



**THE GULF
FALCONS
REPORT**



The **Gulf Falcons** embody a vision of the future for the Gulf and its region, **from a barrel of oil to space**



GCC have **fast growing populations & economies, maintained macroeconomic stability** despite global & regional crises

In **2021** the GCC account for $\frac{1}{3}$ rd of MENA region's GDP (38%) $\frac{2}{3}$ rd of MENA's overall trade (67%)



10 GCC-based Sovereign Wealth Funds (SWFs) are in top 20 (in Assets Under Management terms)



The biggest GCC SWFs have a combined AUM of **USD 3trn++**

The wealthy GCC account for over

30%

of global oil reserves and oil exports.

Melting Pot and Land of Opportunity:



Embody ambitions of Arab youth



Connectivity

over 2/3rd of the world's population lives within 8 hours flight from UAE and 1/3rd lives within 4 hours



Global Hub

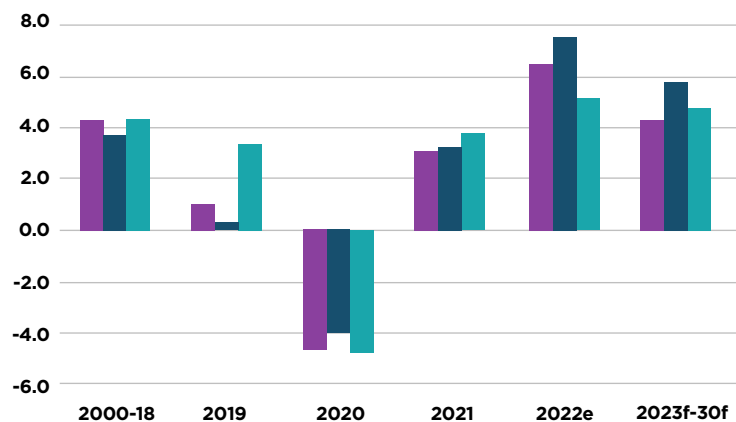
strategic location between Europe, the Americas and Asia
→ door to Africa and Western Asia, GCC and wider Arab world



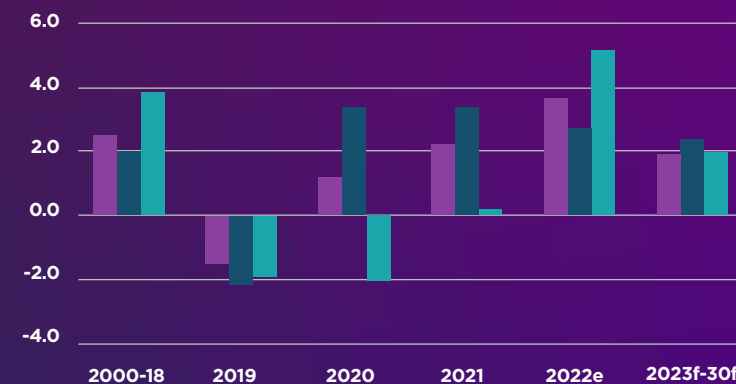
GCC Goldilocks Macroeconomics*

- GCC
- KSA
- UAE

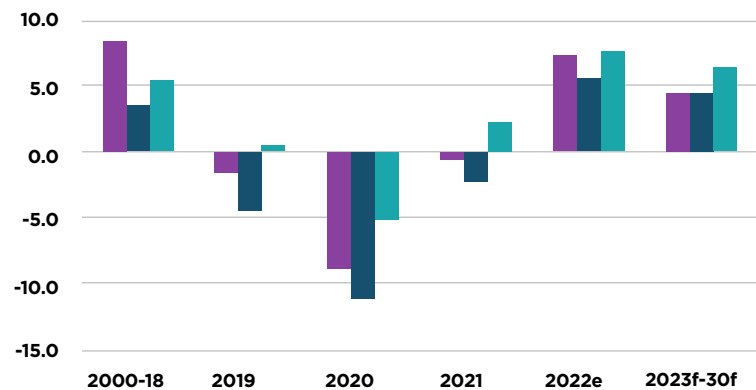
Real GDP (%yoy)



