

Comments on the UAE agreement with Oman re special economic zone in The National, 28 May 2025

Dr. Nasser Saidi's comments on the agreement between Dubai's global ports operator DP World and Oman to develop and operate the Al Rawdah Special Economic Zone appeared in an article in The National titled "[Oman's new economic zone signals Gulf intent in global supply chains amid trade war](#)" published on 28th May 2025.

The comments are posted below.

The UAE's experience in the development, efficient and profitable management and sound governance of special economic zones and free zones over the past 40 years can provide a valuable framework for Oman's initiatives, said Nasser Saidi, president of Nasser Saidi and Associates, former Lebanon economy minister and vice-governor of the Central Bank of Lebanon.

The new SEZ will also offer opportunities for well-established businesses in the UAE to transfer knowledge and skills, best practices in governance, infrastructure development and investor services can be shared. Oman's SEZs can learn from the UAE about smart ports, blockchain in customs clearance and the use of artificial intelligence in logistics, he added.

By developing specialised zones and infrastructure, Oman can enhance connectivity and economic co-operation across the region, integrate itself into regional value chains and position itself as a key player in regional trade and economic networks, Mr Saidi said.

This would complement the UAE's established role in global logistics and trade and enhance the region's resilience against global supply chain disruptions, he added.

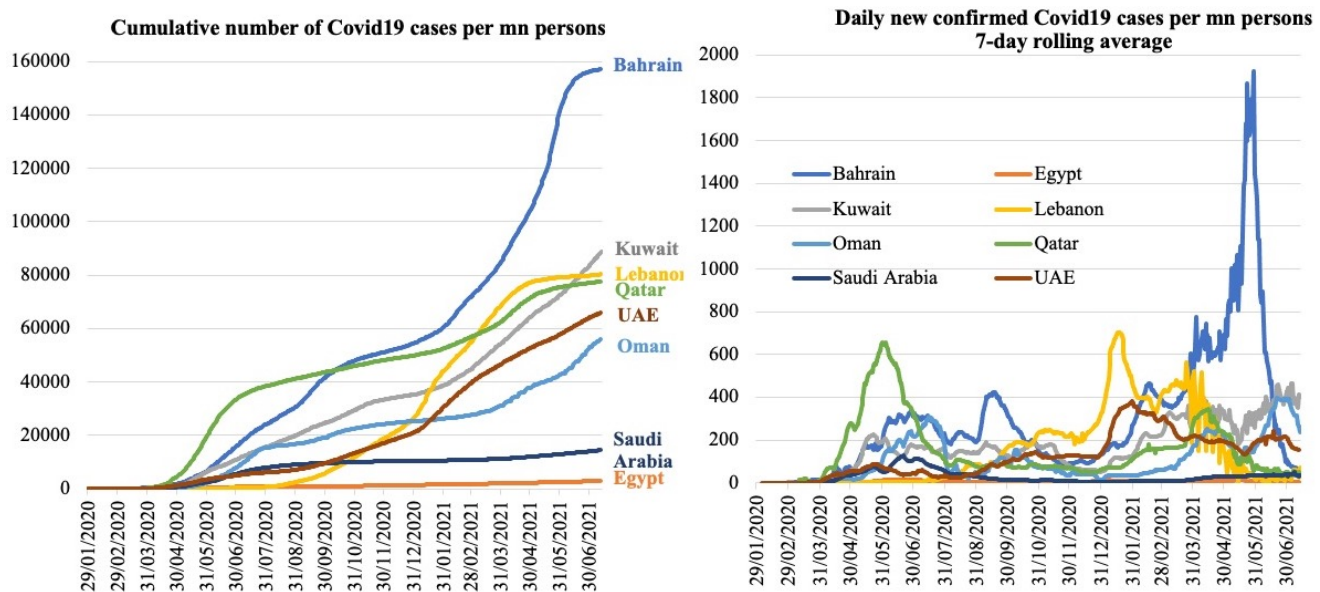
Weekly Insights 15 Jul 2021: Covid19 cases, vaccination & beyond (MENA & UAE) + Saudi-Omani cooperation

Weekly Insights 15 Jul 2021: Covid19 cases, vaccination & beyond (MENA & UAE) + Saudi-Omani cooperation

1. Covid19 outbreak continues to rise in parts of the Middle East and North Africa (MENA)

- **Cumulative Covid19 cases in the MENA region have surpassed 10mn.**
- The GCC, which accounts for 14% of the population accounts for just over 1/5th of the cases; Iran, home to 21% of the region's population, accounts for just over 1/3-rd of cases.
- **Bahrain, which had seen a massive spike in cases** (reaching close to 2k daily cases per mn persons) towards end-May, has come down significantly. Kuwait, Oman and UAE have the highest readings as of this week.
- **At least 14 out of the 22 countries in the region have now logged the new, more infectious variant** (WHO) & surges are visible in many nations including the UAE,

Libya, Iraq, Morocco and Tunisia among others.

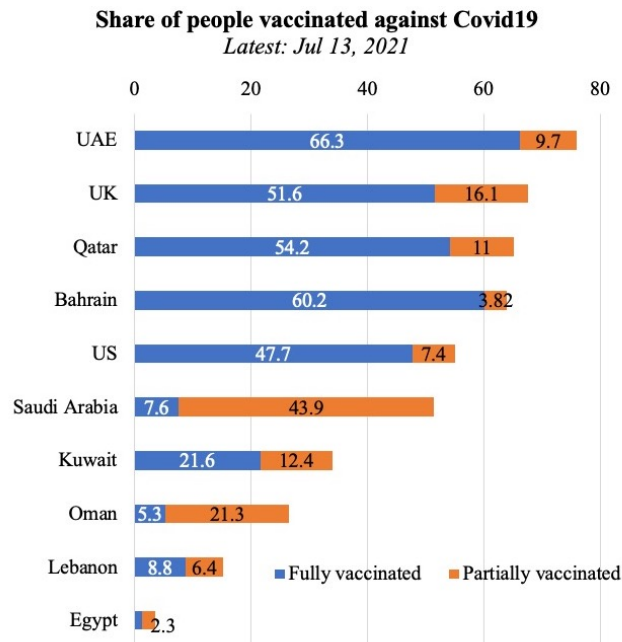


Source: Our World in Data. Charts created by Nasser Saidi & Associates. Data is as of July 13th, 2021.

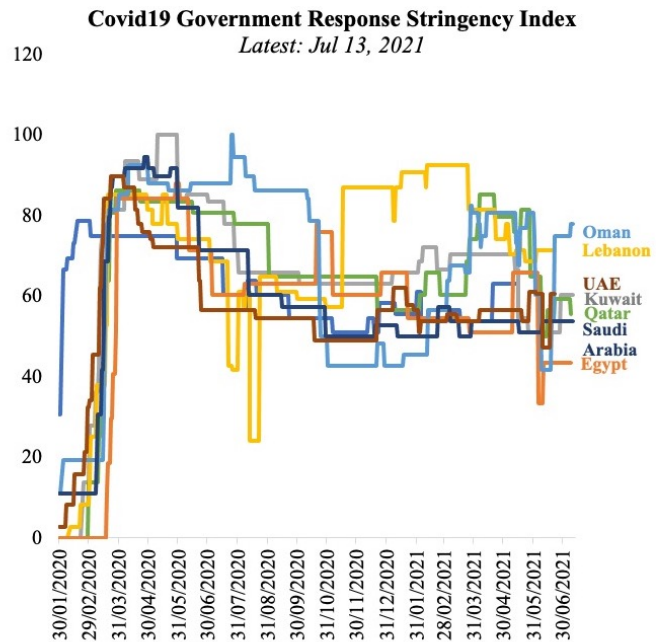
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on is the best way out of the pandemic amid adoption of Stringent Policy Measures

- As the Delta variant spreads, empirical evidence shows that vaccine are key in preventing hospitalizations – hence the **urgency to increase vaccination pace across the MENA region**.
- **Egypt and Saudi Arabia are the least stringent in the MENA region**; Lebanon, after weeks of high stringency levels, seemed to have its cases under control (from near 3,500 daily cases in mid-Mar to just 150 end-Jun).
- **Oman**, where cases are currently 44% down from the peak in Jun, continues to remain cautious: it has announced lockdowns during the Eid holidays next week & remains the most stringent. Its **vaccination pace is the slowest among the GCC nations**, with only 5.3% of the population fully vaccinated.



Source: Our World in Data. Charts created by Nasser Saidi & Associates.

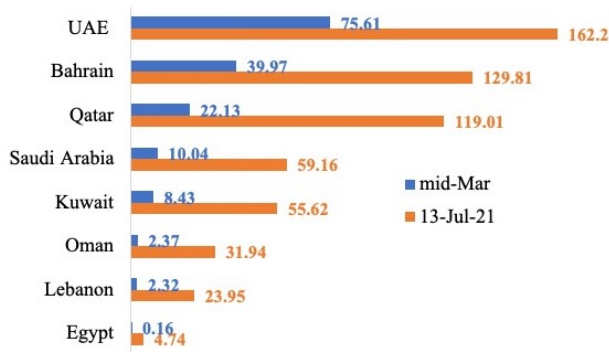


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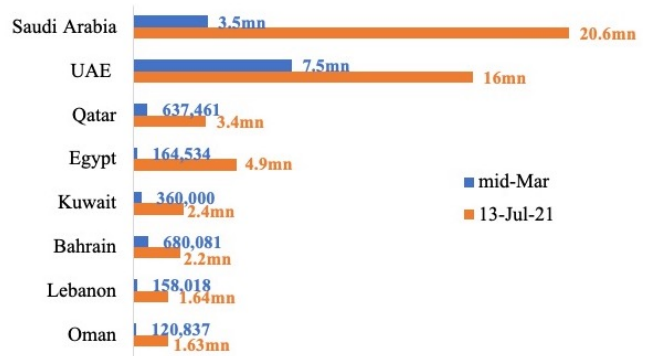
on pace in the Middle East has quickened, but with wide disparities

- **There has been a significant vaccine divide across the Arab world**, with the richer oil producing/ exporting GCC nations running successful campaigns versus the relatively poorer parts of Yemen.
- **UAE and Bahrain are top ranked at the global level**, having successfully administered 162.2 and 129.8 doses per 100 persons respectively; these nations have also started providing a booster shot to those that have been vaccinated for more than 6 months. However, the region is also home to **Yemen where only 1 dose has been administered per 100 persons** (vs 0.06 in mid-May) and **2.7 doses in Iraq** (vs 0.07 in end-Mar).
- **Vaccination pace has substantially quickened compared to mid-Mar** and is likely to continue as more production comes online, including from the region's economies: UAE's Hayat-Vax and Egypt's Sinovac.
- **Faster the vaccination pace, shorter the path to herd immunity and return to near-normalcy** in terms of economic activity – albeit with social distancing and masks.

