

“Trump must focus on rebuilding a war-torn Middle East”, Op-ed in Arabian Gulf Business Insight (AGBI), 20 Nov 2024

The opinion piece titled “[Trump must focus on rebuilding a war-torn Middle East](#)” was published in Arabian Gulf Business Insight (AGBI) on 20th Nov 2024.

Trump must focus on rebuilding a war-torn Middle East

It is imperative that the US addresses reconstruction in the region

US President-elect Donald Trump has become the first Republican candidate in 20 years to win the popular vote.

His historic win hands him control of the Senate, Congress and the Republican party, along with a strongly conservative-leaning Supreme Court. How will this power be deployed?

If we take Trump’s election rhetoric literally, his “[Maganomics](#)” agenda will be top priority. Domestic policy will centre around protectionism, deregulation, deportation of irregular immigrants, tax cuts, a roll back of climate-related

commitments, and a move to oil and gas enabled “energy dominance”.

Trump has said he will impose tariffs of 20 percent across the board and 60 percent on China, along with trade restrictions. Should these tariffs be realised, GCC oil and gas, aluminium and steel exports would suffer.

Maganomics policies are also likely to stoke inflation, suppressing the Fed’s ability to lower interest rates aggressively in 2025. Higher rates will negatively constrain new borrowing and financing plans for both households and businesses.

In a context of absent social safety nets or tax credits, higher inflation will disproportionately impact low-income households, further raising inequality.

Investors should also be concerned about fiscal costs. US public debt already exceeds 120 percent of GDP, and the Penn Wharton Budget Model estimates that Trump’s plans will raise US deficits by \$5.8 trillion over the next decade – equivalent to wartime deficits in a full employment scenario. Beware, the US is overheating!

Trump has a unique opportunity to work towards ending the Israel-Gaza and Lebanon conflicts

The bottom line is that Trump’s America First policies set the stage for global supply-chain disruptions and trade tensions with China, Mexico, Canada, and the EU.

These policies will also put pressure on Nato members to boost defence spending. Without a shift away from these stances, the global economy is vulnerable to further geo-economic fragmentation.

A Trump Ukraine plan?

Three major geo-economic-strategic issues face the Trump

administration post-election: the Russia-Ukraine and Israel-Palestine-Lebanon wars, as well as growing tensions with China.

Trump's geostrategic "peace through strength" stance and unwillingness to engage the US in wars, implies striking a deal with Russia and a rapid end to the costly military confrontation through a neutral, non-Nato, Ukraine.

The next step is reconstruction. Post-war restoration will require massive funding, likely to be well in excess of \$600 billion. How can this be financed?

In one scenario, a "Trump Ukraine plan" could be jointly EU-US financed, focused on rebuilding infrastructure and renewed integration of Ukraine's export-oriented manufacturing and agriculture sectors into Europe. Such a strategy, supported by foreign aid, would act as a driver of economic growth.

New institutions for stability

With increased influence, Trump has a unique opportunity to work towards ending the Israel-Gaza and Lebanon conflicts as part of a broader Middle East peace agreement. This approach could champion the potential economic benefits that peace and stability would bring to the MENA region and the global economy.

The starting point would be the reconstruction and re-development of Gaza. The UN estimated in early-2024 that it would take Gaza 15 years just to remove war rubble and 70 years to restore the country to 2022 GDP levels.

The UN estimates the region will also require the largest post-war reconstruction effort since 1945, with rebuilding cost estimates ranging up to \$80 billion.

In [Lebanon](#), escalating destruction and displacement are pushing the country toward a Gaza-like crisis, worsening

severe economic, banking and financial instability.

The 2006 war dealt Lebanon a heavy blow, with reconstruction costs surpassing \$10 billion. This time, however, costs could exceed \$25 billion, with GDP potentially shrinking by 20 to 25 percent.

Funding for reconstruction and redevelopment in Gaza and Lebanon will need to come from multilateral aid and grants.

Once a sustainable peace settlement is achieved, [GCC countries can play](#) a major role in redevelopment, not only in terms of state reconstruction funding but in the mobilisation of its private sectors to help rebuild war-torn nations.

It's essential to learn from past reconstruction failures, like those of Iraq and Afghanistan, and apply lessons from previous post-war efforts. Transparency, accountability, anti-corruption measures, and the understanding that nation-building is a long-term commitment are all critical for success.

If Trump is to bring stability to the region, it is imperative that he address the rebuilding of nations that have been ravaged by war. The road ahead will not be easy.

Post the Lebanese civil war, it took 20 years for real GDP to recover to pre-war levels. It took Kuwait seven long years to recover following the Gulf War.

