forty-foot equivalent (FEU) container this week.



2. Tourism: As regions with large domestic markets recover faster, no surprise that the Middle East lags

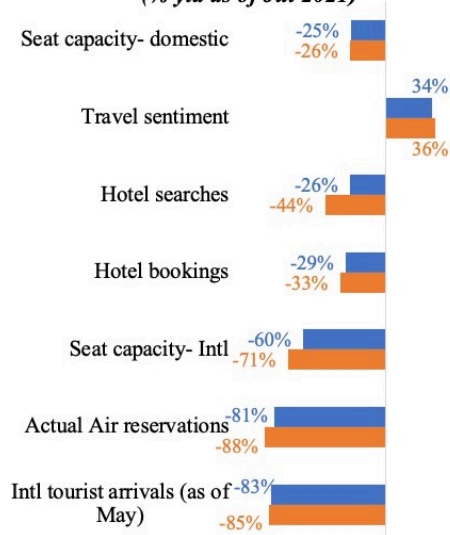
Growth in International Tourist Arrivals
(% chng in Jan-May 2021 vs Jan-May 2019)



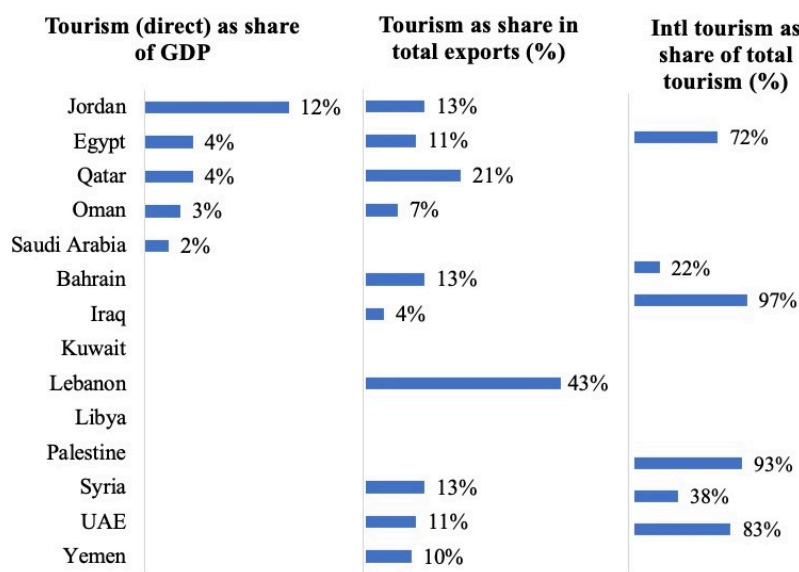
International Tourist Arrivals in the Middle East, by country

	2020	Jan-21	Feb-21	Mar-21	Apr-21	May-21
Middle East	-75%	-84%	-84%	-82%	-84%	-82%
Bahrain	-83%	-92%	-92%	-99%	-93%	-90%
Egypt (as of Aug)	-69%					
Lebanon (as of May)	-71%					
Oman	-75%	-87%	-92%	-90%	-95%	-97%
Qatar	-73%	-93%	-92%	-92%	-93%	-87%
Saudi Arabia	-76%	-88%	-90%	-92%		
UAE	-67%	-70%	-70%	-64%	-68%	-62%

Tourism Indicators in the Middle East vs Global
(% ytd as of Jul 2021)



Vulnerability of tourist destinations in the Middle East

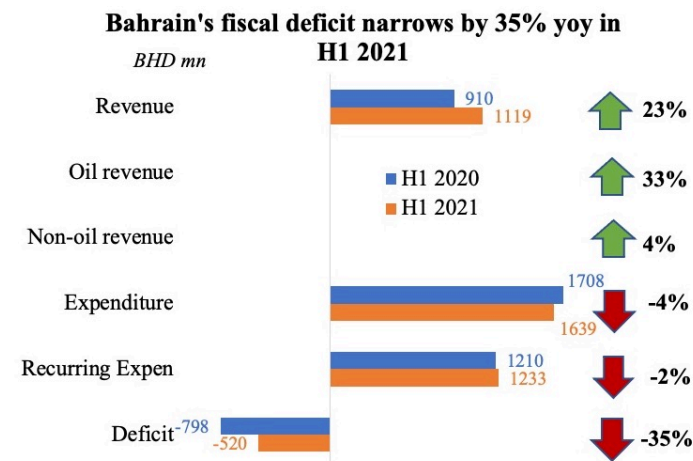


Source: UNWTO. Charts created by Nasser Saidi & Associates

3. Bahrain's deficit narrows in H1 2021, thanks to a rise in oil revenues; debt needs taming

- **Budget deficit in Bahrain narrowed to BHD 520mn in H1 2021** (-35% yoy), supported by a 23% pick up in revenues (largely due to the **33% rise in oil revenues**).
- Overall, **revenues (& expenditures) in H1 account for 46.5% (& 45.4%) of the total budgeted for the full year 2021**. The budget, based on oil price at USD 50 per barrel, is estimated to post a deficit of BHD 1.2bn in 2021. According to the IMF, the **fiscal breakeven price for Bahrain is USD 88.2 this year & USD 85.8 in 2022**.
- **Bahrain needs to reduce debt once economic recovery is back on track**: its **gross public debt** rose to 133% in 2020 and is forecast to increase to 155% by 2026. Its **gross external debt is meanwhile projected to ease**

slightly to 245.6% of GDP this year (2019: 225.7% & 2020: 257.7%) .



Source: Bahrain's Biannual Financial Report 2021, Nasser Saidi & Associates

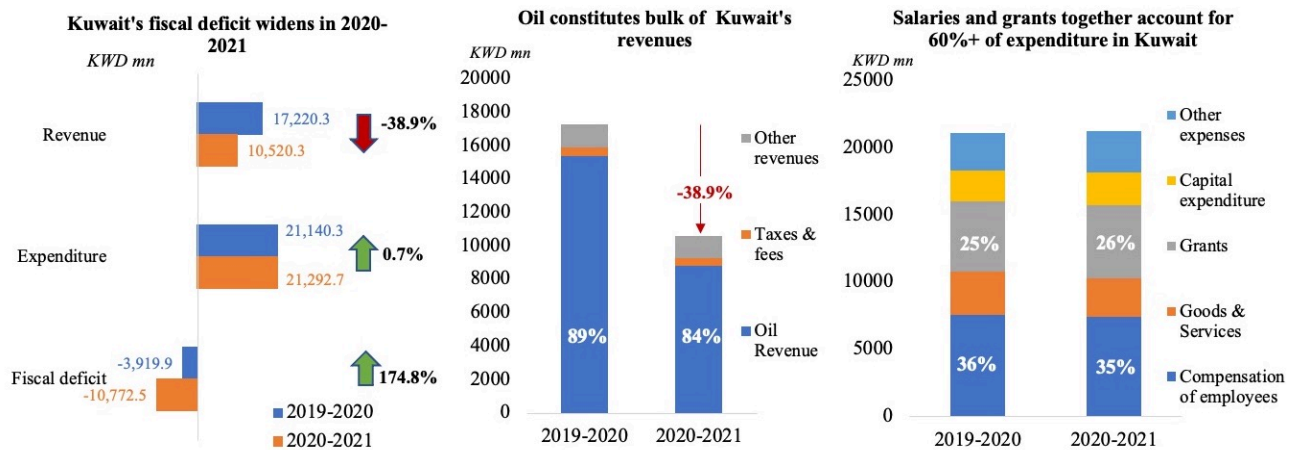
Key macroeconomic indicators, Bahrain				
	2019	2020	2021	2022
Real GDP	2.0	-5.4	3.3	3.1
Oil	2.2	2.0	0.7	0.7
Non-oil	2.0	-7.0	3.9	3.7
CPI	1.0	-2.3	1.5	2.1
Oil revenues (% of GDP)	14.6	9.8	13.1	11.9
Fiscal deficit (% of GDP)	-9.0	-18.3	-9.1	-9.4
Govt gross debt (% GDP)	102.0	133.0	129.0	134.0
Oil exports (share of total exports)	0.5	0.4	0.5	0.5
Current account balance (% of GDP)	-2.1	-9.6	-4.0	-4.2
International Reserves (\$)	3.7	2.2	2.5	2.7
in months of non-oil imports	2.3	1.3	1.4	1.4

Source: IMF REO (Apr 2021) & Article IV (Mar 2021)

4. Kuwait's fiscal deficit almost triples in 2020-21 vs a year ago; salaries & subsidies continue to account for a substantial portion of overall expenditure

- **Kuwait posted a fiscal deficit of KWD 10.8bn in 2020-21, compared to USD 3.9bn a year ago.**
- Revenues plunged by 39% yoy in 2020-21, largely due to a **42.8% drop in oil revenues**; taxes and fees fell by 10.6%. Oil revenues accounted for 84% of overall revenues last year and close to 90% the year before
- **Overall expenditures** was little changed (+0.7% yoy) and its **composition remained more or less steady**: salaries and grants together accounted for 60% of overall expenses; a 10% drop in goods & services was offset by a 12% uptick in other expenses
- It is hence little wonder that the Cabinet announced this week that **all government departments are to reduce spending by no less than 10% in the current fiscal year (2021-22)**. Furthermore, the government is considering a maximum threshold (of KWD 3000) for the disbursement of national labour support to private sector employees
- **Kuwait's debt levels are substantially lower (vs Bahrain), but it urgently needs to:** (a) boost its non-oil revenues with the introduction of VAT; (b) reduce

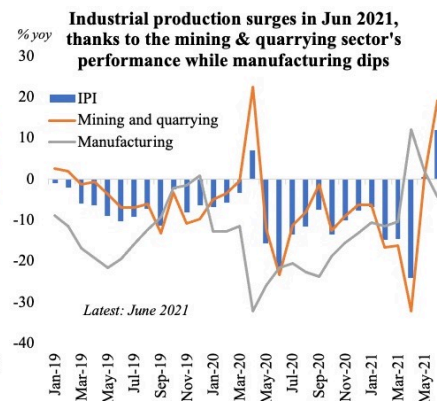
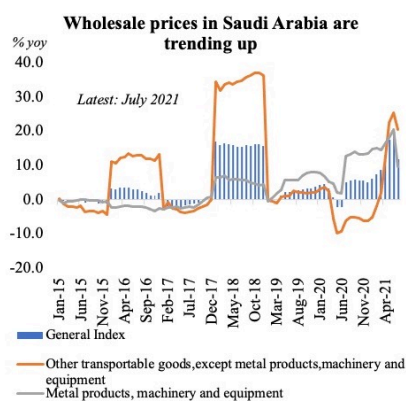
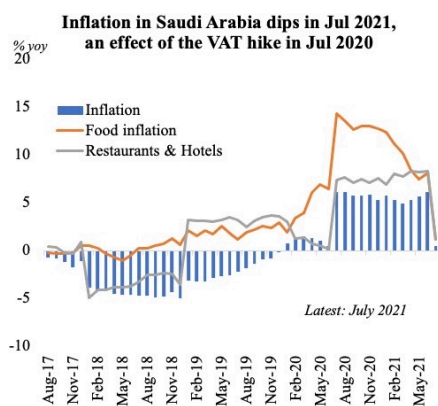
subsidies and introduce other expenditure-reducing measures; and (c) push Parliament to pass the debt law which has limited its ability to issue international debt to finance spending (among others)



Source: Ministry of Finance, Kuwait. Charts created by Nasser Saidi & Associates

5. Prices are on the rise in Saudi Arabia (taking into consideration effect of a higher base last year) while industrial production gains (due to oil)

- **Consumer price inflation slowed to 0.4% yoy in Jul**, largely due to the uptick in Jul 2020 when VAT was hiked to 15% (on a monthly basis, prices were up by 0.2%). However, **food costs are now up 8.4% on avg this year (till Jul) vs overall inflation at 4.8%**
- **Wholesale prices increased to 11.9% yoy in Jul** (Jun: 19.76%), as the effect from the Jul 2020 VAT hike dissipates. **Other transportable goods**, with a weightage of 33.72% and which includes refined petroleum products prices, **reported the largest rise during the month (+20.49%)**. Rising global prices of metals and electrical machinery are also reflected in the country.
- Lastly, **industrial production in Saudi Arabia increased by almost 12% in Jun 2021**, attributed mostly to the **increase in oil production** as non-oil manufacturing sector activity dropped by 4.2% yoy and 0.4% mom.



Source: General Authority for Statistics, Saudi Arabia. Charts created by Nasser Saidi & Associates

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Weekly Insights 6 May 2021: What do PMIs, Consumer Spending & Domestic Credit Tell us about Economic Activity?

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

1. Manufacturing PMI rises globally; but, widespread

Heatmap of Manufacturing PMIs

	US	Germany	EU	UK	Japan	China	India
Jan-19	54.9	49.7	50.6	52.8	50.3	48.3	53.9
Feb-19	53.0	47.6	49.5	52.1	48.9	49.9	54.3
Mar-19	52.4	44.1	48.3	55.1	49.2	50.8	52.6
Apr-19	52.6	44.4	48.4	53.1	50.2	50.2	51.8
May-19	50.5	44.3	47.9	49.4	49.8	50.2	52.7
Jun-19	50.6	45.0	47.6	48.0	49.3	49.4	52.1
Jul-19	50.4	43.2	46.6	48.0	49.4	49.9	52.5
Aug-19	50.3	43.5	47.1	47.4	49.3	50.4	51.4
Sep-19	51.1	41.7	46.0	48.3	48.9	51.4	51.4
Oct-19	51.3	42.1	46.2	49.6	48.4	51.7	50.6
Nov-19	52.6	44.1	47.0	48.9	48.9	51.8	51.2
Dec-19	52.4	43.7	46.4	47.5	48.4	51.5	52.7
Jan-20	51.9	45.3	48.1	50.0	48.8	51.1	55.3
Feb-20	50.7	48.0	49.1	51.7	47.8	40.3	54.5
Mar-20	48.5	45.4	44.3	47.8	44.8	50.1	51.8
Apr-20	36.1	34.5	33.4	32.6	41.9	49.4	27.4
May-20	39.8	36.6	39.5	40.7	38.4	50.7	30.8
Jun-20	49.8	45.2	47.4	50.1	40.1	51.2	47.2
Jul-20	50.9	51.0	51.7	53.3	45.2	52.8	46.0
Aug-20	53.1	52.2	51.6	55.2	47.2	53.1	52.0
Sep-20	53.2	56.4	53.5	54.1	47.7	53.0	56.8
Oct-20	53.4	58.2	54.8	53.7	48.7	53.6	58.9
Nov-20	56.7	57.8	53.8	55.6	49.0	54.9	56.3
Dec-20	57.1	58.3	55.2	57.5	50.0	53.0	56.4
Jan-21	59.2	57.1	54.8	54.1	49.8	51.5	57.7
Feb-21	58.6	60.7	57.9	55.1	51.4	50.9	57.5
Mar-21	59.1	66.6	62.5	58.9	52.7	50.6	55.4
Apr-21	60.5	66.2	62.9	60.9	53.6	51.9	55.5

Source: Refinitiv Datastream, Nasser Saidi & Associates

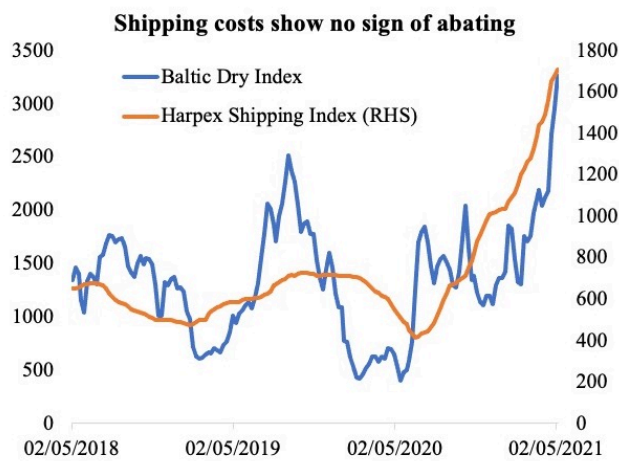
- The **vaccination pace has been steadily increasing in many advanced nations** including the US and UK – allowing the nations to reduce and/or remove severe restrictions. This has resulted in a **return in confidence, evident in recent PMI data.**
- However, the **recent surge in Covid cases in India and Brazil could result in spillovers** (Singapore reverted to Phase 2 restrictions); the only way out seems to be to vaccinating a vast majority of the global population.
- Unfortunately, **poor countries are severely lagging behind in vaccination:** in Africa, just 1% of the population has received at least one jab and 4.4% in

Asia. This compares to 22% and 44% in Europe and America respectively. Vaccine shortages are still a problem (India's Serum Institute is said to be severely behind on production)

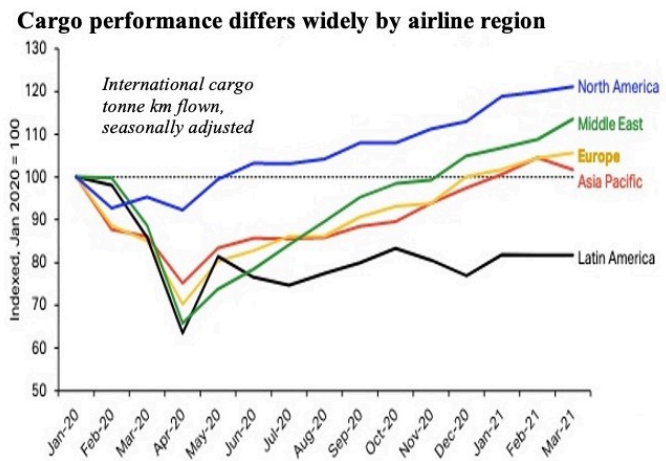
- Another word of caution : while **global manufacturing PMI hit a 11-year high**, record supply chain delays are leading to production constraints; **input costs rose at the fastest rate in a decade**

