Comments on PetroYuan & GCC commitments to energy transition in Energy Intelligence, Nov 2024

Dr. Nasser Saidi's comments on the PetroYuan appeared in an article titled "Oil Dollar Pricing Seen Staying, But New Payment Modes Emerging" in Energy Intelligence, published on 8th November 2024. The comments are posted below.

Nasser Saidi, president of Nasser Saidi & Associates, an economic advisory and business consultancy and founder of the Clean Energy Business Council Mena, believes alternatives are no longer pipedreams.

"As geo-eco-political tensions increase and global economic and trade fragmentation increases as a result of Cold War II, we will witness the growth of the PetroYuan for financing China's O&G with its major oil exporters, Saudi Arabia, the UAE and other GCC countries," he told Energy Intelligence.

He cited reports of Indian oil refiners making payments in rupees for purchase of crude oil from the UAE under the 'local currency settlement' system agreed upon by the two countries. More importantly than India, which is the world's third-largest oil importer, are oil exporters, including Russia, Iraq and Indonesia that have accepted the yuan as payment for crude oil shipments, Saidi said. In 2023, there were 12 major commodity contracts that were settled in non-US dollar currencies.

Saidi doesn't believe pricing oil in other currencies will be an immediate move and he foresees the emergence of an Asian yuan zone as China increasingly integrates Asian countries into its supply chain. However, as trade and investment *sanctions are ratcheted up and the dollar is increasingly weaponized, for example by freezing of Russian US dollar and euro dominated assets, "countries will be encouraged to develop new payment mechanisms that could challenge the dominance of the dollar," he said.*

This could be in the form of adopting the yuan for trade, with the PetroYuan being used both for energy and non-oil trade payments, and settlement, he added. Other options include the extension of the Cross-Border Interbank Payment System (Cips), an alternative to Swift, and arranging central bank digital currency (Cbdc) transfers that facilitate cross-border flows such as the successful collaborative effort mBridge. While the Brics bloc announced plans for Brics Bridge, a digital currency cross-border payment solution, as an alternative to the dollar, Saidi said "there is a long while before it becomes operational and/or widely used."

In a separate article titled "[Decarbonization Still in Focus Despite Mideast Geopolitics]", dated 13th Nov 2024, comments on GCC's energy transition efforts were mentioned. Comments are posted below.

To date, Mideast countries don't appear to have wavered from their commitments towards the energy transition, said Nasser Saidi, president of Nasser Saidi & Associates, an economic advisory and business consultancy, and founder of the Clean Energy Business Council Mena. "For now, regional geopolitics has had a limited impact on various commitments to energy transition," Saidi told Energy Intelligence. "However, should funds need to be diverted to increased security and military spending, there would be a delaying impact."

The implementation of decarbonization and energy transition strategies are inevitable for countries of the region and will buttress their diversification efforts, Saidi said. It will *also help them create new export industries and products like hydrogen, attract foreign investment, and create jobs associated with the green economy and climate risk mitigation and adaptation technologies, he added.*

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

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

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

– The underlying situation in Egypt has still not changed: curbing of imports has led to supply shortages & dollar shortages have led to a rise in dollar rate in the parallel market. Accumulation of govt debt is a worry and the geopolitical situation adds another layer of uncertainty. There are some +ives: attractiveness to foreign investors (oil. & gas, renewable projects, start ups / e-commerce), tourism. But, this could be affected if the current turmoil in the region spills over and/or continues for longer.

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

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

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

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

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

Focus needed on post-war stabilisation, recovery and

reconstruction and the pre-war economic legacy

Nasser Saidi

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

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

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

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

By contrast, Israel's per capita income was eight times higher than in the West Bank and Gaza.
Reconstruction was one of the only "growth" sectors: in 2022, between $345 million and $485 million was required for immediate and short-term recovery and reconstruction needs in Gaza.

Israel's policy of economic warfare against Gaza has been very costly.

Will the current war engulf Lebanon, Syria, Iran, Iraq and the

Gulf? We don’t know yet.

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

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

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

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

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

With the global economy tentatively recovering from the aftermath of the Covid-19 pandemic, the Russia-Ukraine war, high inflation and slow growth, the continuing war generates greater global geo-eco-political risk and uncertainty.