We need new institutions to address nation building. A Trump administration, in partnership with the GCC and multilateral banks, would do well to set up a Middle East development bank.

Such an institution can focus on financing post-conflict reconstruction, regional infrastructure projects, and promote the development and integration of economic and financial sectors across the region.

Interview with Al Arabiya (Arabic) on Trump's election victory, potential policies & impact, 6 Nov 2024

In this TV interview with Al Arabiya aired on 6th Nov 2024, Dr. Nasser Saidi discusses Trump's election victory, potential domestic policies (leading to wider deficits) and impact on GCC & wider Middle East.

Watch the TV interview via this [link](#)

هل يتمكن ترامب من تخفيض العجز؟

قال رئيس شركة ناصر السعيد وشركاه الدكتور ناصر السعيد، إن انتصار دونالد ترامب في انتخابات الرئاسة الأميركية "تاريخي"، كونه أول رئيس يسيطر على مجلس النواب ومجلس الشيوخ والمحكمة العليا وامتلاكه كل الإمكانيات لتحقيق كل سياساته.

أن تخفيض العجز، "Business" وأضاف السعيد في مقابلة مع "العربية" تحت إدارة ترامب سيكون صعبا.

Interview with Al Arabiya (Arabic) on Fed's monetary policy decision, 30 Jul 2024

In this interview with Al Arabiya aired on 30th July 2024, Dr. Nasser Saidi discusses the Fed's monetary policy. He expects the Fed to move slowly, and that reducing interest rates before the elections may have an impact. All data indicates the strength of the American economy and the real estate sector is affected.

Watch the TV interview via this [link](#) on X (previously Twitter)

"The Middle East after the Pandemic: Surviving the economic shockwave": Panel session, FT Global Boardroom, 12 Nov 2020

Dr. Nasser Saidi joined the FT Global Boardroom event on 12th Nov 2020, in the panel session titled "The Middle East after the Pandemic: Surviving the economic shockwave" to discuss a

few questions:

How deep and long will the recession be in the Middle East? How has the pandemic affected the region's diversification away from oil? What support is there for businesses in the consumer-facing sectors, and how can they plan for recovery? What will the US elections mean for regional geopolitics, and how will that impact on investment? What is the role of the region's sovereign wealth funds in buying distressed European assets?

A summary of the session is available here: <http://brochure.live.ft.com/the-global-boardroom-report/day-two-summary/#d2-9>

Excerpts from the session/ Dr. Saidi's comments are highlighted below:

The coronavirus pandemic has damaged the economy of the Middle East and it will take time to recover.

NS: If you look at the size of the impact of the great lockdown, you are talking about a 6.7 per cent GDP decline for the GCC. This is unprecedented. We haven't had a recession of this scale in the region since the second world war.

The hydro-carbon producing countries of the Middle East have been diversifying away from oil and gas into other industries and this is accelerating.

NS: Diversification creates employment opportunities. Sixty per cent of our population is under 30 years of age, so we need to invest in activities that create jobs for them. Where will the new jobs be created? Previously we created them in government in most countries of the region. That is not where we will create them in the future. They have to be in the private sector.

The election of Joe Biden as the new US president will have a positive impact on the region

NS: Biden is very much a multilateralist, as opposed to the unilateralism that Trump advanced. The Biden approach to the region will be to discuss policy with the region. It will not be Twitter-based.

Bloomberg Daybreak Middle East Interview, 8 Nov 2020

Dr. Nasser Saidi joined Manus Cranny and Yousef Gamal El-din on the 8th of November, 2020 as part of the Bloomberg Daybreak: Middle East edition, to discuss policy priorities for the Biden administration domestically. Also discussed were potential changes in markets (currency, oil) and signs of foreign policy shift.

Watch the interview below – Dr. Nasser Saidi joins from 54:00 till 1:06:20. The original link to the full episode: <https://www.bloomberg.com/news/videos/2020-11-08/-bloomberg-daybreak-middle-east-full-show-11-08-2020-video>

"How the US elections matter for the Middle East", Op-ed in The National, 2 Nov 2020

The op-ed by Dr. Nasser Saidi, titled "[How the US elections matter for the Middle East](#)", appeared in The National on 2nd Nov 2020 and is reposted below.

How the US elections matter for the Middle East

The bottom line is that the outcome of the US elections will directly impact a host of global issues

The opinion polls largely predict a win for Joe Biden on Tuesday.

FiveThirtyEight, a political analysis website, in its extensive analysis and simulations too favours Mr Biden, barring a major polling error. But a contested election is probably on the cards, given the likelihood that more than 90 million postal ballots – mostly Democrats – are likely to be systematically challenged by Republicans.

