

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

The opinion piece is available in both English & Arabic.

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

The English version of the article:

Economic Consequences of a Trump Presidency Redux

The world is in a much different configuration compared to the previous Trump Presidency years, with multiple multi-year wars, growing trade and investment fragmentation [1], burgeoning global debt [2], an expanding BRICS+, an AI transformation unfolding , while 2024 is the first year above 1.5C of global warming [3]. Cold War II and a new world order are emerging.

Domestic policies to trigger inflation and lead to higher rates for longer. Trump second-term MAGAnomics- potentially a combination of tariffs, protectionism, tax cuts and a crackdown on immigration – with an already booming US economy, is inflationary in nature, leading to even higher US budget deficits [4] and debt [5]. A flareup in inflation would lead the US Fed to delay lowering interest rates and monetary

easing, while other major central banks are easing rates (including the ECB and Bank of England). MAGAnomics policies would strengthen the dollar and increase US trade deficits. Higher-for-longer interest rates and a strong US dollar will negatively affect emerging markets and countries with high external debt-to-GDP, further exacerbating a growing global debt crisis and threatening socio-economic stability at a time when 48 developing countries spend more on interest payments than on either education or health [6].

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

Trade tariffs and protectionism. An intensification of US protectionist policies, justified on grounds of security or strategic interest, would exacerbate global trade tensions and lead to retaliatory actions. An increase in global trade and investment barriers would be anti-competitive, disrupt markets, and further distort global supply chains [8]. Higher and more encompassing tariffs on China, given ongoing tech wars and de-coupling measures, could slow growth, but China would likely counter with countervailing trade and investment measures, expanding markets in the global South, deepening BRICS+ economic integration. Strategically, US and EU decoupling from China can play in the GCC's favour through bilateral trade diversion and investment and economic partnership [9] with China.

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

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

No more wars? Statements about the “acquisition” of Greenland or Canada as the 51st US State notwithstanding, it is widely expected that Trump will not support ongoing wars. Whether Trump will be supportive of a deal to rebuild Gaza / Lebanon / Syria [10] or how he will deal with the Russia-Ukraine war will have a direct impact on the infrastructure industry, and oil and food markets. Of more far-reaching consequence would be if there are plans for more active use of the US military [11] – the anti-China and anti-Iran stance could lead to confrontation and increased sanctions; Cold War II would become warmer. If so, higher geopolitical risk would lead to increased defence spending, higher CDS rates, reduced capital inflows and FDI and a global recession.

The bottom line is that a second Trump term will be disruptive and turbulent. Uncertainty is the name of the game as the

world waits to see what policies will be implemented once the President is inaugurated come Jan 20th. A global recession is a less likely scenario unless the beggar -thy-neighbour trade measures spread through the global economy, dragging everyone down.

التداعيات الاقتصادية لعودة ترامب

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

سياسات ترامب الداخلية سترفع التضخم وتقود لفائدة أعلى لفترة أطول

والتي MAGAnomics الولاية الثانية من سياسات ترامب المعروفة بمصطلح هي عبارة عن مزيج من التعريفات الجمركية والحماية التجارية وتخفيض في الضرائب مترافق مع تضيق على الهجرة غير الشرعية ستأتي في ظل اقتصاد أميركي ينمو بقوة، وبالتالي ستكون ذات طبيعة تضخمية وستقود إلى عجز أعلى في الميزانية الأميركية وارتفاع في الدين أيضا ، حيث إن تمديد سياسات خفض الضريبي التي أقرها ترامب لمدة 10 سنوات أخرى ستضيف 4.6 تريليون دولار إلى الدين الأميركي المتفاقم أصلاً

إن أي إشارة إلى ارتفاع التضخم ستجعل الفيدرالي يتمهل في سياسة خفض الفائدة والتيسير النقدي، فيما بقية البنوك المركزية الكبرى كالأوروبي وبنك إنجلترا تخفض الفائدة

ستقوي الدولار وسترفع العجز التجاري MAGAnomics سياسة الـ الأميركي

فائدة أعلى -لفترة أطول- ودولار قوي سيؤثر سلباً في الأسواق الناشئة والدول التي لديها نسبة مرتفعة من الدين إلى الناتج المحلي الإجمالي، وبالتالي ستفاقم خطورة الوصول إلى أزمة دين عالمية، وتهدد الاستقرار الاقتصادي الاجتماعي في الوقت الذي تنفق

فيه 48 دولة على مدفوعات فوائد الدين أكثر مما تنفق على التعليم والصحة.

