Comments on Lebanon’s potential oil and gas finds in The National, Aug 25 2023

Dr. Nasser Saidi’s comments appeared in an article in The National titled “Lebanon ‘years away’ from realising benefits of potential oil and gas finds” published on 25th August 2023.

The comments are posted below.

There’s a “presource risk” when it comes to Lebanon’s case, where policymakers ramp up spending in anticipation of potential future revenue, Nasser Saidi, president of Nasser Saidi and Associates and Lebanon’s former economy minister, told The National.

Even if they find oil and gas trapped beneath the seabed, the quantity discovered may not be worth a major investment, Mr Saidi said.

For Lebanon’s economy to benefit from any future oil and gas production, a national oil fund that is independent of the country’s Finance Ministry needs to be set up, Mr Saidi said.

“There should be a strict law on the use of any revenues because this is resource wealth that is not renewable … you have to keep it for future generations,” he said.

In Lebanon’s case, revenue from oil and gas exports will come after “seven to eight years” as it builds the necessary infrastructure and pipelines, Mr Saidi said.

“We don’t know what the price of oil and gas is going to be by then. The world is in the energy transition and everybody is moving towards renewable energy and that might mean potentially downward pressure on oil and gas prices,” he said.

Comments on GCC's citizenship reforms in Arab News, Feb 24 2021

Dr. Nasser Saidi’s comments appeared in an Arab News article titled “Could citizenship for talented foreigners and investors be the GCC’s game changer?” on 24th Feb 2021.

The comments are posted below.

“The UAE is very much en route to becoming a multi-ethnic, multi-religious, multicultural country and it is certainly taking all the steps to make that happen,” Nasser Saidi, a Lebanese politician and economist who previously served as minister of economy and industry, told Arab News.

“The new citizenship law goes very much in this same direction. Previously, you were just a visitor here in one form or another. You were employed, you invested, but you didn’t have a long-term stake in the country. UAE citizenship for foreigners means you now have a long-term stake in the country.”

One particularly enticing aspect of the policy is that it allows new UAE passport applicants to also keep their existing citizenship.

“You can retain your own home country citizenship, which is very important for many people,” said Saidi. “There’s a big advantage from that point of view. Importantly, what this is really saying in terms of the economic aspect is that it allows you to be a leader in the country. It will attract and maintain human capital.”

….

“The first advantage is that you are creating a much more diverse multi-skilled labor force by reaching new people from

other nationalities," said Saidi, referring to the liberalized UAE residency rules.
"The second, the idea is to move away from the past economic model of the UAE, which is a 'build it and they will come' type of model to one based more on knowledge and tech-oriented development of industries. Fourth, you retain talent, and fifth, you increase foreign direct investment into the country."
Experts see many of the changes in the UAE's visa policies as a response to sluggish economic growth, low oil prices and financial blows delivered by the COVID-19 pandemic.
"Since 2015, you have had ups and downs in oil prices which has meant that continuing with the model where you are non-diversified becomes an increasingly risky proposition, particularly at a time of climate change when countries across the world are moving to reduce their carbon footprint," said Saidi.
"The market for oil over time has become smaller as countries shift towards greater energy efficiency and greater renewable energy. When you think of de-risking your fossil fuel assets, you do what Saudi Arabia did with Aramco. Everyone wants to de-risk now, which means greater diversification and moving away from high energy-intense activities. And this has been taking place over the last three to four years."

Comments on Saudi Arabia PIF's strategy in Arab News, Jan 27 2021

Dr. Nasser Saidi's comments appeared in an Arab News article titled "Saudi Arabia puts foot on the gas with accelerated

strategy for sovereign wealth fund PIF" on 27th Jan 2021.
The comments are posted below.
Regional economics expert Nasser Saidi says the announcement was a quantum leap in the Kingdom's plans. "Saudi Arabia has put its foot on the gas of the Vision 2030 strategy with the announcement of the economic plan for the next five years, under the auspices of the PIF," he told Arab News.
"There can now be no doubting the seriousness of its intentions to push through the plan to deeply transform and diversify the economy, and society, of the Kingdom, in super-fast time."

Comments on Saudi Arabia's Aramco in Arab News, Dec 16 2020

Dr. Nasser Saidi's comments appeared in an Arab News article titled "How Saudi Aramco IPO proved a game changer in a tumultuous year for oil" on 16th Dec 2020.
The comments are posted below.
"The first year was tumultuous for Aramco and oil producers," economics expert Nasser Saidi told Arab News.
"Aramco has opened the path for the privatization of GCC national oil companies and of the energy infrastructure across the region," Saidi said.
"The IPO was a game changer, part of a long-term strategy of reducing dependence on oil and gas wealth and using the proceeds to diversify the Saudi economy. Aramco is a global player, is resilient, with a clear strategy of diversifying its activities and sources of revenue, and with improved

corporate governance as a result of its public listing."

