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Raja Asad Khan, Head of Economic Research
Jadwa Investment
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Gulf Exports, Revenue & GDP by type in 2014

Source: IIF, DLX Haver, Central Banks and Jadwa Investment
Gulf countries have implemented economic diversification-enhancing policies

**Kuwait Vision 2035**, announced in 2017, aims to:
1. Add 3500 new SMEs, aiming to diversify the local economy
2. Increase investments by 11%
3. Increase renewable energy use by 15%
4. Support human capital, through building new 13 colleges

**Oman Vision 2040**, announced in 2019, aims to:
1. Raise non-oil GDP share of total GDP to >90%
2. Raise the share of FDI in GDP to 10%
3. Raise the share of Omani labor force to 40% of total

**UAE Vision 2021**, announced in 2010, aims to:
1. To build a competitive knowledge-based economy
2. To have a world-class education and healthcare systems

**Bahrain Vision 2030**, announced in 2008, aims to:
1. To diversify the economy in the long run
2. To increase productivity and skills
3. To enhance government efficiency
The Vision 2030 introduced 13 Vision Realization Programs (VRPs)

The VRPs are seen as vital to helping translate the Vision into programs, with action plans designed to measure outcomes.

The progress of VRPs will be tracked through:

i) the contribution of each program to six key macroeconomic indicators including: GDP, private sector employment, contribution to local content, trade balance, government revenue, and non-government investment.

ii) the direct impact achieved by the program towards detailed KPIs

iii) indirect contribution to the KPIs associated with relevant SOs.
Timeline of energy price reform in the Gulf region

Source: Eikon and Jadwa Investment

UAE raises electricity and water tariffs for expats, commercial, industrial and public sectors (Dec 2014)

Abu Dhabi increases electricity and water tariffs for expats and nationals (Jan 2015)

Oman increases natural gas prices by 100% (Jan 2015)

UAE sets petrol and diesel prices monthly linked to international market price (Aug 2015)

Saudi Arabia Vision 2030 promises gradual liberalization of the fuel market (Apr 2016)

Oman increases diesel and petrol prices by 10% and 33%, respectively (Jan 2016)

Saudi Arabia increases fuel prices and electricity. Sales gas (up 66%) is split from ethane (up 133%) (Dec 2015)

Bahrain increases electricity and water tariffs and petrol and diesel prices by 60% and 14%, respectively (Jan 2016)

Saudi Arabia institutes second round of increases in fuel prices and electricity for residential and commercial sector. (Jan 2018)

Kuwait passed by a law to reform water and electricity prices. (May 2016)

Saudi Arabia sets petrol prices monthly linked to international market price (Apr 2019)

Sharjah increases electricity and water tariffs for commerce and industry (Nov 2014)

Kuwait increases diesel and kerosene prices. Diesel up by 100%. (Jan 2015)

Oman increases diesel and petrol prices by 10% and 33%, respectively (Jan 2016)

Saudi Arabia increases fuel prices and electricity. Sales gas (up 66%) is split from ethane (up 133%) (Dec 2015)

Bahrain increases electricity and water tariffs and petrol and diesel prices by 60% and 14%, respectively (Jan 2016)

Saudi Arabia institutes second round of increases in fuel prices and electricity for residential and commercial sector. (Jan 2018)

Kuwait passed by a law to reform water and electricity prices. (May 2016)

Saudi Arabia sets petrol prices monthly linked to international market price (Apr 2019)
Implementation of VAT

2018: Saudi Arabia
2019: UAE
2020
2021: Kuwait
2020: Oman

Source: IMF, Unified Agreement for VAT in the Gulf Cooperation Council, IIF, and Jadwa Investment
National Industrial Development and Logistics Program

- Transform the Kingdom into a leading industrial economy and a global logistics hub
- Improve the Kingdom's trade balance
- Maximize local content
- Create jobs for citizens

Source: Vision 2030 and Jadwa Investment
Updated Macro Trade and Investment Model

TRADITIONAL TRADE AND INVESTMENT MODEL

- Oil Price
- Oil Production

- Export revenue
- Gov. revenue
- Fiscal spending
- Net wealth changes
- Non-oil GDP growth

NEW TRADE AND INVESTMENT MODEL

- Legal framework
- Human Capital
- Entrepreneurship
- R&D

- Portfolio flows
- FDI flows
- Foreign borrowing
- Investment
- Knowledge transfer
- Diversification
- Employment

- Disposable income
- Domestic liquidity
- Bank credit

- Credit rating
- Investor confidence
- Portfolio flows
- FDI flows
- Foreign borrowing

Non-oil GDP growth
Credit rating
Investor confidence
Export revenue
Gov. revenue
Net wealth gains
Non-oil GDP growth
Credit rating
Investor confidence
Thank You!