الحفر ثم الحفر

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

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

التعريفات الجمركية والحماية التجارية

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

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

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

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

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

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

العقد المقبل سيكون أكثر حرارة خصوصاً إذا لم يتم تعويض النقص

الهائل في الاستثمارات المخصصة لمحاربة التغيّر المناخي.. هذا يتطلب ضخ استثمارات هائلة في الطاقة النظيفة والمتجددة. وتكنولوجيا المناخ التغيّر في السياسات المناخية الأميركية يشكّل فرصة لدول الخليج العربي.. دول الخليج تستطيع البناء على الميزات التي تمتلكها بزيادة استثماراتها في الطاقات النظيفة، مستهدفة تصدير هذه الطاقات الفائضة بالإضافة إلى تصدير منتجات متعلقة بها كالألواح الشمسية والهيدروجين الأخضر ومشاريع تحلية المياه وتبريد المناطق. والزراعة الصحراوية. لا مزيد من الحروب إعلانات ترامب المتكررة عن "الاستحواذ" على غرينلاند أو جعل كندا الولاية الحادية والخمسين غالباً ما يتم تجاهلها، لكن من المتوقع ألا تدعم إدارة ترامب أي حروب قائمة. مهما كان قرار ترامب بدعم إعادة الإعمار في غزة ولبنان وسوريا، وكيفية تعامله مع الحرب الروسية الأوكرانية سيكون له تأثير عظيم. على قطاع البنية التحتية وعلى قطاع النفط والغذاء على حد سواء. بالتأكيد ستكون هناك تبعات كبرى لو كانت هناك خطط قادمة لاستخدام القوة العسكرية الأميركية بشكل أكبر، اللهجة المعادية للصين والمعادية لإيران قد تفضي إلى المزيد من المواجهات أو على الأقل! المزيد من العقوبات؛ الحرب الباردة الثانية ستزداد سخونة إذا حدث هذا، فبالأكيد المخاطر الجيوسياسية ستؤدي إلى زيادة الإنفاق الدفاعي، وتكلفة أكبر للتأمين على وتعثر الديون أو وتقلص الاستثمارات الرأسمالية والاستثمارات العابرة، CDS إلى الحدود، وبالتالي ركود عالمي. خلاصة القول إن الفترة الرئاسية الثانية لترامب ستكون مليئة بالمطبات عنوان المرحلة سيكون "عدم اليقين"، العالم سينتظر أي سياسات سيطبقها ترامب من لحظة دخوله إلى البيت الأبيض في الـ 20 من يناير الحالي.. ركود عالمي هو السيناريو الأقل حدوثاً إلا إذا بدأت الدول جميعها تطبيق سياسة "أنا أولاً" في التجارة الدولية -وهي السياسة التي يسوّق لها ترامب في الولايات المتحدة- وبالتالي الجميع سيخسرون.

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

[2] It is forecast to cross USD 100trn, with a USD 5trn

increase since 2023.

[3]

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

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

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

[6] UNCTAD, June 2024.

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

[8] The Smoot-Hawley Tariff Act of 1930, which raised average tariffs on imports by around 20% and incited a tit-for-tat trade war, was devastatingly effective: global trade fell by two-thirds. Simon Evenett (2024) outlined various scenarios with retaliatory measures to US tariffs: in the case where the US imposes tariffs and countries retaliate against the US, the attractiveness of US as an export base declines; in a scenario where countries retaliate to US tariff hikes with tariffs on all its trading partners, there would be a tariff-drive contraction in global goods trade, eventually leading to a competitive devaluation spiral.