Vaccine doses administered per 100 persons

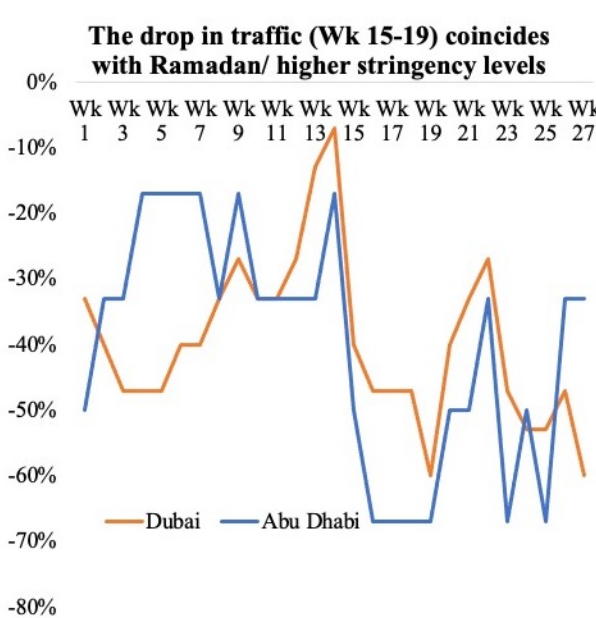
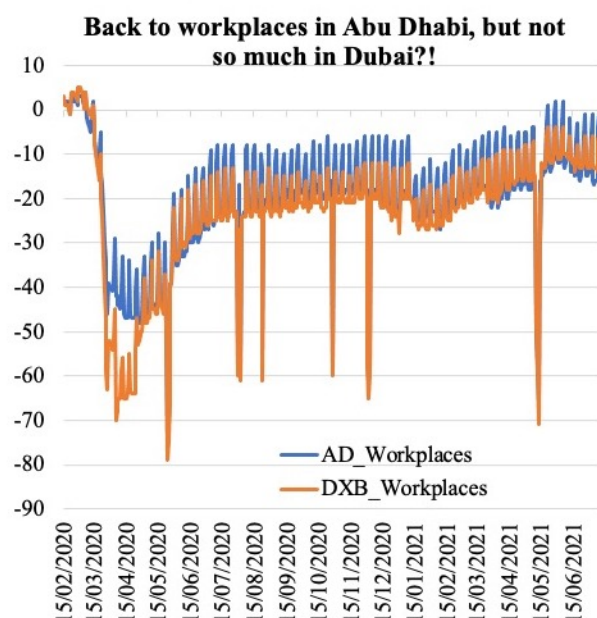
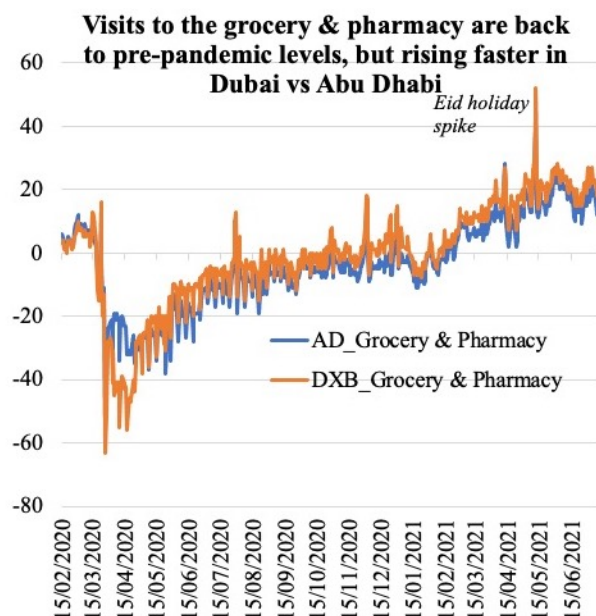
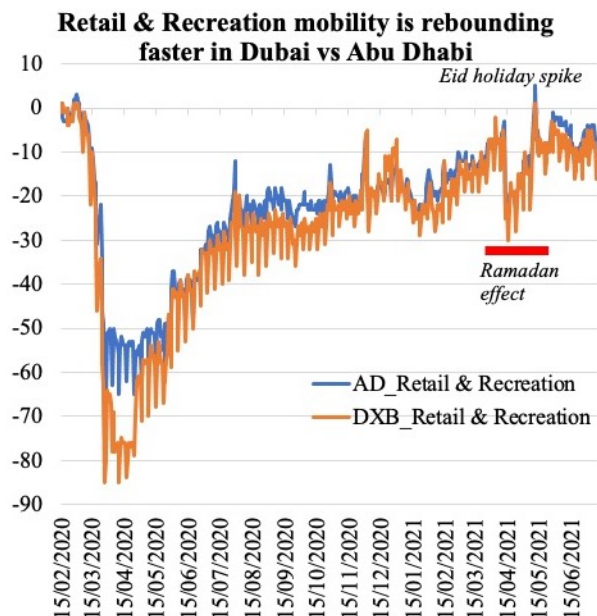


Total number of vaccination doses administered



Source: Our World in Data. Charts created by Nasser Saidi & Associates. Latest data is as of Jul 13, 2021.

4. Mobility improves in the UAE



Source: Google Mobility Report, TomTom traffic congestion data. Charts by Nasser Saidi & Associates

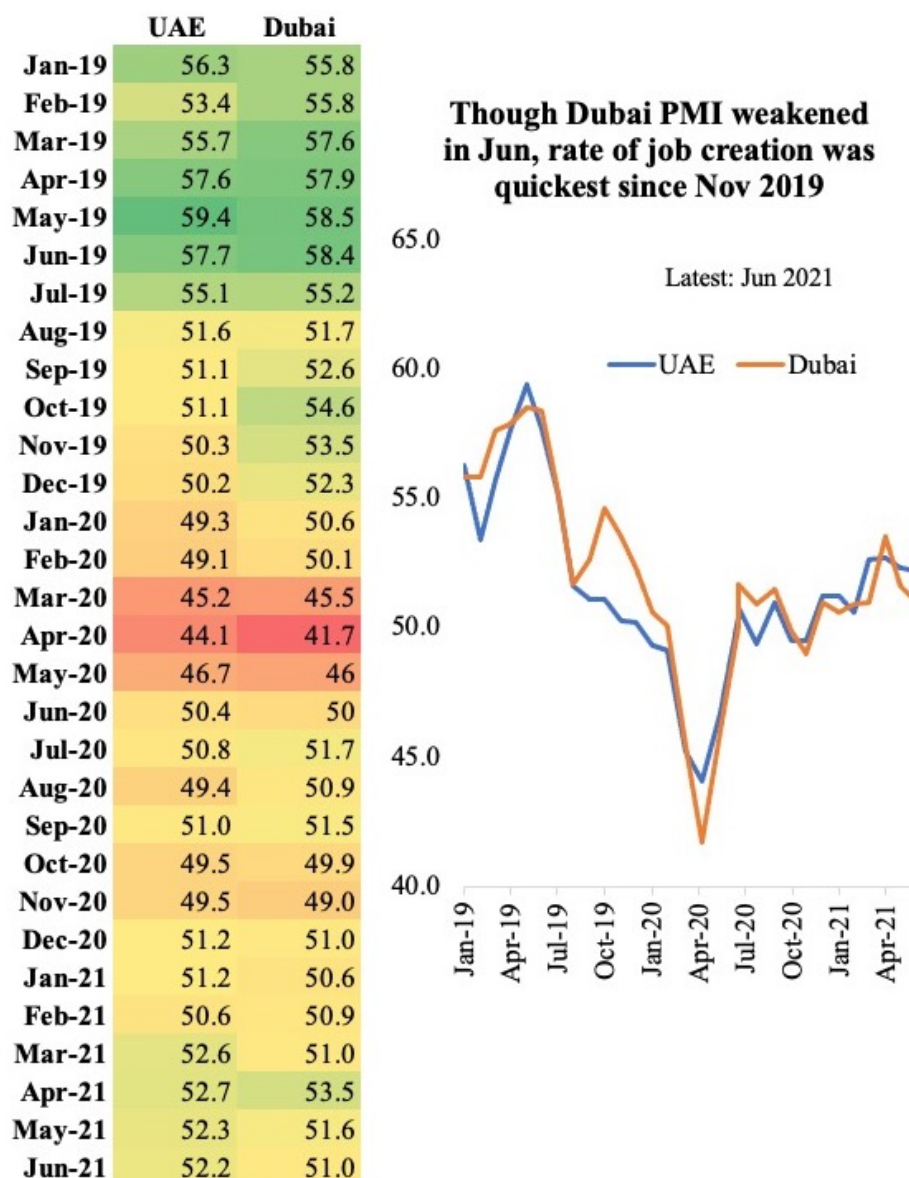
Notes: Google Mobility baseline is the median value, for the corresponding day of the week, during the 5-week period Jan 3–Feb 6, 2020
TomTom data shows the relative difference of average congestion levels in 2021 from standard congestion levels in 2019.

- Given its **relatively lower stringent levels**, it is no surprise that both Dubai and Abu Dhabi (within the UAE) report a rise in mobility across different categories
- **Retail & recreation remains below pre-pandemic levels:** with a significant drop during Ramadan and a spike for Eid
- Interestingly, **grocery and pharmacy visits have crossed to pre-pandemic readings**, though Dubai has higher footfall than Abu Dhabi
- **Weekly traffic congestion** moves in line with stringency,

though Abu Dhabi is picking up faster vis-à-vis Dubai – also reflected in workplace mobility

- With Eid holidays next week, **anecdotal evidence suggests high levels of domestic & international tourism** –latter limited to neighbouring nations (flights to India are still suspended; UAE stays on the UK's red list)

5. Both UAE & Dubai PMIs show expansion, though pace has slowed



Source: Refinitiv Datastream. Table & chart by Nasser Saidi & Associates

- UAE PMI edged down by 0.1 points to 52.2 in Jun; Dubai PMI eased by 0.6 to 51.6
- The **silver lining was employment in both**: increased at the fastest pace since 2019; but it is slower than the

long-run series average. **Expo** starting in Oct will also add create **new employment opportunities**

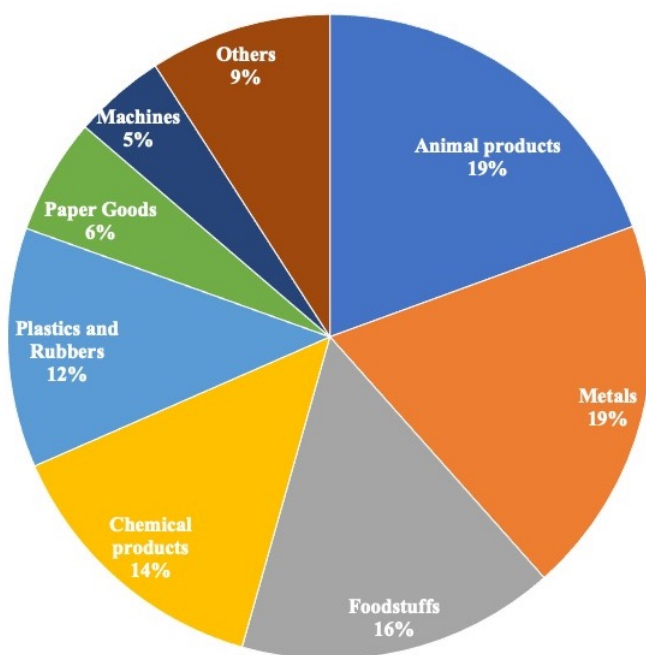
- **Raw material shortages were widely reported**, affecting output growth
- Supply chain problems + rising freight costs + lengthened delivery times meant **rise in purchasing costs => input cost inflation**
- Survey respondents highlighted **low sales**; export sales fell in UAE given flight cancellations
- Vaccination pace + less stringent measures + “open for tourism” + reforms (100% foreign ownership, long-term visas) implies that a **recovery is underway, but high number of daily cases (~1500) & new variants are cause for concern**

