



The Third ERF GCC Conference - GCC Economies in an Era of Energy Transition 30 – 31 October, 2023

Hosted by [King Abdullah Petroleum Studies and Research Center \(KAPSARC\)](#)

Conference Outline – 25 October, 2023

This conference is the third since the launch of the GCC Economic Research Initiative (GCCERI) in 2019. This strategic partnership was built around a network of GCC-based public policy institutions, universities and GCC-focused researchers within the ERF research community that share ideas and collaborate on policy-oriented research. The GCCERI works on advancing economic research capacities in the GCC region by bridging knowledge gaps and addressing the region’s major economic and human development challenges.

This conference is hosted by the King Abdullah Petroleum Studies and Research Center (KAPSARC) in Riyadh during the fall of 2023. It aims to build on the previous two events and to solidify GCCERI as a regular platform for research and policy dialogue. The conference will mainly focus on diversification challenges and opportunities within the hydrocarbon sector in the light of the looming risks of stranded assets, but also the potential for integrating the hydrocarbon sector into the emerging decarbonisation and energy transition regime. Moreover, the conference will also address other associated research and policy agenda, including the macroeconomic impacts of diversification and energy transition; as well as the implications of energy transition on the private sector and labor markets of the region.

The inaugural conference was launched during a two-day conference, at the College of Economics and Political Science of Sultan Qaboos University in Oman, which highlighted the economic achievements of the GCC countries during the last four decades. The GCCERI network met again virtually in March 2021 for a two-day event that discussed the economic repercussions of the COVID19 pandemic on GCC countries and explored policy responses and lessons toward more efficient and resilient GCC economies.

Day 1 – Monday 30 October 2023

9:00 – 11:00 Opening and Plenary Session 1: Energy Transition and the GCC Future Development Strategy – *Main Auditorium*

The GCC economies had to deal with some strategic tradeoffs presented by the energy transitions and the decarbonization agenda. On one hand, if they perceive the pace of energy transition to be fast they might opt for accelerating their oil extraction to avoid being left with stranded assets. This strategy will eventually lead to low oil prices that will eventually fall below the breakeven oil price for GCC fiscal balances. Instead, should they reckon that the energy transition will likely take longer, they might target high oil rents through a strategy of coordinated management of supply. The underside risk entailed under this strategy will likely be the acceleration of the energy transition. However, energy transition itself may provide opportunities for a possibly more sophisticated, hybrid hydrocarbon-cum-renewable energy management strategy that would evolve over time toward achieving the full decarbonization agenda. Moreover, though strategies to decarbonize oil and gas production entail additional costs, which may reduce oil rents. However, they can transform the oil and gas industry from focusing only on generating rent to generating value and realizing profit margins, especially if they adopt various strategies to secure crude oil export outlets and hedge against oil demand reductions.

Chairperson and Moderator: [Ibrahim Elbadawi](#), Managing Director, Economic Research Forum (ERF)

Welcome Remarks: Saad Al Qarni, Vice President of Finance & Operations, King Abdullah Petroleum Studies and Research Center (KAPSARC)
[Fatima Al Shamsi](#), Member of the GCC Advisory Committee, ERF
[Ibrahim Elbadawi](#), Managing Director, Economic Research Forum, (ERF)

Keynote Speaker: [Majid Al Moneef](#), President, Saudi Association for Energy Economics SAAE & ERF

Lead Commentators: [Atif Kubursi](#), McMaster University & ERF
[Nouf Al Sherif](#), Managing Director, Jadwa Investment
[Wael Al Mazeedi](#), Co-Founder & CEO, AIONA Arabia for Alternative Energy & Avance Labs
[Ibrahim Elbadawi](#), Managing Director, Economic Research Forum (ERF)

11:00 – 11:30 Coffee break

11:30 – 13:00 Parallel Sessions:

Fiscal and Monetary Aspects of Energy Transitions (5 papers) – *Seminar Room 1 – First Floor*

Chairperson & Moderator: *Raja bin Manahi Al Marzouqi, General Coordinator for Negotiations and Head of the Negotiating Team of GCC*

