

Comments on strikes on GCC energy infrastructure in The National, 7 Apr 2026

Dr. Nasser Saidi's comments on strikes on GCC energy infrastructure appeared in an article in The National titled ["Strikes on Gulf energy sites stoke global and regional stagflation fears"](#) published on 7th April 2026.

The comments are posted below.

Facilities recently attacked include Kuwait's Shuwaikh oil sector complex, which houses the oil ministry and Kuwait Petroleum Corporation headquarters, two power and water desalination plants in the country, a fuel storage facility run by Bahrain's Bapco Energies, and the Borouge plant and Adnoc's Hashan gas plant in the UAE. Many of them have reported significant damage, with assessments still underway.

"Hits to infrastructure will have more permanent effects on prices, the ability to recover energy supply and overall economic recovery; it is more likely to result in stagflation," said Nasser Saidi, president of Nasser Saidi and Associates and former economy minister of Lebanon.

Stagflation refers to an economy facing a combination of slowing growth, rising unemployment and high prices (inflation).

When infrastructure is damaged or destroyed, it leads to reconstruction costs as well as the need to develop alternative lower war risk infrastructure such as new pipelines and transport routes. This in turn implies higher deficits and use of fiscal buffers, Mr Saidi said.

"Destruction of energy and related infrastructure (pipelines,

ports, etc) implies a larger fiscal effect: lower revenue, higher deficit and build-up of debt, since capacity has been impaired or destroyed," he said.

"The longer the strait remains inaccessible, the greater the impact on prices, supply chains, and the regional and global economy, given the critical role of energy in all activities," Mr Saidi said. "This will feed into producer and consumer prices, resulting in macro-effects as economies and governments adjust."

That could mean increased working from home and e-learning, shorter work weeks, reduced travel and a hit to transport and logistics, among other things.

The hit to power and desalination plants could also lead to socio-economic and environmental effects, particularly in Gulf countries such as Bahrain, Qatar and Kuwait, Mr Saidi said.

"This can become existential and depends on the degree of dependence on desalinated water for consumption and production."

Mr Saidi said the economic and financial impact will depend on the reaction and effects on the private sector and how quickly confidence can be re-established.

"The latter will depend on how proactive governments (via fiscal, subsidies, industrial policies) and central banks (through monetary policies) are to counter the negative effects of damage to infrastructure," he said.

For the Gulf states, an important stabilising role can be played by state-owned enterprises and government-related entities, given that they dominate sectors such as power, water and transport, as well as by sovereign wealth funds, according to Mr Saidi. "We need a strategy reset," he added.

Comments on Iraq in the backdrop of the Iran war in The National, 18 Mar 2026

Dr. Nasser Saidi's comments on Iraq's polycrisis in the backdrop of the war in Iran appeared in an article in The National titled "[Iraq faces polycrisis as Iran war grinds its oil exports to a halt](#)" published on 18th March 2026.

The comments are posted below.

Iraq produced about 4.35 million barrels per day and exported about 3.4 million bpd before the war, which has come to a near standstill. With the war now in its third week, Baghdad is moving urgently to find alternative ways to ship its oil to global markets to fuel its economy.

"This is a polycrisis shock for Iraq: economic, fiscal, military/security and political," Nasser Saidi, president of Nasser Saidi and Associates and former economy minister of Lebanon, said.

Mr Saidi said Iraq is the least prepared of regional oil producers to face the fallout of the war.

"Economically weak and vulnerable, the country faces internal political divisions and ethnic divides, in addition to the security risks from its borders with Iran, Turkey and Syria," he said. "It has neither modernised its old energy infrastructure nor diversified its economy, trade or finances."

Even if Baghdad manages to resolve differences with the KRG

and strikes a sweet deal with Iran on passage through the Strait of Hormuz, Iraq's economic woes and its policy independence troubles are far from over, Mr Saidi said.

"Iraq is the only major sovereign nation whose primary revenue stream (from oil) is held in a foreign central bank (the Fed), giving the US substantial power over Iraq's domestic governance," Mr Saidi said.