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

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

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

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

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

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

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

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

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

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

Bloomberg Daybreak Middle East Interview, 18 Oct 2023

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

– The impact of the conflict will depend on how long-drawn-out the conflict is likely to be, whether there are spillovers & if other parties are drawn into the conflict. Growth will slow down.
– Negative impacts likely on tourism & hospitality, FDI flows, and commodity prices (especially if the conflict continues &

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

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

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Bloomberg Daybreak Middle East Interview, 14 Sep 2023

Aathira Prasad joined Yousef Gamal El-Din on 14th of September, 2023 as part of the Bloomberg Daybreak: Middle East edition. Discussion ranged from the impact of the extension of oil production cuts by Saudi & Russia to growth outlook for Saudi Arabia; also discussed were the US-Bahrain security agreement and thoughts about inflation in Egypt.

Watch the interview below: https://www.bloomberg.com/news/videos/2023-09-14/nasser-saidi-assoc-s-prasad-on-oil-egypt-inflation-video

Bloomberg Daybreak Middle East Interview, 10 Aug 2023

Aathira Prasad joined Yousef Gamal El-Din on the Bloomberg Daybreak: Middle East show on the 10th of August 2023. Covered during the interview were the topics of Saudi-Israel normalisation efforts, its potential impact as well as oil price movements in the Saudi fiscal backdrop.

Watch the interview below from 33:30 to 38:40 and also via the original link: https://www.bloomberg.com/news/videos/2023-08-10/bloomberg-daybreak-middle-east-africa-08-10-2023

Bloomberg Daybreak Middle East Interview, 12 Jul 2023

Aathira Prasad joined Yousef Gamal El-Din and Manus Cranny on 12th of July, 2023 as part of the Bloomberg Daybreak: Middle East edition, speaking about Egypt's asset sales (USD 1.9bn worth, of which USD 1.65bn was in foreign currency) and prospects for the nation in the backdrop of record-high inflation. Also discussed were Turkey's inflation & growth prospects while also touching upon whether the Saudi cuts are going to affect the oil markets & also the country's growth prospects.

Watch the interview below, which can also be accessed from the original link: https://www.bloomberg.com/news/videos/2023-07-12/nasser-saidi-egypt-nabs-1-9b-state-asset-sales-video

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Bloomberg Daybreak Middle East Interview, 31 May 2023

Aathira Prasad joined Manus Cranny on 31st of May, 2023 as part of the Bloomberg Daybreak: Middle East show, discussing the upcoming June 4th OPEC+ meeting in the backdrop of mixed messages from Saudi Arabia and Russia. Also discussed was the prospects for Turkey given President Erdogan's election victory and how there has to be strong signals (such as pro-market cabinet appointees) to attract foreign investors.

Watch the interview below, which can also be accessed from the original link: https://www.bloomberg.com/news/videos/2023-05-31/-bloomberg-daybreak-middle-east-full-show-05-31-2023 *(watch from 37:25 to 44:10)*

Bloomberg Daybreak Middle East Interview, 26 Apr 2023

Aathira Prasad joined Yousef Gamal El-Din on 26th of April, 2023 as part of the Bloomberg Daybreak: Middle East show, discussing Lebanon's inflation numbers, and contrasting it with much lower GCC figures. Also discussed during the show was the outlook for oil prices in the context of production cuts and recovery in oil demand.

Watch the interview below, which can also be accessed from the original link: https://www.bloomberg.com/news/videos/2023-04-26/-bloomberg-daybreak-middle-east-full-show-04-26-2023 *(listen from 29:30 to 35:30)*

Comments on China-GCC economic relations, The National, 3 Feb 2023

Dr. Nasser Saidi's comments (posted below) on the potential for the GCC-China Free Trade Agreement and beyond, appeared in the article titled "Why a China-GCC free trade agreement might be a game changer" on The National dated 3rd February 2023.

Nasser Saidi, president of Nasser Saidi & Associates and *former chief economist of the Dubai International Financial Centre, says an FTA could be signed as early as this year.*

“The China-GCC FTA negotiations have been ongoing since 2004. While it has taken a long time, agreements have been reached on most trade-related issues,” says Mr Saidi, who also previously served as Lebanon’s minister of economy and industry and deputy governor of the country’s central bank.

