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Content

Arab economies expected to grow by 5.0 percent in 2022: AMF

Arab economies are expected to grow by 5.0 percent in 2022, supported by the increase in oil production and its prices in international markets and the continuation of stimulus packages to support economic recovery, according to the Arab Monetary Fund (AMF) Outlook.

In its Sixteenth Edition of the Arab Economic Outlook Report, including macroeconomic forecasts for Arab economies for 2022 and 2023, the AMF noted the growth of Arab countries is expected to decrease to 4.0 percent in 2023 due to the decline in global demand, the gradual withdrawal of stimulus packages, and the anticipated fall in commodity prices.

The report indicated that while the world was striving at the beginning of 2022 to overcome the economic and social repercussions of the COVID-19 virus and its variants for the third year in a row, the global economy witnessed unfavourable global developments. These developments resulted in high prices of many agricultural, industrial, and energy products and pose significant challenges for supply chains that have not yet recovered from the effects of the COVID-19 Pandemic.

These developments increased risks and uncertainty and raised concerns about global food security in light of their repercussions which impacted all countries, markets, and families and led to a decline in purchasing power levels, especially for low- and middle-income families.

The recent global developments overshadow world economy growth estimates, which were set before at between 4 and 4.5 percent in 2022 due to the expected recovery, especially in several advanced and developing economies, and between 3.2 and 3.8 percent in 2023 as a result of the gradual withdrawal of the recovery packages.

According to international expectations, it is estimated that these developments will lead to a decrease in the growth rate of the global economy by at least 0.5-1.0 >

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THE EMIRATES

Etihad Airways, the national carrier of the United Arab Emirates, is undertaking a week of intensive research and testing on over 30 flights to test operational efficiencies, technology and procedures that will reduce carbon emissions, in an expansion of its ongoing sustainability flight testing program. Read more on Page 5.

percentage points during 2022 and will result in a rise in the global inflation rate by between 2.5 and 3.0 percentage points.

In 2023, these developments will result in a possible decline in global GDP by about 1 percent, representing a loss estimated at one trillion US dollars, and a further rise in the inflation rate by about two percentage points.

The recent global developments affected the international energy markets and led to a rise in oil and gas prices to record their highest levels in March 2022 since 2008. In this context, oil prices have risen by 40 percent in the first quarter of 2022, while gas prices increased by about 112 percent on an annual basis.

Amid these developments, the growth rate of Arab economies is expected to rise to about 5.0 percent in 2022, supported by the increase in oil production and its prices in international markets and the continuation of stimulus packages adopted in Arab countries whose accumulated value reached USD 396 billion during the period (2020-2022).

In 2023, the growth of Arab countries is expected to decrease to 4.0 percent due to the decline in global demand, the gradual withdrawal of stimulus packages, and the anticipated fall in commodity prices.

The expected growth rate for 2022 reflects the rise in the growth rate of the Arab oil-exporting economies to 5.6 percent due to the anticipated increases in the output of the oil and gas sectors. On the other hand, the growth rate of the Arab oil-importing economies is expected to reach a moderate level of 3.7 percent, reflecting the challenges facing their internal and external balances, which affect consumption and investment levels.

In this context, a significant increase in the GCC growth rate is expected to reach about 5.8 percent in 2022, compared to 3.1 percent for the growth rate recorded in 2021, due to many supportive factors that will stimulate the output of both oil and non-oil sector. These factors include the positive momentum of the economic reforms applied to increase levels of economic diversification and attract local and foreign direct and the positive impact of the stimulus packages to support recovery from the COVID-19 Pandemic. In 2023, the growth pace of the GCC countries is expected to decline to 3.6 percent.

Other Arab oil-exporting countries are expected to benefit from the planned increases in oil production quantities within the framework of the “OPEC+” agreement and the rise in the global oil and gas prices, bringing the group’s growth rate to 4.6 percent in 2022, compared to 3.30 percent in 2021, while the growth rate is expected to decline to 3.9 percent next year due to the internal conditions that impact growth and the challenges facing this group of countries in terms of supporting business environments and increasing its attractiveness.

In contrast, Arab oil-importing countries are expected to record a moderate growth pace in 2022, estimated at 3.7 percent compared to 2.5 percent in 2021, reflecting challenges facing internal and external imbalances due to the global economic environment. A significant improvement in the growth rate of this group of countries is expected in 2023 to reach 5 percent, which is attributed to the improvement in aggregate demand and a gradual easing of pressures facing public budgets and balances of payments as a result of the expected decline in commodity prices next year.

The Inflation Rate is expected to rise in the Arab countries as a group to record about 7.5 percent in 2022, compared to 5.7 percent in 2021, while a relative decline in the inflation rate is expected in 2023 to reach 7.0 percent. The increase in inflation rates reflects the impact of international supply chains’ challenges and the recorded rises in agricultural and industrial commodities and energy products prices because of the current global developments. Additionally, some inflationary pressures are expected to emerge over the forecast horizon due to the anticipated increase in aggregate demand levels; the rise in consumption tax rates in some Arab countries, the pass-through effect as a result of the depreciation of some Arab currencies against major currencies, and the impact of other inflationary factors that vary from one Arab country to another.