6. Saudi Arabia & Oman: long-term cooperation

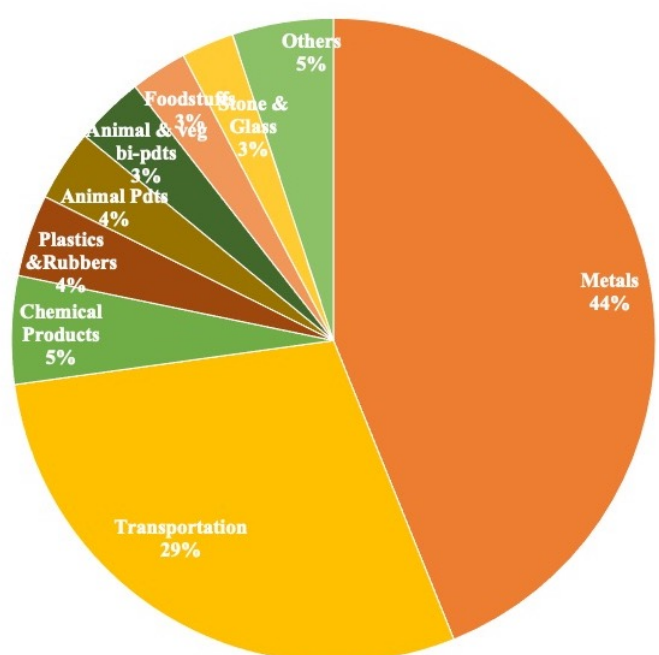
- **Oman's Sultan visited Saudi Arabia this week**: his first foreign trip since his ascension.
- **Economic cooperation on many fronts** likely to benefit from the discussions: trade, investment and infrastructure among others (in addition to security, cultural & other diplomatic discussions)
 - **Trade**: Oman's exports to Saudi Arabia stands at roughly 5% of total exports, but in the recent years, transportation materials have accounted for a substantial part of its exports to Saudi (chart)
 - **Investment**: Saudi Arabia is considering developing an industrial zone in Oman; last month, an Omani delegation presented around 150 investment opportunities worth an estimated OMR 1.5bn across multiple sectors including real estate, tourism, food security as well as renewable energy among others
 - **Infrastructure**: the Omani-Saudi road connection will reduce cost of transport, travel time & facilitate movement of goods.

- **Other opportunities abound** (*non-exhaustive list*):
 - Though oil remains a major export item for both nations, there is a **conscious effort to move to cleaner energy** including solar, wind & now green hydrogen.
 - **Privatisation programs**/ stakes in state-owned entities (including monetization of energy assets)
 - Saudi Tadawul/ Nomu could offer attractive **listing / cross-listing opportunities**

SAUDI ARABIA'S EXPORTS TO OMAN (2019)



SAUDI ARABIA'S IMPORTS FROM OMAN (2019)



Source: The Observatory of Economic Complexity. Charts created by Nasser Saidi & Associates

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Interview with Al Arabiya (Arabic) on Oman's economy, 8 Jul 2021

In this interview with Al Arabiya, Dr. Nasser Saidi discusses the macroeconomic outlook for Oman, in the backdrop of the latest IMF Article IV consultation and news that Oman had requested for technical assistance from the IMF .

[Watch the interview](#) and read the article (in Arabic) that was published on 8th July 2021, and is posted below.

هل يتطور اتفاق الدعم الفني من صندوق النقد لعمان إلى برنامج تمويلي؟

قال رئيس شركة ناصر السعيد وشركاه، ناصر السعيد، إن سلطنة عُمان تسير على طريق إصلاحي جيد وطلب المساعدة الفنية من صندوق النقد الدولي سيساعد في وضع برنامج متوسط الأجل لمالية الدولة وإدارة الديون.

وأضاف السعيد في مقابلة مع "العربية" أن نسب الديون مرتفعة وتصل لنحو 85% من الناتج المحلي الإجمالي وهذا عبء على المالية العامة.

وذكر أن الخطوات الإصلاحية الأخيرة شملت إقرار ضريبة القيمة المضافة بنسبة 5%، إضافة لإدخال بعض التعديلات والإصلاحات الهيكلية على الشركات الحكومية.

وأشار إلى أن جهاز الاستثمار العماني الآن يراقب كل الشركات التابعة للدولة، وتوجد شركة مسؤولة عن تطوير الطاقة في عمان.

وحول إذا كان من الممكن أن يؤدي الاتفاق الفني إلى تقدم السلطنة

للحصول على تمويل من الصندوق، قال السعيد: "هذا ممكن ولكن المهم أن يتم تنفيذ عدة خطوات إصلاحية".

ولفت إلى أن السوق المالي في عمان رحب بالاتفاق مع صندوق النقد الدولي، وشهدنا ارتفاع قيمة السندات العمانية.

توقع السعيد، ألا يحدث تغيير في ربط العملة بالدولار الأميركي، ولكن يمكن أن يكون هناك اقتراح بربط العملة بسلة عملات مثل الكويت خاصة أن الاقتصادي الأهم لعمان هو اليابان وليس الولايات المتحدة الأميركية.

وتابع: "أي برنامج لصندوق النقد الدولي قد يشهد مساعدات مالية خلال فترة وضع التوازن المالي الذي سيستغرق من 4 إلى 5 سنوات وهذا "سيكون محدوداً بالوقت وليست بالضرورة أن تكون مبالغ ضخمة".

وتحدث السعيد، أن عجز الميزانية خلال العام الماضي سجل 19% كنسبة للناتج المحلي الإجمالي بسبب كوفيد-19، إلا أن التوقعات تشير إلى تحسن أداء المالية العامة للسلطنة خلال عامي 2021 و2022 بفضل ارتفاع الإيرادات النفطية وغير النفطية مع عودة تدريجية للسياحة. وانتعاش أسعار النفط.

Weekly Insights 8 Jul 2021: Diverging PMI readings, Saudi's new import rules & Oman's IMF TA request

**Weekly Insights 8 Jul 2021: Diverging PMI
readings, Saudi's new import rules &**

Oman's IMF TA request

1. Global Manufacturing PMI near multi-year highs; PMIs slow in Asia as a more severe wave of the pandemic hits

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
May-21	62.1	64.4	63.1	65.6	53.0	52.0	50.8
Jun-21	62.1	65.1	63.4	63.9	52.4	51.3	48.1

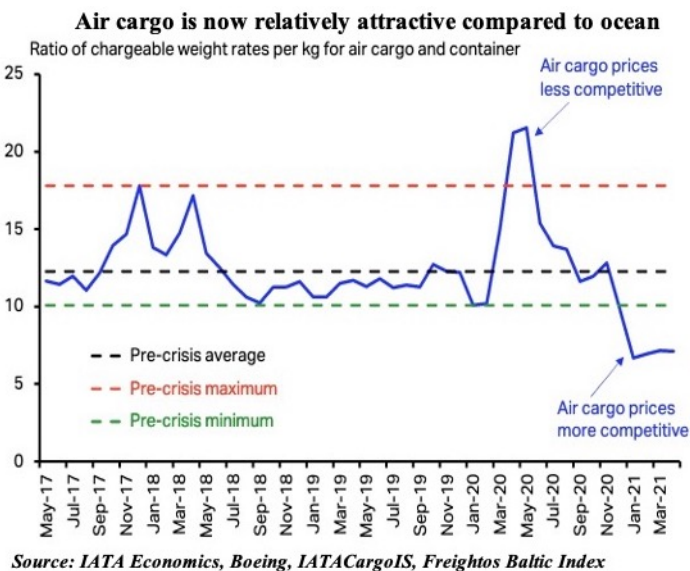
Source: Refinitiv Datastream, Nasser Saidi & Associates

- **Global manufacturing PMI** slipped to 55.5 in Jun, easing from the 11-year high of 56 in May, with **Europe the “bright spark” while Asia paled in comparison** (India fell into contractionary territory after 10 months; PMIs in Vietnam and Malaysia plunged to 44.1 and 39.9 respectively).

- **Supply disruptions continued**, and **average vendor lead times “lengthened** to the greatest extent in the near 24-year survey history”; **average input prices “rose** to one of the greatest extents in the survey history”.
- **Asia** is witnessing a more severe wave of Covid19 cases in the past weeks: **of every 100 infections last reported around the world, about 35 were reported from countries in Asia and the Middle East.** The region is currently reporting a million new infections about every 7 days.
- **While new orders are rising, lockdowns/ restrictions are causing delays and disrupting shipping**, with some estimating that the impact could affect shipments as far out as Christmas this year.

2. Shipping costs are still on the rise => air cargo relatively attractive

- **Global shipping costs (especially on long-distance routes) continue to rise**, as demand recovers amid shortage of containers. According to Sea-Intelligence, **Feb 2021 marked the height of container congestion**, with almost 12% of global container capacity (around 2.8m TEU) absorbed in vessel delays. In Apr 2021, the congestion figure was at 8.6% or 2.1mn TEU. **Increase waiting times at the Yantian port in Jun imply more congestion.**
- So, **air cargo is now relatively attractive compared to containers** price-wise (vs. Q2 2020 when aircrafts were grounded & hence air cargo fares spiked): IATA. Furthermore, the **speed of air cargo provides another competitive edge.** Cargo tonne km (CTKs) flown in May 2021 were 9.4% above pre-crisis level (May19), though slowing from Apr’s 11.3% reading.