“This is the last mile for negotiations, and considering [the] GCC’s plans to increase economic diversification, the agreement is likely to focus beyond just oil, [and] into trade [and] services (including digital), tech sectors and both portfolio and direct investments.”

Chinese President Xi Jingping’s historic visit to Saudi Arabia in December heralds a “major shift” in the strategic relationship between China and the GCC.

“President Xi’s visit will give a strong impetus and I anticipate an initial FTA could be signed in 2023,” says Mr Saidi.

Mr Saidi says trade between the GCC and China has been steadily rising and doubled between 2010 and 2021, with China accounting for about 16.7 per cent of the Gulf region’s total trade in 2021.

Mr Saidi says an FTA would open new sectors such as services, technology, artificial intelligence and robotics, and strengthen linkages in infrastructure, transport and logistics, leading to a “potential doubling of non-oil trade in three years”.

Opportunities also exist in construction, manufacturing, tourism and space exploration, as well as the linking of financial markets, he says.

While China is a big export market, Mr Saidi sees many *opportunities beyond trade and investment. "First and foremost, there could be significant benefits from the adoption of the PetroYuan," he says. "Oil could continue to be priced in USD, but payment and settlement would be in Yuan. The Yuan could be used for all bilateral trade with only the net balance settled in euro or USD."*

Deeper economic ties mean that China and the Gulf region can benefit from increased co-operation on numerous fronts such as the integration of banking and payment systems, the expansion of central bank swap agreements, collaboration between special economic zones and state-owned enterprises becoming an instrument of economic and industrial policy. "Sovereign wealth funds can also be used as an instrument for co-operation – for example GCC SWFs can focus more of their portfolios on Asian economies, especially China, and vice versa," says Mr Saidi. "In parallel, China will emerge as a geostrategic partner of the GCC in defence and security, given alignment on most political issues."

Bloomberg Daybreak Middle East Interview, 28 Nov 2022

Aathira Prasad joined Yousef Gamal El-Din on 28th of November, 2022 as part of the Bloomberg Daybreak: Middle East edition, touching upon oil prices and views in the backdrop of China's Covid policy and the price cap on Russian oil. On the economic outlook for the GCC, we remain optimistic, especially given that recovery is being boosted by both oil and non-oil sectors and that the relatively better fiscal stance of the GCC (with more savings and monies set aside for domestic and regional investments).

Watch the interview below, which can also be accessed from the original link: https://www.bloomberg.com/news/videos/2022-11-28/-bloomberg-daybreak-middle-east-full-show-11-28-2022 *(listen from 28:33 to 37:00)*

Bloomberg Daybreak Middle East Interview, 14 Oct 2022

Aathira Prasad joined Manus Cranny on 14th of October, 2022 as part of the Bloomberg Daybreak: Middle East edition, speaking about the latest red-hot US inflation readings and what it means for the MENA region. Also discussed in detail are Dubai inflation (especially housing), the 15-month high Saudi inflation and also oil prices in the backdrop of the US-Saudi comments.

Watch the interview below, which can also be accessed from the original link: https://www.bloomberg.com/news/videos/2022-10-14/prasad-inflation-relatively-muted-in-gcc-economies

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Bloomberg Daybreak Middle East Interview, 18 Mar 2022

Aathira Prasad joined Manus Cranny on 18th of March, 2022 as part of the Bloomberg Daybreak: Middle East edition, discussing the the soaring food prices in Egypt, higher oil prices and the country getting support from the IMF while also touching upon the inflationary situation in Turkey.

Watch the interview below, which can also be accessed from the original link: https://www.bloomberg.com/news/videos/2022-03-18/egypt-in-talks-with-imf-on-possible-funding-sources-video

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Bloomberg Daybreak Middle East Interview, 20 Jan 2022

Aathira Prasad joined Yousef Gamal El-Din and Manus Cranny on 20th of January, 2022 as part of the Bloomberg Daybreak: Middle East edition, discussing the advantages for Turkey on the news that the country signed a $4.9 billion currency swap agreement with the UAE, in addition to views on Qatar (ahead of the World Cup this year) and the energy market (with a focus on oil).