[9]

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

dec-2024/

[10]

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

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

Bloomberg Daybreak: Middle East Interview, 5 May 2019

In the 5th May, 2019 edition of Bloomberg Daybreak: Middle East, Dr. Nasser Saidi talks to Yousef Gamal El-Din and Manus Cranny on the Fed's next policy move, views on the US-China trade and economic wars in the backdrop of upcoming elections as well as whether the UK was headed towards a second referendum.

Watch the interview below (Dr. Nasser Saidi speaks from 06:31 to 23:10)

<https://www.bloomberg.com/news/videos/2019-05-05/bloomberg-day-break-middle-east-full-show-05-05-2019-video>

"Managing in an Increasingly

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

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

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

The presentation can be downloaded [here](#).

China-US Tensions, War with Iran Dominate Medium-Term GCC

Risk Landscape: Interview with Bonds & Loans, Apr 2019

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

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

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

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

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

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

continue with fiscal adjustments to address their sustainability, while drawing from new and existing funding sources to make up the difference.

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

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

Finally, climate change is a huge risk. Extreme weather events are increasing, especially in this part of the world, and insurers – as well as investors and the banks – have significantly under-priced climate risk. We could end up having a Minsky moment as a result: once the industry reckons with the scale of its exposure to the fossil fuels industry, we could see an acute and substantial drop in the value of assets exposed to climate risk. This is a social as well as financial risk, but it is largely only viewed as a social risk at present. That is starting to change, particularly in Europe, but it needs to shift much more quickly.

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

denominated in foreign hard currencies, and rising maturities over the next three years.

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

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

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

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

Finally, I am increasingly concerned that we may see armed confrontation with Iran. If you listen to the rhetoric of the

top brass in the US, and their diplomatic activities within the Middle East, they seem to be setting the stage for war with Iran – not dissimilar to the build-up seen before the first gulf war with Iraq. Any armed confrontation would of course have dire implications for global oil prices, and the region more specifically.

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

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

Saudi Arabia is the biggest economy in the Arab world, followed by the UAE. What happens in Saudi Arabia is important because of its size, and the economic benefits that its neighbours enjoy through trade. But it's also to some extent a litmus test on the success of reforms in the region. What has been proposed in Saudi Arabia, in terms of modernisation efforts included in the National Transformation Plan and Vision 2030, is really the mother of all reform efforts in the region, and all the countries in the GCC need the country to succeed in this endeavour. Failure will invite a backlash from more conservative segments of leadership, and potentially, large pools of the population, but it will also weigh on the development of neighbouring economies as they depend heavily on the opening of the Saudi economy to boost their prospects.

Bonds & Loans: There continues to be significant optimism around Egypt's economic prospects, but some of its fundamentals – like youth unemployment, and productivity – are

worrying. Do you think the country can achieve its ambitions without a fairly radical shift away from how the economy is managed?

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

The country needs to reconsider its state-led development strategy, which means PPPs and privatisation need to move further up the policy agenda. But it comes with a warning. Under Mubarak, the beneficiaries of privatisation largely included the coteries around the leader – including his family. There was no trickle-down, in other words, and that issue still remains; addressing this would also help address unemployment. What this also means is that the country needs to achieve a transformation away from strong dependence on agriculture and the Nile, which remains its lifeline. This can be achieved through the dispersion and increased use of technologies and modern techniques in the agricultural sector to raise productivity and reduce dependence on dwindling water supplies, as we are seeing increasing desertification. More broadly, the industrialisation strategy undertaken by Egypt – which has been largely military or state-led – cannot be the future; this applies as well to the GCC governments, which also need to foster a more vibrant and prominent private sector.

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

yet.

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

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

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

For a long period, the country attracted a great deal of low-skilled, low-cost labour to build that infrastructure. Much of that infrastructure has now been achieved, which means moving onto the next phase: modernisation and digitalisation of the economy. But it will take a long time before modern sectors emerge as strong contributors to GDP, as well as human capital; that labour needs a viable pathway to remaining in the UAE for the long-term.