With a day left for the US Presidential elections, what would a potential change of guard at the White House mean for the Middle East? What is at stake?

First, a potential return to multilateralism and international co-operation from the current unilateral policies of withdrawal from the Paris climate accord, the Trans-Pacific Partnership or the World Health Organisation or the Iran nuclear deal.

International co-operation – such as the Global Access Facility – will be critical when the vaccine for Covid-19 is ready and needs to be distributed globally.

A widespread availability of vaccines is a global public good. A discriminatory or preferential national treatment would be detrimental to the global economy and hamper recovery from the pandemic.

More broadly, a US reversion to multilateralism would be welcomed internationally. This would mean less confrontation on trade, tariffs and investment policies with China, the EU, Canada-Mexico and others. This would lead to a win globally and – by encouraging non-US trade and investment – result in a cheaper dollar.

Significantly, under a Biden administration, global policy

uncertainty, which has been peaking, would diminish. This would, in turn, encourage trade, investment flow and global economic recovery.

Lower, volatile oil prices and a strong dollar along with US tariffs on aluminium and steel, have cost a number of Arab countries over the past four years.

Currently, GCC members are pegged to the dollar. Oil is priced in dollars, trade is dollar denominated – a strong dollar penalises sectors like trade, tourism, transport and logistics that these countries have relied on for economic diversification.

Given the Covid-19 lockdown and the global energy transition away from fossil fuels, it is unlikely – given weaker demand – that oil prices will revert to levels seen a few years ago: the IMF's latest World Economic Outlook puts oil prices, based on futures markets at \$41.69 in 2020 and \$46.70 in 2021 versus an average price of \$61.39 last year.

But a likely cheaper dollar under Mr Biden would support an economic recovery in the region, driven by the non-oil sector, tourism and services exports – and as countries reopen in phases – also in foreign investment in real estate.

The impact on the oil market will be more important.

A re-elected Trump administration would continue its policies: supporting US shale oil, encouraging drilling, rolling back climate-related regulations, supporting US oil and gas exports, thereby weakening oil prices.

By contrast, a Biden administration would be climate and environment policy friendly, would revert to the Paris Agreement and support renewable energy.

In a scenario where fossil fuel demand is already weak, an additional push towards renewables would reduce US supply but also demand.

The affect on oil prices would depend on the balance between demand and supply effects, and not necessarily downwards. Oil exporters in the region are still highly dependent on oil. Lower oil revenue implies limited fiscal room and higher fiscal deficits.

As real oil prices trend downward, fiscal sustainability

becomes increasingly vulnerable. The risk of being left with stranded assets then becomes the elephant in the room.

According to the International Energy Agency, stranded assets refer to “those investments which have already been made but which, at some time prior to the end of their economic life, are no longer able to earn an economic return”.

The strategy imperative is the need to re-emphasise diversification policies, along with a policy to de-risk fuel assets.

National oil companies and state-owned enterprises, that are majority owners or operators of oil and gas assets, would need to pursue a plan of low-carbon energy transition – in addition to the unlocking of greater immediate value from fossil fuel assets.

Examples are the Aramco IPO and Adnoc’s pipeline network deals. This could be complemented by a major drive to accelerate investment in and an adoption of green energy policies, by both government entities and the private sector.

The bottom line is that the outcome of the US elections will directly impact a host of global issues – from dealing with Covid-19 and climate change, de-escalating confrontation and preventing a cold war with China, restoring confidence in multilateral agreements and institutions like the WHO, the WTO, the UN and geopolitics, along with repercussions on regional power struggles involving Israel, Iran, Turkey and a number of Arab states.

Important as these issues are, the other bottom line is the need for a renewed focus of the regions’ oil producers, on economic diversification strategies and de-risking fossil fuel assets within a well-designed, time-consistent energy transition strategy.

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Weekly Insights 28 Oct 2020: US Presidential elections & impact on the Middle East/ GCC

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

FiveThirtyEight, in its extensive [analysis and simulations](#), favours Biden to win the election, barring a major polling error. A contested election is probably on the cards. But, with less than a week left for the US Presidential elections, what would a potential change of guard at the White House mean for the Middle East? Interestingly, a recent YouGov-Arab News survey shows that respondents have little confidence in either candidate: only 12% preferred Trump versus 40% for Biden.