2. Shipping costs climb as demand increases, while air cargo struggles to keep up

- **Container ship port calls are in many regions back to pre-pandemic numbers or higher** (UNCTAD). But, high demand alongside shortage of containers has led to a surge in shipping costs (especially on long-distance routes). The recent Suez Canal blockage calls into question the **vulnerability of trade chokepoints**.
- **Demand for commercial air traffic remains depressed**: long-haul flights are still bearing most of the brunt as domestic travel is slowly picking up (as seen in China and the US). Travel bookings indicate strong domestic travel intentions and Europe could also witness a boost when it opens in summer for vaccinated tourists.
- **Closure of long-haul routes continue to affect Middle Eastern airlines** (revenue passenger kilometers were down by 81.7% yoy in Feb vs 74.7% globally); but, **strong cargo growth was recorded** (growing by 8.7% yoy in Feb 2021 vs the 9.5% drop in 2020; Middle East-Asia route grew the most – by 26.7% in Feb vs -7% in 2020)



Source: Refinitiv Datastream, LATA Economics

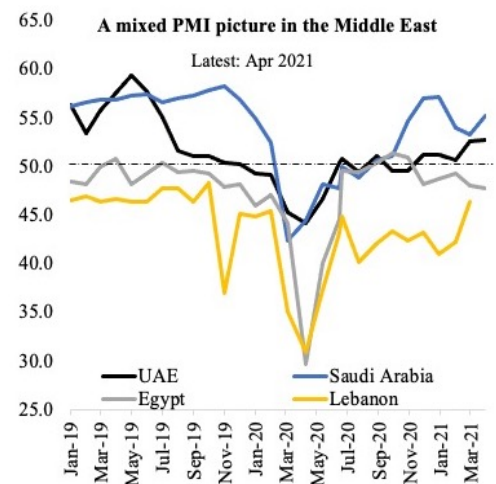


PMIs edged up in UAE & Saudi Arabia: but employment sub-index diverges (as UAE stays below 50)

Heatmap of non-oil private sector PMIs in Middle East

	UAE	Saudi Arabia	Egypt	Lebanon
Jan-19	56.3	56.2	48.5	46.5
Feb-19	53.4	56.6	48.2	46.9
Mar-19	55.7	56.8	49.9	46.3
Apr-19	57.6	56.8	50.8	46.7
May-19	59.4	57.3	48.2	46.3
Jun-19	57.7	57.4	49.2	46.3
Jul-19	55.1	56.6	50.3	47.7
Aug-19	51.6	57.0	49.4	47.8
Sep-19	51.1	57.3	49.5	46.4
Oct-19	51.1	57.8	49.2	48.3
Nov-19	50.3	58.3	47.9	37.0
Dec-19	50.2	56.9	48.2	45.1
Jan-20	49.3	54.9	46.0	44.9
Feb-20	49.1	52.5	47.1	45.4
Mar-20	45.2	42.4	44.2	35.0
Apr-20	44.1	44.4	29.7	30.9
May-20	46.7	48.1	40.0	37.2
Jun-20	50.4	47.7	44.6	43.2
Jul-20	50.8	50.0	49.6	44.9
Aug-20	49.4	48.8	49.4	40.1
Sep-20	51.0	50.7	50.4	42.1
Oct-20	49.5	51.0	51.4	43.3
Nov-20	49.5	54.7	50.9	42.4
Dec-20	51.2	57.0	48.2	43.2
Jan-21	51.2	57.1	48.7	41.0
Feb-21	50.6	53.9	49.3	42.2
Mar-21	52.6	53.3	48.0	46.4
Apr-21	52.7	55.2	47.7	n.a.

Source: Refinitiv Datastream. Table by Nasser Saidi & Associates

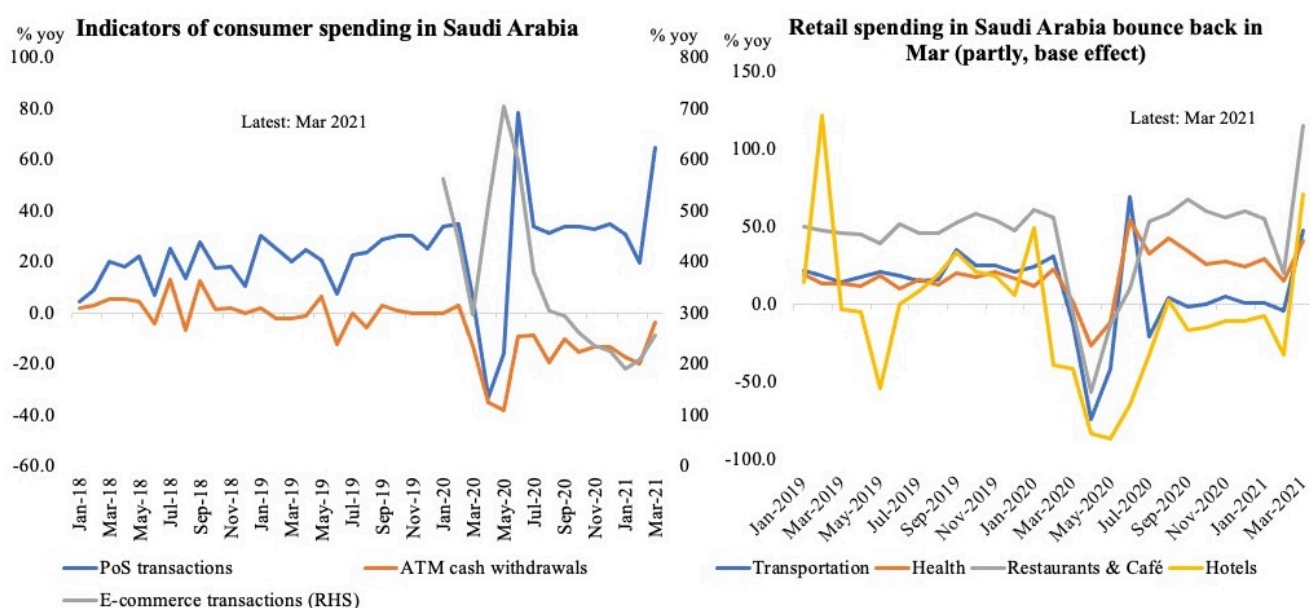


Source: Refinitiv Datastream. Chart by Nasser Saidi & Associates

- In MENA, **both Saudi Arabia and UAE posted higher PMI readings in Apr; Egypt declined further**, falling below-50 for the 5th consecutive month.
- While vaccination pace is quite varied in the region, it seems to have a significant impact on business confidence and the expectations of continued economic recovery. **UAE has been the leader in vaccinating its residents**, administering 108.99 doses per 100 persons, versus Saudi Arabia's 28.2 and Egypt's 0.64. This confidence has translated into the PMI readings.
- **With UAE's major export markets still rattled by Covid19, near-term outlook has risks**; employment sub-index also fell for the 3rd month in a row. Though export orders rose, demand was largely domestic based.

4. Consumer Spending Rebounds in Saudi Arabia

- The **Saudi Central Bank's** monthly data on **consumer spending showed a rebound in Mar**, partly due to the low base in Mar 2020. **PoS transactions continue to rise**, accelerating by 64.7% yoy and 31.5% mom in Mar. **ATM cash withdrawals fell by just 4% yoy, following 7 months of double-digit declines**, and by 21% mom.

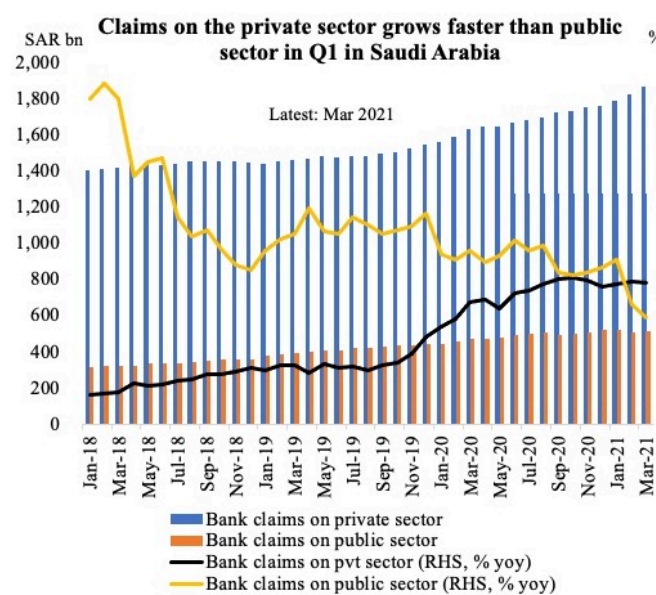


Source: Saudi Central Bank. Charts created by Nasser Saidi & Associates

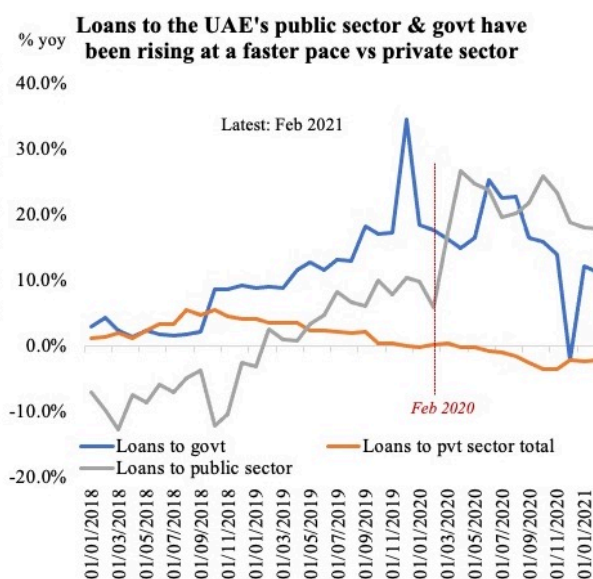
- **Retail spending by sector** showed a decline only in **education** (-2% mom and -18.3% yoy); **clothing** and footwear posted the highest pickup in mom terms (+68.2%). **Spending has been slower in** a few sectors ahead of the month of Ramadan (when many discount offers are available) like **food and beverages, and electronics**.

5. Varied patterns of domestic credit growth in Saudi Arabia & the UAE

- **Loans disbursed in both Saudi Arabia and the UAE has been ticking up in 2021.**
- Total domestic credit disbursed in **UAE** grew by 2.1% yoy in Jan-Feb 2021; the uptick has been in claims to the public sector (+17.9%), government (+11.6%) and private financial institutions (+8.8%) vs loans to the private sector (-2.3%). Together, **loans to the government & public sector accounted for 30% of total in Feb 2021.**
- In **Saudi Arabia** meanwhile, **claims on the private sector grew** by 14.6% yoy in Q1 2021 – **faster than claims on the public sector** (+13% yoy).



Source: Saudi Central Bank, UAE Central Bank. Charts created by Nasser Saidi & Associates



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Podcast on what Biden's win means for the Middle East with The National, 12 Nov 2020

Beyond the Headlines: How will Joe Biden change US policy in the Middle East?

For nearly four years, US President Donald Trump has torn up America's foreign policy handbook – for better and for worse. The implications, both at home and abroad, have been staggering. Most recently, the Trump administration was lauded for facilitating the Abraham Accords, the normalisation of relations with Israel by the UAE and Bahrain. In exchange, Israel's government agreed to halt its plan to annexe Palestinian territories. But Mr Trump's days in the White House are now numbered. By the end of January 2021, a new administration will take the reins of American foreign policy. This week on Beyond the Headlines, we hear from Sanam Vakil, deputy director of Chatham House's Middle East and North Africa Programme, and Nasser Saidi, Lebanon's former minister of economy and former vice governor of the Lebanese central bank, about what will change for the Middle East and what will remain the same when Joe Biden takes his seat in the Oval Office.

Listen to the podcast on:
<https://audioboom.com/posts/7728822-the-changes-in-the-middle-east-after-joe-biden-takes-office>

OR on The National's page:

<https://www.thenationalnews.com/podcasts/beyond-the-headlines/beyond-the-headlines-how-will-joe-biden-change-us-policy-in-the-middle-east-1.1110861>

<https://audioboom.com/posts/7486040-tear-gas-fireworks-and-politics-in-lebanon-s-revolution>

"The Middle East after the Pandemic: Surviving the economic shockwave": Panel session, FT Global Boardroom, 12 Nov 2020

Dr. Nasser Saidi joined the FT Global Boardroom event on 12th Nov 2020, in the panel session titled "The Middle East after the Pandemic: Surviving the economic shockwave" to discuss a few questions:

How deep and long will the recession be in the Middle East? How has the pandemic affected the region's diversification away from oil? What support is there for businesses in the consumer-facing sectors, and how can they plan for recovery? What will the US elections mean for regional geopolitics, and how will that impact on investment? What is the role of the region's sovereign wealth funds in buying distressed European assets?

A summary of the session is available here: <http://brochure.live.ft.com/the-global-boardroom-report/day-tw>

[o-summary/#d2-9](#)

Excerpts from the session/ Dr. Saïdi's comments are highlighted below:

The coronavirus pandemic has damaged the economy of the Middle East and it will take time to recover.

NS: If you look at the size of the impact of the great lockdown, you are talking about a 6.7 per cent GDP decline for the GCC. This is unprecedented. We haven't had a recession of this scale in the region since the second world war.

The hydro-carbon producing countries of the Middle East have been diversifying away from oil and gas into other industries and this is accelerating.

NS: Diversification creates employment opportunities. Sixty per cent of our population is under 30 years of age, so we need to invest in activities that create jobs for them. Where will the new jobs be created? Previously we created them in government in most countries of the region. That is not where we will create them in the future. They have to be in the private sector.

The election of Joe Biden as the new US president will have a positive impact on the region

NS: Biden is very much a multilateralist, as opposed to the unilateralism that Trump advanced. The Biden approach to the region will be to discuss policy with the region. It will not be Twitter-based.

**Weekly Insights 11 Nov 2020:
PMIs & Recovery (?)**

Indicators in the Middle East/ GCC

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

PMIs & Recovery (?) Indicators in the Middle East/ GCC: A pictorial representation

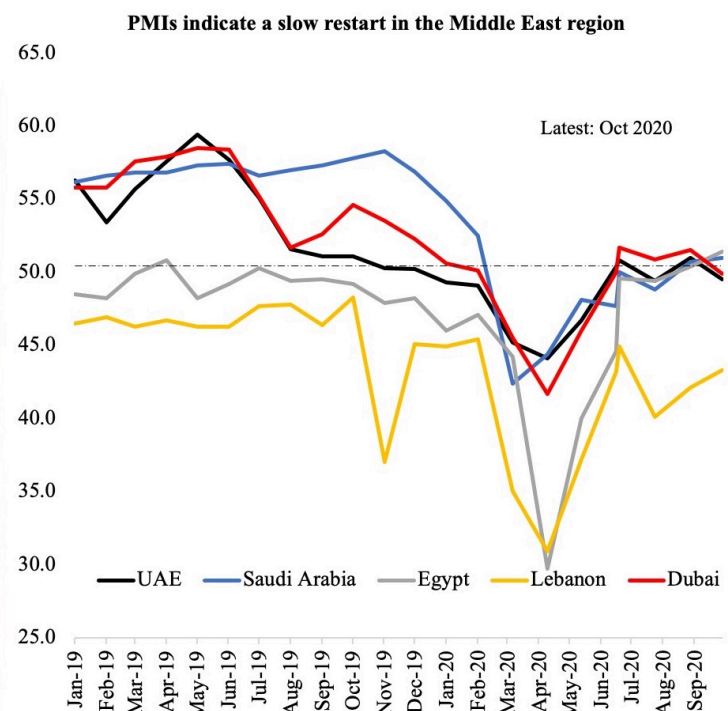
Chart 1: PMIs in the Middle East/ GCC

PMIs in the Middle East/ GCC have not kept pace with the increases seen across the US/ Europe/ Asia post-lockdown. Non-oil sector activity has been subdued given sector composition, a majority of which are still negatively impacted by the outbreak: tourism, wholesale/ retail & construction. Job cuts continue as part of overall cost-cutting measures & business confidence remains weak.