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

long-term residents.

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

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

Bloomberg Daybreak: Middle East Interview, 5 Mar 2019

In the 5th March, 2019 edition of Bloomberg Daybreak: Middle East, Dr. Nasser Saidi speaks to Manus Cranny about China's pragmatic growth target (disclosed during the National People's Congress) as well as the ongoing US-China trade negotiations especially asking the question if markets are over-optimistic about the "historic deal". Another pertinent

discussion centred around the question “is the US slowing down?”, given latest data releases.

Watch the interview below.

The original link to the full episode (Dr. Nasser Saidi speaks from 57:00 to 1:08:00):

<https://www.bloomberg.com/news/videos/2019-03-05/bloomberg-day-break-middle-east-full-show-03-05-2019-video>

Bloomberg Daybreak: Middle East Interview, 17 Feb 2019

In the 17th February, 2019 edition of Bloomberg Daybreak: Middle East, Dr. Nasser Saidi speaks to Youssef Gamal El-Din and Manus Cranny about the ongoing US-China trade negotiations, Fed’s rate hike decisions, as well as the possibility of a hard Brexit and the future of Theresa May.

Watch the interview below.

The original link to the full episode (Dr. Nasser Saidi speaks from 05:50 to 17:00):

<https://www.bloomberg.com/news/videos/2019-02-17/bloomberg-day-break-middle-east-full-show-02-17-2019-video>

Bloomberg Daybreak: Middle East Interview, 13 Jan 2019

In the 13th January, 2019 edition of Bloomberg Daybreak: Middle East, Dr. Nasser Saidi speaks to Youssef Gamal El-Din about the Fed, ongoing US-China trade wars and negotiations, UK's Brexit vote, the British pound and broad outlook and risks for 2019.

Watch the interview below.

The original link to the full episode (Dr. Nasser Saidi speaks from 08:00 to 20:00):

<https://www.bloomberg.com/news/videos/2019-01-13/bloomberg-day-break-middle-east-full-show-01-10-2019-video>

Speaker at the Arab Strategy Forum, 12 Dec 2018

Dr. Nasser Saidi participated in the Arab Strategy Forum, held in Dubai on 12th December 2018.

Part of the panel session discussing the State of the Arab World Economy in 2019, Dr. Saidi spoke at length about the volatile prospects for oil market, impact of US-China economic war, and how the risks of a new global financial crisis in 2019-2020 are rising (thanks to global debt, high interest and low growth rates).

Below are some key quotes from the panel session:

"Arab countries should focus on digitization because it is the future of the world, infrastructure, and work to transform our

economies into digital economies”

"The economic war between China and America – the two biggest engines of growth globally – goes beyond just trade & will negatively affect the world"

"Renewable Energy policies should be a priority: need to invest in it and export it abroad"

"The Arab region needs new trade & investment agreements to reflect the shift in trade partners- "pivot East & South"

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 (@arab strategy) [December 12, 2018](#)

Bloomberg Daybreak: Middle East Interview, 9 Dec 2018

In the 9th December, 2018 edition of Bloomberg Daybreak: Middle East, Dr. Nasser Saidi speaks to Youssef Gamal El-Din about the ongoing US-China trade & economic wars, Fed & the inversion of the US yield curve, UK Parliament's Brexit vote, France's Yellow Vest protests & investor sentiment, and OPEC cut & crude oil price movements.

Watch the interview below.

The original link to the full episode (Dr. Nasser Saidi speaks from 06:00 to 24:00):

<https://www.bloomberg.com/news/videos/2018-12-09/bloomberg-day-break-middle-east-full-show-12-09-2018-video>

"Navigating in Turbulence", Presentation to the AlShall Investment Holding Group, 19 Nov 2018

Dr. Nasser Saidi gave a closing keynote presentation titled "Global & GCC Outlook: Navigating in Turbulence" at the AlShall Investment Holding Group strategy session held in Kuwait City on the 19th of November 2018.