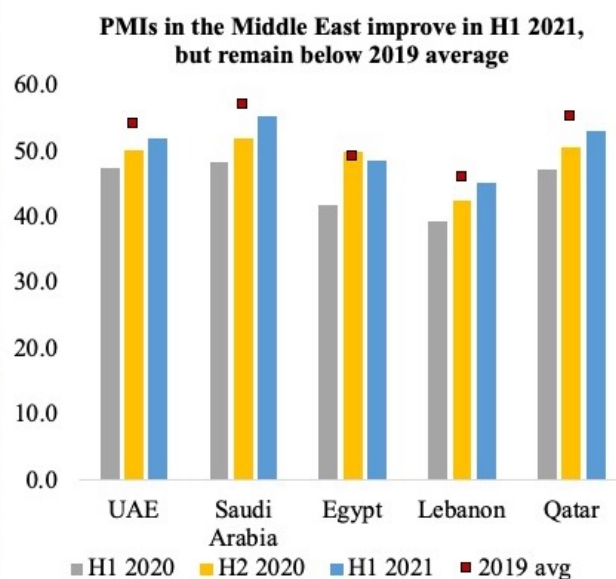


3. Mixed PMI readings in the Middle East: Lebanon and Egypt stay below-50

Heatmap of non-oil private sector PMIs in Middle East

	UAE	Saudi Arabia	Egypt	Lebanon	Qatar
Jan-19	56.3	56.2	48.5	46.5	50.5
Feb-19	53.4	56.6	48.2	46.9	48.5
Mar-19	55.7	56.8	49.9	46.3	50.1
Apr-19	57.6	56.8	50.8	46.7	48.9
May-19	59.4	57.3	48.2	46.3	48.1
Jun-19	57.7	57.4	49.2	46.3	47.2
Jul-19	55.1	56.6	50.3	47.7	45.2
Aug-19	51.6	57.0	49.4	47.8	46.4
Sep-19	51.1	57.3	49.5	46.4	49.0
Oct-19	51.1	57.8	49.2	48.3	47.3
Nov-19	50.3	58.3	47.9	37.0	48.3
Dec-19	50.2	56.9	48.2	45.1	49.4
Jan-20	49.3	54.9	46.0	44.9	48.7
Feb-20	49.1	52.5	47.1	45.4	49.3
Mar-20	45.2	42.4	44.2	35.0	46.6
Apr-20	44.1	44.4	29.7	30.9	39.0
May-20	46.7	48.1	40.0	37.2	36.6
Jun-20	50.4	47.7	44.6	43.2	42.1
Jul-20	50.8	50.0	49.6	44.9	59.8
Aug-20	49.4	48.8	49.4	40.1	57.3
Sep-20	51.0	50.7	50.4	42.1	51.4
Oct-20	49.5	51.0	51.4	43.3	51.5
Nov-20	49.5	54.7	50.9	42.4	52.5
Dec-20	51.2	57.0	48.2	43.2	51.8
Jan-21	51.2	57.1	48.7	41.0	53.9
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Source: Refinitiv Datastream. Chart by Nasser Saidi & Associates

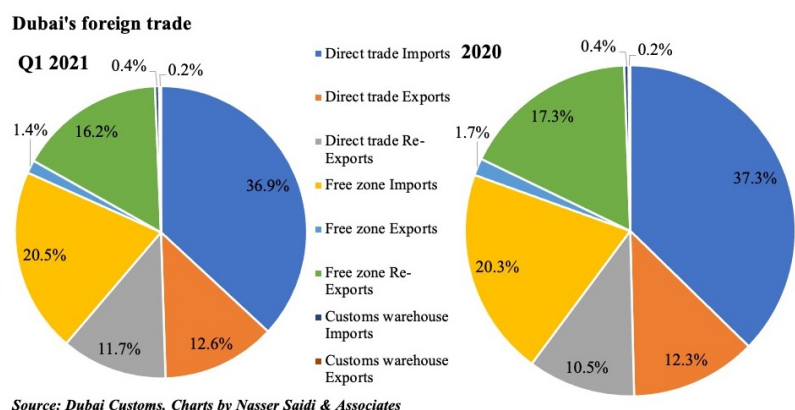
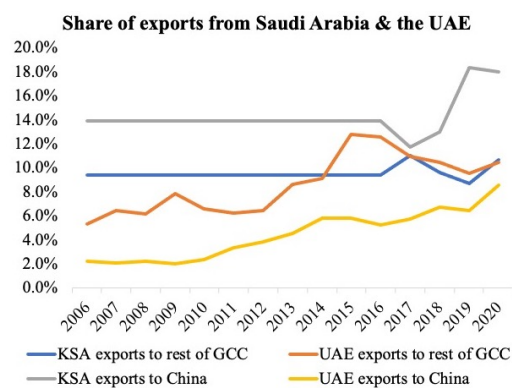


- While **PMIs** improved in H1 2021 vis-à-vis last year, it **still remained well below the 2019 average**
- Though **UAE PMI** edged down slightly in Jun, as foreign sales dropped amid supply delays, **employment** rose for the first time since Jan and at the quickest pace in more than two years. In **Saudi Arabia** as well, job creation rose at the fastest pace since late 2019

4. **Saudi Arabia's rules on local content, labour & value-added: impact on GCC trade?**

- **The GCC customs union agreement** (Jan 2003) was designed for highly oil-dependent economies and importing goods

- and services from the EU, US & Japan to a lesser extent.
- Since 1973 there has been a **tectonic shift in global economic geography towards Asia** with China the main trade partners for most GCC nations. At end-2020, China accounts for around 1/5th of Saudi's total exports; for the UAE, it stands at around 10% of total exports. In contrast, **intra-GCC trade stood at just above USD 90bn as of end-2019** (GCC Secretariat), a **trivial 5.5% of GDP**.
 - The GCC agreement & subsequent amendments also **did not account for the rapid growth of production and exports from the free zones and/ or special economic zones** leading to the current dispute concerning the domestic content of trade.
 - **Free zone trade is significant for UAE/ Dubai**, given the operations of Jafza: in 2019, **Jafza generated trade worth USD 99.5bn (roughly about the value of intra-GCC trade!)**



- The GCC agreement and subsequent limited amendments also **did not account for the rapid growth of production and exports from the free zones and/ or special economic zones** leading to heightened competition between Saudi products & UAE FZ/SEZ exports.
- The **GCC nations have not adapted to these changed domestic and external structural changes**, hence the pressure on the customs union and on trading rules (such as domestic content).

- The **GCC needs to move to a new trade and investment agreement** (replacing the customs union) and moving to a true **common market** that allows for **deep integration** (including for trade in services and labour mobility), allowing the GCC to benefit from economies of scale resulting from more open and greater market size, which would be a magnet for FDI.
- **A new GCC-wide deep trade & investment agreement would also allow the GCC to negotiate as a bloc** with the EU, China, ASEAN, USMCA and emerging African trading blocs, a must for participation in global value chains.
- **Short-term impact:** certain goods will be excluded from preferential tariffs implying an increase in customs duties and consequently the cost of doing business. UAE, a major re-exporting hub, is Saudi Arabia's second largest trade partner after China (w.r.t import value).
- **The current dispute, while disruptive in the short-term, can open the door to a more efficient, modern, trade & investment framework and agreement** that would boost growth prospects and allow for greater diversification, higher value-added regional trade (rather than re-exports from the rest of the world) and integration into evolving global value chains.

5. Is Oman's technical assistance (TA) request timely?

- Oman has requested for **Technical Assistance from the IMF to help it develop a medium-term debt strategy and strengthen its fiscal structure, given high budget deficits & jump in debt to GDP in 2020.**
- **Oman's non-oil economy grew by 5.7% to USD 14.8bn in Q1 2021:** NCSI. However, with a 20.6% plunge in oil sector activity, **overall GDP contracted by 2.5%.** The IMF forecasts 2.5% growth this year, given a recovery in aggregate demand post-vaccine rollout (21.5% of population has received at least one dose).
- There have been several **recent positive policy**

developments

A. **On the fiscal side:** (a) 5% VAT introduced; (b) expected to phase out water and electricity subsidies by 2025; (c) ongoing discussions re the introduction of income taxes for high-income earners

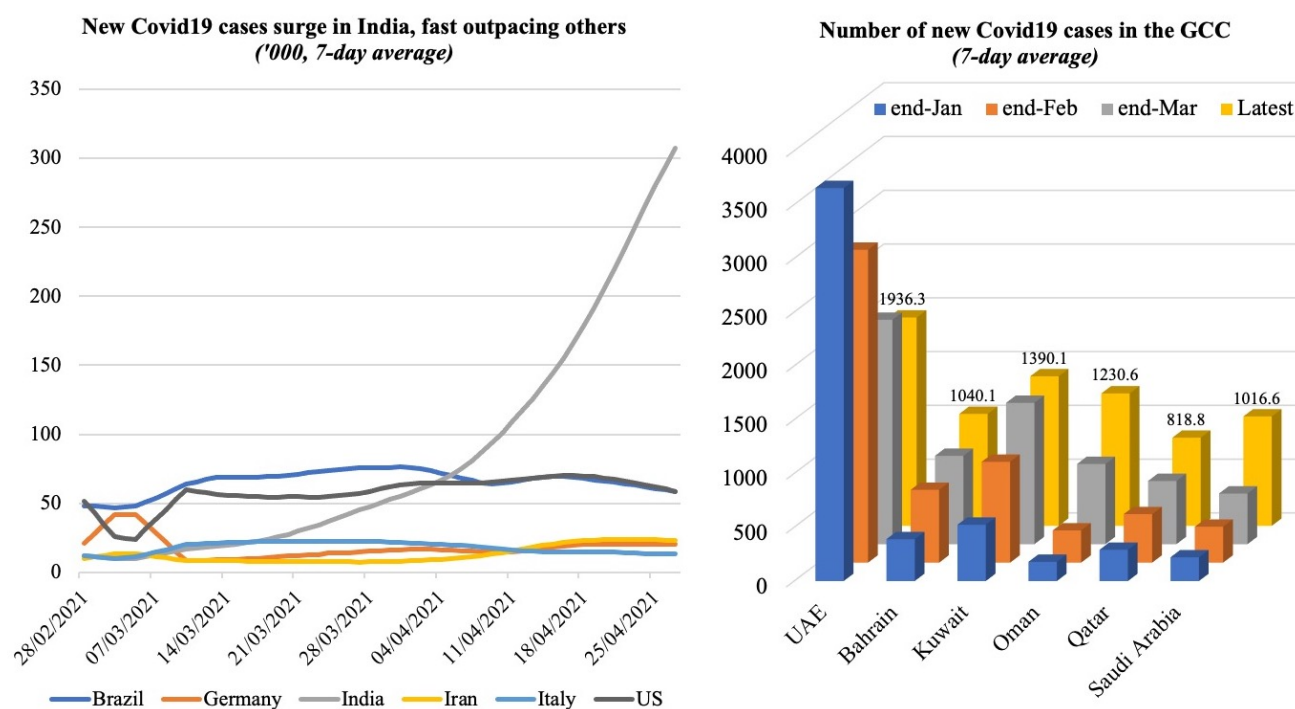
B. **Institutional reforms:** two new agencies were established: (a) the Oman Investment Authority to improve management of public assets and maintain oversight of State-owned Enterprises; and (b) Energy Development of Oman to manage and finance investments in energy

- However, **Oman's debt-to-GDP ratio surged** to 80% in 2020, from about 15% in 2015 & given fiscal/ financial support during Covid19, **budget deficit widened to 19.3% of GDP**. The latter is estimated to ease this year, to 2.4% of GDP. Fiscal reform is required to ensure fiscal & debt sustainability.
- **Oman has been tapping the international debt markets in 2021:** raised USD 1.75bn in nine-year sukuk in Jun (2nd transaction in international debt markets, following USD 3.25bn in 3-part bonds in Jan).
- Other than fiscal, another major issue is that of unemployment: **unemployment in Oman was estimated at 4.97% by ILO in 2020** (2019: 1.8%). More importantly, in 2019, youth unemployment was at 11.6% & female youth unemployment at a massive 36.3%. Covid19 last year would only have further exacerbated this.
- **Oman's request for TA could be the precursor for an IMF-sanctioned reform programme.** Egypt has seen the benefits of reform measures, being the only MENA nation to post a positive growth in 2020

Weekly Insights 29 Apr 2021: India's exponential rise in Covid19 cases – spillovers into the UAE?