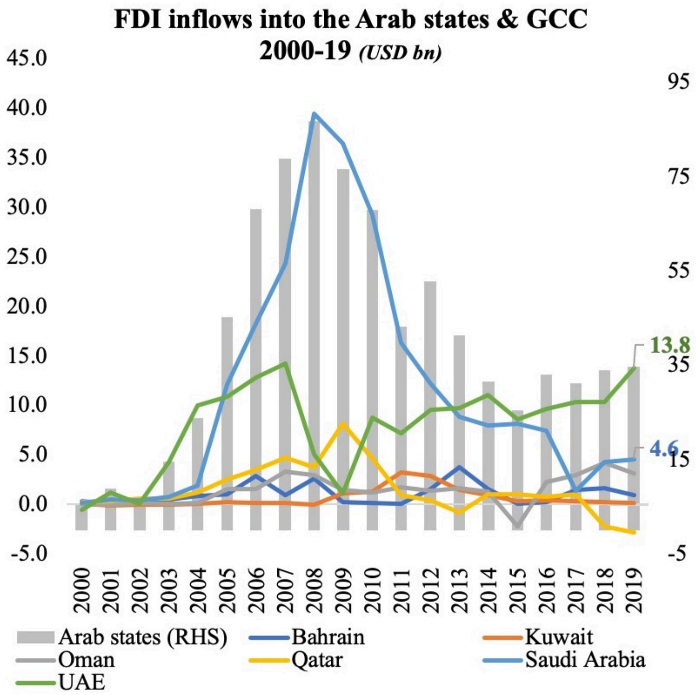
Weekly Insights 26 Nov 2020: UAE needs to attract FDI into viable, sustainable economic diversification sectors & projects

Download a PDF copy of this week's insight piece here.

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

The liberalization of foreign ownership laws in the UAE (announced this week) breaks down major barriers to the rights of establishment and will be a game-changer for the country. This reform will help to reduce costs of doing business, lead to a recapitalization of existing jointly owned companies and encourage entrepreneurs to invest in new businesses and new ventures, supporting innovation and the introduction of new technologies while also promoting inflows of foreign direct investment. Foreign companies within UAE's free zones would also be allowed to link up with the domestic economy, supporting local businesses and thereby boosting overall growth. The barriers between free zones and the domestic economy would become blurred, if not absent leading to greater competition and improved competitiveness.