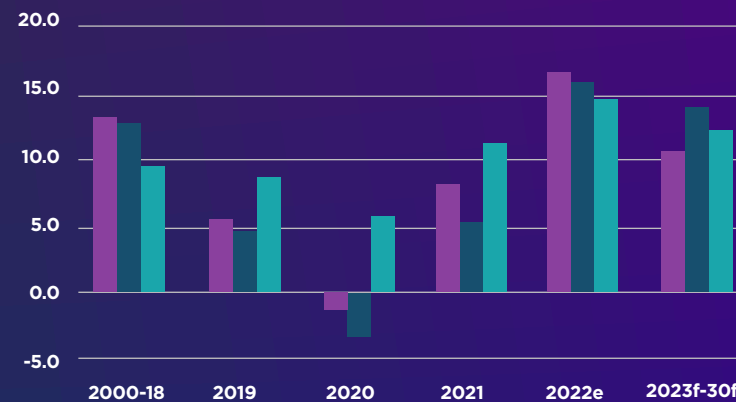
Inflation (%yoy)



Fiscal balance (% of GDP)



Current account balance (% of GDP)



Source: International Monetary Fund, Nasser Saidi & Associates

Oil discovery and modernisation



Moving from desert lifestyle to creating sophisticated urban spaces



Use of oil wealth to build the economies GDP growth and fiscal, current and balance of payments surpluses



Massive spending on infrastructure, health, and education to raise standards of living



Creation of sovereign wealth funds (SWFs) to manage oil wealth



Currency pegged to the USD for monetary stability



Diversification

01

Population surges
young demographics
+
immigration

02

Melting Pot of
nationalities, cultures,
races, religions,
ethnicities drives
innovation

05

Liberalisation
of rights
of establishment,
trade, FDI

06

Efficient + sound
legal and regulatory
frameworks

03

Build up of world
standard hard and soft
infrastructure, transport
& logistics

04

SEZs as a means
of clustering,
diversification
and private sector
development

07

International Financial
Centres + SWFs to
manage and deploy
region's Wealth
and Assets

Future Soaring Falcons



Digitalisation and new technology sectors



New, emerging global energy map and energy transition



Attracting specialized human capital, more labour mobility, and new economic partners (via FTAs)



Regionalised globalisation, through driving and supporting regional economic integration

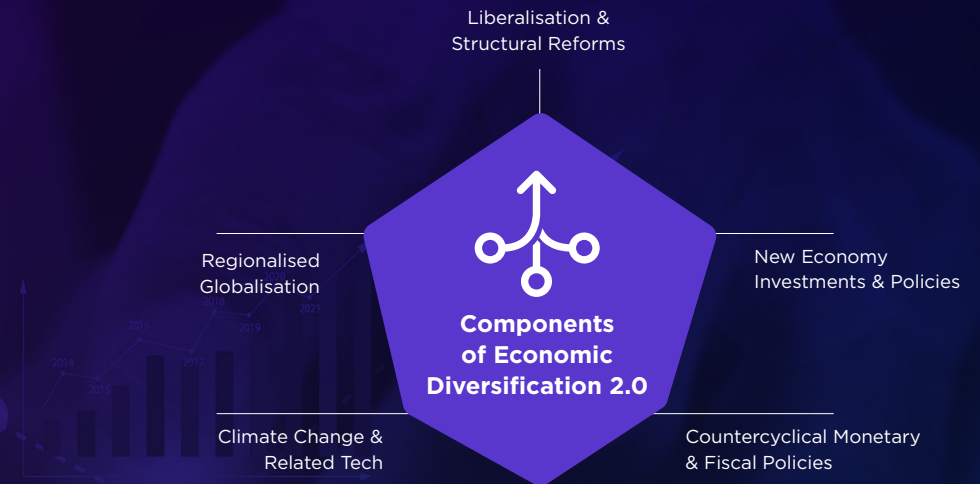


Moving towards sustainable development and Net-Zero emissions



The Gulf Falcons UAE & Saudi Arabia

- Supported by its oil reserves, the GCC nations grew steadily
- Oil revenues have been (a) invested in infrastructure, education, health, thereby improving quality of life; (b) spent via transfers and public sector salaries; and (c) saved / re-invested in international reserves and sovereign wealth funds
- Institutions, public sector, and infrastructure (both hard and soft) have supported international competitiveness
- GCC nations are top migration corridors from Asia, and its outward, diversified, remittance flows support growth in many nations in South Asia and the Middle East
- Saudi Arabia and the UAE, are self-transforming through active policymaking, and will drive the GCC and wider MENA's integration into a new multi-polar economic architecture; the two have seen the largest progress in terms of share of non-oil sector in real GDP in the GCC



MAIN GROWTH DRIVERS

- Rapid Population growth and urbanisation
- Attracting FDI knowledge industries
- Focus on 'old' (manufacturing) and 'new' sectors (AI, virtual assets)
- Investment in infrastructure + ambitious megaprojects
- Implementing new trade and investment agreements and linkages
- Financial and capital market development
- Fiscal sustainability and consolidation
- Structural reforms to increase productivity and boost competitiveness