The presentation covered the global macroeconomic outlook and risks, and looked in depth at the reform and transition in the GCC given the backdrop of the New Oil Normal. The session also discussed investment opportunities in the region including renewable and clean energy as well as FinTech.

Click [here](#) to download the presentation.

Bloomberg Daybreak: Middle East Interview, 7 Oct 2018

In the 7th October, 2018 edition of Bloomberg Daybreak: Middle East, Dr. Nasser Saidi comments on the importance of Saudi Crown Prince's interview with Bloomberg (the delayed Aramco

IPO, diversification policies, managing of expectations re Vision 2030 etc.), US unemployment rates, and the ongoing US-China trade wars.

Watch the interview below.

The original link to the full episode (Dr. Nasser Saidi speaks from 07:30 onwards): <https://www.bloomberg.com/news/videos/2018-10-07/bloomberg-daybreak-middle-east-full-show-10-07-2018-video>

"The Coming Chinese Century: Building a Strategic Alliance between the UAE Falcon & the Chinese Dragon", Presentation to the Ajman Executive Council, 18 Sep 2018

Dr. Nasser Saidi delivered a presentation titled **"The Coming Chinese Century: Building a Strategic Alliance between the UAE Falcon & the Chinese Dragon"** to the Ajman Executive Council on 18th September 2018. The presentation focused on the US-China trade wars, and concluded with recommendations on how the UAE/Ajman and China can strengthen relations going forward.

More details on the knowledge event, which was attended by H.H. Sheikh Ammar bin Humaid Al Nuaimi, Crown Prince of Ajman and President of the Ajman Executive Council, can be accessed

[here](#).

The presentation can be downloaded [here](#).

Trumpian Trade Wars threaten the GCC, Article in The National, 26 July 2018

The article titled “Trumpian Trade Wars threaten the GCC” appeared in The National’s print edition on 26th July, 2018 and is posted below. Click [here](#) to access the original article.

Trumpian Trade Wars threaten the GCC

We are witnessing the demise of multilateralism and rule-based international cooperation

The protectionist stance of the current US administration has been evident since US President Donald Trump took office: the ongoing re-negotiation of the North American Free Trade Agreement (Nafta), non-participation in the Trans-Pacific Partnership (TPP), and the tariff hikes – which began with solar panels and washing machines (in January) to the latest threat of potential additional tariffs on \$500 billion worth of Chinese exports.

The nationalism-protectionism of “America First” is coupled with an isolationist view of regional and international agreements on trade, investment, climate, human rights and even defence agreements (Nato). We are witnessing the demise of multilateralism and rule-based international cooperation built since the Second World War.

We have entered the phase of Trumpian Trade Wars, from the imposition of steep tariffs on steel and aluminium in early March this year, to the latest (July 6) announcement of a 25 per cent tariff on about \$34bn worth of Chinese goods. China, the EU and others have announced retaliatory tariffs, which does not bode well for global trade. The *Financial Times* estimates that, should countries retaliate, the value of trade covered by the measures and countermeasures resulting from Mr Trump's trade policies could reach more than \$1 trillion (some 6 per cent of world trade), which would derail global growth and recovery in the EU. The escalating economic tension between the US and Europe, after China has already rattled global stock markets, could lead to a financial crisis given the headwinds of monetary policy tightening and geopolitical turmoil.

Why is the US running large trade deficits? The main answer is that the US has a low level of savings compared to the level of investment. The personal savings rate in the US is running around 3.2 per cent compared to the thrifty Chinese rate of about 35 per cent. The US is spending more than the income it generates, running both a fiscal and a current account deficit, attracting capital inflows and borrowing to finance these deficits. The deficits look set to increase given the US fiscal stimulus package and tax cuts passed in 2017, which encourage consumption and imports at a time when the US economy is overheating.