- *Does accelerating energy transition affect fiscal sustainability in the GCC countries?* [Assil El Mahmah](#)
- *Economic Diversification and Global Spillovers from U.S. Monetary Policy: Implications for GCC Economies*, [Bedri Kamil Onur Tas](#)
- *The Roles of Energy Transition and Economic Structure in Import Demand for Petrochemicals*, [Fakhri Hasanov](#), [Samar Mohamed](#) and [Evar Umeozor](#)
- *Energy Transition in Oil-Dependent Economies: Public discount rates for investment project evaluation*, [Fatih Karanfil](#) & [Axel Pierru](#)



- *Fiscal Policy and Macroeconomic Stability in Oil Exporting Countries: Evidence for Saudi Arabia*, [Moez Ben Tahar](#), Raja Almarzoqi, Sarra Ben Silmane

Energy Transitions, Growth and Economic Diversification - Main Auditorium - Online

Chairperson and Moderator: [Atif Kubursi](#), McMaster University

- *Investing in the Energy Transition in the Gulf Region: An Opportunity for Green Growth, Major Challenges and Political Balance*, [Héla Miniaoui](#) (online)
- *Spur Winning FDI (SWF): The Role of Sovereign Wealth Funds Investment in GCC Economic Diversification*, [Weining Xin](#), Yevgeniya Korniyenko, Usama Jamal (online)
- *Do large-Scale events boost and sustain economic diversification in GCC countries?* [Zouhair Mrabet](#) and [Moayad Alsamra](#) (online)

13:00 14:00 Lunch Break

14:00 – 15:30 Concurrent Special Panels

Special Panel Session (A) - Renewable Energies in GCC and the Diversification of the Economy - Main Auditorium - Online

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The Gulf Cooperation Council (GCC) countries have recognized the need to diversify their economies and reduce their dependence on hydrocarbon resources. Renewable energies play a crucial role in this diversification strategy. Large-scale solar power plants, both photovoltaic (PV) and concentrated solar power (CSP), are being constructed in various GCC countries. These projects contribute to the energy mix and reduce reliance on fossil fuels. Countries like Saudi Arabia and Oman have initiated wind energy projects, harnessing wind power in suitable locations. Green hydrogen can be used as an alternative to fossil fuels in various sectors, including transportation and industry. The development of green hydrogen infrastructure and value chains creates new economic opportunities, job creation, and technology development. GCC countries with favorable renewable energy resources can leverage their surplus renewable energy production for export. They can establish interconnections and power exchange agreements with neighboring countries to sell renewable energy and become regional exporters of clean energy. This opens up new revenue streams, reduces trade imbalances, and strengthens economic ties with other countries. This session seeks to highlight the main progress of renewable energy adoption in the GCC. The session will emphasize the place of green hydrogen in the future energy mix of the region and how the countries are preparing themselves for this shift.

Chairperson and Moderator: [Fatima Al Shamsi](#), Member of the GCC Advisory Committee

Panelists: [Radia Sedaoui](#), Chief Energy Section, Sustainable Development

Policies Division, ESCWA (Online)

[Aaisha Al-Sarihi](#), National University of Singapore Middle East Institute

[Ahmed Albalawi](#), Research Lead on Utilities and Renewables, KAPSARC

Special Panel (B) - The potential of energy efficiency in GCC countries - Seminar Room 1 – First Floor

The GCC nations, comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE, hold massive potential for boosting energy efficiency. As major energy producers and consumers, these countries primarily rely on fossil fuels for power generation and water desalination. By leveraging energy efficiency in the GCC region, numerous advantages can be gained, including economic savings, environmental sustainability, and heightened energy security. This session is aimed at shedding light on the advancements of energy efficiency strategies across various economic sectors within GCC nations, while also exploring the place of energy efficiency in their Low Carbon Strategies. Key subtopics that will be covered in this session include: Energy Efficiency in the building sector; The transport sector and energy efficiency; Energy Efficiency and the Productivity in GCC Economies; Sectors case studies.