Watch the interview below, which can also be accessed from the original link: https://www.bloomberg.com/news/videos/2022-01-20/turkish-reserves-get-5b-boost-from-uae-swap-pact-video

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Bloomberg Daybreak Middle East Interview, 19 Dec 2021

Aathira Prasad joined Yousef Gamal El-Din on 19th of December, 2021 as part of the Bloomberg Daybreak: Middle East edition, sharing her views on UAE’s extension of central bank support, risks to the oil market from the Omicron variant and the consequences of the Lira’s demise on Turkey’s economy.

Watch the interview below, which can also be accessed from the original link: https://www.bloomberg.com/news/videos/2021-12-19/lira-hits-new-low-despite-end-of-cycle-video

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Bloomberg Daybreak Middle East Interview, 6 Dec 2021

Aathira Prasad joined Manus Cranny on 6th of December, 2021 as part of the Bloomberg Daybreak: Middle East edition, discussing the UAE’s resilient recovery, recent strong PMI readings in the GCC and thoughts on the oil market given the spread of the Omicron variant.

Watch the interview below; this can also be accessed at: https://www.bloomberg.com/news/videos/2021-12-06/prasad-on-dubai-s-emergence-from-virus-challenges-video

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Bloomberg Daybreak Middle East Interview, 16 Nov 2021

Aathira Prasad joined Manus Cranny on 16th of Nov, 2021 as part of the Bloomberg Daybreak: Middle East edition, discussing the outlook for the oil market as well as Dubai's potential IPO pipeline and related market exuberance.

Watch the interview below from 01:21:00 to 01:27:00; this can also be accessed at: https://www.bloomberg.com/news/videos/2021-11-16/-bloomberg-daybreak-middle-east-full-show-11-16-2021-video

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Bloomberg Daybreak Middle East Interview, 7 Oct 2021

Aathira Prasad joined Yousef Gamal El-Din on 7th of Oct, 2021 as part of the Bloomberg Daybreak: Middle East edition, discussing the UAE's debut federal bond issuance and potential to create a local currency debt market for stable access to capital, volatility in the oil market, UAE's non-oil sector outlook & an overview on MENA's growth prospects.

Watch the interview below from 31:08 to 39:42; this can also be accessed at: https://www.bloomberg.com/news/videos/2021-10-07/-bloomberg-daybreak-middle-east-full-show-10-07-2021

Bloomberg Daybreak Middle East Interview, 4 Aug 2021

Aathira Prasad joined Manus Cranny and Yousef Gamal El-Din on 4th of August, 2021 as part of the Bloomberg Daybreak: Middle East edition, discussing escalating tensions in the Gulf region as Iran's President Ebrahim Raisi is sworn in. She also shared her views on Egypt's rising food prices and the UAE's easing of restrictions for fully-vaccinated travellers from South Asia and Africa.

Watch the interview below; this can also be accessed at: https://www.bloomberg.com/news/videos/2021-08-04/iran-s-new-president-sworn-in-as-new-crisis-grips-gulf-video

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Bloomberg Daybreak Middle East Interview, 11 Jul 2021

Aathira Prasad joined Manus Cranny and Yousef Gamal El-Din on 11th of July, 2021 as part of the Bloomberg Daybreak: Middle East edition, discussing Saudi Arabia's cap on gasoline prices, the country's long-term plans of fiscal consolidation, GCC inflationary pressures and also the ongoing OPEC+ deadlock and impact on oil prices.

Watch the interview below; this can also be accessed at:

https://www.bloomberg.com/news/videos/2021-07-11/imf-urges-ksa-to-boost-welfare-and-tackle-wage-bill-video

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Saudi Arabia's Many Transformations, op-ed in Arab News French, Nov 2020

The article titled "Saudi Arabia's Many Transformations" appeared in a special G20 edition prepared by Arab News French. The oped piece (in French) can be accessed directly on AFN with the title *"Les nombreuses transformations de l'Arabie saoudite".*
The English version is posted below.