Heatmap of non-oil private sector PMIs

	UAE	Saudi Arabia	Egypt	Lebanon	Dubai
Jan-19	56.3	56.2	48.5	46.5	55.8
Feb-19	53.4	56.6	48.2	46.9	55.8
Mar-19	55.7	56.8	49.9	46.3	57.6
Apr-19	57.6	56.8	50.8	46.7	57.9
May-19	59.4	57.3	48.2	46.3	58.5
Jun-19	57.7	57.4	49.2	46.3	58.4
Jul-19	55.1	56.6	50.3	47.7	55.2
Aug-19	51.6	57.0	49.4	47.8	51.7
Sep-19	51.1	57.3	49.5	46.4	52.6
Oct-19	51.1	57.8	49.2	48.3	54.6
Nov-19	50.3	58.3	47.9	37.0	53.5
Dec-19	50.2	56.9	48.2	45.1	52.3
Jan-20	49.3	54.9	46.0	44.9	50.6
Feb-20	49.1	52.5	47.1	45.4	50.1
Mar-20	45.2	42.4	44.2	35.0	45.5
Apr-20	44.1	44.4	29.7	30.9	41.7
May-20	46.7	48.1	40.0	37.2	46
Jun-20	50.4	47.7	44.6	43.2	50
Jul-20	50.8	50.0	49.6	44.9	51.7
Aug-20	49.4	48.8	49.4	40.1	50.9
Sep-20	51.0	50.7	50.4	42.1	51.5
Oct-20	49.5	51.0	51.4	43.3	49.9

Source: Refinitiv Datastream, Nasser Saidi & Associates



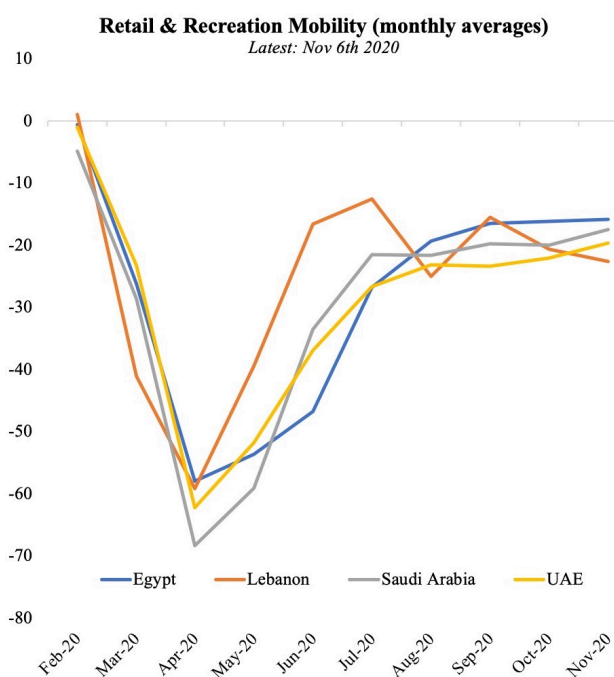
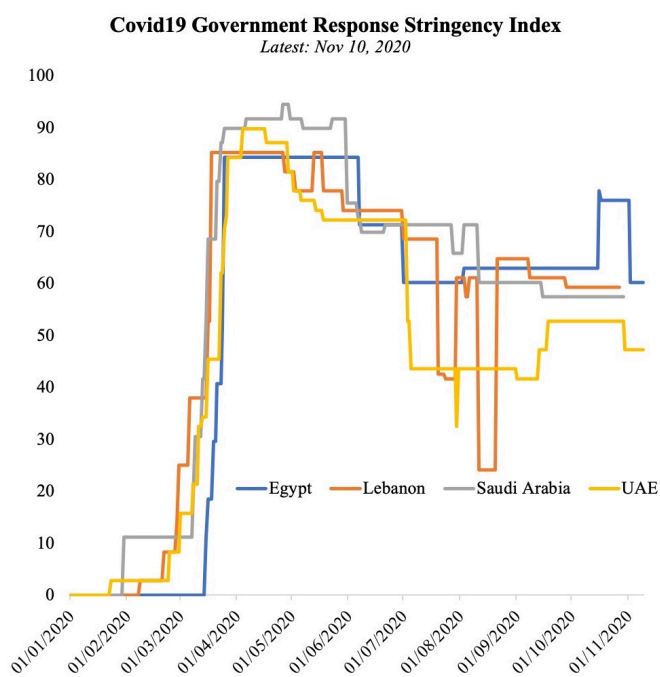
Source: Refinitiv Datastream, Nasser Saidi & Associates

Chart 2: String

ency Index & Mobility

Most economies in the Middle East are re-opening in phases, with restricted lockdowns where cases are surging. The UAE remains one of the most open (least stringent) nations in the region.

However, when it comes to mobility, the UAE seems to be a few steps behind its regional peers. This seems to be in line with a recent McKinsey finding that countries focused on keeping virus spread near zero witnessed their economies moving faster. So, ending lockdowns and reopening the country is not sufficient for resumption of economic activity. Another potential reason could be that increased use of e-commerce is leading to less footfall in retail and recreational facilities.



Source: Oxford COVID-19 Government Response Tracker, Blavatnik School of Government, Google Mobility Indicators, Nasser Saidi & Associates

Note: The Government Response Stringency Index simply records the number and strictness of government policies, not effectiveness of the response

Mobility trends for places like restaurants,cafes, shopping centers, theme parks,museums, libraries, and movie theaters. The baseline is the median value, for the corresponding day of the week, during the 5-week period Jan 3–Feb 6, 2020.

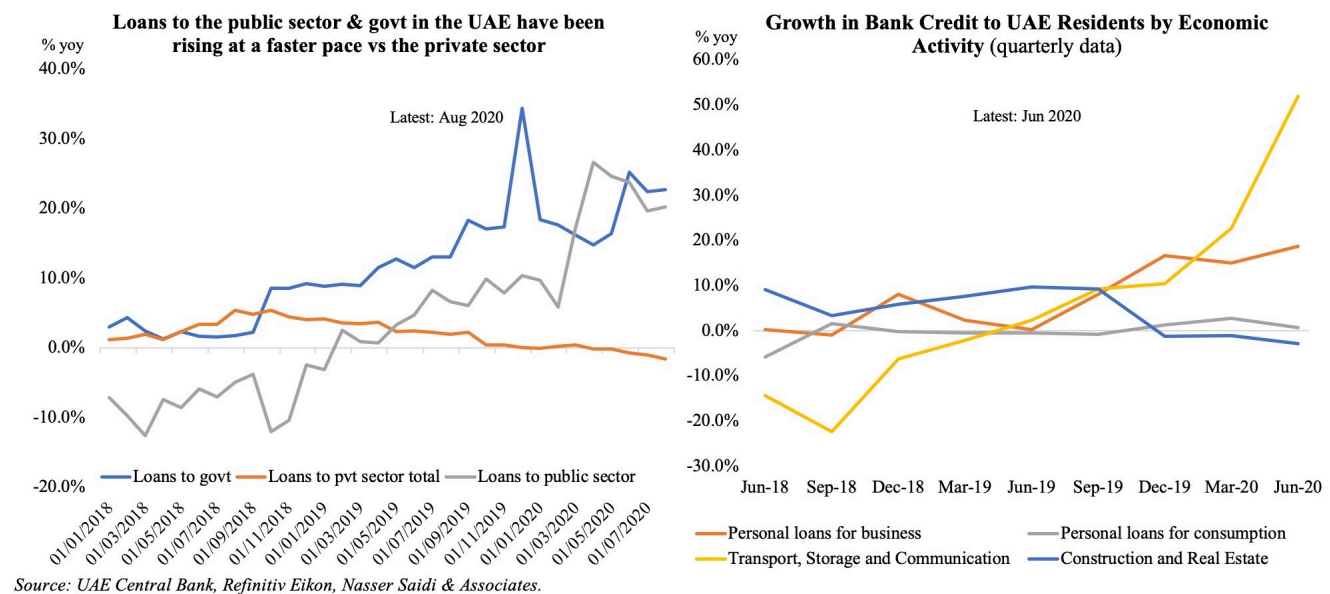
Chart 3: Indicators

tors of economic activity in the UAE

Last week, the UAE central bank disclosed that its Targeted Economic Support Scheme directly impacted more than 321k beneficiaries including 310k distressed residents, 1,500 companies and 10k SMEs. The overall pace of lending to GREs (+23% yoy during Apr-Aug 2020) and the government (+20.3%) have outpaced lending to the private sector (-0.7%).

UAE banks still lent most to the private sector (70.1% of total as of Aug 2020 vs. 76% in end-2018 and 72% in end-2019), while the public sector & government together account for close to 30% of all loans in Aug 2020 (vs. 25% a year ago). Breaking it down by sector, there has been upticks in credit to both transport, storage and communication (+51.9% yoy as of

end-Jun) as well as personal loans for business (+18.7% yoy) while construction sector has seen a dip (-2.9%).

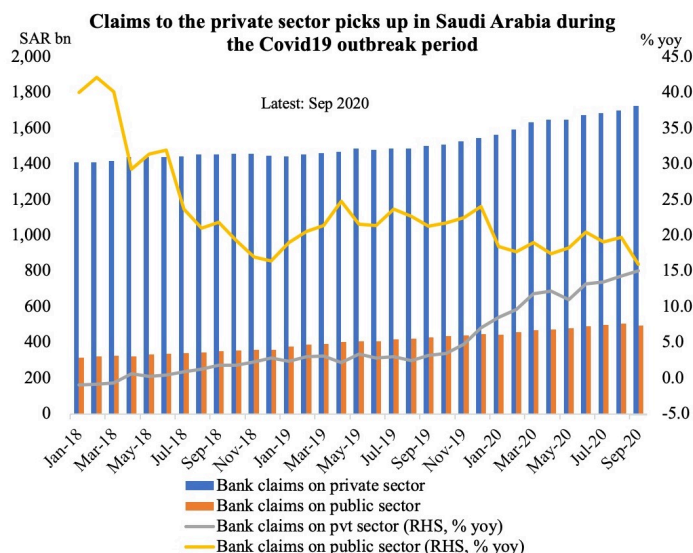
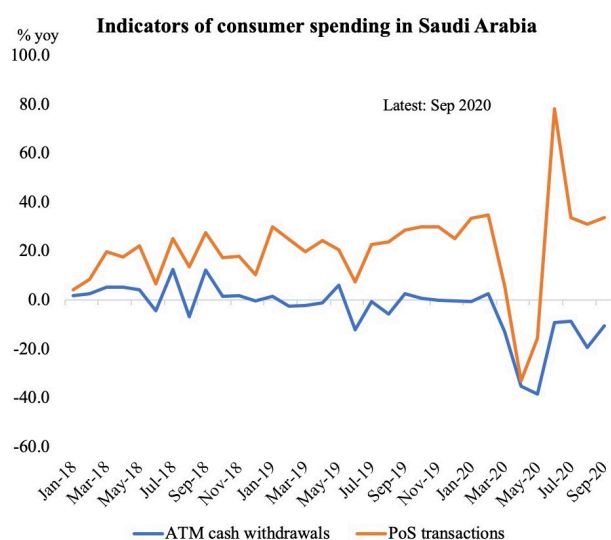


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icators of economic activity in Saudi Arabia

In contrast to the UAE, loans to the private sector has been edging up in Saudi Arabia, growing by an average 13.2% yoy during the Apr-Sep period. Proxy indicators for consumer spending – ATM withdrawals and PoS transactions – are on the rise post-lockdown. Ahead of the VAT hike to 15% in Jul, there was a surge in PoS transactions in Jun, which has since then stabilized. By category, food and beverage and restaurants and cafes, continue to post increases.

Saudi Arabia published its first-ever flash estimates for GDP this week: showing a 1.2% qoq increase in Q3, though in yoy terms, growth was still down by 4.2%.



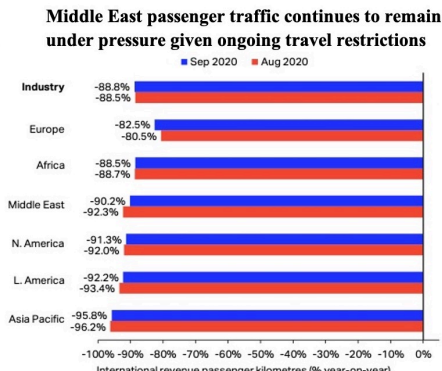
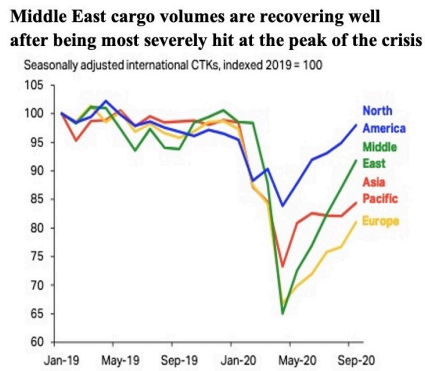
Source: SAMA, Refinitiv Eikon, Nasser Saidi & Associates.

Charts: Linkages

Linkages with the global economy

In linkages with the global economy, we consider

1. **Trade:** for the GCC region, there was a significant drop in overall trade with the world during the lockdown period. While exports have started to pick up again, the pace of exports to China are relatively faster.
2. **Passenger traffic:** though international revenue passenger kilometers in the Middle East improved slightly in Sep, it continues to be the worst affected globally in terms of year-to-date data (-68.7% till Sep), as travel restrictions remain. Resumption of domestic travel (e.g. Russia, China) has supported rebounds in some regions.
3. **Cargo volumes** (cargo tonne-kilometers or CTKs) show a clear V-shaped recovery for the Middle East, due to “added capacity” following the peak of the crisis, according to IATA.



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"How the US elections matter for the Middle East", Op-ed in The National, 2 Nov 2020

The op-ed by Dr. Nasser Saidi, titled "[How the US elections matter for the Middle East](#)", appeared in The National on 2nd Nov 2020 and is reposted below.

How the US elections matter for the Middle East

The bottom line is that the outcome of the US elections will directly impact a host of global issues

The opinion polls largely predict a win for Joe Biden on Tuesday.

FiveThirtyEight, a political analysis website, in its extensive analysis and simulations too favours Mr Biden, barring a major polling error. But a contested election is probably on the cards, given the likelihood that more than 90 million postal ballots – mostly Democrats – are likely to be systematically challenged by Republicans.

With a day left for the US Presidential elections, what would a potential change of guard at the White House mean for the Middle East? What is at stake?

First, a potential return to multilateralism and international co-operation from the current unilateral policies of withdrawal from the Paris climate accord, the Trans-Pacific Partnership or the World Health Organisation or the Iran nuclear deal.

International co-operation – such as the Global Access Facility – will be critical when the vaccine for Covid-19 is ready and needs to be distributed globally.

A widespread availability of vaccines is a global public good. A discriminatory or preferential national treatment would be detrimental to the global economy and hamper recovery from the pandemic.

More broadly, a US reversion to multilateralism would be welcomed internationally. This would mean less confrontation on trade, tariffs and investment policies with China, the EU, Canada-Mexico and others. This would lead to a win globally and – by encouraging non-US trade and investment – result in a cheaper dollar.

Significantly, under a Biden administration, global policy uncertainty, which has been peaking, would diminish. This would, in turn, encourage trade, investment flow and global economic recovery.

Lower, volatile oil prices and a strong dollar along with US tariffs on aluminium and steel, have cost a number of Arab countries over the past four years.

Currently, GCC members are pegged to the dollar. Oil is priced in dollars, trade is dollar denominated – a strong dollar penalises sectors like trade, tourism, transport and logistics that these countries have relied on for economic diversification.

Given the Covid-19 lockdown and the global energy transition away from fossil fuels, it is unlikely – given weaker demand – that oil prices will revert to levels seen a few years ago: the IMF's latest World Economic Outlook puts oil prices, based on futures markets at \$41.69 in 2020 and \$46.70 in 2021 versus an average price of \$61.39 last year.

But a likely cheaper dollar under Mr Biden would support an economic recovery in the region, driven by the non-oil sector, tourism and services exports – and as countries reopen in phases – also in foreign investment in real estate.

The impact on the oil market will be more important.

A re-elected Trump administration would continue its policies: supporting US shale oil, encouraging drilling, rolling back climate-related regulations, supporting US oil and gas exports, thereby weakening oil prices.

By contrast, a Biden administration would be climate and environment policy friendly, would revert to the Paris Agreement and support renewable energy.

In a scenario where fossil fuel demand is already weak, an additional push towards renewables would reduce US supply but also demand.

The affect on oil prices would depend on the balance between demand and supply effects, and not necessarily downwards. Oil exporters in the region are still highly dependent on oil. Lower oil revenue implies limited fiscal room and higher fiscal deficits.

As real oil prices trend downward, fiscal sustainability becomes increasingly vulnerable. The risk of being left with stranded assets then becomes the elephant in the room.

According to the International Energy Agency, stranded assets refer to “those investments which have already been made but which, at some time prior to the end of their economic life, are no longer able to earn an economic return”.

The strategy imperative is the need to re-emphasise

diversification policies, along with a policy to de-risk fuel assets.

National oil companies and state-owned enterprises, that are majority owners or operators of oil and gas assets, would need to pursue a plan of low-carbon energy transition – in addition to the unlocking of greater immediate value from fossil fuel assets.

Examples are the Aramco IPO and Adnoc's pipeline network deals. This could be complemented by a major drive to accelerate investment in and an adoption of green energy policies, by both government entities and the private sector.

The bottom line is that the outcome of the US elections will directly impact a host of global issues – from dealing with Covid-19 and climate change, de-escalating confrontation and preventing a cold war with China, restoring confidence in multilateral agreements and institutions like the WHO, the WTO, the UN and geopolitics, along with repercussions on regional power struggles involving Israel, Iran, Turkey and a number of Arab states.

Important as these issues are, the other bottom line is the need for a renewed focus of the regions' oil producers, on economic diversification strategies and de-risking fossil fuel assets within a well-designed, time-consistent energy transition strategy.

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

Role of Governments and Private Sector Players in

accelerating Climate Finance in the Arab States, CEBC-UNDP webinar, 31 Aug 2020

Dr. Nasser Saidi offered the introductory remarks during the Clean Energy Business Council (CEBC) – UNDP Regional Hub (based in Amman, through its regional project “SDG-Climate Facility: Climate Action for Human Security”) webinar focusing on the Climate Finance for Resilience in the Arab States region.

The discussions focused on the role of climate finance – public and private – in enabling transformative climate action and to meet the SDGs in a region that is characterized by a diverse set of countries, from highly developed, high income countries, to those that are continuously at risk of falling into poverty traps as a result of ongoing conflict and crises. These discussions are expected to lead to the development of partnerships among different actors to facilitate private investment to address the climate-SDGs nexus in the Arab States region.

The objective of the webinar (recording below) is to understand the experiences of governments and private sector players in accelerating climate finance in the Arab States region, leading to resilient development and growth.