Chairperson and Moderator: [Omar Ubaidly](#), Bahrain Center for Strategic, International & Energy Studies, Bahrain

Panelists of Policymakers: [Marcello Contestabile](#), Qatar Environment & Research Energy Institute, Qatar

[Talal Al Aulaji](#), HASA Energy, Oman

[Qais Alsuwaidi](#), TAQA

Turki AlTurki, Saudi Energy Efficiency Center (SEEC)

15:30 16:00 Coffee break

16:00 – 17:30 Concurrent Special Panels

Special Panel (C) – Macroeconomic agenda for decarbonization and energy transitions - Seminar Room 1 – First Floor

Macroeconomic policy in the GCC economies has been underpinned by a combination of de facto institutional pegs of their currencies to the dollar (or a basket of currencies for the case of Kuwait) and deep fiscal coffers, most notably substantial SWFs. The dollar peg provides a viable nominal anchor, while the accumulated savings of the hydrocarbon proceeds acted as shock absorbers, ensuring the credibility of the peg and underwriting currency convertibility. Notwithstanding brief inflationary surges and episodes of currency overvaluations when the fundamental of the GCC economies, most notably oil prices, diverge from that of the US economy, this macroeconomic regime has served the GCC economies well. However, with the envisaged accelerated decarbonization and energy transition, the optimality, even the sustainability, of this macroeconomic policy framework may be questionable. The cyclical oil price shocks that prevailed in the past are far cry from the expected secular downward price movements associated with decarbonization. Therefore, the GCC countries would need to start considering alternative macroeconomic models to better manage the potential fiscal and monetary consequences of the impending decarbonization agenda.

Moderator & Lead Speaker: [Ibrahim Elbadawi](#), ERF

Lead Commentators: [Klaus Schmidt-Hebbel](#); Universidad del Desarrollo

[Majid Al Moneef](#), President, Saudi Association for Energy Economics SAE & ERF

Special Panel (D) - Labor Markets and Private Sector Focus - Main Auditorium – Online

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GCC countries are redoubling their efforts to diversify their economies and develop vibrant private sectors that can replace revenues derived from oil and natural gas. Labour market reforms feature prominently in this effort, with GCC countries seeking to encourage and support their nationals to replace foreign workers in the private sector. Indeed, they have made impressive strides in bringing national women into the workforce. However, naturalization efforts are hampered by gaps in wages and benefits of nationals in the private and public sectors and the fact that many nationals do not have the skills and temperament for jobs in the private sector. Furthermore, public policies aimed at arbitrarily limiting access to foreign workers, such as quotas and age limits, end up restricting private sector access to the skills and productive talent that they need to grow and develop a competitive economy. This session explores GCC efforts



to navigate the energy transition process through diversifying their economies, nationalizing their workforces, developing a competitive private sector, substituting away from imports, and attracting foreign direct investment.

Chairman and Moderator: [Hala Abou Ali](#), National Planning Institute, Egypt
Panelists: [Ismail Radwan](#), Senior Director for Economics & Investment Strategy
Public Investment Fund (PIF)
[Nader Kabbani](#), Middle East Council on Global Affairs, Qatar
[Zafiris Tzannatos](#), Jordan Strategy Forum
[Ismail Genc](#), American University Sharjah (*Online*)

17:30 – 18:00 Coffee break

18:00 19:30 Plenary Session 2 - Product Space and within Hydrocarbon diversification potential *Main Auditorium - Online*

The theory of economic complexity suggests that developing products that are close to the product space that it already exports, GCC could enhance their diversification potential and extend the value chain and create new industries within its traditional energy sector. The global demand for petrochemicals, is growing more rapidly than GDP. The industry is diversified and sophisticated and produces many consumer and manufacturing materials. Some of these materials are crucial components for energy transition, especially solar panels, wind turbine blades, thermal insulation, batteries, and other electric vehicle parts. Thus, the GCC oil industry can be integrated both into the national diversification agenda and the global energy transition process.

Chairperson and Moderator: [Hamad Altowajiri](#), King Saud University
Keynote Speaker: [Ricardo Hausmann](#), KSG, Harvard Kennedy School (*Online*)
Lead Commentators: [Christian Haefke](#), Program Head of Economics, NYU Abu Dhabi
[Hamid Eltgani Ali](#), Doha Institute for Graduate Studies

19:30 Dinner @ KAPSARC

Day 2 Tuesday 31 October 2023

9:00 – 10:30 Plenary 3: Innovation and Technological Change in GCC Hydrocarbon Sector - *Main Auditorium - Online*

The hydrocarbon sector plays a vital role in the economies of Gulf Cooperation Council (GCC) countries, which are major oil and gas producers. To adapt to evolving market dynamics, sustainability concerns, and the need for diversification, the GCC hydrocarbon sector has been embracing innovation and technological change. By embracing innovation and technological change, the GCC hydrocarbon sector aims to enhance operational efficiency, reduce environmental impacts, and adapt to a changing energy landscape. These advancements not only support the sustainability goals of the sector but also contribute to economic diversification and the transition to a more sustainable energy future. This session seeks to highlight the main technological progress of carbon sequestration and storage and their adoption in the GCC. At the same time, the electrification of the world economy will need a critical amount of minerals, and the region may play a key role in this also. Contributions are expected around the following topics: Carbon sequestration technologies and New Storage Technologies; Critical minerals and energy transition in GCC: the potential of the region; Digitalization of GCC and Renewable Energies.