By 2030, the UAE & Saudi Arabia will be transformed into soaring Falcons

Forging new alliances

- Regionalised Globalisation: new trade & investment Agreements, foreign aid, direct & portfolio Investments
- New partnerships for regional integration: financial support, industrial partnerships, building & integrating infrastructure etc.
- Disengagements from Regional Conflicts: reduces geostrategic risks & attracts FDI

GCC SWFs Increased Reach

- GCC SWFs are global & regional investors
- Increasingly GCC SWFs are pursuing domestic agenda
- SWFs have become more active in local private equity, real estate & infrastructure opportunities

MENA Capital Markets

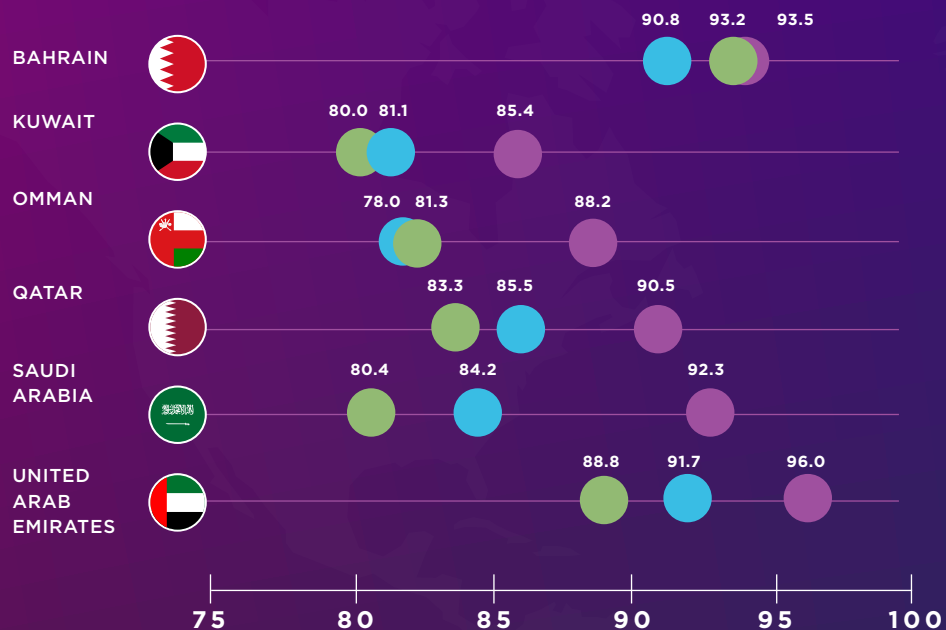
- UAE & Saudi Arabia: develop international debt and equity markets
- Visible shift in sector representation (away from financial sector and real estate), to State Owned Assets, SOEs and a healthy pipeline including private groups and family owned enterprises

New Global Energy Map

- GCC Falcons are leaders in renewable energy
- Ongoing energy “linkages” • with Asia gains prominence + new links with Europe for gas & Green/ Blue Hydrogen
- An integrated GCC power grid (powered by renewable energy) extending into the wider Middle East, Europe, Pakistan and India



GCC's EDI Performance 2000, 2010 & 2019*



GCC BOOSTED ECONOMIC DIVERSIFICATION VIA



Output diversification

new sectors of focus (e.g. Abu Dhabi's industrial strategy, Dubai's support for virtual assets), SEZs.



Trade diversification

will be boosted by FTAs with major trade partners; identifying new export products and markets will drive diversification



Revenue diversification

via introduction of new taxes and consolidation of fees/charges

International Financial Centres & Sovereign Wealth Funds will fuel the 5 major drivers of the Gulf Falcon transformation



Finance New Global Energy Map, Energy Transition & combating Climate Change



A New Global Energy Map is emerging:

Renewables, Hydrogen, Nuclear with GCC at its centre

MENA faces major climate risks:

water stress, desertification, rising sea levels, rising temperatures beyond 2

Finance energy efficiency, invest in climate resilient infrastructure, build a smart, greener, and more inclusive mobility systems; issue green financing instruments, create Green Banks and Funds



Finance structural change: Privatisation, PPP, efficient management of State assets, and private sector groups



Concerted push towards privatisation by listing SOEs, GREs (to diversify, raise revenues, boost liquidity, deepen capital markets & avoid “stranded assets”) + PPP Laws to support private sector involvement

De-risk fossil fuel assets: listing assets of NOCs



Finance Regionalised Globalisation



Finance regional infrastructure financing gap:

MENA will need to spend at least 8.2% of GDP to meet the infrastructure goals by 2030 (vs 3% in past decade)