Weekly Insights 10 Aug 2020: Lebanon's way forward, PMIs & Mobility, Saudi monetary

statistics, Arab FDI

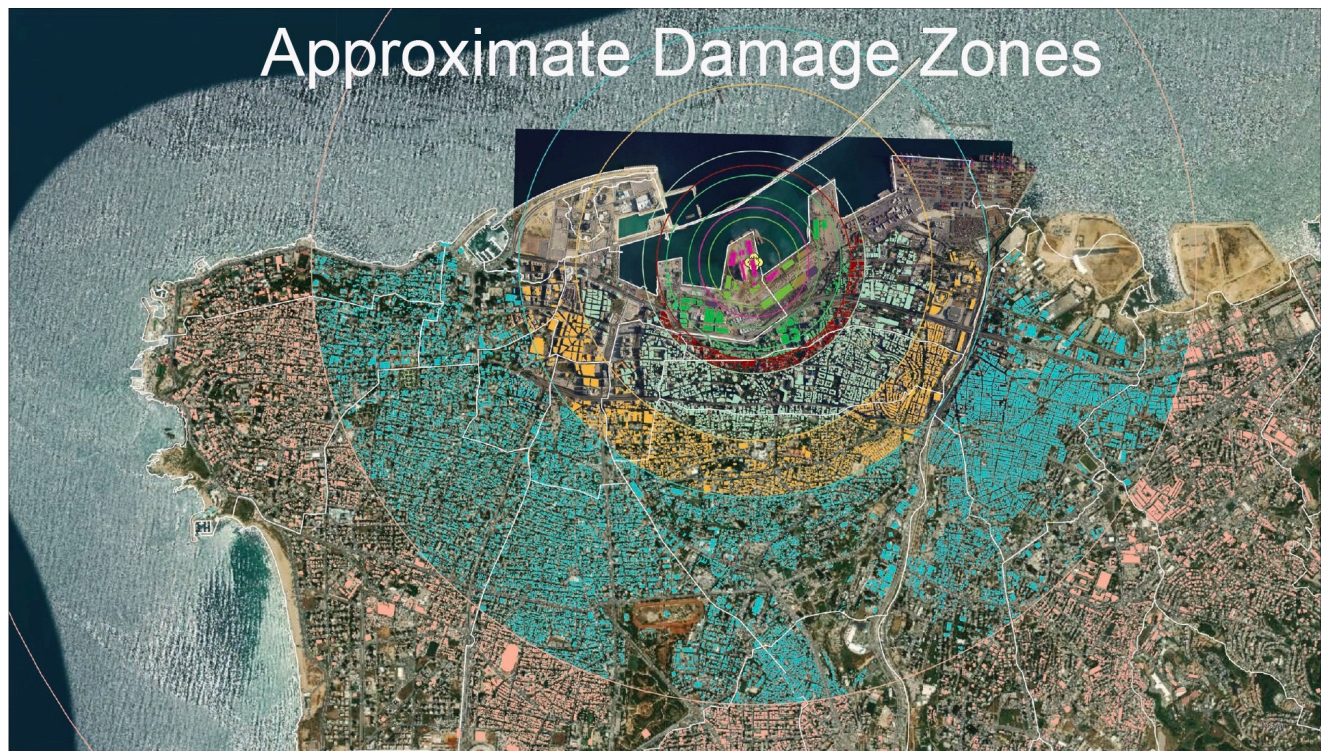
*The Beirut blast and its recovery/ reconstruction dominate news in the Middle East. Our take on the path for Lebanon's economic recovery is part of this Weekly Insight edition. Given the scheduled global PMI releases last week, we take a close look at the region's PMIs and Mobility indicators in parallel. Also covered are the latest **monetary indicators from Saudi Arabia** and **FDI flows in the Arab region (Q1 2020)**.*

1. Beirut blasts and Lebanon's way forward

The Beirut port explosion on Aug 4th – which left at least 158 people dead, 6000 injured and 300k homeless – was possibly the last straw for the people already immiserated by an economic, banking & financial meltdown (since Oct 2019) alongside dealing with the Covid19 outbreak. The explosion led to calls for resignation of the government (three ministers have resigned, including after the blast, citing failure to reform), with demonstrations gaining traction over the weekend. In addition to the loss of human lives and destruction of buildings (homes and businesses), it is critical to understand the **importance of the ports**: 80% of the country's food imports come through the port, in addition to medical supplies as well as oil and gas. The silos have been demolished (which hold 2-3 months supplies of grain), leading to shortages of food (& higher prices – food inflation had surged by 108.9% in H1 2020 and by 250% in Jun 2020); expedited imports of food and fuel will also be constrained by damaged logistics (transport and warehouses). Additional cuts in electricity (given the impact on fuel supplies) will negatively affect hospitals (that are fighting the Covid19 outbreak in addition to normal operations) and businesses. **Damage to infrastructure (port, transport, logistics and related facilities), housing and businesses is extensive. A detailed survey will be required to assess the total costs of reconstruction but it is clear that Lebanon does not have the**

fiscal space and will require international support. The destruction will further depress economic activity through a negative impact on consumption, investment and export activity. We forecast an overall reduction in real GDP by some 30% (Great Depression levels) along with continuing and potentially accelerating inflation. Beirut's governor stated (without presenting evidence or survey estimates) that the repair bill for the capital alone will cost up to USD 5bn while overall cost of damages is estimated at around USD 15bn. The Cabinet's approval of an exceptional allocation of LBP 100bn [*or USD 26.3mn at the central bank's set rate of LBP 3,800 to the USD at money transfer firms*] to deal with the crisis will fall way short of requirements. **International donors pledged EUR 252.7mn for humanitarian aid at the Paris conference yesterday** held to raise emergency relief for Lebanon. President Macron during his visit to the location stated that he would "propose a new political pact" to all political forces in Lebanon, also assuring that aid would "not go to corrupt hands".

The way forward is to undertake a comprehensive series of macroeconomic reforms, including at various sectoral levels – ranging from reforms of the power sector to the banking sector, to exchange rate reform alongside an active intent to increase transparency and stamp out corruption. So far, there has been a refusal by the authorities to bite the bullet and undertake reforms. The donor conference yesterday (as well the CEDRE pledges in 2018) are promising: but the aid should only be released within the umbrella of a broader IMF programme – with clear conditionalities of reform (and potentially bringing in independent 'technocrats' to form a new government). **The country is in urgent need of an equivalent of a Marshall Plan (size of USD 25-30bn and growing), given cumulative losses owing to lack of reforms so far.**



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2. PMI Activity recovers across the globe, including in the Middle East

	US	Germany	EU	UK	Japan	China	India	UAE	Saudi Arabia	Egypt	Lebanon
Jan-19	54.9	49.7	50.6	52.8	50.3	48.3	53.9	56.3	56.2	48.5	46.5
Feb-19	53.0	47.6	49.5	52.1	48.9	49.9	54.3	53.4	56.6	48.2	46.9
Mar-19	52.4	44.1	48.3	55.1	49.2	50.8	52.6	55.7	56.8	49.9	46.3
Apr-19	52.6	44.4	48.4	53.1	50.2	50.2	51.8	57.6	56.8	50.8	46.7
May-19	50.5	44.3	47.9	49.4	49.8	50.2	52.7	59.4	57.3	48.2	46.3
Jun-19	50.6	45.0	47.6	48.0	49.3	49.4	52.1	57.7	57.4	49.2	46.3
Jul-19	50.4	43.2	46.6	48.0	49.4	49.9	52.5	55.1	56.6	50.3	47.7
Aug-19	50.3	43.5	47.1	47.4	49.3	50.4	51.4	51.6	57.0	49.4	47.8
Sep-19	51.1	41.7	46.0	48.3	48.9	51.4	51.4	51.1	57.3	49.5	46.4
Oct-19	51.3	42.1	46.2	49.6	48.4	51.7	50.6	51.1	57.8	49.2	48.3
Nov-19	52.6	44.1	47.0	48.9	48.9	51.8	51.2	50.3	58.3	47.9	37.0
Dec-19	52.4	43.7	46.4	47.5	48.4	51.5	52.7	50.2	56.9	48.2	45.1
Jan-20	51.9	45.3	48.1	50.0	48.8	51.1	55.3	49.3	54.9	46.0	44.9
Feb-20	50.7	48.0	49.1	51.7	47.8	40.3	54.5	49.1	52.5	47.1	45.4
Mar-20	48.5	45.4	44.3	47.8	44.8	50.1	51.8	45.2	42.4	44.2	35.0
Apr-20	36.1	34.5	33.4	32.6	41.9	49.4	27.4	44.1	44.4	29.7	30.9
May-20	39.8	36.6	39.5	40.7	38.4	50.7	30.8	46.7	48.1	40.0	37.2
Jun-20	49.8	45.2	47.4	50.1	40.1	51.2	47.2	50.4	47.7	44.6	43.2
Jul-20	50.9	51.0	51.7	53.3	45.2	52.8	46.0	50.8	50.0	49.6	NA

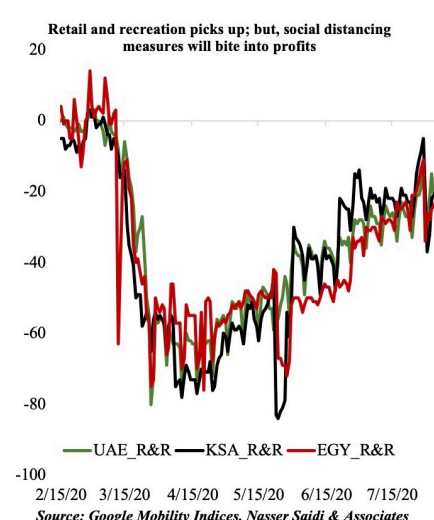
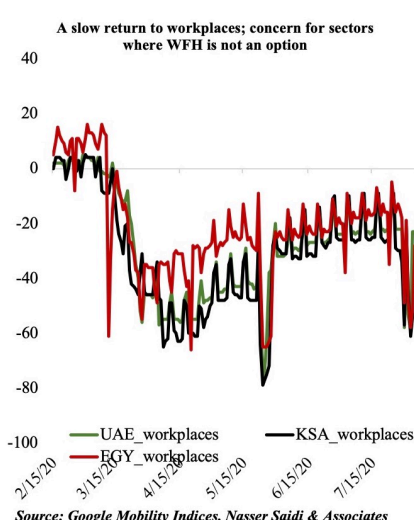
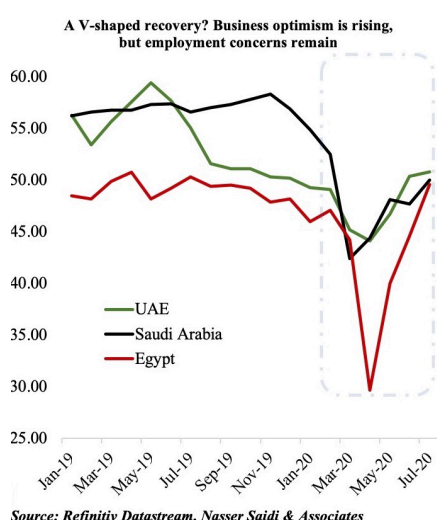
Source: Refinitiv Datastream, Nasser Saidi & Associates

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turing PMIs mostly ticked up, given rebounds in both output and new orders. India was one of the nations reporting a lower PMI in Jul: unsurprising given the fast pace of Covid19

confirmed cases – it took only 9 days for India to go from 1.5mn to 2mn – and restricted lockdowns in parts of the country. In spite of the V-shaped recovery in PMI, all is not smooth: restrictions have not been eased fully, demand is largely domestic-driven, and supply chains issues remain – average vendor delivery times lengthened for the 12th consecutive month for global manufacturing PMI. A resurgence in cases/ 2nd and 3rd waves will only add to the burden.

3. What can we learn from the latest PMI & Mobility indicators?



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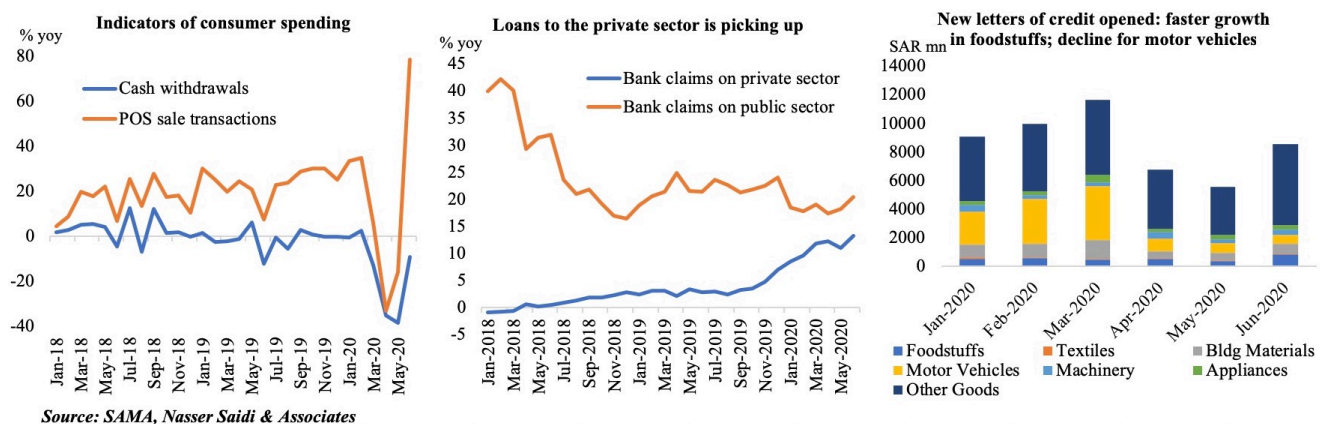
region indicate a sharp V-shaped recovery following the lockdown period, but is it too much optimism from those surveyed? Order books have improved, though export orders remain weak, indicating domestic demand driving the rise. This is reflected in the **retail and recreation segment** of the Google Mobility indicators: with less stringent restrictions in place, movements were higher in the days running up to the Eid Al Adha holidays (across the three nations) while in Saudi Arabia, a similar trend was also visible towards the last week of June, ahead of Jul's hike in VAT. For firms in the retail and recreation sector, social distancing measures are likely to eat into the firms' profits (if any) and the road to recovery is likely to be slow. In spite of marketing efforts, it will be affected by spending capacities, salary reductions/cuts in allowances/ job losses & return of expat labour to

their home countries (e.g. ~500k Indians have registered for repatriation flights from the UAE).

Workplace mobility is still around 20% below the baseline numbers (excluding Eid holidays): widespread availability of telework technology and the feasibility of performing work remotely has kept firms operational. However, those sectors where work from home is not the ideal option (think retail, tourism, hospitality), the learning curve has been steep – e.g. retail firms' rolling out previously unavailable online options.

Bloomberg reported that while working from home, workdays were longer by 48.5 minutes, with 1.4 more emails sent to colleagues per day and an 8% increase in emails sent after hours (questioning the work-life balance and happiness quotient) though offering more flexible work hours (and potentially higher productivity levels). The UAE government's announcement of **flexible working hours** for its staff is a good move to raise productivity, reduce peak hour traffic and can act as a precursor for the private sector to emulate. The obvious next step is providing **the option for employees to work from home**, when possible – think of either shorter work hours (in the office) daily or working from home a full workday during the week.

4. Saudi Arabia: monetary indicators



y statistics for Jun 2020 in Saudi Arabia reinforce the trends from the Mobility indicators in the previous panel. Both

indicators of consumer spending – cash withdrawals and point-of-sale (POS) transactions have ticked up in Jun, ahead of the hike in VAT from July 1st. **Loans to the private sector is picking up**, thanks to the various measures in place to support the economy as it tackles the Covid19 outbreak. Initiatives like the provision of concessional financing for SMEs and loan guarantee programme likely supported the faster pace of growth. The Corporate Sustainability Programme launched by the Ministry of Finance mid-Jul to support the private sector will also provide support going forward. The final chart tracks **new letters of credit opened**, by sector – an insight into trade finance. A letter of credit is a financial instrument, usually issued by a bank, which guarantees the seller will receive payment for goods sold to a foreign customer. The Covid19 outbreak put the brakes on activity from Apr-May. Recovery is visible in June's data, but the difference is stark: LoCs opened for foodstuffs has been rising faster than say motor vehicles (accounted for 25.6% of total in Jan 2020 vs 7.2% in Jun). It is time to **switch trade finance to blockchain technology** – which will make trade faster, safer, and simpler (elimination of paperwork and associated costs, increased transparency and prevention of fraud)!

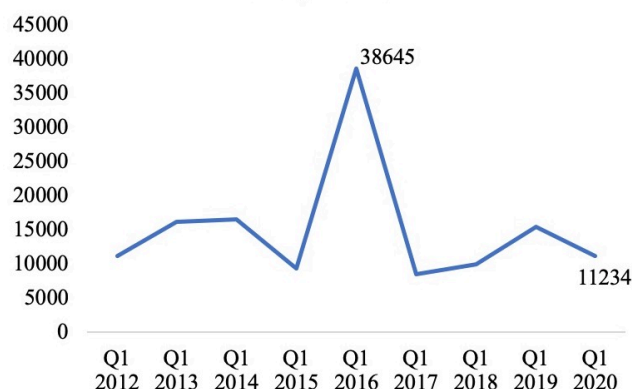
5. FDI flows in the Arab region

In Q1 2020, the number of new FDI projects in the Arab region contracted by 30% yoy to 185 projects in Q1 2020, with investments down by 27.3% to USD 11.2bn while job creation slipped by 23% to 21.3k, according to the Arab Investment & Export Credit Guarantee Corporation (Dhaman). GCC's share of investments in the Arab region show that Saudi Arabia and UAE together account for 86.6% of the total in Q1 this year. **FDI flows are likely to slow in the region this year**, mirroring global trends: UNCTAD estimates global FDI inflows to decline by USD 1.1trn this year. The slowdown of implementation of ongoing projects will hurt prospects in the region as well as potential shelving of projects in the near- to medium-term –

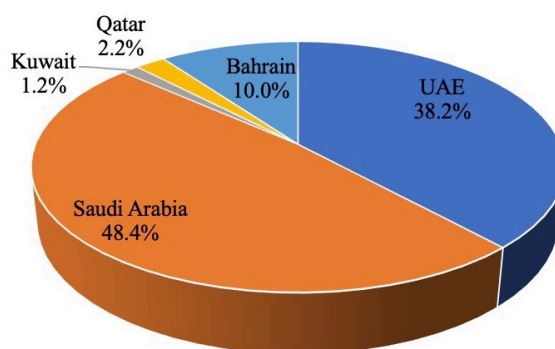
underscoring the **need to diversify sectors into which FDI flows** (oil and gas & real estate).