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

1. As cases continue to surge in India, pace of global recovery comes into question



Source: Our World in Data. Chart created by Nasser Saidi & Associates

- **India reported the highest-ever single day cases on Wednesday, at 379,257 & continues to account for almost half the rise in global Covid19 cases.** Concerns about

the accuracy of these statistics notwithstanding, it is worrisome that more than 20% of tests are coming positive and that the crumbling healthcare infrastructure (in many states) is leading to around 3k deaths per day!

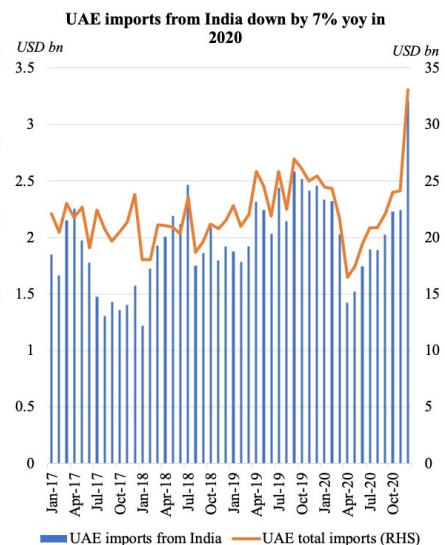
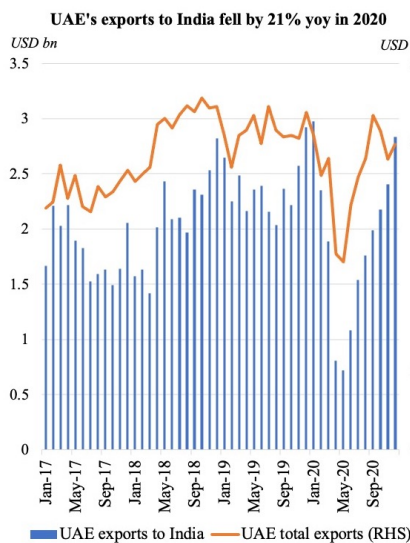
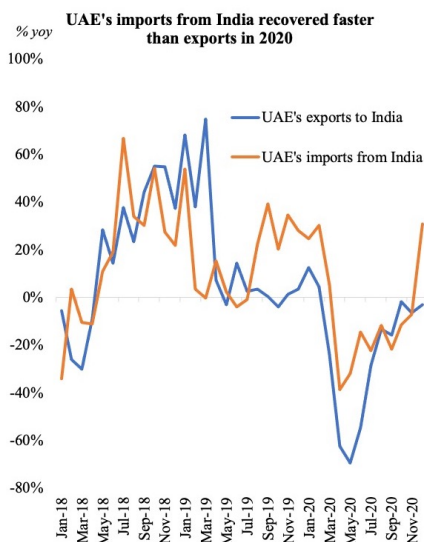
- **Given India's linkages with the global economy** (trade, labour & investment flows), **it is not surprising that emergency supplies are coming in from across the globe to contain the spread**; US relaxed its previous ban on exports of raw materials for vaccines.
- Meanwhile, **GCC nations (except the UAE) have seen a steady uptick in cases from the beginning of this year**; UAE's numbers though are still the highest among the lot. In terms of **new cases per million, Bahrain stands the highest (611) and Saudi Arabia the least (29)**, with Kuwait (326), Qatar (284), Oman (241) and the UAE (196) in between.

2. India-UAE links: Trade & Investment

- **UAE has developed strong links with Asia, and especially India**, over time. A prolonged slowdown in the Indian economy is likely to spillover into UAE's growth.
- First off, trade links: **bilateral trade was around USD 60bn in 2019**, though the Covid19 pandemic saw a decline in trade to USD 41.9bn (-30% yoy). Imports from India recovered much faster than exports into the country after the slump during lockdowns last year. India was the UAE's second-largest trading partner (after China) during pre-Covid times.
- While **oil is a key traded commodity** – about 8% of India's oil imports are from the UAE – exports of precious metals, stones and jewelry remain significant. Indian food imports also have a significant part to play in UAE's food consumption.
- **A slowdown in India would hence affect trade**

significantly: oil demand will decline with lower mobility; **higher cases would lead to lower economic activity** – i.e. negative impact on industrial production lowers exports of textiles, machinery products, lower levels of agricultural production implies less food imports from the country.

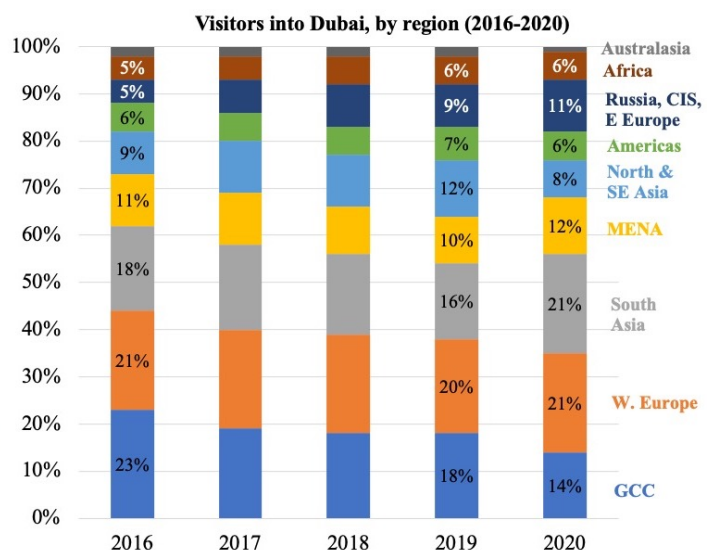
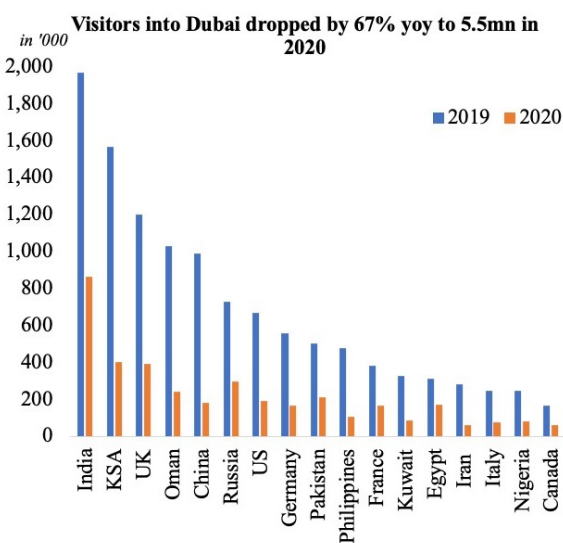
- Official figures for **Indian investment in UAE** are not available: the Indian Embassy estimates it at around USD 85bn.



Source: IMF Direction of Trade Statistics. Charts created by Nasser Saidi & Associates

3 . I n d i a - U A

E links: Tourism



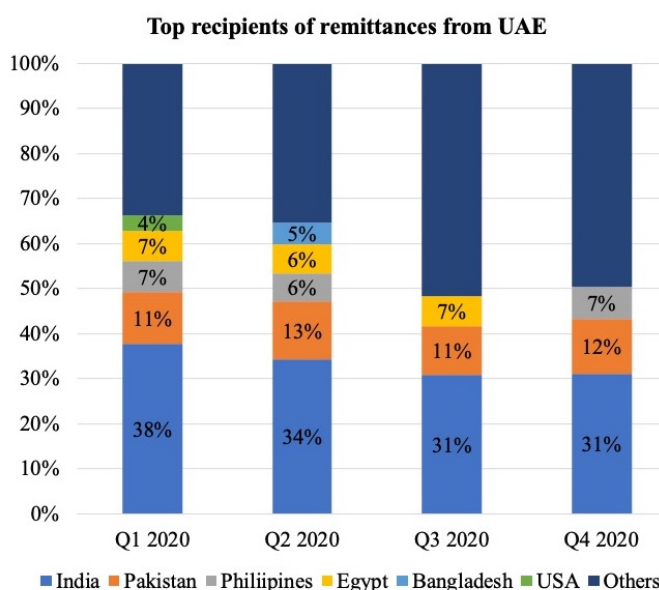
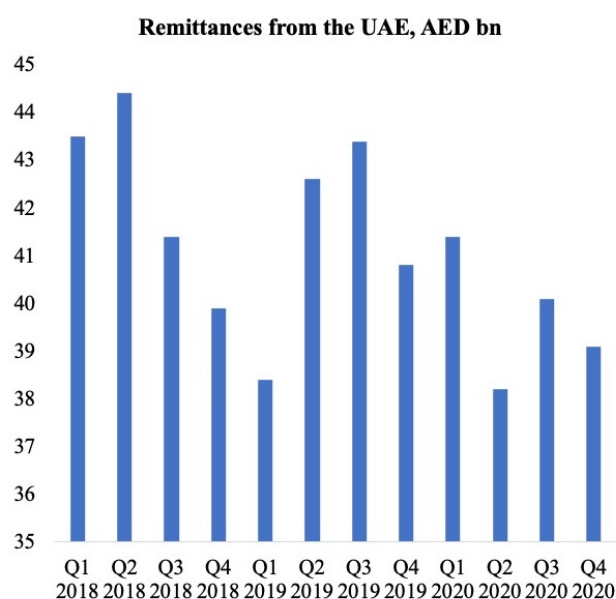
Source: Department of Tourism & Commerce Marketing. Charts by Nasser Saidi & Associates

- Prior to the Covid19 epidemic, **India was the largest source market for visitors into Dubai, attracting 1.97mn**

visitors out of a total 16.73mn.

- Covid19 cut short most tourist travel for a significantly large part of the year, resulting in a 67% decline in tourists into Dubai. **India was still the largest source market for Dubai in 2020** – attracting 865k persons (-56% yoy) and South Asia retained its top spot as the largest source of visitors (21% of total).
- **Flights to the Indian sub-continent have been suspended since Apr 25 for 10 days**, and given the exponential rise in cases in India, an extension seems likely – about **300 commercial flights operated weekly in what is one of the busiest international travel corridors**. Newspaper reports suggest an uptick in enquiries for private jets to ferry stranded residents (similar to the lockdowns last year). Cargo operations are carrying on uninterrupted.