Saudi Arabia's Many Transformations

Saudi Arabia's membership, presiding and hosting the G20 is a first for any Arab country. This recognises and signals the global economic importance of Saudi Arabia, as well as its prominence as the biggest economy in the Arab world. Saudi is systemically important for the world's oil markets: not only is it home to 17.2% of the world's proven petroleum reserves, it is also the largest exporter of oil and plays a leading role in OPEC. It is a major international investor through its sovereign wealth funds, as well as a sustained source of remittances. Accordingly, the economic developments and prospects of Saudi reverberate across the Arab region due to its size, trade, investment and remittances links to other GCC countries and to labour and/or non-oil exporters. Saudi is systemic for the region.

Saudi Arabia has embarked on a transformation path, following the sharp oil price shock in the summer of 2014, aimed at gradually diversifying away from its high level of dependence on oil. This resulted in the launch of the Vision 2030 and National Transformation Plans about 4 years ago. The country undertook major initiatives including fiscal and structural reforms (energy price reforms, spending rationalisation, introduction of VAT and excise taxes), capital market reforms (ranging from opening up of Tadawul, launch of Nomu parallel market for growth companies, deepening the domestic Sukuk market) as well as social reforms (greater opportunities for women), opening up new sectors – entertainment, hospitality, tourism beyond- and strategically, undergoing a transition to moderate Islam. Reforms are being gradually implemented, but the Covid19 pandemic, the Great Lockdown and fallouts from the decline in oil prices have underscored key new challenges.

A “New Oil Normal” has emerged. Even prior to Covid19, weakening global energy demand, an energy transition was underway. Technological innovation has increased the competitiveness of shale oil and renewable energy, increased supply and constrained OPEC+’s ability to control prices. On the demand side, growing energy efficiency, COP 21 commitments have brought about significant behavioural and policy changes, implying a downward trend in oil demand relative to activity. The prospect of plentiful fossil fuel (including shale), with increasingly ubiquitous, cheap renewable energy, along with energy transition policy and regulatory measures, portends permanently lower real oil prices and threatens Saudi’s medium and long-term growth prospects.

Decarbonisation policies aiming at mitigating the risks of climate change will reinforce the drivers of the New Oil Normal by systemically lowering demand for fossil fuels. In addition, climate change has deep implications for Saudi Arabia and the MENA region. Desertification and extreme heat conditions are increasing, along with growing water scarcity. According to the World Bank, climate-related water scarcity is estimated to cost the region 6 to 14% of its GDP by 2050, if not earlier, and widespread droughts could potentially lead to "water wars". Rising sea levels is expected to put about 24 port cities at risk in the MENA region.

Despite the growing evidence of climate change, financial markets have not fully priced in climate risk. This is likely to change. A shift in market sentiment will lead to a Minsky Moment resulting in a sharp drop in the price of fossil fuel assets. This poses an existential threat and risk for Saudi Arabia (though it is of the world's lowest cost producers), that its fossil fuel reserves, its prime source of wealth, become stranded assets, investments which are no longer able to earn an economic return due to low oil prices.

Two other deep forces are transforming the global economic landscape. New technologies (digital, 4th industrial revolution, AI, robotics) are leading to structural economic and social changes, transforming consumer and producer markets, agriculture, manufacturing and services. Digitalisation is becoming ubiquitous. By contrast, globalisation, the handmaiden of the growth of international trade, foreign investment, portfolio flows and the movement of people, arrested by the Global Financial Crisis, is being reversed by the forces of populism, nationalism and the Covid pandemic. How should Saudi react to these multiple challenges? A new growth lifting and diversification strategy is required.

Saudi's next growth phase: Digitalisation, Decarbonisation, Green Deal, Regionalisation

First, Saudi Arabia needs to accelerate its diversification path away from oil through decarbonisation and de-risking fossil fuel assets. Decarbonisation requires a 'Green Deal', a low-carbon energy transition plan, the phasing out of energy subsidies and the introduction of carbon taxes to reduce consumption, and including a major drive to accelerate investment in and adoption of renewable energy and Clean Tech policies by both government and private sectors. Already Saudi is planning to invest some US$ 20 billion to develop 30GW of renewable energy by 2025. Aramco's part-privatisation and opening upstream and downstream fossil fuel assets to PPP should be accelerated. These investments & divestments can fuel the development of Saudi's capital markets to become a regional, if not a global centre, for green bonds and Sukuk, for green and climate finance.