Egypt, UAE and Saudi Arabia together accounted for two-thirds of the FDI inflows into the Arab region during the period 2015-2019 though in terms of number of projects, UAE topped the list (41.4% of the total). The top two sectors attracting investments – coal, oil and gas and real estate – together account for almost half of the total investments (from just 7% of total number of projects). The largest number of FDI projects recorded during 2015-19 were in business services (13%) and financial services (11%) – but its share of investments was only 2% each.

Investments in FDI projects in Arab nations, Q1 2020, USD mn



GCC's share of FDI investments into Arab nations



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Top 5 recipients of FDI in the Arab region during 2015-2019, by number of projects & investment

	Investment (USD mn)	% of total	Number of projects	% of total
Egypt	124,478	35.2	476	10.9
UAE	53,619	15.2	1814	41.4
Saudi Arabia	53,079	15.0	513	11.7
Oman	32,575	9.2	235	5.4
Morocco	22,160	6.3	432	9.9

Top 5 sectors attracting FDI in the Arab region during 2015-2019, by number of projects & investment

	Investment (USD mn)	% of total	Number of projects	% of total
Coal, oil and gas	86,965	25.0	116	3.0
Real estate	83,102	24.0	180	4.0
Chemicals	28,816	8.0	107	2.0
Renewable energy	26,355	7.0	127	3.0
Transportation & storage	18,477	5.0	235	5.0

Source: Arab Investment & Export Credit Guarantee Corporation (Dhahran), Nasser Saidi & Associates

Weekly Insights 27 Jul 2020:

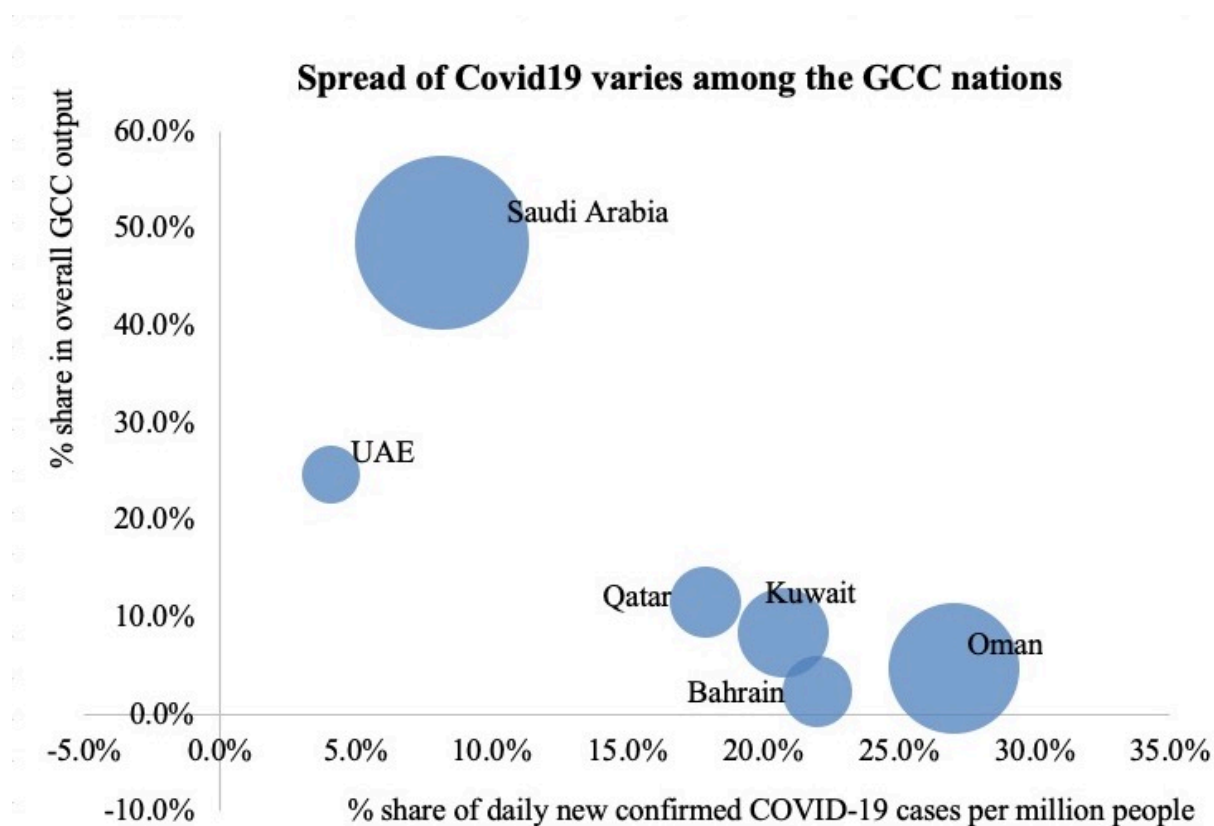
Charts on the spread of Covid19 in the GCC + Global trade

Charts of the Week

1. Spread of Covid19 in the GCC

Most GCC nations have begun a phased re-opening of their economies after being in partial/ complete lockdown for weeks. Some restrictions still remain (e.g. partial capacity at mosques, restaurants, movie theatres, gyms etc.) in countries that have reopened (like the UAE); where cases are high, partial nighttime curfews and targeted lockdowns are in place. The spread of the outbreak is varied among the GCC nations.

The chart maps the share in total daily increase in confirmed cases per million persons (x-axis) against the share of the country in overall output (y-axis), with the size of the bubble denoting the 7-day average of the daily increase in cases. Among the GCC nations, the UAE seems to be performing better – when it comes to both the 7-day average of daily increase in Covid19 cases as well as the daily confirmed cases per million people.



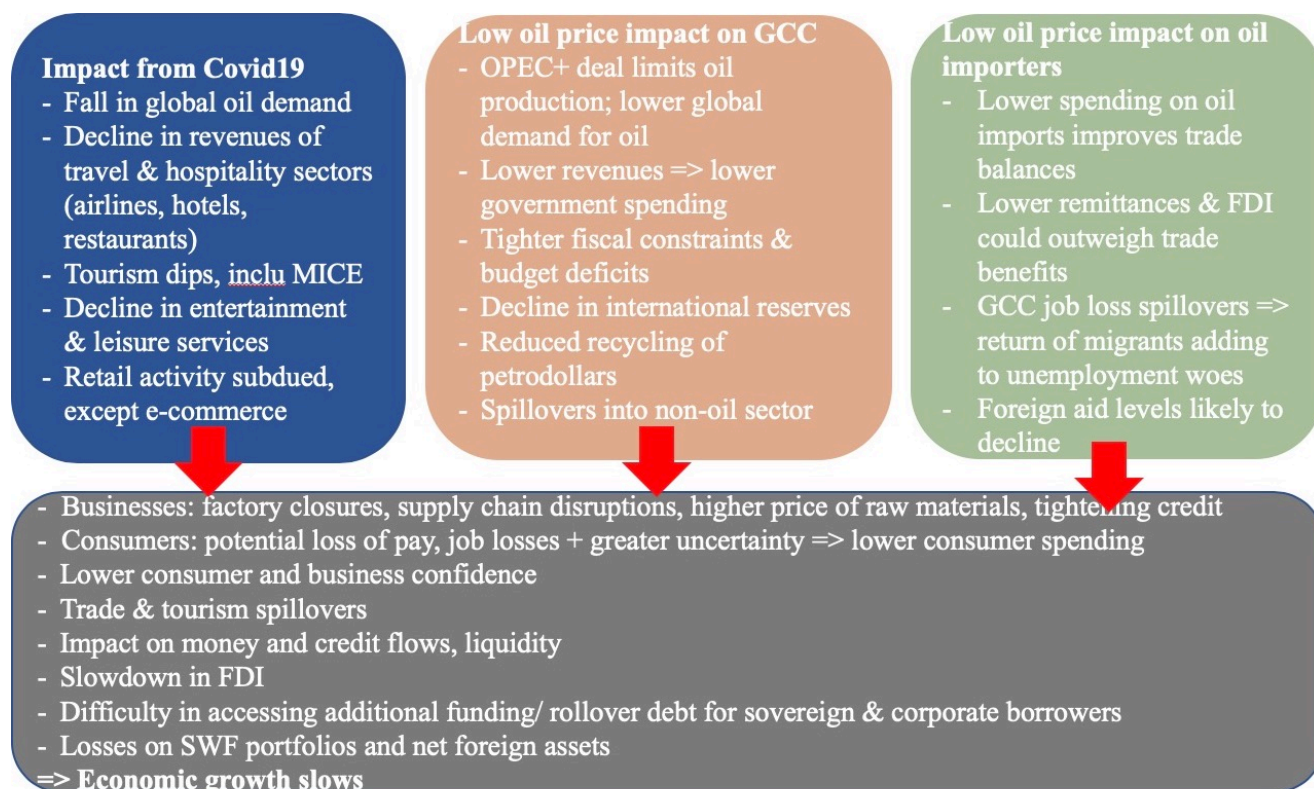
Source: Our World in Data, IMF, Nasser Saidi & Associates. The size of the bubble denotes the 7-day average of daily increase in cases

ccounts for the lion's share in GCC's GDP, also has the highest 7-day average of daily increase in Covid19 cases (size of the bubble). This implies a sharper downturn in GDP this year due to the outbreak, but the effects of lower oil prices and the OPEC+ led cut in oil production will worsen the growth outlook. It is then little wonder that the rhetoric has shifted to diversifying revenue base with more privatisations and a hint of the introduction of an income tax in the future. The GCC nations with the highest share in total daily increase in count (the highest being Oman) are among those with a lower share of overall GDP. For these nations, the worries are multiplied manifold: not only will growth be affected by both the outbreak and lower oil prices, fiscal constraints and lower credit ratings will restrain their access to borrow from international capital markets. While governments have tightened purse strings, reducing capital and infrastructure spending will be detrimental to economic growth (especially the private sector).

Saudi Arabia, which a

A decline in growth in oil-exporters also has a negative impact on many oil-importing nations: ranging from job losses (& the return of these residents to home countries that already face relatively higher unemployment rates), lower remittances as well as lower foreign aid and investments.

Chart 2. Economic Impact of Covid19 and low oil prices on the Middle East's oil exporters & importers

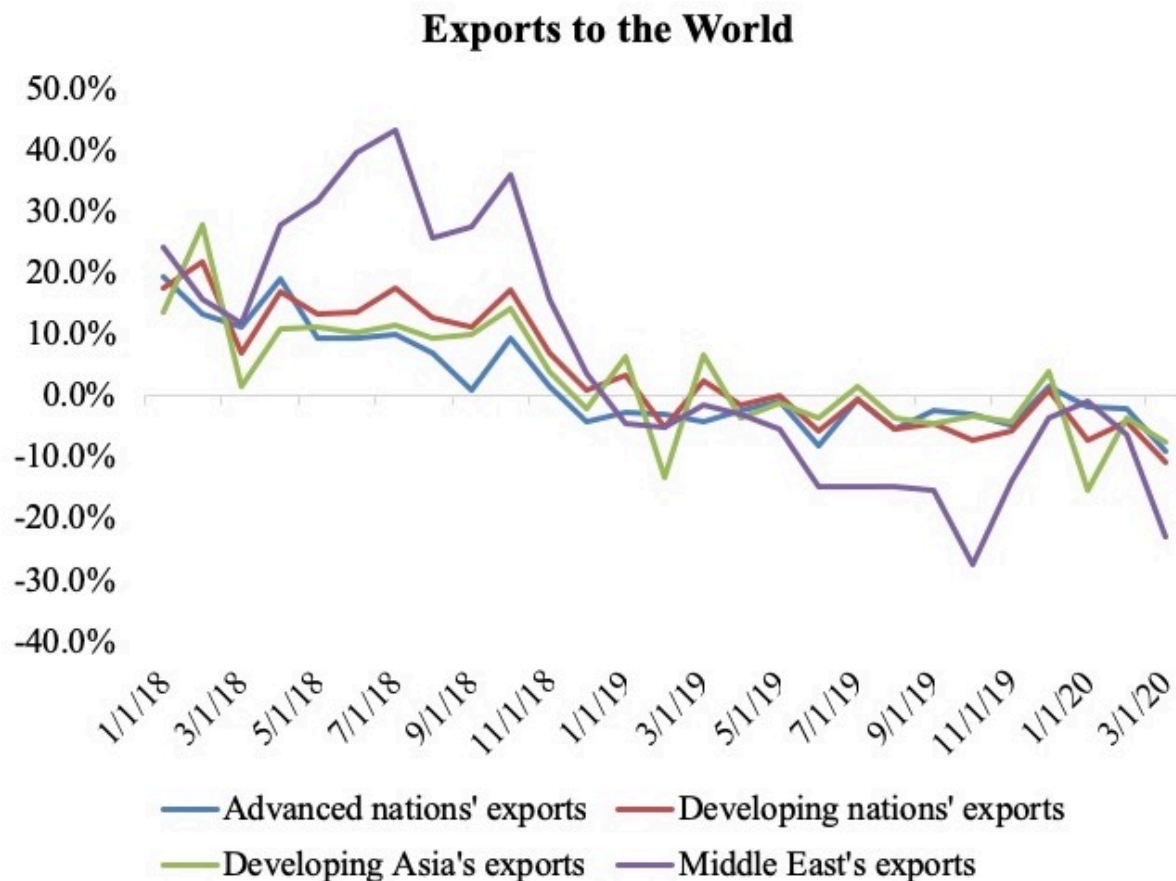


Source: Nasser Saidi & Associates

Global trade

Along with tourism, global trade has been one of the most-hit by the global Covid19 outbreak. Trade growth had been slowing for the past year, and the pandemic has only accelerated its pace. Monthly data from the IMF's Direction of Trade Statistics reveal that the drop in export growth touched two-digits in Mar, and given lockdown measures and factory shutdowns it can be estimated that data for Apr-May will be far worse.

Chart 3. Global trade continues to decline



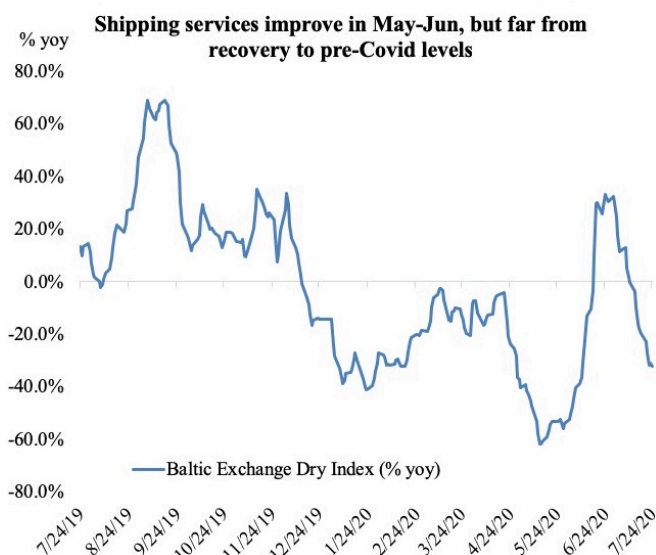
Source: IMF Direction of Trade Statistics, Refinitiv Datastream, Nasser Saidi & Associates

trade will drop by 18.5% in Q2 this year, with a full year dip of between 13% (optimistic) to 32% (pessimistic scenario). For the Middle East, the 13.9% decline in total exports in Mar is a result of both lower oil production and lower demand for oil.

Shipping estimates, denoted by the Baltic Exchange's sea freight index, touched a 9-month high in early Jul after recovering in Jun: this should translate into an improvement in global trade after May. Air cargo traffic data from IATA also denote that the cargo levels have shown a slight rebound in Apr (the latest available data). However, note that in both cases, there is a long way to recover to their pre-Covid19 levels. Supply chains remain disrupted though there has been a rebound in manufacturing activity across the globe (latest PMI numbers from Europe and Asia).

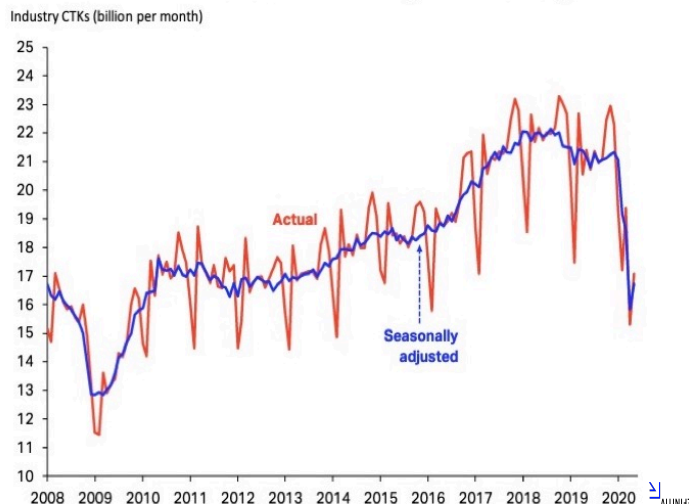
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Chart 4. Shipping & Cargo services rebound, but remain below pre-Covid19 levels



Source: Refinitiv Datastream, Nasser Saidi & Associates

Industry-wide cargo tonne-kilometres (CTK) remains weak: 3 consecutive months of double-digit decline till Apr



Source: IATA Economics, IATA Monthly Statistics

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Comments on China's Belt and Road Initiative & the Middle East in Al Monitor, 6 Jul 2020

Dr. Nasser Saidi's comments on China's Belt and Road Initiative & the Middle East appeared in the article titled ["China's 'Belt and Road' push brings risks, rewards to Mideast"](#) in Al Monitor's 6th July 2020 edition. The comments are posted below.