Tariffs on solar panels, steel and aluminium or cars will raise the cost to US businesses and consumers and disrupt global supply chains. A 25 per cent tariff on all cars and parts would raise US consumer prices by \$1,400 to \$7,000 for high-end vehicles. For the proposed auto tariffs, nearly 98 per cent of the targeted car and truck imports by value would hit key US allies: the European Union, Canada, Japan, Mexico, and South Korea. Trumpian Trade Wars are not only beggar-thy-neighbour policies, they are beggar-thy-allies.

Cars and phones are prime examples of highly globally integrated industries. Many of the goods that the US imports

(such as electrical and electronics) are US designed but manufactured in China, Mexico and other countries with an advantage of lower costs, but relatively low value added in global value chains. The profits, however, are made by US businesses like Apple, Amazon and others. Economists look at “trade value added”, but unscrupulous politicians broadcast headline grabbing total trade numbers.

Although the highlighted US-China trade deficit was at \$375bn last year, the US runs trade deficits with 102 nations (not just China) and has run deficits since 1975, averaging \$535bn per annum since 2000. The trade deficit on goods was \$810bn in 2017 but substantially less at \$566bn on goods and services: the US is a major exporter of services and tends to run a large services surplus.

The notion that imposing tariffs on Chinese imports would erase US trade deficits is flawed, absent macroeconomic developments and policies that would change the saving-investment gap. On the other hand, trade retaliation might be costly for export-led China and tit-for-tat tariff hikes between the two largest economies of the world would result in slowing global trade, severe disruption of global supply chains, lower investment, derail economic growth and result in a sharp correction of financial markets.

The announcement of a widening of the scope of tariffs signals that US strategy is shifting away from the protection of local industries (solar, steel) based on “national security” to one based on intellectual property and the acquisition of new tech. The wider, more strategic objective is an attempt to prevent China’s declared ambitions of moving up the activity and trade complexity ladder, with higher value tech goods and services, the “Made in China 2025” horizon.

China is inching closer to developing an edge in AI, blockchain, Big Data, FinTech, life sciences (Crispr) and related technologies. Indeed, the EU might join the US to rein in the emergence of China as a tech frontrunner.

With the US imposing tariffs on a variety of goods, trade will be diverted to other countries. Already, China is buying soya

beans from Brazil, shifting from the US. China will shift and develop new markets for its exports, reorienting its trade towards the EU, Asia, and the Middle East, leading to lower prices of affected commodities (which could lead to potential retaliation by the EU and Japan). China has other options: it could retaliate through non-tariff barriers to trade rather than imposition of tariffs; raise informal barriers to US investment in China; diminish the flow of investment in US Treasuries; as well as allow a depreciation of the yuan (justified by lower export and overall growth as a result of US tariffs). We could be entering a phase of currency wars.

The bottom line is that growing US trade protectionism will lead to a shift in global trade patterns and international alliances away from the US and the creation of new trade blocs. Already, the EU and Japan have signed a major trade agreement eliminating most tariffs, covering a market of some 600 million people and a third of the global economy.

China is likely to seek a similar free trade and investment agreement with the EU (which is already China's most important trade partner) and seek strategic partnerships with Germany and other European countries. It will likely also want to join the Trans Pacific Partnership. China will likely accelerate implementation of its Belt & Road initiative leading to a deeper integration of B&R countries into its economy and its global value chains, opening new markets. China will also accelerate and increase its investments in robotics, AI, Blockchain, Big Data, FinTech, and high tech to bring forward its ambitious "Made in China 2025" strategy. The Chinese dragon will not be contained.

What does all this mean for the GCC? The GCC exported \$9.4bn of aluminium in 2017, (of which the UAE provided \$5.6bn worth, representing 10.1 per cent of world exports) and is the largest exporter to the US after Canada and Russia. Already adversely affected by aluminium tariffs, the region would be additionally hurt by a decline in world trade and world growth which would lower oil prices, and particularly if China were hard-hit.

The GCC's total trade with China was close to \$110bn last year, with the largest export from the region being crude oil, and accounts for more than two thirds of China's trade with the Middle East.

Given growing US protectionism, the time is right for the GCC to reorient their international trade agreements and pivot towards Asia, including the long delayed Free Trade Agreement with China.