First and foremost is a potential return to multilateralism and international cooperation from the current (unilateralism) policies of withdrawal from the Paris climate accord, the Trans-Pacific Partnership or the World Health Organization or the Iran nuclear deal. International, multilateral cooperation – such as the Global Access (COVAX) Facility – will be critical when effective Covid19 vaccines are available to be rolled out and need to be distributed globally. A discriminatory or preferential national treatment would be detrimental to the global economy and recovery. More broadly, a US reversion to multilateralism would be welcomed internationally: less confrontation on trade/ tariffs and investment policies with China, the EU, Canada-Mexico and others would lead to a win-win globally and would lead to a cheaper dollar by encouraging non-US trade and investment.

Lower oil prices and a strong dollar along with US tariffs on aluminium and steel, have been strong headwinds and costly for the GCC. Currently, GCC members are pegged to the dollar (Kuwait pegs a basket dominated by US\$), oil is priced in

dollars, financial assets are largely dollar denominated, trade is dollar denominated and dollar financing is popular, while bond issuances have been on the surge (taking advantage of globally low borrowing costs) as nations adjust to rising fiscal deficits. Given the Covid Great Lockdown, the energy transition away from fossil fuels, it is unlikely that oil prices will revert to prices seen a few years ago given weaker demand – the IMF's latest World Economic Outlook puts oil price, based on futures markets at USD 41.69 in 2020 and USD 46.70 in 2021 (versus an average price of USD 61.39 last year). But a cheaper dollar would support an economic recovery in the region driven by tourism and services exports, as countries reopen in phases.

More important, will be the impact on the oil market. A re-elected Trump administration would continue its policies supporting US shale oil, encourage drilling and roll back of climate-related regulations and support US oil & gas exports, weakening OPEC+ and oil prices. By contrast, a Biden Administration would be climate and environment policy friendly, revert back to the Paris Agreement, support renewable energy, including through "Green" and "Blue" New Deals. In a scenario where fossil fuel demand is already weak, an additional push towards renewables would tend to reduce US supply but also reduce demand, the oil price impact would depend on the balance between demand and supply effects.

Oil exporters in the region are still highly dependent on oil, with lower oil revenues implying limited fiscal room and higher fiscal deficits which are averaging 10% in 2020 for the GCC countries. As real oil prices trend downward, fiscal sustainability becomes increasingly vulnerable. The elephant in the room remains the risk of being left with stranded assets. According to the IEA, stranded assets refer to "those investments which have already been made but which, at some time prior to the end of their economic life, are no longer able to earn an economic return". The strategy imperative is the need to emphasise diversification policies, along with a policy to de-risk fuel assets. National oil companies and

related state-owned enterprises, that are majority owners/operators of oil and gas assets, would need to pursue a low-carbon energy transition plan in addition to the privatisation of fossil fuel assets. Examples are the Aramco part-privatisation, and ADNOC's part-pipeline privatisation. This should be complemented by a major drive to accelerate investment in and adoption of green/ clean energy policies by both government entities and the private sector.

The bottom line is that the outcome of the US elections will directly impact a host of global issues from dealing with Covid and climate change, de-escalating confrontation and preventing a Cold War with China, restoring confidence in multilateral agreements and institutions like the WHO, the WTO, the UN and geopolitics, with repercussions on regional power struggles involving Israel, Iran, Turkey and the Gulf states. Important as these issues are, the other bottom line is the need for a renewed focus of the GCC and the regions oil producers on economic diversification strategies and de-risking fossil fuel assets within a well-designed energy transition strategy.

For additional views about this and the wider regional economic outlook, listen to the [IMF panel discussion from yesterday](#).

Bloomberg Daybreak Middle East Interview, 25 Oct 2020

Dr. Nasser Saidi joined Manus Cranny on the 25th of October, 2020 as part of the Bloomberg Daybreak: Middle East edition, to discuss the US presidential elections and impact on markets, in addition to economic recovery prospects amid the Covid19 pandemic's resurgence and discussing the much-needed steps to

recovery under the newly appointed PM in Lebanon.

Watch the interview below – Dr. Nasser Saidi joins via phone (from 1:01:00 till 35:42). The original link to the full episode:

<https://www.bloomberg.com/news/videos/2020-10-25/-bloomberg-daybreak-middle-east-full-show-10-25-2020-video>

Bloomberg Daybreak Europe Interview, 25 Aug 2020

In the August 25th, 2020 edition of Bloomberg Daybreak: Europe, Dr. Nasser Saidi speaks to Manus Cranny and Annmarie Hordern on US presidential elections, China's economic recovery amid Covid19, clashes with the US administration, the euro & ECB, Brexit & the UK economy.

Watch the interview below – Dr. Nasser Saidi joins via phone (from 07:05 till 35:42). The original link to the full episode:

<https://www.bloomberg.com/news/videos/2020-08-25/-bloomberg-daybreak-europe-full-show-08-25-2020-video>