While Iraq's central bank claims to have about 11 to 12 months of import cover, this liquidity is still in NY Fed-controlled accounts.

The country's international reserves stood at \$97.5 billion as of November, according to the Central Bank of Iraq.

The country imports about 90 per cent of its consumer goods, food, and medicine and is "financed by the petrodollar held at the Fed", Mr Saidi said.

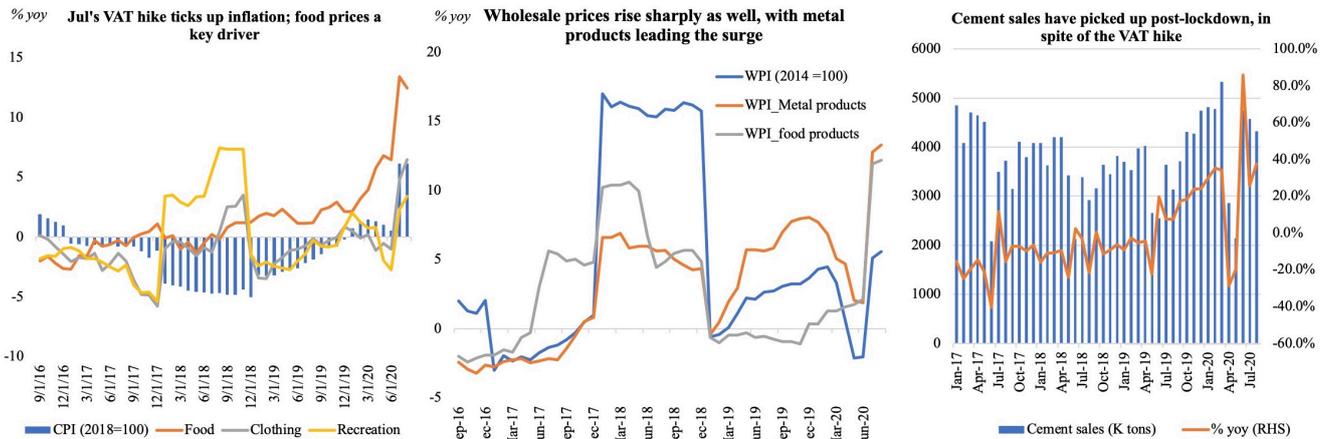
"The large informal economy (an estimated 60 per cent of non-oil GDP) will also be vulnerable to the current Hormuz shutdown," he added.

Weekly Insights 22 Sep 2020: Looking beyond Saudi inflation & oil exports

Charts of the Week: Saudi inflation numbers (consumer & wholesale prices) show the impact of the tripling of VAT. For now, a proxy indicator of cement sales is showing a pickup post-lockdown, in spite of the VAT hike. We also track the recent changes in Saudi exports, also to understand the impact

on government revenues.

1. Saudi inflation picks up post-Jul's VAT hike



Source: Refinitiv Eikon, GaStat, Argaam, Nasser Saidi & Associates

Headline inflation has been climbing in Saudi Arabia from Jul, not surprising given the VAT hike to 15% (from 5% before). The VAT effect is seen across multiple sub-categories, but note that food prices have been ticking up for many months now. Wholesale prices have also increased, similar to when VAT was initially rolled out in 2018, with metal product prices leading the way: these hikes will also filter down to the end-user.

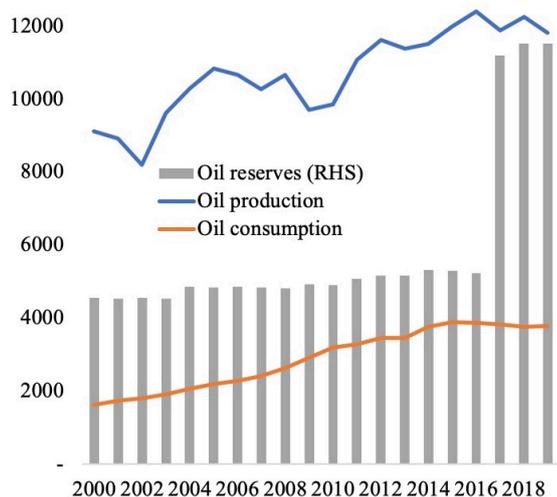
Household spending will be negatively impacted by the VAT hike ([as seen from recent SAMA data](#)), there seems to be an increase in cement sales – a proxy for the construction sector spending – after the expected dip during the lockdown period. This could be a result of work continuing on mega-projects like NEOM in addition to a boost from the housing market. The surge in mortgage loans this year (+94.4% year-to-date, with the value in Jun 2020 more than three-times compared to Jun 2019) and the announcement that homes priced at SAR 850k and below will not be subject to VAT will support the housing market. Risks of a severe slowdown in government spending and/or delayed payments could however affect near-term demand.