As UAE economist [Nasser Saidi](#) observed in his talk at the Harvard Kennedy School in 2018, the digital corridor project or a space station would complement the UAE's national space program and help lift economic sectors to the next level. Collaboration in such innovative technological fields has also been described in detail in the "1+2+3" cooperation

pattern laid out in the Arab Policy Paper of 2016.

"Stability Redefined: Who Authors the Future?", Beirut Institute Summit e-Policy Circle 7, 17 Jun 2020

Dr. Nasser Saidi participated in a webinar on 17th June 2020 titled "Stability Redefined: Who Authors the Future?" organised by the the Beirut Institute Summit.

Beirut Institute Summit e-Policy Circle 7 hosted by Raghida Dergham under the theme of 'Stability Redefined: Who Authors the Future?' with HE Elliott Abrams, United States Special Representative for Venezuela; HE Brian Hook, United States Special Representative for Iran; HE Nasser Saidi, Lebanese Former Minister of Economy, Trade and Industry; and Ms. Nora Mueller, Executive Director for Körber-Stiftung.

Dr. Saidi discussed many themes including Middle East's deep recession and a potential "lost decade", the economic, social & political effects of sanctions, higher military spending, nation-rebuilding & reconstruction of war-torn nations and more. Watch the webinar below.

"Prospects for sovereign debt restructuring and access to financing", OMFIF webinar, 4 Jun 2020

Dr. Nasser Saidi participated in a webinar on 4th June 2020 titled "[Overcoming debt crisis in emerging markets: Prospects for sovereign debt restructuring and access to financing](#)" organised by the the Official Monetary and Financial Institutions Forum (OMFIF) on 4th June 2020.

As emerging markets face humanitarian and economic shocks, the ability to service their sovereign debt has led to concerns of a widespread debt crisis. While the G20 agreed to a standstill in April by freezing repayments on bilateral loans for 76 poorer countries, uncertainty remains over trade offs between debt relief and re-financing, the outlook for middle income countries, and how the private sector creditors will respond. The panel looks at the prospects for sovereign debt restructuring and access to financing across Africa, the Middle East and Asia.

Dr. Saidi focused on the case of Lebanon, while also highlighting the role of China as a global lender. Watch the webinar below.

**The Arab World's Perfect
COVID-19 Storm, Project**

Syndicate Article, Mar 2020

The article titled “The Arab World’s Perfect COVID-19 Storm”, was first published on Project Syndicate on 24 March 2020, and can be directly accessed [here](#).

In the face of the COVID-19 pandemic, policymakers in the Gulf Cooperation Council states are rolling out stimulus measures to support businesses and the economy. But the camel in the room remains oil, especially the immediate impact on demand of the Chinese and global economic slowdown.

Middle Eastern and Gulf Cooperation Council (GCC) economies are heading toward a recession in 2020 as a result of the COVID-19 pandemic, collapsing oil prices, and the unfolding global financial crisis.

The fast-spreading global pandemic – with Europe its [new epicenter](#) – is generating both supply and demand shocks. The supply shock results from output cuts, factory closures, disruptions to supply chains, trade, and transport, and higher prices for material supplies, along with a tightening of credit. And the aggregate-demand shock stems from lower consumer spending – owing to quarantines, “social distancing,” and the reduction in incomes caused by workplace disruptions and closures – and delayed investment spending.

The two largest Arab economies, Saudi Arabia and the United Arab Emirates, are proactively fighting the spread of COVID-19, for example by closing schools and universities and [postponing](#) large events such as the Art Dubai fair and the Dubai World Cup horse race. Likewise, Bahrain has [postponed](#) its Formula One Grand Prix. Saudi Arabia has even announced a temporary ban on non-compulsory *umrah* pilgrimages to Mecca, and has [closed mosques](#). Because religious tourism is one of

the Kingdom's main sources of non-oil revenue, the *umrah* ban and likely severe restrictions on the obligatory (for all Muslims) *hajj* pilgrimage will have a large negative impact on economic growth.

True, policymakers across the GCC are rolling out stimulus measures to support businesses and the economy. Central banks have focused on assisting small and medium-size enterprises by deferring loan repayments, extending concessional loans, and reducing point-of-sale and e-commerce fees. And GCC authorities have unveiled stimulus packages to support companies in the hard-hit tourism, retail, and trade sectors. The UAE has a consolidated package valued at AED126 billion (\$34.3 billion), while Saudi Arabia's is worth \$32 billion and Qatar's totals \$23.3 billion. Moreover, policymakers are supporting money markets: Bahrain, for example, recently [slashed](#) its overnight lending rate from 4% to 2.45%.

But the camel in the room remains oil, especially the immediate impact on demand of the Chinese and global economic slowdown. The International Energy Agency optimistically estimates that [global oil demand will fall](#) to 99.9 million barrels per day (bpd) in 2020, about 90,000 bpd lower than in 2019 (in the IEA's pessimistic scenario, demand could plunge by 730,000 bpd). Indeed, successive production cuts had already led to OPEC's global market share [falling](#) from 40% in 2014 to about 34% in January 2020, to the benefit of US shale producers.

The weakening outlook for oil demand has been exacerbated by the Saudi Arabia-Russia oil-price war, with the Saudis not only deciding to ramp up production, but also announcing discounts of up to \$8 per barrel for Northwest Europe and other large consumers of Russian oil. Although the Kingdom's strategic aim is to weaken shale-oil producers and regain market share, the price war will also hit weaker oil-dependent economies (such as Algeria, Angola, Bahrain, Iraq, Nigeria, and Oman), and put other major oil producers and companies

under severe pressure. Indeed, in the two years after oil prices' last sharp fall, in 2014, OPEC member states lost a collective [\\$450 billion](#) in revenues.

That episode prompted GCC governments to pursue fiscal consolidation by phasing out fuel subsidies, implementing a 5% value-added tax (in the UAE, Saudi Arabia, and Bahrain), and rationalizing public spending. Nonetheless, GCC countries continue to rely on oil for government revenues, and their [average fiscal break-even price](#) of \$64 per barrel is more than double the current Brent oil price of about \$30 per barrel. The UAE and Saudi Arabia have estimated break-even prices of \$70 and \$83.60, respectively, while Oman (\$88), Bahrain (\$92), and Iran (\$195) are even more vulnerable in this regard. More diversified Russia, by contrast, [can balance its budget with oil at \\$42 per barrel](#).

The near-halving of oil prices since the start of 2020, the sharp fall in global growth, and the effects of the COVID-19 pandemic will put severe strains on both oil and non-oil revenue. As a result, GCC governments' budget deficits are likely to soar to 10-12% of GDP in 2020, more than double [earlier forecasts](#), while lower oil prices will also result in substantial current-account deficits.

Governments will respond by cutting (mostly capital) spending, magnifying the negative effect on the non-oil sector. Some countries (Kuwait, Qatar, and the UAE) can tap fiscal and international reserves, while others (Oman, Bahrain, and Saudi Arabia) will have to turn to international financial markets.

But will GCC governments be able to borrow their way out of this phase of lower oil prices? Global equity and debt markets currently are close to meltdown; with investors fleeing to safe government bonds, liquidity is drying up.

The GCC countries will suffer a negative wealth effect, owing to losses on their sovereign wealth funds' portfolios and net

foreign assets. And, given bulging deficits and the prospect of continued low oil prices, sovereign and corporate borrowers will find it harder and more expensive to access markets. The ongoing financial crisis will therefore exacerbate the effects of the oil-price shock and the pandemic.

The pandemic itself is still unfolding, and its eventual global impact will depend on its geographical spread, duration, and intensity. But it is already clear that in the coming weeks, there will be heightened uncertainty about global growth prospects, oil prices, and financial-market volatility. And as the pandemic continues its deadly march, the GCC economies – like many others – will be unable to avoid recession.

Is there an opportunity for Lebanon to get out of the crisis? Dr. Nasser Saidi's interview with Al Arabiya, 7 Jan 2020

The TV interview (in Arabic) can be viewed at:
<https://ara.tv/cx8n3>

هل من فرصة للبنان للخروج من

الأزمة؟

ناصر السعيد: لا بد من إصلاح القطاع المصرفي وإعادة رسميته

قال وزير الاقتصاد اللبناني الأسبق، الدكتور ناصر السعيد، إن الوصفة الأمثل لخروج لبنان من الأزمة المالية والاقتصادية تبدأ من تشكيل حكومة جديدة تكون مستقلة لتحصل على مصداقية، بالإضافة إلى معالجة مشكلة المديونية العامة، من خلال سلسلة إجراءات تشمل رفع أسعار الوقود وخصخصة بعض الأصول الحكومية، مثل شركة طيران الشرق الأوسط والمطار والاتصالات.

وأكد السعيد في لقاء له مع "العربية" أن لبنان يواجه عدة أزمات منها السياسية ومالية ومصرفية ونقدية وأزمة حول المستقبل والحلول، وهو ما يتطلب أن تتشكل لدينا حكومة ذات مصداقية داخلية وخارجية وهو ما يحتم وجود أشخاص مستقلين بدون تحيزات أو منتمين لتيارات محددة وما معناه أن لا يكون بها أي محاصصة كما يتم حالياً. الاختصاص مهم لأن الموضوع الأساسي اليوم هو الاقتصاد والمال ويجب أن يعطى له كل الأهمية والدعم خلال هذه الفترة دقيقة وصعبة، وعليه سيكون هناك رئيس وزارة وأعضاء بالوزارة بالعزيمة المطلوبة لرفض التدخل السياسي بهذه الإجراءات".

وأضاف "لبنان بحاجة لإعادة هيكلة الدين العام وإعادة جدولة الدين العام لسبب بسيط هو إذا اخذنا حجم الدين ككل الخارجي والداخلي والذي يمثل أكبر من 155 من الناتج المحلي والفوائد على الدين تمثل 10% من الناتج القومي وتمثل 50% من إيرادات الدولة وهو أمر غير مستدام. وما عنيته بإعادة الجدولة هو تخفيض الدين العام وتخفيض قيمة الدين الداخلي وإعادة جدولة على فترة طويلة مع خفض الفائدة وخفض الفوائد على الودائع. المطلوب أن تأخذ كل الاستحقاقات الداخلية والخارجية بالعملات الأجنبية والعملات الوطنية التي ستستحق خلال السنوات القادمة وإصدار لسندات جديدة تستحق على 5 و 10 سنوات بفوائد أقل. وهو ممكن وستكون كلفة خدمة الدين منخفضة جذرياً ومجال أن يأخذ الأشخاص خطوات أخرى لتخفيض العجز الأولي. وعليه لا بد من إصلاح القطاع المصرفي وإعادة رسميته".

ويرى السعيد أن إعادة هيكلة الدين العام قد تساهم في الخروج من الأزمة. كما يجب أن يتم إصلاح قطاع البنوك وإلغاء ربط العملة

الوطنية بالدولار بالإضافة للدخول في برنامج إصلاح اقتصادي مع صندوق النقد الدولي.

"Climate Change is an Existential Threat for the Middle East & the GCC", Article for Aspenia, Fall 2019

The article titled "Climate Change is an Existential Threat for the Middle East & the GCC" will be published in the Aspenia Issue, Fall edition 2019, and can be downloaded in [Italian](#).

While humans squabble and debate their commitment to combat climate change -despite the clear and present danger warning of the 2018 report by the Intergovernmental Panel on Climate Change (IPCC)- Nature has been relentless and unforgiving. Extreme weather events are growing in intensity and frequency. Examples of which include maximum temperatures being reached in Bahrain this June since records in 1946. The ongoing drought in India and related acute water shortage continues, threatening rural communities and leading to greater poverty. It is expected that sea levels are expected to rise between 10 and 32 inches or higher by the end of the century. Arctic ice loss has tripled since the 1980s ^[1]and Antarctica lost as much sea ice in four years – four times the size of France ^[2] as the Arctic lost in 34 years. The Global Climate Risk Index reports

that “altogether, more than 526 000 people died as a direct result of more than 11 500 extreme weather events; and losses between 1998 and 2017 amounted to around US\$ 3.47 trillion (at PPP rates).^[3]

Moving from Climate Crisis to Climate Opportunity

The World Bank estimates the current cost of climate-related disasters at \$520bn a year, forcing some 26mn people into poverty annually.^[4] In comparison, the additional cost of building infrastructure that is resistant to the effects of global warming is only \$2.7tn in total over the next 20 years. By contrast, the currently known cost of inaction is enormous and expected to reach a staggering USD 23 trillion a year by the end of this century ^[5], four times greater than the impact of the 2008 financial crisis.

The economic impact of climate change will be pervasive ranging from major disruption to food chains, the ‘creative destruction’ of fossil fuel based activities, widespread damage to infrastructure, increased inequality across and within countries unable to counter the effects of climate change, mass forced displacement of human and animal populations, and the destruction of human, animal and plant habitats. The climate change externality is global, long-term, persistent, and potentially irreversible. This has prompted Joe Stiglitz to say that ‘the climate crisis is our third world war. It needs a bold response’.^[6]

Part of the answer involves deep decarbonisation, shifting our economies from fossil fuels towards green economy solutions, based on renewable energies and technologies. Rapid technological change and innovation has made renewable energies (solar, wind, hydro, geothermal) directly competitive with fossil fuel based technologies and enabling distributed energy resources. More recently, AI and Blockchain are being applied to renewable energies increasing their efficiency and competitiveness. These can be powerful technologies for economic development and for lifting rural communities out of

poverty through 'electronification' and digitalisation. We should not, however, delude ourselves: technology is not a panacea absent of political will, commitment and public and private investment. The growing political acceptance of 'green new deals' generates some cautious optimism.

MENA/GCC climate change impact and risks

While climate change will be global, its regional impact will be varied and unequal, with MENA along with Sub-Saharan countries among the most vulnerable. Growing desertification, widespread drought, high population growth rates (leading to a doubling of population by 2050), rapid urbanisation, extreme heat, compound the effects of water scarcity to magnify the impact of climate change. Last year was the fourth warmest on record, with Algeria recording the hottest temperature (51.3°C) reliably recorded across Africa.

About 17 countries are already below the 'water poverty line' set by the UN. The World Bank estimates that climate-related water scarcity will cost the region 6 to 14% of its GDP by 2050, if not earlier. The MENA region's annual recharge rate of renewable water resources amounts to only 6% of its average annual precipitation versus a world average of 38%. In this context, it should be remembered that Saudi Arabia has exhausted almost 4/5-th of its aquifer water after misguided "food security" policies encouraged water & energy intensive modern farming to transform a largely desert country to become the world's 6th largest exporter of wheat! This has now stopped but the environmental damage is permanent.

Climate Change and Conflict

Home to 6% of the global population but just 1% of freshwater resources, the MENA region (already in the throes of conflicts over resources, land, ideologies and religion) will very likely be fighting "water wars" by mid-century. Ethiopia is building its Grand Renaissance Dam and Egypt claims that it will cut downstream flows and water supply to Egypt by some 25%. The potential for conflict is growing, with Egyptian President el-Sisi openly declaring that the dam is "a matter

of life and death.”^[7]

A growing body of evidence (for example Burke et al. (2014))^[8] and research shows a strong linkage between climate and conflict, with adverse climatic events increasing the risk of violence at both the interpersonal level and the intergroup level, in societies around the world and throughout history. While climate change was not the main driver of the Arab Firestorm in 2011, the Syrian civil war is linked with an extended drought period between 2006-2011 which caused 75% of Syria's farms to fail and 85% of livestock to die, devastating rural communities, resulting in forced displacement. The Libyan and Yemen wars as well as the Sudan civil unrest have been exacerbated by low rainfall and associated drought leading to rural impoverishment and migration.

Reliance on desalinated water for domestic use is another concern. MENA accounts for nearly half of the world's desalination capacity and the GCC's dependence on desalination is almost 90%. This leaves a large carbon footprint as the region is reliant on energy-intensive thermal desalination plants. Ironically, the region is also at the risk of flooding: the World Bank identified 24 port cities in the Middle East and 19 in North Africa at particular risk of rising waters ^[9]. For countries like Kuwait and the UAE, the threat of rising sea levels could permanently impact up to 24% and 9% of their GDP respectively. Furthermore, the wide disparity in regional wealth and incomes (about \$70k per capita in Qatar to less than \$1k in Sudan) implies differences in adapting to and mitigating climate change risks.

Oil Producers Face an Existential Threat

Climate change poses an existential challenge, threatening the economic viability of the MENA oil producing countries. The energy transition to comply with COP21 and related commitments leading to a global shift away from fossil fuels to renewable energy, implies that the main source of wealth and income of the GCC and oil producers could rapidly depreciate in value as

a result of the fall in demand and prices. Fossil fuel assets could become “stranded assets” i.e. assets that are not able to meet a viable economic return as a result of unanticipated or premature write-downs. To counter this existential threat, the GCC countries need to accelerate their economic diversification plans and develop and implement decarbonisation strategies. The nations have tentatively and timidly embarked on this path.