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

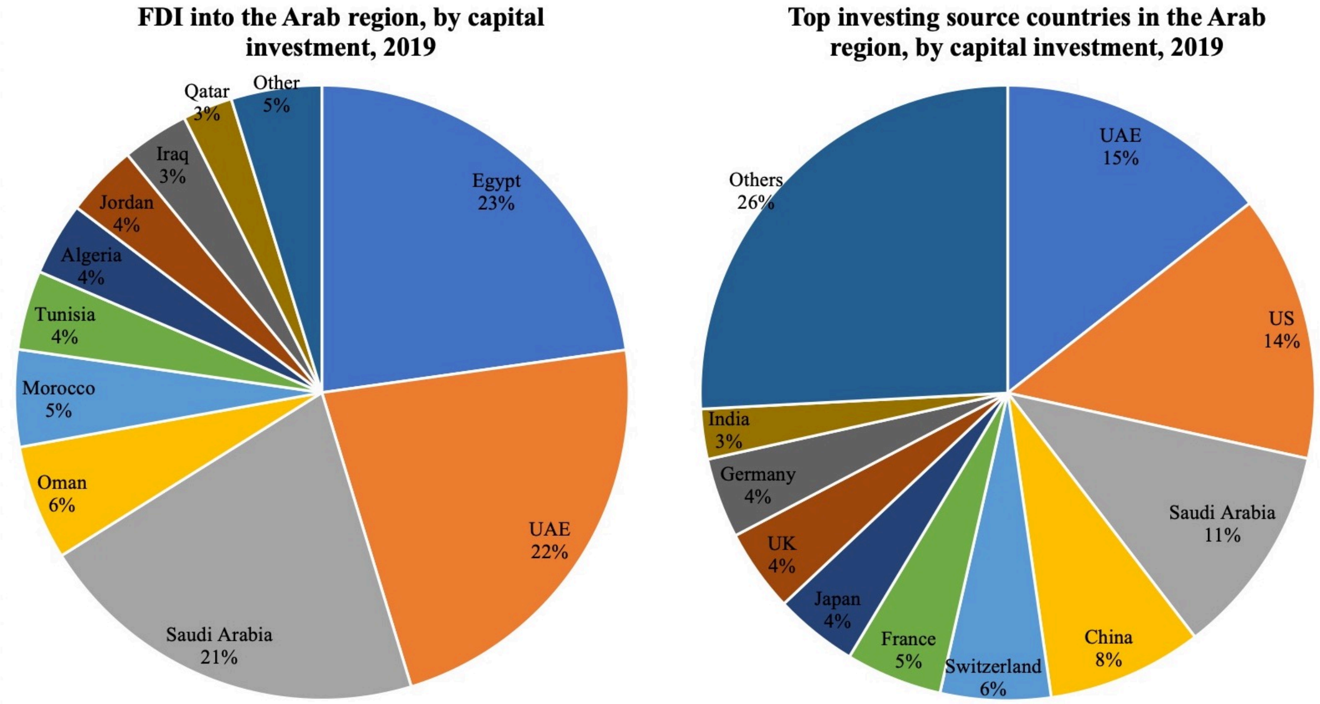


Source: UNCTAD, Nasser Saidi & Associates.

We focus on FDI in this Weekly Insight piece. FDI inflows are essential to the UAE's diversification efforts, as it would not only create jobs, raise productivity and growth, but could also lead to transfer of technology/ technical know-how and promote competition in the market. According to the IMF, closing FDI gaps in the GCC could raise real non-oil GDP per capita growth by as much as 1 percentage point.

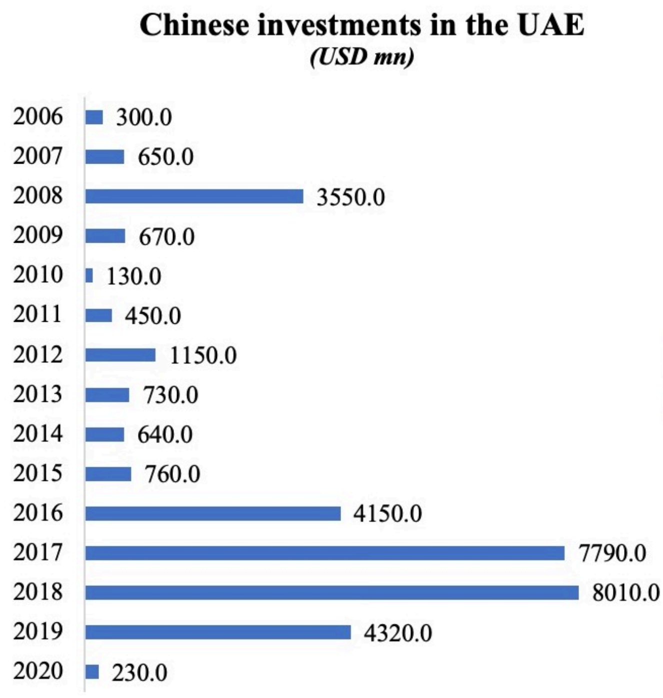
While FDI inflows into the Arab region have been slowing in the past decade, the UAE still remains one of the top FDI destinations in the region. Inflows dipped during the time of the financial crisis (to USD 1.1bn un 2009 from an all-time peak of USD 14.2bn in 2007), but rebounded to USD 13.8bn last year, before the Covid crisis. Reforms to improve the investment climate (including allowing 100% ownership at free zones and protecting minority investors), its ease in doing business, good infrastructure as well as macroeconomic and political stability are factors that have aided the increase in FDI.

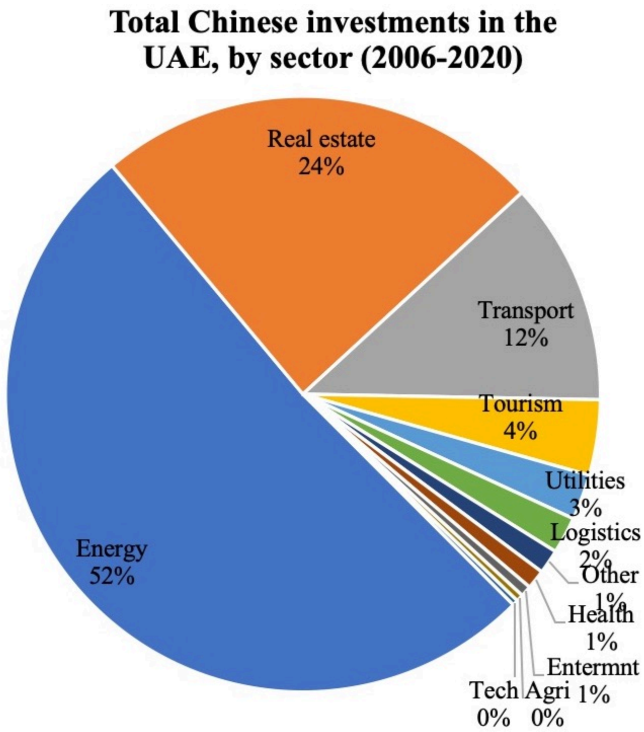
In 2019, UAE was the second largest destination for FDI inflow into the Arab region (USD 13.6bn or 3.4% of GDP, accounting for 21% of total), behind Egypt (USD 13.7bn or 2.8% of GDP, 23% of total) while it dominated FDI by number of projects (445). Interestingly, UAE is also a major capital exporter,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