2. Oil sector in Saudi Arabia

The latest trade data from Saudi Arabia shows a drop in

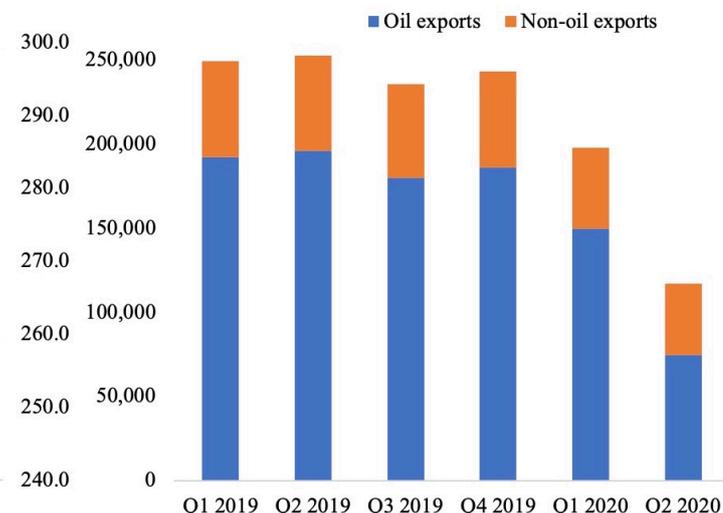
overall exports in Q2 this year (-53.6% yoy): oil exports were down by 61.8% yoy, and the share of oil exports fell to 64% in Q2 2020 vs 77.5% in Q2 2019. Partly attributable to the OPEC+ cuts and overall weak global demand for oil (given Covid19), this implies a substantial reduction in government revenues from oil (in 2019, an estimated 63% of total revenues was derived from oil). At the same time, non-oil revenue will also have declined: government's postponement of some taxes and fees will bite into revenues and lockdowns would have negatively affected private sector activity.

'000 barrels daily Saudi Arabia is now #2 producer of oil globally (share:12.4%), but accounts for 17.2% of proved reserves



Source: BP Statistics, Nasser Saidi & Associates

'000 mn barrels SAR mn Saudi oil exports were the lowest on record in Jun; accounted for 64% of total exports in Q2



Source: GaStat, Nasser Saidi & Associates

Q1 has already posted a budget deficit of SAR 34.1bn, and the IMF estimates (as of June 2020) overall fiscal deficit to widen to 11.4% of GDP this year from 4.5% a year ago. Fiscal consolidation efforts have been a cornerstone of every reform discussion and will likely continue to be – removal of subsidies, reducing public wage bills, raising non-oil revenues – at least in the near-term. This will likely be accompanied by more international debt issuances to finance the deficits, in addition to developing its fledgling local debt market.

The recently released data on world energy from BP shows that though Saudi Arabia is now the second-largest producer of oil

globally (behind the US), its proven reserves still account for 17.2% of overall global reserves. But, with the rising rhetoric that oil demand may already have peaked, the pertinent question is whether oil could end up being a stranded asset sooner than later. In this backdrop, with the Covid19 pandemic and a resultant push for climate change policies (before it is too late), it is imperative that the recovery model for Saudi Arabia (and rest of the fuel-exporting nations) includes a strong clean energy policy component within overall reforms, alongside a recasting of its economic diversification model and social contracts.

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