

# Comments on GCC's citizenship reforms in Arab News, Feb 24 2021

Dr. Nasser Saidi's comments appeared in an Arab News article titled "[Could citizenship for talented foreigners and investors be the GCC's game changer?](#)" on 24th Feb 2021.

The comments are posted below.

*"The UAE is very much en route to becoming a multi-ethnic, multi-religious, multicultural country and it is certainly taking all the steps to make that happen," Nasser Saidi, a Lebanese politician and economist who previously served as minister of economy and industry, told Arab News.*

*"The new citizenship law goes very much in this same direction. Previously, you were just a visitor here in one form or another. You were employed, you invested, but you didn't have a long-term stake in the country. UAE citizenship for foreigners means you now have a long-term stake in the country."*

*One particularly enticing aspect of the policy is that it allows new UAE passport applicants to also keep their existing citizenship.*

*"You can retain your own home country citizenship, which is very important for many people," said Saidi. "There's a big advantage from that point of view. Importantly, what this is really saying in terms of the economic aspect is that it allows you to be a leader in the country. It will attract and maintain human capital."*

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*"The first advantage is that you are creating a much more diverse multi-skilled labor force by reaching new people from other nationalities," said Saidi, referring to the liberalized UAE residency rules.*

*"The second, the idea is to move away from the past economic*

*model of the UAE, which is a 'build it and they will come' type of model to one based more on knowledge and tech-oriented development of industries. Fourth, you retain talent, and fifth, you increase foreign direct investment into the country."*

*Experts see many of the changes in the UAE's visa policies as a response to sluggish economic growth, low oil prices and financial blows delivered by the COVID-19 pandemic.*

*"Since 2015, you have had ups and downs in oil prices which has meant that continuing with the model where you are non-diversified becomes an increasingly risky proposition, particularly at a time of climate change when countries across the world are moving to reduce their carbon footprint," said Saidi.*

*"The market for oil over time has become smaller as countries shift towards greater energy efficiency and greater renewable energy. When you think of de-risking your fossil fuel assets, you do what Saudi Arabia did with Aramco. Everyone wants to de-risk now, which means greater diversification and moving away from high energy-intense activities. And this has been taking place over the last three to four years."*

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## **Comments on Saudi Arabia PIF's strategy in Arab News, Jan 27 2021**

Dr. Nasser Saidi's comments appeared in an Arab News article titled "[Saudi Arabia puts foot on the gas with accelerated strategy for sovereign wealth fund PIF](#)" on 27th Jan 2021.

The comments are posted below.

*Regional economics expert Nasser Saidi says the announcement*

*was a quantum leap in the Kingdom's plans. "Saudi Arabia has put its foot on the gas of the Vision 2030 strategy with the announcement of the economic plan for the next five years, under the auspices of the PIF," he told Arab News.*

*"There can now be no doubting the seriousness of its intentions to push through the plan to deeply transform and diversify the economy, and society, of the Kingdom, in super-fast time."*

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

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

The English version is posted below.

### **Saudi Arabia's Many Transformations**

Saudi Arabia's membership, presiding and hosting the G20 is a first for any Arab country. This recognises and signals the global economic importance of Saudi Arabia, as well as its prominence as the biggest economy in the Arab world. Saudi is systemically important for the world's oil markets: not only is it home to 17.2% of the world's proven petroleum reserves, it is also the largest exporter of oil and plays a leading role in OPEC. It is a major international investor through its

sovereign wealth funds, as well as a sustained source of remittances. Accordingly, the economic developments and prospects of Saudi reverberate across the Arab region due to its size, trade, investment and remittances links to other GCC countries and to labour and/or non-oil exporters. Saudi is systemic for the region.

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

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

Decarbonisation policies aiming at mitigating the risks of climate change will reinforce the drivers of the New Oil

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

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

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

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

First, Saudi Arabia needs to accelerate its diversification path away from oil through decarbonisation and de-risking fossil fuel assets. Decarbonisation requires a 'Green Deal', a low-carbon energy transition plan, the phasing out of energy

subsidies and the introduction of carbon taxes to reduce consumption, and including a major drive to accelerate investment in and adoption of renewable energy and Clean Tech policies by both government and private sectors. Already Saudi is planning to invest some US\$ 20 billion to develop 30GW of renewable energy by 2025. Aramco's part-privatisation and opening upstream and downstream fossil fuel assets to PPP should be accelerated. These investments & divestments can fuel the development of Saudi's capital markets to become a regional, if not a global centre, for green bonds and Sukuk, for green and climate finance.

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

The other building block is digitalisation, the national deployment of broadband and 5G to support a digitalised economy & society with investments in smart grids, smart city technologies and the deployment of new digital technologies, low-cost cloud computing, the IoT, AI and big data analytics. Digitalisation would raise efficiency and galvanise growth in government, services and industry, augment the domestic and

international connectivity of the Saudi economy, create new jobs and activities, raise overall productivity and economic growth. Digitalisation of the banking & financial sector would enable FinTech to widen access to finance within Saudi and Islamic finance to the global Islamic community.

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

[\[1\]](#) IRENA, Global RE outlook, Apr 2020

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## **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>

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## **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>