4. India-UAE links: Remittances



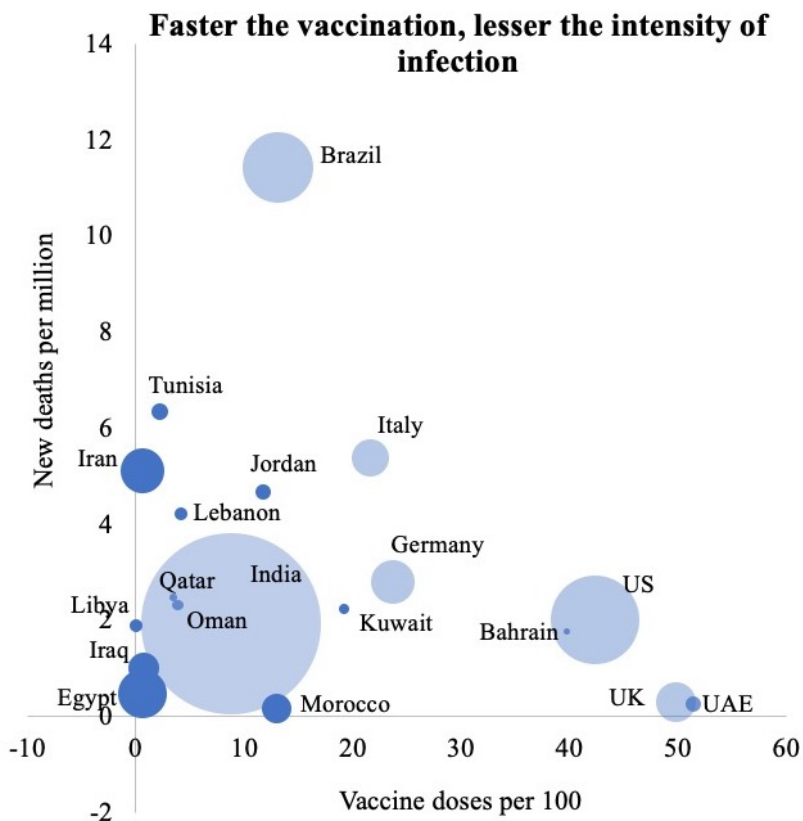
Source: UAE Central Bank. Charts by Nasser Saidi & Associates

- The **UAE-India migration corridor is one of the largest in Asia**: it stood at close to 3.5mn migrants in 2019. (Source: UN World Migration Report 2020). Indians account for around one-third of UAE's total population.
- **In 2020, total remittances from the UAE touched a total of USD 43.2bn** (-4% yoy). While Q1 saw a 7.8% uptick in

remittances, Q2 saw the sharpest drop of 10.3%.

- **Remittances to India accounted for 33.5% of its total remittances last year** – maintaining its spot as the largest recipient of remittances from the UAE.
- As India goes into lockdown, it is possible that **UAE will see an increase in remittances to the country** as financial support for families in need. **A weaker Indian rupee would further support this pattern.**

5. The economic case for vaccination



Source: Our World in Data. Chart created by Nasser Saidi & Associates
Bubble size denotes size of the population

- The discovery of vaccines for Covid19 had brought a sense of consumer and business optimism. However, **with vaccine distributions underway, its pace is less than heartening in many nations.**
- **Israel and UAE have topped the lists in terms of vaccination rates.** There is confirming evidence from Israel of reduced transmissions as a result of the inoculations.
- As the chart on the right (focusing on MENA nations)

shows, there is a **negative correlation between vaccination and infection rates**. Anecdotal evidence also suggests that an infection after the first dose of vaccine is much less likely to require hospitalization.

- **Unfortunately for India, the pace of vaccination has been very slow.** Less than 10% of the nation's residents received the vaccine, in spite of it being home to the world's largest vaccine manufacturer (the Serum Institute).
- **The rapid pace of India's infections also calls into question its vaccine production and distribution channels:** the Serum Institute has not fulfilled its commitment to supply the AstraZeneca vaccine globally (to UK, EU and Covax), but is also planning to sell the vaccine to state governments and private hospitals in the country (at higher rates).
- In the MENA region, new deaths per million are low in the UAE (the leader in vaccine doses per 100 persons) while Iran has a long way to go. If Israel's results are to be emulated, **a coordinated effort should be underway to accelerate the pace of vaccination, resulting in faster return to higher economic activity.**

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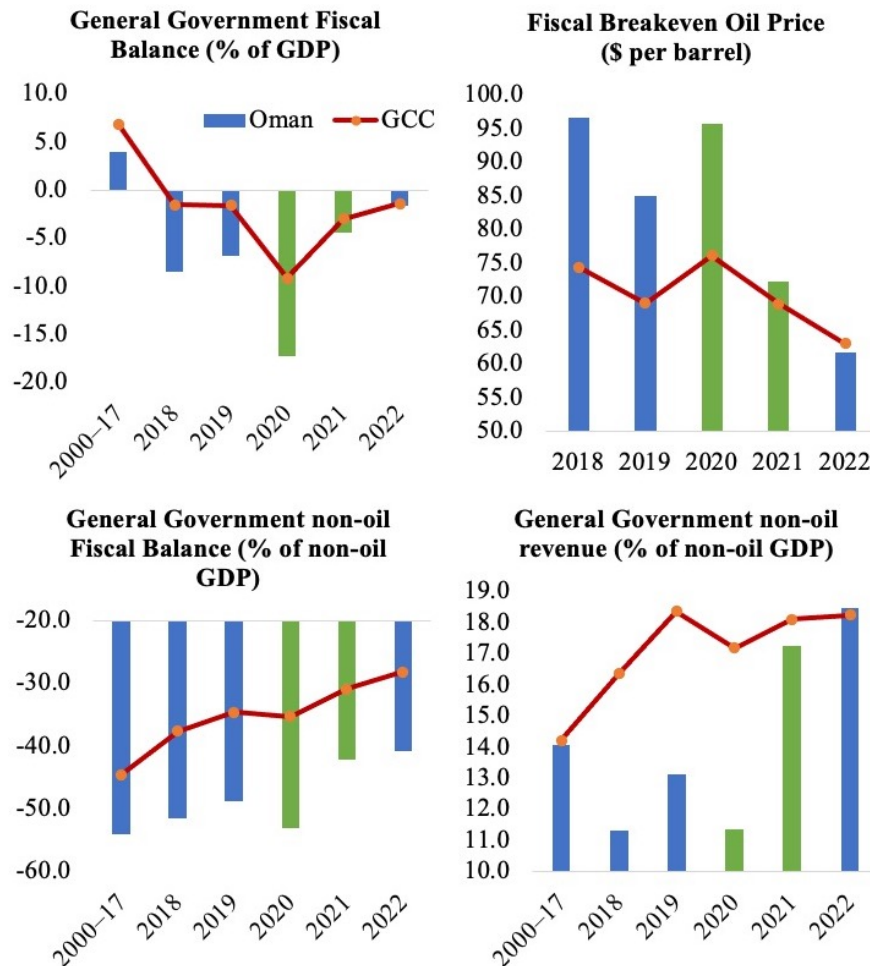
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Weekly Insights 22 Apr 2021:

GCC: Oil-dependence & Path to Climate Resilience

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

1. Oman: 4th GCC nation to implement VAT



Source: IMF Regional Economic Outlook, Apr 2021

- **Oman introduced 5% VAT** on most goods and services, **starting Apr 16**
- UAE and Saudi Arabia rolled out 5% VAT in 2018 & Bahrain in 2019
- According to Ministry of Finance estimates, **Saudi increased non-oil tax revenues to 32% in 2018** (vs just 10% in 2010), 36% in 2019 and estimated to rise to 46% in 2020 (given tripling of VAT)
- **UAE** collected AED 27bn in VAT in 2018 (1st year) & AED 11.6bn in Jan-Aug 2020 (pandemic year); **VAT revenues in**

- Bahrain** touched BHD 260mn in 2019 and BHD 220mn in 2020.
- Oman's VAT is estimated to **generate** ~OMR 400mn (**USD 1bn**) **in revenue** annually, roughly ~1.5% of GDP (if effectively and efficiently implemented)
 - As a result, the IMF projects **fiscal deficit to decline** to 4.5% of GDP in 2021 (2020: 17.5%) & **non-oil revenue to rise** to 17.2% of non-oil GDP in 2021 (2020: 11.4%)
 - **This move will lead to** an improvement of Oman's sovereign credit rating + lower the cost of credit + attract more FDI & portfolio investment as a result of the ensuing reduction in macroeconomic risks

2. GCC's Diversification Efforts & Renewable Energy policies

=> Transition to a lower-oil dependent region

- **Unsustainable path of dependence on oil**: current oil demand vs supply, pressure on oil prices + current fiscal & social spending policies => fiscal unsustainability: GCC's aggregate net financial wealth (est. at \$2trn) could be depleted by 2034 (IMF)
- **Oil market structure & dynamics are changing**, given global energy transitions: pre-Covid19, shale & renewables were already displacing conventional oil
- Major **challenges** for the oil market (*non-exhaustive list*):

–Demand-side factors:

- Gov't plans for sustainable recovery, ambitious **goals for net-zero emissions**
- **Covid19-led collapse in demand**: potential WFH policies & mobility, question marks over recovery of business/ leisure air travel
- Energy efficiency improvements, EV penetration

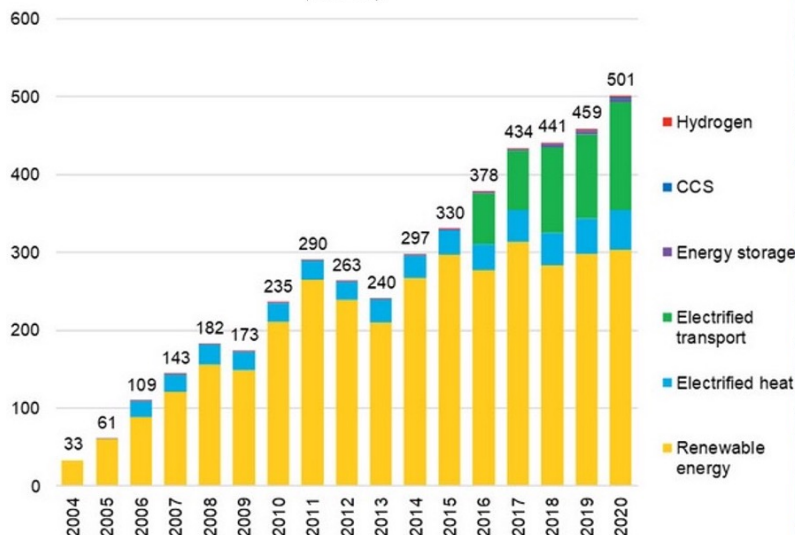
–Supply-side factors:

- Spending cuts and project delays could slow oil supply growth
- Large cost reductions in renewables + advances in digital technologies
- **Climate Change & Decarbonisation Risks are growing** – could lead to sharp fall in fossil fuel asset prices => stranded assets risk

3. Energy Transitions & GCC's ambitious targets

- The two-day virtual Leaders Summit on Climate (from today), hosted by the US President, brings the US back into play with respect to global action against climate change
- Latest news that banks & financial institutions with USD 70trn+ assets pledged to cut their greenhouse gas emissions & ensure their investment portfolios align with the science on the climate adds to the commitment

Global Energy Transition Investment, 2004-2020
(USD bn)



Source: Energy Transition Investment Trends, BNEF, Jan 2021
<https://about.bnef.com/energy-transition-investment/>

Renewable energy targets	
Bahrain	National renewable energy target of 5% by 2025 & 10% by 2035
Kuwait	Increase the share of renewable generation to 10% by 2030
Oman	Derive at least 30% of electricity from renewables by 2030
Qatar	Attain 20% of its energy from solar power by 2030
Saudi Arabia	Generate 50% of its energy from renewables by 2030
UAE	Reduce GHG emissions to 23.5% vs business-as-usual emissions for 2030
	Increase the share of clean power to 50% of the total energy mix by 2050

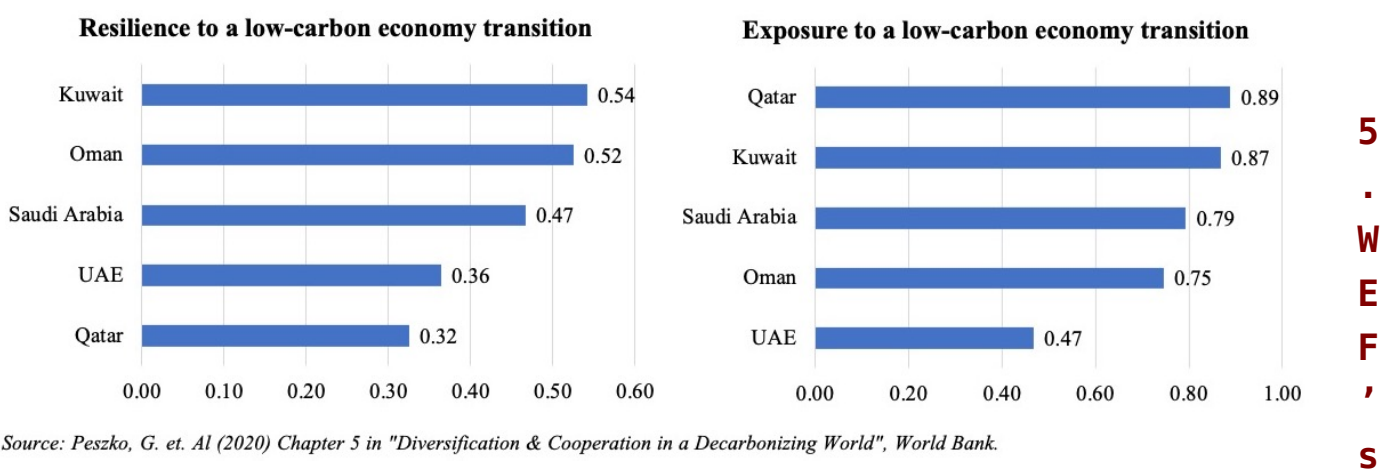
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ations prepared for a low-carbon economy transition?

- The preparedness of countries for a low-carbon transition (LCT) is measured by **exposure and resilience indexes**: highlights turning the risks of an LCT into

opportunities for robust growth.

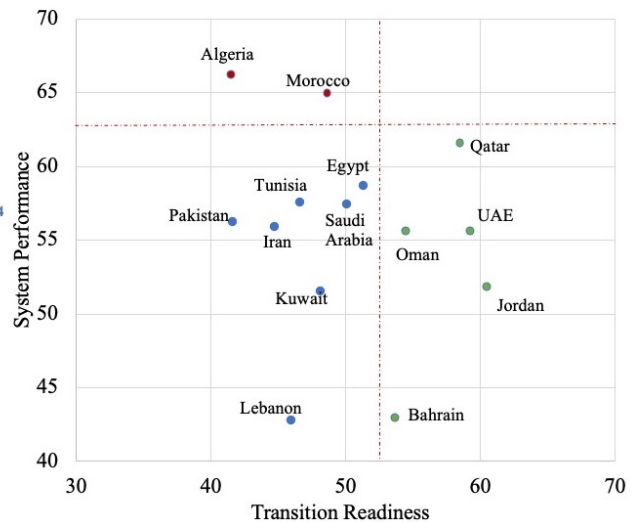
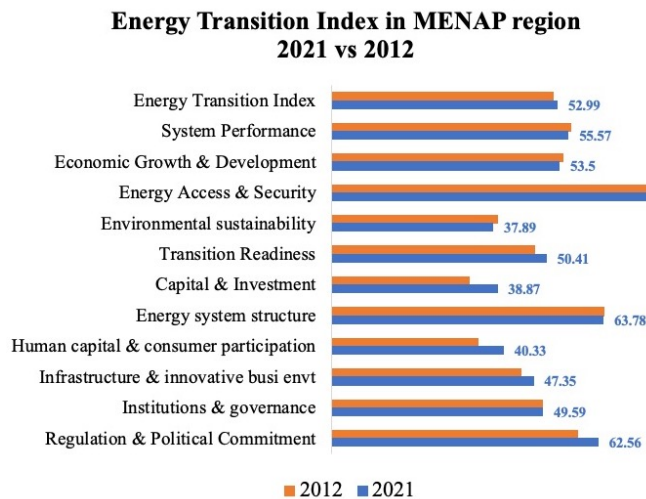
- **GCC nations are significantly exposed**, especially given dependence on oil (resource rents, carbon intensity, GHG emissions): Qatar scores highest exposure & UAE the least
- **However, the GCC are relatively well prepared for an LCT** thanks to its resilience, particularly its relatively good macro stability and supportive business environment alongside high quality of infrastructure, human capital and institutions



Energy Transition Index ranks UAE just behind Qatar wrt energy systems & pathways to clean energy

- **UAE ranked 64th globally on WEF's latest Energy Transition Index** (2021) out of a total 115 nations, just **behind Qatar at 53rd position**. Lebanon ranked lowest in the Middle East region at 112th.
- Among the various components of the Index, **MENAP's average falls farthest from the world average in two**: environmental sustainability (37.89 in MENAP vs 61.32 globally) and capital & investment (38.87 vs 55.17). Of the 11 categories, **region is worse-off compared to 2012 (initial year of results) in 4**: system performance, environmental sustainability, energy system structure and economic growth & development
- The **chart on the right** shows no MENAP countries in the top-right quadrant (high transition readiness & well-

performing energy systems). **4 of 6 GCC nations are in the “leapfrog” quadrant (green dots**, high readiness but system performance below the mean); two countries Algeria and Morocco fall among those with potential challenges (**red dots**, above-average system performance but readiness below the mean).

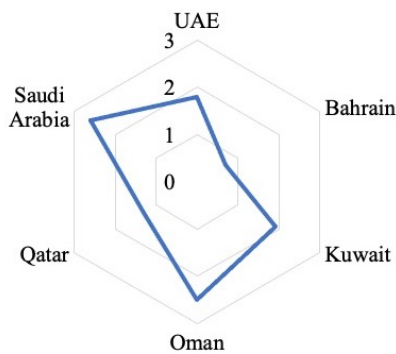


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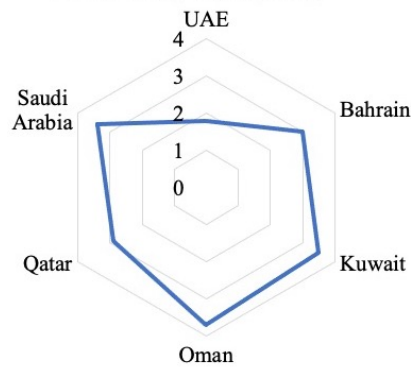
rgy Transition Index 2021, World Economic Forum.
<https://www.weforum.org/reports/fostering-effective-energy-transition-2021#report-nav>

6. GCC risk for climate-driven hazards is much lower than regional counterparts

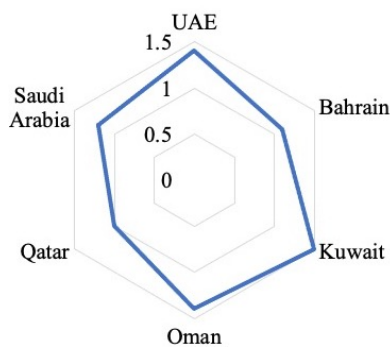
INFORM Risk Index



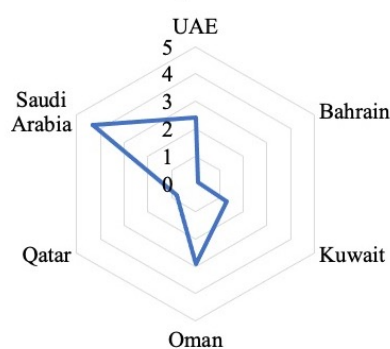
Lack of coping capacity



Vulnerability



Climate driven hazard & exposure



- The climate-driven **INFORM Risk 2021 Index** is derived from 3 dimensions: climate-driven hazard & exposure, vulnerability and lack of coping capacity.
- **GCC nations fare relatively better, scoring between 1.3 to 2.6 out of a total 10 (riskiest).** But, two scores are comparatively higher: Saudi Arabia's hazard & exposure score (largely due to conflict risk) and Oman's lack of coping capacity (institutional & governance indicators related to increasing the resilience of the society need improvement).

CountryName	HA	VU	CC	INFORM
Bahrain	0.6	1.1	3	1.3
Kuwait	1.2	1.4	3.6	1.8
Oman	2.9	1.4	3.7	2.5
Qatar	0.8	1	2.9	1.3
Saudi Arabia	4.3	1.2	3.4	2.6
United Arab Emirates	2.4	1.4	1.8	1.8

Source: INFORM
Global Risk Index
2021.

<https://drmkc.jrc.ec.europa.eu/inform->

[index/INFORM-Risk](#)

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Interview with Al Arabiya TV (Arabic) on the impact of VAT rollout in Oman, 19 Apr 2021

Dr. Nasser Saidi spoke to Al Arabiya's Lara Habib on 19th Apr 2021 about Oman's VAT rollout and its impact on the economy. Oman is starting long overdue fiscal adjustment and reform aiming to diversify sources of government & diminish the high dependence on oil & gas revenue, with the introduction of VAT with a 5% rate (but many exemptions). If effectively & efficiently implemented, the VAT should generate about \$1 billion (OMR 400mn) in revenue, about 1.5% of GDP and helping to raise Non-Oil Revenue from 11.4% in 2020 to about 17.2% of

Non-Oil GDP in 2021. The onset of fiscal reform will lead to an improvement of Oman's sovereign credit rating, lower the cost of credit and help attract more FDI and portfolio investment as a result of the ensuing reduction in macroeconomic risks.

