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Knowledge for All

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Workshop No. 4

The Structural Economic Challenges that GCC Economies Face to Move Toward Economic Diversification and Sustainability

1. Directors

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2. Abstract

The meeting is to discuss the current and future impacts of ongoing economic and social challenges towards economic diversification, development, and sustainability plans considering GCC future visions and the turbulent energy transition, global economy uncertainty, geopolitical risk, and their impact on the dynamics of sociocultural, economic, and political developments in the GCC. The main focus of discussion will be on the following areas: a) Exploring the current economic and socioeconomic challenges that face GCC economies toward their visions in economic diversification b) The role of government as an entrepreneurial state in a world of fundamental uncertainty to build strong foundations for a sustainable economic development model c) The role of central banks and the financial sector in achieving GCC sustainable development objectives d) The role of Sovereign Wealth Funds in achieving GCC sustainable development objectives e) The role of the private sector in achieving GCC sustainable development objectives f) The impact of climate change in the environmental, social, economic, and political aspects of GCC economies.

3. Context

The Gulf Cooperation Council (GCC) countries are facing a number of structural economic challenges that hinder their ability to move towards economic diversification and sustainability. As GCC economies are heavily reliant on oil and gas exports, which makes them vulnerable to

fluctuations in global energy prices, they are also limited in the development of other sectors of the economy. Moreover, the private sector in the GCC is underdeveloped and relies heavily on government contracts and subsidies, which makes it difficult for it to play a leading role in economic diversification. In addition, the GCC countries have a large expatriate workforce and a shortage of skilled national workforce which hinders their ability to develop competitive non-oil industries. Further, the GCC countries have a low level of investment in research and development (R&D), which makes it difficult for GCC firms to compete in the global market. In addition, climate change, global warming, and energy transition plans will challenge the current economic model of GCC economies.

In order to address these challenges, the top priority of the workshop is to offer a comprehensive view of the fundamental role that the GCC states, central banks, financial institutions, sovereign wealth funds, and the private markets have on sociocultural, economic, and political developments in the GCC in the wake of fundamental economic uncertainty, global climate change, and global warming issues. This workshop will explore how the GCC countries can move to a more resilient and sustainable economy. The meeting participants will discuss how, under these conditions, an entrepreneurial state could build a strong foundation with the help of central banks, financial institutions, sovereign wealth funds, and a strong private market to help the GCC economies face their current challenges, in addition to achieving their long-term economic developments and national visions.

4. Focus/objectives

The transition to a low-carbon world involves, inter alia, reductions in fossil fuel production. The oil/gas rich countries of the GCC and others have gained considerable income and wealth from oil/gas. But in a way have suffered a form of ‘Dutch disease’ whereby the relatively high and stable exchange rate has precluded the development of other industries particularly those who are or would be engaged in foreign trade. The moves away from oil/gas require the development of new industries and a strategy of diversification into a ‘green economy.’ The major policy questions relate to the strategies by which beneficial diversification is to be achieved. What are the roles of the market and private enterprises and government and the state? How are the routes to diversification being identified and how can the funding of diversification be achieved (in a context of ‘stranded assets’). How are the crucial investment decisions to be made in a world of fundamental uncertainty?

In order for the GCC hydrocarbon producers to respond adequately to these diverse emerging challenges, it is important to clearly define and understand the origins of these issues, the majority of which are deeply connected to the oil and gas market transformation and regional tensions. The event will consider the current economic model and the impact of global energy transition processes on the GCC member states through the prism of challenges faced by their economic development plans. The contributors will deeply analyze how these global challenges affected not only the oil and gas industries, but also other aspects of the GCC’s social, economic, and political development. Consequently, the event will be a platform to critically discuss and analyse the importance of GCC economies moving towards a more sustainable economy for the next generations in the GCC.

The workshop will attempt to answer the following questions:

- What are the current economic challenges and the different strategies for economic development and sustainability?
- What is the role of the government as an entrepreneurial state to build strong foundations for a sustainable economic development model?

- What are the roles of central banks, financial institutions, and sovereign wealth funds in achieving GCC sustainable development objectives?
- What is the role of the private sector in achieving GCC sustainable development objectives?