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

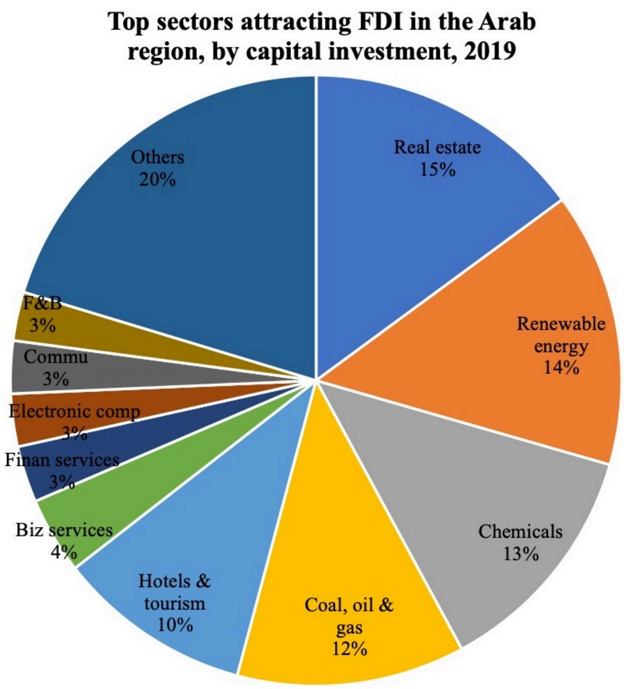
In spite of the Covid19 outbreak negatively affecting FDI inflows[1], Saudi Arabia defied the trend by posting a 12% yoy increase in inflows to USD 2.6bn in H1 2020[2] – in part linked to its mega-projects related to achieving Vision 2030. In Q1 this year, the UAE, along with Saudi Arabia and Egypt accounted for a share of 65.4% of total investment cost of projects in the region, valued at USD 11.2bn. Outflows from the UAE still accounted for 38.2% of GCC’s share of foreign investments in Q1 this year[3].





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

China's investments in the UAE have been rising, with UAE the top destination country (among Arab nations) accounting for more than one-third of Chinese projects tracked during Jan 2003-Mar 2020 (with the number of projects in double-digits in 2018 and 2019). According to AEI's China Global Investment Tracker, the value of Chinese investments touched a high of USD 8bn in 2018, thanks to a handful of large projects (including with ACWA Power and Abu Dhabi Oil). Sector-wise, investments were concentrated in energy (both oil and gas as well as renewables), real estate and transport – together accounting for 87.8% of total investments during 2016-2020. This is largely in line with FDI inflows into the Arab region as well, with the top 5 sectors (real estate, renewables, chemicals, oil & gas and travel & tourism) accounting for close to two-



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

thirds of total inflows in 2019.
For the oil producing & exporting countries of the GCC and the wider MENA, the broader trade and investment landscape was further disrupted (in addition to Covid19) as a result of the profound changes in the structure and dynamics of the energy sector and market. The deep recession and Covid19 lockdown and induced collapse in transport and travel led to a sharp fall in the demand for oil and cratering of oil prices. Fossil fuel prices are unlikely to recover even in the medium term due to the increasing competitiveness of renewable energy (solar, wind and geothermal), persisting competition from shale oil & gas and new fossil fuel discoveries, while climate change mitigation policies and greater energy efficiency are leading to a downward shift in the demand curve for fossil fuels.
Accordingly, returns on investment in oil and gas (O&G) will decline. The implication is that FDI into the traditional O&G in the UAE and the GCC will be on a downward trend. The challenge will be to attract FDI into viable, sustainable economic diversification sectors and projects.
The new post-Covid19 FDI landscape for the UAE will likely be boosted if the recently announced deep structural reforms are executed well, alongside a review of existing economic strategies. The next obvious step is greater regional integration – a GCC common market (to start with), allowing for free movement of both labour and capital – as well as formalizing trade and investment treaties with major partners including China.

[1] *UNCTAD expects global FDI flows are expected to contract between 30 to 40% during 2020-21.*
[2] *Source: UNCTAD*
[3] *Source: Arab Investment & Export Credit Guarantee Corporation*