MENA/GCC policies to combat climate change

The GCC nations have initiated a phased removal of fuel, electricity and water subsidies to reduce the high energy intensity of consumption and production induced by distortionary subsidies. The removal of subsidies will reduce energy use and help shift the energy mix away from fossil fuels, and also creates fiscal space allowing funding of renewable energy investments and climate-resilient infrastructure.

The Middle East and GCC are part of the Global Sun Belt: more energy falls on the world’s deserts in 6 hours than the whole world consumes in a year! Harnessing solar power is an efficient policy choice, while wind power market is slowly catching up in Jordan and Morocco, though more than 56% of the GCC’s surface area has significant potential for wind deployment.

The GCC nations and especially UAE, are taking a lead in MENA in increasing energy efficiency-a low hanging fruit- and investing in renewable energy. There is now a GCC renewable energy project pipeline comprising over 7 GW of new power generation capacity to be realised within the next few years. The surge in projects has been supported by the rising cost competitiveness of renewables (it is now actually cheaper to build new wind and solar PV plants than it is to run existing fossil-fuel ones), as well as the falling costs of energy storage (by 2021, the capital costs of lithium ion battery-based storage are expected to fall by 36% compared to the end of 2017 [\[10\]](#)).

IRENA's 2019 report ^[11] estimates that by 2030 the region is on track to leverage renewables to save 354 million barrels of oil equivalent (a 23% reduction), create some 220,500 new jobs, reduce the power sector's carbon dioxide emissions by 22%, and cut water withdrawal in the power sector by 17%. Renewable energy related targets range from UAE's ambitious goal of 44% of capacity by 2050 (from 27% clean energy in 2021) to Bahrain's target of 10% of electricity generation in 2035, and Saudi Arabia's 30% of generation from renewables and others (mainly nuclear) by 2030. The other important component of reducing energy consumption is energy efficiency, with a 6% target of reducing electricity consumption in Bahrain (in 2025) to 30% in the UAE (in 2030). Countries are now starting to commit to a net-zero emissions goal – 15 nations have declared the intention of reaching net zero emissions in or before 2050 ^[12]. The GCC are yet to announce their intentions in this regard.

In addition to the deployment of renewable energy projects, energy efficiency investments are another area for reform. Retrofitting existing buildings will improve energy efficiency and reduce carbon emissions. Green buildings ^[13] is another policy initiative which has gained traction: the Dubai Municipality has issued the Green Building Regulations and Specifications for all new buildings in the emirate since March 2014. But Dubai is the only city in the MENA region to join the Building Efficiency Accelerator programme, to double the rate of energy efficiency by 2030.

Climate Change Challenges facing MENA and the GCC

Looking ahead, the countries of the region face three broad challenges:

1. Institutional challenges:
2. Policies are in place to move away from fossil fuels to clean energy; however, until subsidies are eliminated, the legacy of building large conventional plants to feed demand is unlikely to end.

3. These policies should ideally be supported by adopting a Zero Net Emissions policy, to serve as a comprehensive, unifying basis for climate change policy. Other GCC nations could follow the UAE's policy direction and establish Ministries of Climate Change & Environment.
4. Unified regional standards are needed to remove barriers to trade and investment, are necessary for regional power market integration and to benefit from economies of scale.
5. Build capacity to support the creation and development of climate change policy and regulatory experts who can support the government and private sector create policies and strategies to meet a Zero Net Emissions policy.
6. Financing:
7. Introducing Carbon Taxes in MENA would generate substantial revenue, increase energy efficiency and part fund decarbonisation strategies.
8. Support for small-scale players and installations: significant initial capital requirements for big facilities deter the entry of small-scale players. Support for home and business PV installations would improve energy efficiency and creation of distributed energy resources.
9. Facilitate New Energy Financing: global green bond issuances reached a record USD167 billion in 2018. The GCC could become the center for MENA and emerging market green bonds and Sukuk.
10. Develop Green Banks to fund the private sector in decarbonizing, from energy efficiency, to retrofitting, to climate risk mitigation investments.
11. Adopting technological innovations: implement Blockchain (for power/ grid chain management) and AI to increase efficiency, ability to store and share solar power via interconnected grids and smart meters.

Concluding remarks

Climate change poses some daunting challenges and existential risks for the MENA region, the GCC and other MENA oil producers. The bottom line is:

- The MENA countries are highly vulnerable to climate change because of their geographic conditions, demographics, lack of climate resilient infrastructure, deficient institutional capacity and preparedness to mitigate climate change risk. They also face—mainly in North Africa- the rapidly growing spillover effects of climate-induced mass displacement and migration from Sub-Saharan Africa. They face growing risks of climate related conflicts.
- The global energy transition and decarbonisation policies imply a growing risk that the fossil fuel resource wealth of the oil producers will become stranded assets. Similarly, the region's banking & financial sector faces stranded assets risk, given its heavy exposure to the oil & gas sector. These are existential risks.
- The GCC countries have developed energy sustainability policies. These are modest given their large natural comparative advantage of harnessing solar & wind power and their substantial financial resources allowing accelerated investment in renewable energy assets. A Net Zero Emissions climate policy should be developed and implemented.
- To mitigate climate change risks, the region's oil producers must accelerate their economic diversification away from oil & gas. This implies a rapid phasing out of fossil fuel subsidies. Decarbonisation and economic diversification are complementary strategies and a win-win opportunity. By diversifying into renewable and sustainable energy and climate risk mitigating industries and activities, the GCC can create jobs and a new alternative export base, through a Green New Deal.

[1]<https://www.nationalgeographic.com/environment/global-warming/global-warming-effects/>

[2]<https://www.weforum.org/agenda/2019/07/antarctica-lost-sea-ice-4x-the-size-of-france-in-3-years/>

[3]https://www.germanwatch.org/sites/germanwatch.org/files/Global%20Climate%20Risk%20Index%202019_2.pdf

[4]<https://www.worldbank.org/en/news/press-release/2016/11/14/natural-disasters-force-26-million-people-into-poverty-and-cost-520bn-in-losses-every-year-new-world-bank-analysis-finds>

[5]WEF discussion: <https://www.youtube.com/watch?v=su38ondAwkg>

[6]<https://www.theguardian.com/commentisfree/2019/jun/04/climate-change-world-war-iii-green-new-deal>

[7]See “How Climate Change Could Exacerbate Conflict in the Middle East”,

[8]Burke, M., Hsiang, S.M., Miguel, E. (2014): “Climate and Conflict”, downloadable at: <https://www.nber.org/papers/w20598>

[9]Egypt’s coastal city Alexandria, the second largest city, is at risk of being submerged by rising sea levels.

[10]See Lazard’s report <https://www.lazard.com/perspective/levelized-cost-of-energy-and-levelized-cost-of-storage-2018/>

[11]https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2019/Jan/IRENA_Market_Analysis_GCC_2019.pdf

[12]<https://eciu.net/news-and-events/press-releases/2019/one-sixth-of-global-economy-under-net-zero-targets>

[13]Green building is the practice of creating structures in a resource efficient way without having any negative impact on the environment.

Introductory remarks at CEBC's "ESCO Market in MENA: Challenges vs Opportunities" event, 15 Sep 2019

Dr. Nasser Saidi, in his role as the Chairman of the regional Clean Energy Business Council (CEBC), provided the [introductory remarks](#) at the event titled "ESCO Market in MENA: Challenges vs Opportunities" that took place on September 15th in Dubai.

Dr. Saidi's presentation explored the current energy use in the Middle East region, before highlighting the benefits and challenges of energy efficiency policies and outlining the role of Energy Service Companies (ESCOs) and their regional experience. The presentation finishes touching on the way forward in energy efficiency reforms and the role of the CEBC in this regard (including the working group on energy efficiency).

Bloomberg Daybreak: Middle East Interview, 22 Apr 2019

In the 22nd Apr, 2019 edition of Bloomberg Daybreak: Middle East, Dr. Nasser Saidi speaks to Yousef Gamal El-Din about Oman's growth and risk outlook (following S&P's downgrade) as well as Dubai's growth prospects.

Watch the interview on Oman below.

<https://www.bloomberg.com/news/videos/2019-04-22/oman-risks-descending-deeper-into-junk-video>

The original link to the full episode (Dr. Nasser Saidi speaks from 29:15 to 34:19):

<https://www.bloomberg.com/news/videos/2019-04-22/bloomberg-day-break-middle-east-full-show-04-22-2019-video>

"Managing in an Increasingly Turbulent Geopolitical Climate", Opening Keynote at the Corporate Counsel Middle East Forum, 18 Apr 2019

Dr. Nasser Saidi gave the opening keynote presentation titled "Managing in an Increasingly Turbulent Geopolitical Climate" at the Corporate Counsel Middle East Forum held in Dubai on 18th Apr 2019.

The presentation focused on the current global and regional geopolitical climate as well as the ongoing economic wars. In the regional backdrop, the presentation highlighted how the GCC have been undergoing a transition and transformation, also highlighting the ongoing structural reforms across multiple areas. Of interest for the corporate counsel was the recent changes in laws related to attracting FDI, opening up new sectors for foreign companies, changes to the legal, regulatory and financial infrastructure. It ended with a glimpse into expected changes in the near to medium term:

including taxation reform, corporate restructuring & insolvency as well as how digital laws and regulations were needed to support FinTech, e-commerce etc.
The presentation can be downloaded [here](#).

China-US Tensions, War with Iran Dominate Medium-Term GCC Risk Landscape: Interview with Bonds & Loans, Apr 2019

Dr. Nasser Saidi's interview with Bonds & Loans, published in Apr 2019, titled "*China-US Tensions, War with Iran Dominate Medium-Term GCC Risk Landscape*" is posted below. The original can be accessed [here](#).

Despite a positive macro outlook, a blend of rapidly rising regional tensions and an evolving trade dispute between China and the US will weigh more heavily than previously thought on the GCC's economic prospects in the medium term, argues Dr. Nasser Saidi, Founder and President of Nasser Saidi & Associates and Lebanon's former Minister of Economy.

Bonds & Loans speaks with Dr. Saidi about the regional economic outlook, progress on fiscal reforms in the region, structural shifts in the Middle East's political dynamic, and how to avoid the pitfalls of state-led development as currently practiced.

Bonds & Loans: What do you see as the top risks facing GCC markets in 2019?

Nasser Saidi: The first major risk is the oil price. The second relates to spill-overs of international political and

economic tensions. The third is climate change.

Oil prices and revenues continue to dominate the macroeconomic risk paradigm in the region, dominating trade, current accounts, and gross output. Despite reform efforts over the past few years, we have yet to see substantial progress on making the GCC less vulnerable to oil price volatility, or on diversification more broadly. Oil prices over the next two years, which we anticipate will hover between the USD55 and USD60 per barrel bracket, subject to added geopolitical risk, remain substantially below breakeven points, which will continue to weigh on the region's current account deficits. This means that many of the GCC countries will have to continue with fiscal adjustments to address their sustainability, while drawing from new and existing funding sources to make up the difference.

Spill-overs from global economic tensions – and here specifically, the economic standoff between the US and China – is also a significant risk. This isn't just about trade, it seems, but rather increasing confrontation at multiple levels: trade; China's role on the global stage; technology; intellectual property; market access. More fundamentally, it's about economic regime change in China, the world's second largest economy. As China forges ahead with its larger strategic objectives, it is becoming a globalist on a scale yet to be seen.

The main reason why economic warfare between the US and China is important for the GCC is that it could weigh on GCC integration with Asian supply chains. Asia currently accounts for a substantial portion of commodities demand, and China is now the largest importer of GCC oil and gas, so any reduction of the growth rate in China – coupled with the fact that the US is looking to increase production and shipments of shale oil – will have a negative effect on global oil demand.

Finally, climate change is a huge risk. Extreme weather events are increasing, especially in this part of the world, and insurers – as well as investors and the banks – have significantly under-priced climate risk. We could end up

having a Minsky moment as a result: once the industry reckons with the scale of its exposure to the fossil fuels industry, we could see an acute and substantial drop in the value of assets exposed to climate risk. This is a social as well as financial risk, but it is largely only viewed as a social risk at present. That is starting to change, particularly in Europe, but it needs to shift much more quickly.

Other global macro risk factors relate to the massive build-up of household and corporate debt on the horizon blended with a tightening liquidity environment, and the uncertain interest rate trajectory in the US. In emerging markets, this is compounded by the fact that a sizeable portion of that debt is denominated in foreign hard currencies, and rising maturities over the next three years.

Bonds & Loans: A significant portion of your presentation at last year's Bonds, Loans & Sukuk Middle East conference focused on political shifts emerging across the wider Middle East. How have some of those shifts played out? Do you see geopolitical risk rising or falling?

Nasser Saidi: You still have wars ongoing in Syria and Yemen. In Syria, to an extent, we are seeing a lower level of violence, but self-congratulatory statements about defeating ISIS are blatantly misplaced; rebel and national armed forces may have temporarily vanquished the group militarily, but all of the conditions that led to the formation and growth of ISIS – high levels of unemployment, poverty, disengagement with the state, lack of viable economic prospects – continue to persist. These conditions will not change unless global powers start seriously re-considering how they approach post-violence reconstruction in places like Iraq, Syria, Yemen, and Libya among other places.

A failure to address these conditions could likely lead to another boiling over of discontent, particularly among the region's youth. Best estimates for growth in most countries in the Middle East don't exceed 2.2%, which barely covers population growth in many of them – so what this means is a decline in real income per capita.

Added to this are rising geopolitical tensions linked to the spat between China and the US, particularly around the Belt and Road Initiative, which the GCC countries – particularly the UAE and Oman – are investing heavily into. This is to further integrate the Middle East into China's global logistics and trade infrastructure. But it's unclear whether that will come at the cost of relations with the US. That the GCC no longer talks as one coherent bloc of countries compounds this risk, and diminishes the region's capacity to negotiate at the global level.

Finally, I am increasingly concerned that we may see armed confrontation with Iran. If you listen to the rhetoric of the top brass in the US, and their diplomatic activities within the Middle East, they seem to be setting the stage for war with Iran – not dissimilar to the build-up seen before the first Gulf War with Iraq. Any armed confrontation would of course have dire implications for global oil prices, and the region more specifically.

Bonds & Loans: As the largest economy in the region, many look to Saudi Arabia for a sense of the trajectory many of the region's economies are on, particularly in terms of reform. How would you assess GCC states' progress on diversifying their economies away from oil?

Nasser Saidi: This is one of the biggest challenges facing the region. It has become quite obvious since the collapse in oil prices that this is not cyclical, but structural, which means the region's governments need to target diversification in three major ways: trade diversification, in the sense that these countries need to wean themselves off their overreliance on oil exports; production diversification, so moving away from oil to non-oil activities and services; and government revenue diversification.

Saudi Arabia is the biggest economy in the Arab world, followed by the UAE. What happens in Saudi Arabia is important because of its size, and the economic benefits that its neighbours enjoy through trade. But it's also to some extent a litmus test on the success of reforms in the region. What has

been proposed in Saudi Arabia, in terms of modernisation efforts included in the National Transformation Plan and Vision 2030, is really the mother of all reform efforts in the region, and all the countries in the GCC need the country to succeed in this endeavour. Failure will invite a backlash from more conservative segments of leadership, and potentially, large pools of the population, but it will also weigh on the development of neighbouring economies as they depend heavily on the opening of the Saudi economy to boost their prospects.

Bonds & Loans: There continues to be significant optimism around Egypt's economic prospects, but some of its fundamentals – like youth unemployment, and productivity – are worrying. Do you think the country can achieve its ambitions without a fairly radical shift away from how the economy is managed?

Nasser Saidi: It's an important point, but we should also pay heed to what has been achieved so far. The IMF, and its regional peers like the UAE, Saudi Arabia, and Kuwait, have lent substantial support to the country – in large part because the country is too big to fail. We've seen a rise in interest rates and greater monetary policy freedom, with inflation trending down towards 8.5% from peaks in excess of close to 30% in 2017. We've seen a partial reform of fuel subsidies, price adjustments in the power sector, and a decline in recorded unemployment over the past couple of years, with some facilitation by Egypt's neighbours of youth participation in their labour markets.

The country needs to reconsider its state-led development strategy, which means PPPs and privatisation need to move further up the policy agenda. But it comes with a warning. Under Mubarak, the beneficiaries of privatisation largely included the coteries around the leader – including his family. There was no trickle-down, in other words, and that issue still remains; addressing this would also help address unemployment. What this also means is that the country needs to achieve a transformation away from strong dependence on agriculture and the Nile, which remains its lifeline. This can

be achieved through the dispersion and increased use of technologies and modern techniques in the agricultural sector to raise productivity and reduce dependence on dwindling water supplies, as we are seeing increasing desertification. More broadly, the industrialisation strategy undertaken by Egypt – which has been largely military or state-led – cannot be the future; this applies as well to the GCC governments, which also need to foster a more vibrant and prominent private sector.

Economic reforms – like the removal of subsidies, increasing cost recovery through public services – require a new social contract. We have the beginnings of one, but it's not there yet.

More crucial is the issue of overall governance. What you effectively have is a government within a government. President Sisi has consolidated power and is looking for a renewal of his mandate, not unlike Erdogan in Turkey, and there is a high level of concentration of power; parliament in Egypt has largely become a Potemkin parliament. The question of inclusiveness – politically, economically, socially – looms large.

Bonds & Loans: The UAE economy has undergone a significant transformation over the past decade. Can the country continue to thrive if it does not adjust to shifting demographics on the ground via the changing nature of labour migration?

Nasser Saidi: The situation in the UAE is different to that of Saudi Arabia and its neighbours in the sense that it is much more diversified. Dubai contributes about 40% of the UAE's GDP, if you include the Emirate's free zones – where a range of multinational private corporates operates. It has been able to secure significant foreign investment, much more FDI than others in the region. This is due to the quality of core infrastructure and logistics hubs, rule of law, and free zones.