Finance regional trade and investment to support greater regional economic integration

Finance reconstruction of war torn and fragile states. Setup Arab bank for Reconstruction and Development



Digitalisation and new economy



Finance digital infrastructure to expand the reach of digital services; Invest in disruptive technologies and digital payments; Supporting mainstream digital solutions: healthtech, Fintech, DeFi, agritech, edutech;

Finance Space sector, AI and General Purpose Technologies



Manage the growing wealth and assets of the region and financial access/ deepening



SWFs adopt regionalized approach to asset allocation: focus on regions/ countries driving growth and bringing on new sectors => sustained longer-term returns

Develop Fintech and Digital Finance across the region

Listing of regional Falcon growth companies

Rising Gulf Falcons Coda



At a time of a global energy crisis and impending recession, the rising Gulf Falcons are a dynamic, open, Covid-recovered, fast-growing hub. Saudi and the UAE are in a phase of rapid transformation and economic diversification, reducing their dependence on oil and gas, resulting in less volatile, sustainable, growth and development. Through broad digitalisation of activity, investment in new tech sectors -ranging from AI, transversal technologies, to Space-, to attracting specialised human capital and entrepreneurs to foster innovation, to massive investments in renewable energy and clean tech, as they pursue their energy transition and NZE commitments, the Gulf Falcons are uncovering new horizons and aspirations.



The Gulf Falcons are benefiting from global decoupling and fragmentation through their Regionalised Globalisation strategy, driving and supporting regional economic integration. A growing number of FTAs are linking new economic partners and strengthening existing relations, foreign aid, finance of trade, building and sharing the services of infrastructure facilities, FDI and portfolio investments are transforming a broad GCC-connected region, including MENA, East Africa, and Asia.

Gulf Falcon financial markets and SWFs are harnessing their massive financial resources to drive structural transformation and greater private sector participation by financing the privatisation of state-owned Assets, SOEs and GREs, funding Mega projects, PPP, and the more efficient management of public assets. Gulf Falcon capital markets are embracing FinTech, DeFI and crypto assets alongside financing infrastructure across the region, including renewable energy, promising to become a Global Clean Energy Hub, fashioning a New Global Energy Map

ABOUT THE AUTHOR DR. NASSER SAIDI



Dr. Nasser Saidi is President of Nasser Saidi and Associates, a niche consultant and advisor to governments, central banks, regulators, the banking & financial sector, multi-national and regional companies. He serves on the board of several prominent GCC companies.

He is the former Chief Economist and Strategist of the Dubai International Financial Centre. Dr. Saidi served as



Minister of Economy and Trade and Minister of Industry of Lebanon and First Vice-Governor of the Central Bank of Lebanon for two mandates. He Chairs the MENA Clean Energy Business Council (an NGO), is a member of the IMF's Regional Advisory Group for MENA and a member of the Advisory Board of the Official Monetary and Financial Institutions Forum (OMFIF).

He is the founder and former CEO of the Hawkamah Institute for Corporate Governance and the Mudara Institute of Directors. He is active in macroeconomics, Fintech, crowdfunding, clean energy, and corporate governance.

The Gulf Falcons embody a vision of the future for the Gulf, transforming, in three decades, from an empty desert to the new opportunities of space. The GCC have fast growing populations and economies, and maintained macroeconomic stability despite global and regional crises.

The largest Gulf Falcons, Saudi Arabia and the UAE account for 34% of MENA's GDP and 42% of its total trade. Sound macroeconomic policies, good governance and institutions enabled the Gulf Falcons to use their 30% of global oil reserves to transform and diversify their economies, build world class infrastructure, achieve high GDP growth, and run fiscal, current and balance of payment surpluses. Major strides have been achieved in raising the standards of living and human development.



In its next phase of diversification, the region will benefit from global fragmentation while choosing to explore new routes to development, investing in digitalisation and new tech sectors. Implementing a regionalised globalisation policy, the rising Gulf Falcons will drive and support regional economic integration and transformation.

The Gulf Falcons with their SWFs and international financial centres are fast becoming a global financial powerhouse, with the ability to globally manage, control and deploy wealth. The Gulf Falcon Markets are key to financing the drivers of regional transformation, through (a) by financing the emerging new global energy map, the energy transition, renewables and combating climate change. The UAE and Saudi can become global clean energy finance hubs; (b) structural change through financing infrastructure, privatisation, PPP, efficient management of State assets, and de-risking fossil fuel assets; (c) financing regionalised globalisation to enable greater economic integration and transformation of the GCC-connected region including Middle East and East Africa; (d) financing digitalisation and investment in new and disruptive technologies will open new avenues of growth.



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