Saudi's comparative advantage in solar energy can be the basis for a new energy infrastructure and new exports, enabling Saudi to shift to selling renewable-energy-based electricity to Europe (via an interconnected power grid), to East Africa, but also to Pakistan and India. Technology can also be used in climate risk mitigation, ranging from AgriTech (e.g. desert agriculture, vertical farming) to smart water management (in cities, households, industry and agriculture) to green/ sustainable construction and buildings. Through their linkages, building clean and smart cities will accelerate Saudi Arabia's move to embrace innovation and technological progress. Importantly, these investments are job-creating: each million dollars invested in renewables or energy flexibility is estimated to create at least 25 jobs, while each million invested in efficiency creates about 10 jobs[1]. A green deal, investment in renewable energy, climate resilient infrastructure and cities and using instruments to transfer climate risks to markets (carbon taxes and carbon trading) can be transformative for the Saudi economy.

The other building block is digitalisation, the national deployment of broadband and 5G to support a digitalised economy & society with investments in smart grids, smart city technologies and the deployment of new digital technologies, low-cost cloud computing, the IoT, AI and big data analytics. Digitalisation would raise efficiency and galvanise growth in government, services and industry, augment the domestic and international connectivity of the Saudi economy, create new jobs and activities, raise overall productivity and economic growth. Digitalisation of the banking & financial sector would enable FinTech to widen access to finance within Saudi and Islamic finance to the global Islamic community.

To counter the forces of deglobalisation, Saudi needs to be

the driving force for greater regional economic integration with a focus on removing the ‘soft barriers’ to trade & investment and integrating infrastructure and logistics: energy, water, transport & logistics, digital highways in the GCC, but also MENA countries with infrastructures gaps (Egypt, Iraq, Jordan, Lebanon) and East Africa. Saudi should formalise it’s shifting trade and investment patterns towards Asia and China through new trade and investment agreements with China, Japan, Korea, and the newly formed RCEP area. Greater regional and international integration would enable Saudi Arabia achieve its Vision 2030 targets and propel the nation to new heights within a transforming global economic landscape. Saudi has many transformations ahead.
[1] IRENA, Global RE outlook, Apr 2020

"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-two-summary/#d2-9

Excerpts from the session/ Dr. Saidi'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.

"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

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Panel discussion "Managing energy transition in the Middle East" at World Energy Week Live, 7 Oct 2020

The collapse in oil demand and prices due to Covid-19 has had a devastating impact on the resource-dominant countries of the Middle East. Will this delay economic reforms and a transition to lower carbon economies, or can this pose an opportunity for the region to accelerate energy transition and economic diversification?
This panel session, broadcast on 7th Oct 2020, was part of the Middle East and Gulf States session at World Energy Week LIVE on the theme "Managing Energy Transition in the Middle East"

Dr. Nasser Saidi joined an esteemed panel comprising of Adam Sieminski, President, KAPSARC, Adnan Shihab-Eldin, Director General, Kuwait Foundation for the Advancement of Sciences and

Robin Mills, CEO, Qamar Energy in a session moderated by Eithne Treanor, Executive Chair, WE Talks, World Energy Council.
The session can be accessed below:

Interview on CNN's Connect The World with Becky Anderson on Covid19, low oil prices and Lebanon, 9 Mar 2020

Dr. Nasser Saidi was interviewed on CNN’s Connect the World with Becky Anderson on the 9th of Mar 2020.
Watch the interview videos below:
Just how bad are things with Lebanon’s economy? What will a combination of COVID19 & the collapse in oil prices bring about in the MENA region? With global stocks falling fast, oil plummeting and COVID19 fears spreading, how should policymakers respond to the crises?

Podcast on the Aramco IPO with The National, 13 Nov

2019

The world’s biggest crude oil producer, Saudi Aramco launches the subscription period for its much-anticipated IPO as it rolls on with its ambitions to become the globe’s pre-eminent integrated energy and chemicals company.
Host Mustafa Alrawi, assistant editor in chief of The National, and Kelsey Warner, The National’s future editor, talk with Dr Nasser Saidi, regular contributor to The National and president of the economic advisory and business consultancy Nasser Saidi & Associates, about the Aramco IPO. Dr. Saidi discusses the IPO’s strategic importance, outlook for the oil market and strategy alliance with China.
In this episode:
Kelsey and Mustafa on Adipec (0m 32s)
Dr. Saidi on the IPO (8m 21s)
Headlines (27m 14s)
https://audioboom.com/posts/7421977-adipec-and-the-saudi-aramco-ipo