For a long period, the country attracted a great deal of low-skilled, low-cost labour to build that infrastructure. Much of that infrastructure has now been achieved, which means moving

onto the next phase: modernisation and digitalisation of the economy. But it will take a long time before modern sectors emerge as strong contributors to GDP, as well as human capital; that labour needs a viable pathway to remaining in the UAE for the long-term.

There have been a number of reforms addressing this. There is a 10-year residency visa for export specialists; 100% foreign ownership is now allowed in non-strategic sectors of the economy; there is the prospect of allowing companies operating in free zones to secure dual licenses that allow them to operate both onshore and in free zones. This is the beginning of a much longer-term liberalisation effort that will foster long-term residents.

But over the long-term, the country may do well to move towards the Swiss model. If you look back at Switzerland's history, and the development of its infrastructure, it was largely developed at a time when the country was overwhelmingly agrarian by nature. It has turned itself into a strong services hub for Europe and the rest of the World by strategically investing in key sectors, but it also reformed the way in which expat workers could obtain long-term residency and, eventually, citizenship, turning a transient working population into a strong contributor to GDP composed of long-term residents.

Creating permanent economic citizens has many benefits. It is helpful in terms of balance of payments; in building a social security system and long-term investment pools, which goes hand in hand with deepening the capital markets and the insurance and pension segments. It also means the development of a true middle class, which means moving away from a model based on tourism to one that fosters more organic, domestic support of key sectors; but it also means diverging from the country's existing overreliance on real estate and hospitality, which is unsustainable in its current form.

"Is a New GCC Emerging? A Geo-Eco-Political Outlook", Closing Keynote at the Bonds, Loans & Sukuk Middle East conference, 26 Mar 2019

Dr. Nasser Saidi was invited to present the closing keynote at the Bonds, Loans & Sukuk Middle East conference held in Dubai on 26th March, 2019.

Titled "[Is a New GCC Emerging? A Geo-Eco-Political Outlook](#)", the presentation covered the regional geo-economic & political outlook, while also shedding light on the key risks (including the oil market). It looks in-depth at the performance of the GCC, its diversification policies, also outlining the steps needed to support private sector businesses and activity.

The presentation ends with a "bucket list" for economic policy and reform for the GCC, while providing a best, base, and worst case scenario for the region.

Middle East Leaders who guided a region through 50

turbulent years: Euromoney, March 2019

Dr. Nasser Saidi was included by Euromoney in its 50th Anniversary Special list of Middle East Leaders who guided a region through 50 turbulent years. Excerpts from the article are posted below.

The euromoney article can be accessed at: <https://www.euromoney.com/article/bldd3n1mn7mf8r/middle-east-leaders-who-guided-a-region-through-50-turbulent-years>

Over 50 years, leaders of Middle East financial institutions have steered their businesses through very good and very bad times, including oil price crashes, rampant property and stock speculation, and war. Some key figures highlight the events they remember most and spell out lessons for the next generation. These figures, who have held positions of power for nearly two generations, are uniquely placed to assess how successful the region has been in steering its way through the challenges and opportunities since the first oil boom of the mid 1970s.

Nasser Saidi served as deputy governor of the Lebanese central bank and a government minister in the 1990s, before becoming chief economist at the Dubai International Financial Centre in the 2000s.

He says the first key moment came when civil war ended the era in which Beirut had been the region's financial centre. "The big story from Lebanon's point of view is that the centre of economic geography moved from the Mediterranean to the Gulf," he says. "Lebanon used to be the petrodollar hub, with Beirut playing the leading part. Now the Gulf can manage its own money through its domestic and free-zone financial centres, and to an extent they have come of age."

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Saidi puts some of the blame for the failure to develop debt

markets on to the big family businesses that have “never convinced themselves that they should use the markets. They have never seen the power of debt and equity markets.

“Once you get on to the markets, automatically you will get international investors, and they will not only provide greater scrutiny and corporate governance but are also a source of technology and new ideas. Commercial banks don’t do this – they are just lenders. Markets behave differently. They force you to focus on international standards and ideas and adopt them.”

A further consequence of this lack of local debt markets has been that too much regional money is placed globally rather than invested locally. Government sovereign wealth funds, which should have been invested in developing the Middle East, have instead placed the bulk of their money overseas.

“We should have been able to attract the wealth of the Arab world, but we lost it,” says Saidi. “We have not invested enough in ourselves.”

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One of the key questions for the next generation of leaders is whether or not the focus of Middle East governments will shift from the West to Asia.

Saidi is in no doubt.

He sees: “A tectonic shift from the US to China, which is much more prepared to act as a development partner. “When I look at what China does,” he continues, “I see a country that invests in infrastructure and into supply chains. In the decades ahead, this will lead to a transformation. Look at the prospective rebuilding of Syria, Iraq, Yemen, Lebanon and Sudan, and you will see that funding will come from the GCC and China who will be involved in construction sector. “Chinese and GCC developers will successfully develop partnerships and joint ventures for reconstruction and development.”

"Transforming & Disrupting the Insurance Landscape: InsurTech, RegTech & SupTech", Lecture at Institut Supérieur des Sciences de l'Assurance USJ, 27 Feb 2019

Dr. Nasser Saidi presented "Transforming & Disrupting the Insurance Landscape: InsurTech, RegTech & SupTech" at the Institut Supérieur des Sciences de l'Assurance, Université Saint-Joseph de Beyrouth on 27th February 2019.

The presentation focused on the characteristics, trends and outlook for global and regional insurance markets, and progresses to address technology-led disruption in the sector, before ending with some key takeaways and recommendations for Lebanon's insurance sector. A section is also dedicated to the factors affecting the insurance industry including climate change and the data revolution (Big Data) among others. [Click](#) to download the presentation.

"AI & the Digital Revolution: Implications for Regional Economies", Keynote at the Order of Engineers & Architects Beirut, 26 Feb 2019

Dr. Nasser Saidi was invited to present a keynote at the Order of Engineers & Architects in Beirut on 26th February, 2019. Titled "[AI & the Digital Revolution: Implications for Regional Economies](#)", the presentation covered the economics of AI & digitalisation – including recommendations on how policy makers should prepare for five primary economic effects due to AI-driven automation. It looks in-depth at the performance of the Middle East region, also providing a peek at whether there is an ambition-action gap. The presentation ends with takeaways and recommendations as to what an AI strategy should include in the region.

An interview was published in Daily Star where Dr. Saidi airs his views on how AI is key to beating corruption.

"Developing an integrated artificial intelligence government strategy and devoting resources to concretely implementing them is the best way to fight corruption, provided it is driven from the highest level, from our prime minister," Saidi told The Daily Star Wednesday. Read more [here](#).

Dr. Saidi's keynote (from 1:41 in Video 1) and related panel discussion (Video 2) can be accessed below:

Video 1

Video 2

“Is the Middle East Ready for China?”, Presentation at NUS Middle East Institute Annual conference, Feb 11-12 2019

Dr. Nasser Saidi participated in the National University of Singapore(NUS)'s Middle East Institute's annual conference held in Singapore over 11th and 12th of February, 2019.

Part of the panel on “Finance and Economics”, Dr. Saidi presented his views on whether [the Middle East is ready for China](#), also identifying the building blocks of a strategic China- Middle East partnership. He stated that if Middle Eastern states could behave like the 10-member regional trading bloc, it could pave the way for a regional free-trade agreement with China to further improve trading volumes and future infrastructure investments from the Chinese; working together would also help the region battle the ongoing threat of terrorism.

Click to play the video of the panel session below:

More on the event: <https://mei.nus.edu.sg/event/the-middle-east-pivot-china-as-bri-between-geostrategy-and-commercial-opportunity/>

Media coverage:

<https://www.scmp.com/news/asia/southeast-asia/article/2185754/middle-eastern-states-have-lessons-learn-asean-building>

<https://www.forbes.com/sites/arielcohen/2019/02/14/will-china-replace-the-u-s-as-the-middle-east-hegemon>

A New Approach to MENA's Refugee Crisis, Project Syndicate Article, Jul 2018

The article titled “A New Approach to MENA’s Refugee Crisis”, was first published on Project Syndicate on 10 July 2018, and can be directly accessed [here](#). The [Arabic](#) and [French](#) versions of the article have also been published.

There are now more people displaced by conflict than at any time since World War II, and violent conflict in the Middle East and North Africa accounts for the majority of today’s refugees. With no evidence that the fighting will end anytime soon, host countries and major donors must adjust their aid accordingly.

The human toll from violence in the Middle East and North Africa (MENA) has reached [historic proportions](#). Since 2000, [an estimated 60%](#) of the world’s conflict-related deaths have been in the MENA region, while violence in Iraq, Libya, Syria, and Yemen continues to displace millions of people annually.

For countries hosting refugees from these conflicts, the challenges have been acute. According to a [2016 report](#) by the International Monetary Fund, MENA states bordering high-intensity conflict zones have suffered an average annual GDP decline of 1.9 percentage points in recent years, while inflation has increased by an average of 2.8 percentage points.

Large influxes of refugees put downward pressure on a host country's wages, exacerbating poverty and increasing social, economic, and political tensions. And yet most current aid strategies focus on short-term assistance rather than long-term integration. Given the scale and duration of MENA's refugee crisis, it is clear that a new approach is needed, one that shifts the focus from temporary to semi-permanent solutions.

To accomplish this, three areas of refugee-related support need urgent attention. First, donor countries must do more to strengthen the economies of host states. For example, by buying more exports from host countries or helping to finance health-care and education sectors, donors could improve economic conditions for conflict-neighboring states and, in the process, create job opportunities for refugees.

For this to pay off, however, host countries will first need to remove restrictions on refugees' ability to work legally. Allowing displaced people to participate in formal labor markets would enable them to earn an income, pay taxes, and eventually become less dependent on handouts as they develop skills that eventually can be used to rebuild their war-ravaged countries.

Employment might seem obvious, but most MENA host countries currently bar refugees from holding jobs in the formal sector (Jordan is one exception, having issued [some 87,000 work permits](#) to Syrian refugees since 2016). As a result, many refugees are forced to find work in the informal economy, where they can become vulnerable to exploitation and abuse.

But evidence from outside the region demonstrates that when integrated properly, refugees are more of a benefit than a drain on host countries' labor markets. For example, a [recent analysis](#) by the Refugee Studies Centre at the University of Oxford found that in Uganda, refugee-run companies actually increase employment opportunities for citizens by significant

margins.

A second issue that must be addressed is protecting refugees' "identity," both in terms of actual identification documents and cultural rights. For these reasons, efforts must be made to improve refugees' digital connectivity, to ensure that they have access to their data and to their communities.

One way to do this would be by using blockchain technology to secure the United Nations' refugee registration system. This would strengthen the delivery of food aid, enhance refugee mobility, and improve access to online-payment services, making it easier for refugees to earn and save money.

Improved access to communication networks would also help refugees stay connected with family and friends. By bringing the Internet to refugees, donor states would be supporting programs like "[digital classrooms](#)" and online health-care clinics, services that can be difficult to deliver in refugee communities. Displaced women, who are often the most isolated in resettlement situations, would be among the main beneficiaries.

Finally, when the conflicts end – and they eventually will – the international community must be ready to assist with reconstruction. After years of fighting, investment opportunities will emerge in places like Iraq, Syria, and Sudan, and for the displaced people of these countries, rebuilding will boost growth and create jobs. Regional construction strategies could reduce overall costs, increase efficiencies, and improve economies of scale.

In fact, the building blocks for the MENA region's postwar period must be put in place now. For example, the establishment of a new Arab Bank for Reconstruction and Development would ensure that financing is available when the need arises. This financial institution – an idea I have [discussed elsewhere](#) – could easily be funded and led by the

Gulf Cooperation Council with participation from the European Union, China, Japan, the United States, the Asian Infrastructure Investment Bank, and other international development actors.

With this three-pronged approach, it is possible to manage the worst refugee crisis the world has experienced in decades. By ensuring access to work, strengthening communication and digital access, and laying the groundwork for post-war reconstruction, the people of a shattered region can begin planning for a more prosperous future. The alternative – short-term aid that trickles in with no meaningful strategy – will produce only further disappointment.

Enabling the transformative power of new technologies: Article in The National, 1 Jun 2018

The article titled “Enabling the transformative power of new technologies” appeared in The National on 1st June, 2018 and is posted below. Click [here](#) to access the original article.

Enabling the transformative power of new

technologies

New technologies are disrupting regulated industries including finance, transport, energy, telecoms, health, defense & government

Technology has often resulted in disruptions (remember typewriters, fax machines, film cameras, desk telephones and floppy disks?) but also supported the process of globalization via digital transformations, cross-border flows of data and information, e-commerce and cloud computing.

New technologies have been disrupting many regulated industries including banking and finance, transport, energy, telecoms, health, defense & government. We now live in a world where the largest movie house no longer owns any cinemas thanks to Netflix, the largest accommodation provider, Airbnb, owns no real estate and where Skype, WeChat and WhatsApp exist without owning any telecom infrastructure.

Blockchain – which has become a buzzword and is associated by the public largely with Bitcoin – distributed ledger technology (DLT) and artificial intelligence (AI) are *general purpose technologies*, with widespread applicability in modern economies.

DLT applications can be used for digital identities of people and companies, maintaining patient records in healthcare, or sale and purchase of real (think property) as well as digital assets, or supply chain like IBMs' fully transparent food system use case for instance. AI will soon become ubiquitous, with applications in national security, data science, business intelligence, healthcare, entertainment and the list goes on.

The UAE's aspiration to support and become a leader in the 4th industrial revolution – with its blockchain and AI strategy – is likely to benefit it to help it transform and diversify its economy. Given its growing digitisation over the past decades, the banking and financial sector is a leading candidate for disruption.

Total global investment in the fintech sector was \$122 billion over the past three years, with 2017 alone seeing investments to the tune of \$31bn, according to Kpmg. The US remains the largest player, accounting for some two-thirds of the investments, but China is fast catching up in this space. As the fintech grows, increased focus should be on its economic

development potential: given widespread availability of smartphones, fintech is an enabler for financial inclusion and access to finance.

The Middle East is a ripe playing field for such initiatives, especially given the relatively high mobile phone penetration: among the *unbanked*, 86 per cent of men and 75 per cent of women have a mobile phone but only 35 per cent of women have a bank account. Not to mention how useful it could be for creating digital identities and thereby allow for access to finance and e-services for more than 15 million Syrian, Iraqi and other refugees and displaced in the region. All of this requires investment in infrastructure and an enabling environment.

Supportive Regulatory Frameworks for New Technologies

Current bank regulatory and supervisory frameworks generally predate the emergence of technology-enabled innovation. As regulators in the region start implementing new supervisory models, it is critical to avoid regulatory barriers to adoption and spread of new technologies, especially those that could stifle innovative ideas, while ensuring consumer protection and financial stability.

To facilitate innovation, regulators across the globe have focused on either building regulatory sandboxes – testing in a controlled environment, with tailored policy options – or developing accelerators or “boot-camps” for start-ups, ending with a pitch presentation, or just enabling an “innovation hub” that acts as a place to meet and exchange ideas. In the region, both the DIFC and ADGM are at the forefront with accelerators and regulatory sandboxes in place.

Given the cross-country applications of the technology like DLT and payment systems, coupled with global growth of some fintech firms, cross-country and cross-sector cooperation is essential between regulators. Ongoing discussions are needed, especially with respect to uncertainties: safeguarding data privacy, digital identity and its impact on the use of financial services, cyber security, compliance with anti-money laundering and countering financing of terrorism (AML/CFT), risk mitigation when there is a technology-governance gap and so on.

While incumbents and new entrants evolve and adjust to the disruptive potential, regulators are themselves starting to

adapt within this ecosystem, leading to a branch called regtech. What is regtech? The Bank for International Settlements defines it as “any range of fintech applications for regulatory reporting and compliance purposes by regulated financial institutions. This can also refer to firms that offer such applications”.

Regtech could transform regulatory compliance by reducing its and risk management at financial institutions. It could also facilitate identity management (know your customer for onboarding, AML/ CFT checks) and improve fraud detection. Suptech – technology for supervisors – goes a step beyond and could increase supervisory effectiveness and efficiency. Some examples include algorithmic regulation and supervision (in areas such as high-frequency trading, algorithm-based credit scoring, robot-advisors) or real time supervision (look at the data as it is generated in the regulated institutions’ operational systems) or even moving towards machine-readable regulations. Together, these could result in major paradigm shifts as to how a regulator functions and a major challenge.

Enabling Innovation & Fintech

A new integrated, digital financial world is emerging. The region’s policy makers and regulators should support the burgeoning, innovative start-up culture, rather than being protective of incumbents, which are typically owned by governments and have been shielded from competition. Some guidelines and principles are:

1. Be supportive of technologies like DLT, AI and related innovations, and remove barriers to their use by undertaking a pro-active and regular review of regulatory regimes.
2. Create and support innovation facilitators like hubs, sandboxes, incubators, accelerators. The best practice is to review and create structural mechanisms to enable ongoing market engagements.
3. Coordination, collaboration and communication between domestic regulators is necessary. The emergence of innovations such as digital money, crypto-assets, initial coin offerings (ICOs), digital financial and non-financial services, requires the development of new

regulatory regimes and cooperation & coordination between regulators in different industries, such as telecoms.

4. Build staff capacity and knowledge of regulators and supervisors in the fast-evolving landscape
5. Digital finance has gone beyond cross-border to become borderless. This requires international coordination and cooperation by authorities to monitor macro-financial risks, mitigate of cyber-risks, and the managing of operational risks from third-party providers, such as cloud-based services.