Watch the full interview (in Arabic) [here](#).

[Updated 21/6/2020] GCC responses to tackle the Covid19 outbreak

As the GCC nations roll out various economic, financial, health and travel-related initiatives, the latest country-by-country measures is compiled below. Scroll down to see a map of the confirmed Covid-19 cases in the Middle East & North Africa region.

The list is update as of 3:00pm on 21st June, 2020.

Table: GCC responses to tackle the Covid19 outbreak

Bahrain	
Economic & Financial	Health & travel-related

Will slash spending by ministries and government agencies by 30% BHD 4.3bn stimulus package: Doubling the Liquidity Fund to BHD 200mn + Waiver on utilities bills for 3 months + Delay in loans installments for 6 months + Supporting wages of citizens in pvt sector BHD 5m allocated to Bahraini families in need & individuals affected by Covid-19 BHD 177mn (USD 470mn) will be added to this year's budget to tackle emergency expenses related to the Covid19 outbreak Central bank moves: - Banned lenders from freezing customers' accounts in case of lost jobs or retirement - Cut overnight lending rate to 2.45% from 4% to ensure "smooth functioning of the money markets" (before Fed moves) Parliament: - Approved measures like reduction of commercial registration fees as well as labour & utility charges for 6 months Cabinet authorised the finance minister to directly withdraw funds with a 5% ceiling from the public account Bahrain will not collect rents and allowance from all tenants of municipal properties for three months starting from Apr	- All non-essential medical services resume operations - Shops and industrial enterprises opened on May 7; restaurants remain closed still for dine-in customers - Plans to resume Friday prayers postponed - Schools scheduled to reopen in Sep - Bans public gatherings of more than 5 individuals - Bahrain will allow passengers to transit through the international airport; entry into the country will be limited to only citizens; mandatory 14-day self-isolation
Kuwait	
Economic & Financial Central bank: - Reduced the discount rate to 1.5% (from 2.5%) a record-low - Reduced liquidity and capital adequacy requirements for banks & cut risk weighting for SMEs (estimated to raise bank lending by USD 16bn) - Domestic banks will defer payment of consumer & SME loans and financing, credit card instalments for six months Set up a KWD 10mn (USD 33mn) fund, to be financed by Kuwaiti banks Government authorized additional funding of KWD 500mn (USD 1.5bn) to ministries and state agencies for fight against Covid19 Suspended fees on point of sales devices and ATM withdrawals + increased the limit for contactless payments to KWD 25 from KWD 10 The Kuwait Fund for Arab Economic Development pledged almost USD 95mn to support government efforts	Health & travel-related - Kuwait eases "total curfew" to between 7pm to 5am; lockdown on Hawally area has been lifted - Parliament suspended for 2 weeks (from Jun 18); public sector employees not be allowed to return to offices from this week (starting Jun 21) - Expiring residence permits/ visas expiring in Jun extended for 3 months - Closed schools, shopping centres, cinemas, wedding halls & children's entertainment - Halted ALL commercial passenger flights - All educational institutions in Kuwait will reopen on 4th Aug
Oman	
Economic & Financial	Health & travel-related

CB announces a \$20bn incentive package – Repo rate cut by 75bps to 0.5%; – Reduce Capital Conservation Buffers for banks to 1.25% from 2.5%; – Lending Ratio / Financing Ratio for lenders increased to 92.5% up from 87.5% – banks and financial institutions to freeze repayments of personal and housing loans for three months, effective from May – Reduce existing fees related to banking services + avoid introducing new fees Finance ministry slashed approved budgets of civil, military and security agencies by 5% All government companies have to reduce approved expenditures for 2020 by 10% + no execution of new projects or capital expenditures for the year; all exceptional bonuses for state employees would be halted Other measures include tourism & municipality tax breaks, free government storage facilities and postponement of credit instalment payments	– Lockdown in Muscat ended; Dhofar Governorate in Oman closed from 12 noon of June 13 until July 3 for tourism – At least 50% of employees in government entities will work from the offices starting May 31 – Oman has closed its borders; all domestic and international flights to and from airports suspended from 12 noon of Mar 29 – Covid-19 tests and treatments will be done for free for all communities – Suspend issuance of tourist visas; will not allow cruise ships to dock at its ports during this period – Schools closed; all public parks closed, public gathering prohibited, Friday prayers at mosques suspended; limited staffing at estate entities – Few shops in Oman (consulting, law, audit firms, flower shops, boutiques etc) to reopen – Restrictions are still in place on gatherings (of more than 5 individuals) on beaches and other public places
Qatar	
Economic & Financial	Health & travel-related
A \$23.3bn stimulus package – QAR 75bn (\$20.6bn) to provide financial + economic incentives for private sector – CB to put in place an appropriate mechanism to encourage banks to postpone loan installments and obligations of the private sector with a grace period of 6 months – Qatar Development Bank to postpone installments for all borrowers for 6 months – Qatar's government entities directed to reduce costs for non-Qatari employees by 30% as of Jun 1 (either pay cuts or layoffs) – Directing govt funds to increase investments in the stock exchange by QAR 10bn (\$2.75bn) – Exempting food & medical goods from customs duties for 6 months – Utilities bill exemption for SMEs, affected sectors; rent exemption for 6 months	– Four-phased recovery programme planned: Mosques to reopen Jun 15th, restaurants to partially reopen (Jul 1) – All international flights suspended from Mar 18; cargo aircraft, transit flights exempt; travel ban on all travelers except Qatari nationals – Qatar Airways grounds its A380 fleet; to temporarily reduce 40% of staff (in food and beverage, retail & ground staff) at Hamad Airport – Educational institutions closed; parks and public beaches closed – Bans social gatherings; introduces enforcement measures: checkpoints and mobile police patrols – Private sector companies instructed to have 80% of their staff work from home, effective Thurs (Apr 2) for an initial 2 weeks – Public transport modes have been stopped – 6 tonnes of aid sent to Iran (medical equipment & supplies); donating \$150mn in aid to Gaza
Saudi Arabia	
Economic & Financial	Health & travel-related

– SAR 120bn worth measures to support the pvt sector including postponement of VAT/ excise/ income tax/ Zakat payments, exemptions of govt dues etc – SAMA's SAR 50bn stimulus package: financing support for SMEs (including deferred loan payments, concessional loans) and coverage of points of sale & e-commerce fees – SAMA's measures for supporting & financing the private sector: adjusting or restructuring the current funds without any additional costs or fees + reviewing reassessment of interest rates and other fees on credit cards + refunding travel-related forex transfer fees – SAR 7bn allocated to Health Ministry in addition to the SAR 8bn package earlier + SAR 32bn approved for healthcare facilities – Government will cover 60% of private sector salaries (of Saudi citizens) hit by Covid-19; first payment to be send on May 3. – Will allow private businesses (affected by Covid19) to reduce working hours and permit wages to be reduced by not more than 40% – Additional set of measures announced: SAR 50bn to accelerate payment of private sector dues & provide liquidity to several sectors while a further SAR 47bn was set aside for the health sector – Saudi Industrial Development Fund revealed a SAR 3.7bn (USD 3.62bn) stimulus package for industrial sector companies – Initiatives to reduce private sector's burdens related to manpower: e.g. lifting halts on non-payment of fines, fines related to workers recruitment etc. – Saudi Arabia will cut SAR 50bn (USD 13.32bn or less than 5%) of the 2020 budget; cost of living allowance scrapped – VAT to be tripled to 15% starting 1st Jul – Land borders with UAE, KW, Bahrain closed except for commercial trucks; shipping services suspended from 50 countries; cargo traffic not affected	– Restrictions eased across the nation: Saudi Arabia initiates the 3rd phase of its recovery plan by opening most commercial activities from Jun 20. Mosques in Makkah are also set to reopen with social distancing measures in place. – Domestic flights resume; intl passenger flights still suspended + workplace attendance in both public and private sectors – Malls reopen with multiple safety measures – Mosques reopened with restrictions; Umrah pilgrimages to Mecca & Medina under a temporary ban – Capital Markets Authority urged shareholders & invested in listed companies to vote electronically in upcoming meetings; Tadawul reduces trading hours
United Arab Emirates	
Economic & Financial	Health & travel-related

UAE announces a 2-phase recovery plan: short-term gradual re-opening (include the AED 282.5bn stimulus) + focus on sectors “with high potential” in the long-term (AI, 5G, IoT, Blockchain, RE, EVs, 3D printing, robotics...) Central bank: – AED100bn stimulus to facilitate temporary relief on private sector loans & promote SME lending; support also the real estate sector – 50% reduction in reserve requirements for demand deposits to 7% (releasing ~ USD 16.6bn in liquidity) – Banks to reschedule loans contracts + grant deferrals on monthly loan payments (till end-2020) + reduce fees and commissions UAE Cabinet: additional AED 16bn stimulus to reduce cost of doing business, support small business, accelerate implementation of govt infrastructure projects Ministry of Economy reduced fees of 94 services Dubai: AED 1.5bn stimulus package to support businesses affected by Covid19 including 10% reduction in utilities bills Abu Dhabi: AED 5bn in utilities subsidies; free road tolls till end-2020, 20% rebate on rental values for restaurants + tourism & entertainment sectors (+ faster implementation of Ghadan-21 initiatives) Dubai Freezones launch stimulus package: rents postponed for six months; cancellation of fines; free movement of labour with temporary contracts Federal Tax Authority extends the Excise Tax return submission deadline for March and April 2020 to May 17, 2020	– Varied restriction across emirates: Abu Dhabi imposes movement ban from/to the emirate till Jun 23rd; – Easing of restrictions: mall capacity increased; restaurants, gyms, beaches, museums reopen. – Dubai permits shopping malls and private businesses to operate at full capacity – Metro services re-open; buses and taxis are operational – 30% of federal employees return to work from May 31; full capacity in Dubai’s govt offices & 30% in Sharjah’s govt offices from Jun 14 – Curfews reduced to between 10pm-6am; in Dubai from 11pm to 6am – Entry for residents overseas to start from Jun 1; temporary ban to issue new visas – All inbound, outbound and transit flights suspended from Mar 25; Emirates bookings are open from Jul 1 for 12 Arab nations; UAE airports welcome transit passengers. – Schools to be closed till end-Jun; distance learning extended. Schools will reopen in Sep, though discussions ongoing regarding the method of learning in the 2020-21 academic year. – Mosques, churches and other places of worship remain closed – Opened, with social distancing measures: public parks, beaches, cinemas, gyms – Supporting others: Sends 2 batches critical medical aid to Iran in Mar + flew 215 people from different countries out of Wuhan to Abu Dhabi’s Emirates Humanitarian City
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Map: Number of Confirmed Covid19 cases by country (Source: Johns Hopkins University)

Middle East

North Africa

Iran & Afghanistan

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>