

“WHAT IS IN STORE FOR THE GULF REGION IN 2022?”



KEY POINTS FROM A ‘WEBINAR HELD BY THE ARAB GULF STATES INSTITUTE IN WASHINGTON



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OVERVIEW

In a webinar moderated by AGSIW President, Ambassador Douglas A. Sillman, the topic of “What is in Store for the Gulf Region”, was discussed by three regional experts who provided a unique perspective on some of the key issues facing the Gulf countries in the new year.

KEY POINTS DISCUSSED BY THE SPEAKERS’

1. **Omar Al-Ubaydli** (*Non-Resident Fellow, AGSIW*)

[Focussing more on the economy]

- Projects in the Kingdom of Saudi Arabia (KSA) will be funded with primary investment that incorporates some foreign investments in concert mostly with investments of its own.
- Economic growth in KSA is hoped to be driven by continued investment in domestic projects that are more diverse in nature and not just limited to the petrochemical or hydrocarbon projects.
- This trend has been in line with the fact that the domestic job market has also opened up with local Saudis involved in areas of employment that they were never engaged in 20 years ago – e.g., taxi drivers and large numbers of women working in all areas.
- On fiscal issues, KSA has successfully been able to restructure its finances and as a result has shown a number of surpluses in recent quarters.
- The situation in UAE is somewhat different though still benefitting from the effects of the EXPO. Though still recuperating from the effects of COVID, Abu Dhabi has now become the home of many Westerners anxious to work with the country’s economic sector.
- Bahrain under the new Prime Minister who took over in late 2020 has been very efficient in dealing with COVID, adding greatly to the credibility of the current government.

- Finally, **OMAN** as the first state in the GCC scheduled to introduce income tax by the middle of 2022, will be watched most carefully by the other GCC members who are bound to follow if the exercise is seen to be working without trouble.

2. **Laury Haytan** (*Middle East and North Africa Director, Natural Resource Governance Institute*)

- Energy transition is a key factor that is forcing the GCC countries to look to the future.
- This includes important ‘interconnecting projects’ such as those related to electricity (i.e., connecting Iraq with Kuwait/KSA electricity grids) and railways etc. There are also important innovative plans for projects such a solar energy project to be implemented by UAE in Jordan that would also export electricity to Israel.
- However, there is also an understanding that for the time being there is still a huge global dependence on Gulf oil and gas. Hence the need to use their reserves in careful manner while at the same time looking to diversify in green technology for the future.
- It this follows that for the longer term, the region, as it tries to diversify its economies, it will also continue to supply the international market, especially in face of increasing demand.

3. **Hussein Ibish** (*Senior Resident Scholar, AGSIW*)

- At the strategic level, the region has now entered a new phase because it has entered a new period that is likely to be defined by consolidation following more than a decade of confrontation and conflict.
- Therefore, this is now the era of “consolidation, retrenchment and manoeuvre”, with the latter placing a greater dependence on factors such as diplomacy, commerce and politics (as opposed to confrontation and conflict).
- In this regard, the UAE has taken the lead having tried to put an end to what can only be termed as exhaustion and over-extension – something that was followed by Turkey which was perhaps the most over-extended of all regional states,
- As a result, the regional states are now able to place much closer attention to their domestic requirements, while at the same time initiating a process of great cooperation because of their need to deal

with issues such as the COVID pandemic, climate change, environment and the like.

- In terms of where things are going, on the positive side there have been strategic moves such as the Abraham Accords as well as the reconciliation that finally took place between Qatar and some of its GCC partners (achieved mainly because of the increasing irrelevance of the Moslem Brotherhood which is no longer considered as a major threat).
- Parties that joined the Abraham Accords did so for they each intended to get (such as Sudan being removed from the terrorist list and Morocco getting some kind of acknowledgement over its claim for the Western Sahara, etc.). While this has been a huge change, the next major country to join the process – Saudi Arabia does not seem ready for the time being.
- On the negative side of things, problems with Iran remain unresolved and failure by the 5+1 to revive the JCPOA will undoubtedly complicate matters for all the GCC countries,