Chairperson and Moderator: [Yousef Al-Ebraheem](#), Former Minister of Finance Kuwait
Keynote Speaker: [Adel Ben Youssef](#), University Cote d'Azur
Lead Commentators: Khalid Salmi, Regional Center of Renewable Energy and Energy Efficiency (RCREEE)
[Nathalie Hilmi](#), Chargee de Recherche – Economie, Centre Scientifique de Monaco

10:30 – 11:00 Coffee break

11:00 – 12:30 Parallel Sessions

Special Session on Kuwait (4 papers) – *Main Auditorium - Online*

Chairperson and Moderator: [Abdulmajeed Alshatti](#), Supreme Petroleum Council, Kuwait

- *Kuwait's Employment and Economic Growth*, [Husam Arman](#), Shaikha Al-Fulaij, Marwa AlMusallam
- *Kuwait's Oil and non-Oil Sectors Cointegration and The Prospects for Digital Economic Transformation*, [Sulyman Al-Qudsi](#), Siddig Salih, Husam Arman
- *Economic Policy and the Stunted Development of Kuwait's Private Sector: Evidence Based on Stochastic Frontier Panel Model of Firm-level Technical Efficiency Estimates*, [Sulyman AlQudsi](#), Ahmad Alawadhi, Mohammad Hajeeh
- *Kuwait Long Run Energy-Based Economic Growth and Needed Policy Reversals for Successful Transition to Sustainable Growth*, [Ahmad Alawadhi](#), Siddig Salih, Abdullah Aljaber

Climate Change and Renewable Energy (2 papers) - *Seminar Room 1 – First Floor*

Chairperson and Moderator: [Nader Kabbani](#), Middle East Council on Global Affairs

- *Historical and Future Global Emissions Reductions due to Qatar's LNG Exports*, [Muez Ali](#), Abdelftah Hamid, Alex Amato
- *The Energy Transitions in the Arab Gulf States, State Capitalism as a Driver and Shaper of Transition*, [Faris Al-Sulayman](#)

Energy Transition and Finance (2 papers) - *Seminar Room 1 – First Floor*

- *Time-varying causality between Financial development and carbon emissions: evidence from GCC economies*, [Essahbi Essaadi](#), Redhouane Hasni, Wajih Khallouli
- *The Impact of FinTech and Blockchain Technology on UAE's Financial Sector*, [Ahmed Elsayed](#)



12:30 – 13:00 Coffee Break

13:00 – 15:00 Plenary 4 – Celebrating Excellence and Future Outlook - Main Auditorium

Chairperson and Moderator: [Ibrahim Elbadawi](#), Economic Research Forum (ERF)

Keynote Speaker: [Mahmoud Mohieldin](#), UN Climate Change High-Level Champion for Egypt (Online) –

Regional Future Outlook: Challenges and Opportunities – COP27 and beyond

- *Energy Transition in Oil-Dependent Economies: Public discount rates for investment project evaluation, [Fatih Karanfil](#) & [Axel Pierru](#)*
 - *Time-varying causality between Financial development and carbon emissions: evidence from GCC economies, [Essahbi Essaadi](#), Redhouane Hasni, Wajih Khallouli*
 - *Economic Policy and the Stunted Development of Kuwait's Private Sector: Evidence Based on Stochastic Frontier Panel Model of Firm-level Technical Efficiency Estimates, [Sulyman AlQudsi](#), Ahmad Alawadhi, Mohammad Hajeeh*
 - *Fiscal Policy and Macroeconomic Stability in Oil Exporting Countries: Evidence for Saudi Arabia, [Moez Ben Tahar](#), Raja Almarzoqi, Sarra Ben Silmane*
- *followed by the ERF GCC Best Paper Award Ceremony*

15:00 – 16:00 Lunch and departure