5. Papers focus/topics

This workshop will try to demonstrate that the GCC countries should move to a more resilient and sustainable economy. The meeting participants will discuss how, under these conditions, an entrepreneurial state could build a strong foundation under fundamental uncertainty with the help of central banks, financial institutions, and sovereign wealth funds. A strong private market could help the GCC economies face their current challenges, in addition to achieving their long-term economic developments and national visions.

Consequently, the event will allow for the critical discussion and analysis of the importance of GCC economies moving towards a more sustainable and better economy for future generations in the GCC.

The main attention of the workshop will be focused on the following areas:

Part 1. Current economic and socioeconomic challenges: Current economic diversifications, development plans, and national visions in the GCC, and GCC oil and LNG industry response to the energy transition challenge

Part 2. The role of government as an entrepreneurial state taking into consideration the world of fundamental uncertainty to build strong foundations for a sustainable and resilient economic development model in the GCC. Papers could explore the social, economic, and political impacts in the GCC economies of a sustainable development model.

Part 3. The role of central banks and the financial institutions particularly in financing and achieving GCC sustainable development objectives.

Part 4. The role of sovereign wealth funds in achieving GCC economic diversification plans and sustainable development objectives.

Part 5. The role of the private sector in achieving GCC sustainable development objectives.

Part 6. The impact of climate change on the environmental, social, economic, and political aspects of GCC economies.

Paper proposals should fit as closely as possible with this workshop description, notably section 4, and the publication plans (section 7).

6. Paper structure, referencing, and format

The format of papers and their content have become fairly standard for economics (with some variation here and there) including introduction; literature review; data; methodology or model; results; discussion and analysis, and conclusion.

Authors should also adhere to the [GRM Paper Guidelines](#).

Participants who do not submit a paper by the 31 May 2024 deadline or whose submitted paper does not meet the requirements will be disinvented by GRCC.

7. Publication plans

The proceedings of the workshop will be transformed into a collective volume published in Routledge Taylor and Francis Group or Edward Elgar publishing house. The expected length of the volume is between 80 and 100 thousand words. The submission of the first full drafts of the chapters to the book editor is expected on 31 August 2024. After the editors' revisions, the authors will be given a month to make necessary corrections. The final drafts of the chapters are to be submitted by 15 December 2024. The final typescript is expected to be delivered to the publisher by 1 February 2025. This book is designed for a wide English-reading audience that will include researchers and academics interested in the topic of economic development and sustainability, GCC socio-economic and political development with a specific focus on the economic transformation of the Gulf hydrocarbon economies, social and political landscapes as well as post-doc students interested in GCC foreign and economic policies. The proposed book project also represents one of the first attempts to explain the role of different economic agents, in particular the role of an entrepreneurial state and its institutions in achieving GCC long-term national visions. Not much work has been done on this topic.

Papers that may not be publishable in the volume will still be reviewed by the directors and considered for individual publication in either a peer-reviewed journal or as a GRC paper. Directors will make reasonable efforts to ensure that all accepted papers are published in one of these forms.

8. References

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9. Directors' bio notes

Malcolm Sawyer is an Emeritus Professor of Economics at the University of Leeds, UK, and Retired Managing Editor of the *International Review of Applied Economics*. He is the author of 12 books and co-editor of over 30 books and over 250 academic journal articles and book chapters. He was lead coordinator of the EU-funded, 5-year project, "Financialization, Economy, Society and Sustainable Development" (FESUD). He is an FMM Fellow. Malcolm undertakes research on macroeconomics policies, economic development and sustainability, fiscal policy, monetary policy, the nature of money, and on financialization.

Dr. Jalal Qanas is an assistant professor in the College of Business and Economics at Qatar University. He obtained his Ph.D. in Economics from Leeds University Business School in 2018. He was a Teaching Assistant in Economics for Undergraduate and Postgraduate students at the University of Leeds from 2013-2017. He has also taught a summer course in the Economics of Brexit at Oxford University. Before joining Qatar University, he was a Visiting Lecturer at the University of West London. He has had considerable undergraduate and postgraduate teaching experience; his research focuses on topics such as macroeconomics policies, the political economy of GCC states, economic development and sustainability, microeconomics, monetary economics, international political economy, international finance and trade.