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Comments on Bahrain's economy in Devdiscourse, 18 Mar 2019

Dr. Nasser Saidi’s comments on Bahrain appeared as part of the article “Bahrain economy recovers after bailout from Saudi, Kuwait, UAE” published on devdiscourse.com on 18th March 2019.
The full article can be accessed at: *https://www.devdiscourse.com/article/international/447973-bahrain-economy-recovers-after-bailout-from-saudi-kuwait-uae*
Comment are posted below:
Bahrain, which does not have the vast oil wealth of its

neighbours, discovered a large oil and gas field off its west coast last year and is in talks with U.S. oil companies about developing it. The discovery could be an important source of revenue but its benefits are unlikely to materialise soon as converting the estimates to reserves is a costly and lengthy process. *"It takes a minimum of four to five years, so if you're going to get any revenue it's not going to be immediate, so you still have to face the adjustment to a large fiscal deficit and a large budget deficit," said Nasser Saidi, a Dubai-based economist.*

S&P has not factored in any contribution from the fintech initiative in its estimates for Bahraini economic growth. *"How much more are you going to get from fintech? Are you going to add 1 or 2 per cent of GDP? I don't think so, it's not a big employment generator," said Saidi.*

But Bahrain's prime position as a "stepping stone" to Saudi Arabia could wane given the fast pace of change in the conservative country as it moves to relax social restrictions and build entertainment and tourism industries. It is also developing its own manufacturing sector. *"It used to make sense four or five years ago, it doesn't make sense now that Saudi Arabia has opened up," said Saidi.*

Comments in Qatar Today's article on the latest developments in the energy

market, Jun/Jul 2018 issue

The below quotes from Dr. Nasser Saidi appeared in the cover story titled “Oil Price Hike: Shot in the Arm for GCC”, in Qatar Today’s Jun/July 2018 edition. The full article can be downloaded here.

Dr Nasser Saidi, President of the Dubai-based Nasser Saidi & Associates, too says the latest developments [in the energy markets] will definitely ease the fiscal pains in the GCC which have in the recent past seen removal of subsidies in a phased manner as well as the introduction of VAT and excise taxes.
While higher oil prices and thereby higher oil revenues will help soften the effects of fiscal austerity, it still remains lower than breakeven prices projected for most GCC nations. It therefore remains critical that further structural reforms be undertaken for greater economic diversification.
There have been some positive reforms in the labour market, announcements of residency (in the UAE, Qatar and Bahrain) as well as opening up sectors for 100% foreign ownership. There will be spillover effects into the non-oil sector also, alongside improvements in business and consumer confidence (already visible with the uptick in indicators like PMIs, GCC projects, slow pickup in credit growth, etc). The UAE government recently also announced several measures to reduce business costs, which will also have a positive impact on non-oil growth, says Dr Saidi.
Dr Nasser Saidi, President of the Dubai-based Nasser Saidi & Associates, says that though the markets for crude oil and gasoline are closely linked, it was not automatic as the prices of both products moved in tandem till 2008, and there has been some divergence ever since.
He says that oil continued to remain a global commodity versus the dominance of natural gas in regional pockets (which is influenced by factors like infrastructure, storage,

inventories, etc). The natural gas price shocks post-2008 were attributed to commodity-specific events (e.g., weather-related events like hurricanes) or bottlenecks at refineries, while oil price changes are affected by geo-political changes and global tensions.

"For Qatar, which supplies almost 25% of the world's LNG demands, there remains a strong demand from Asian economies (especially China) and Europe. Qatar has already announced expansion plans to increase its LNG export capacity to 100 million MTPA by 2024 as against the present output of 77 MTPA," says Dr Saidi, who was former Minister of Economy and Trade and Minister of Industry of Lebanon.

Saidi believes that oil prices will settle around the $55-$65 per barrel mark in the medium term and there are various supply and demand-side factors that affect the oil prices, including factors like production of shale oil, competitive renewable energy, energy efficiency policies, meeting commitments of COP 21 and beyond, etc.