Accordingly, tightened Monetary Policy Stance is expected to prevail over the forecast horizon in many Arab countries to either maintain fixed exchange rates regimes adopted in many Arab countries or curb inflationary pressures and support local currencies in other Arab countries that adopt flexible exchange rates regimes. On the other hand, Arab Central Banks and Monetary Authorities will continue implementing unconventional monetary policy tools to support recovery and stimulate economic activities. They will also focus on adopting reforms to achieve price and financial stability, supporting digital transformation, including efforts to issue Central Bank Digital Currencies (CBDCs) and licensing digital and open banks to increase financial inclusion.

In terms of Fiscal Conditions, the consolidated public budget deficit of Arab countries is expected to decrease in 2022 to reach 2.4 percent of GDP, compared to 4.6 percent in 2021. This improvement reflects the anticipated increase in oil revenues, especially in light of improving fiscal conditions and the expectation that the GCC countries will achieve a fiscal surplus in 2022 for the first time since the drop in oil prices in 2014. However, public budget deficits in the group of other Arab oil-exporting and oil-importing countries will remain at a relatively high level in 2022.

At the level of the External Sector, the performance of the current account balance of Arab countries as a group will be affected during 2022 by the continuing repercussions of the Covid-19 Pandemic, in addition to the effects of global developments that have led to a rise in international prices of oil and essential commodities, especially food prices, and the pressures arising from continuing challenges facing global supply chains.

In addition, the external conditions in Arab countries will also be impacted by the expected rise in interest rates levels, whose first phases began to appear in March of this year, and the effects of the precautionary measures imposed to reduce the levels of demand for foreign currency in light of the challenges facing the foreign exchange markets in some Arab countries.

Accordingly, it is expected that the current account surplus of the Arab countries as a group will rise in 2022 to reach about USD 186.6 billion, an increase of 44.1 percent, to reach about 6.4 percent of the gross domestic product of the Arab countries. Regarding expectations during 2023, the current account surplus is expected to decrease to about USD 149.6 billion, equivalent to about 4.9 percent of the GDP of Arab countries as a group.

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EDB signs MoU with Food Tech Valley to provide financial solutions to SMEs, start-ups

Emirates Development Bank (EDB) has announced the signing of a Memorandum of Understanding (MoU) with Food Tech Valley, which is being developed by wasl Asset Management Group, to provide financing solutions to small and medium enterprises (SMEs) and start-ups operating within the project.

The MoU will help support entrepreneurship and innovation as well as contribute to Food Tech Valley's growing ecosystem.

Food Tech Valley, an initiative centred around food, innovation, knowledge, technology and sustainability, is set to attract tech-based entities in the agriculture and food production sectors. Its goal is to serve as a hub for future clean tech-based food and agricultural products, significantly disrupting traditional food systems through its emphasis on sustainability and resource conservation.

The agreement was signed by Hesham Al Qassim, CEO of wasl Asset Management Group and Ahmed Mohamed Al Naqbi, Chief Executive Officer of the Emirates Development Bank, at wasl's headquarters, in the presence of other senior officials from both entities. Under the MoU, the parties have agreed to support any tech-based pioneers operating, or seeking to operate, in the project with financing solutions, road shows, seminars, mentorships and knowledge transfer.

In his comments, Al Qassim said, "We are pleased to sign this agreement with EDB that will provide its financial expertise and support existing and potential companies with all their financial needs. The partnership will further boost the government's vision of diversifying the economy by encouraging tenants to set up their businesses at Food Tech Valley. It also aligns with the UAE's National Food Security Strategy 2051, and we are confident that all the partners on board will help attract local and foreign direct investments within the field to achieve the government's mission of transforming the UAE into a global hub for tech-based food and agricultural solutions."

Commenting on the agreement, Al Naqbi said, "This agreement is in line with our efforts to support economic diversification and sustainable growth in the UAE and cement the UAE's position as a vibrant, enabling hub for businesses in key sectors. It is also fully aligned with the UAE's National Food Security Strategy 2051 by implementing resilient agricultural practices that increase productivity."

Al Naqbi added, "The MoU also supports EDB's strategy to drive the UAE's industrial development, accelerate the adoption of advanced technologies across the industrial base, and empower the growth of SMEs in five priority sectors, including food security. We are delighted to collaborate on such a groundbreaking project as Dubai's Food Tech Valley, which will serve as a testbed for pioneering solutions in the agriculture and food production sectors. Through this agreement, we aim to give value-added financing support to startups, SMEs and international companies, and we look forward to building new partnerships with emerging companies in such a vital sector."

EDB is a key financial enabler of the UAE's economic diversification and industrial transformation agenda. Its new strategy launched in March 2021 to support the UAE's industrial development, accelerate the adoption of advanced technologies, and empower the growth of SMEs in the UAE. To achieve these goals, EDB will facilitate direct and indirect lending, totalling AED30 billion, to more than 13,500 companies by 2026.

Food Tech Valley, an initiative that was launched by His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President, Prime Minister and Ruler of Dubai, was established to be centred around food, innovation, knowledge, technology and sustainability.

The focus is to support and attract new agricultural technologies, bridging global and local knowledge in the field, while establishing a collaborative network to lead regional transformation and export knowledge toward sustainable food system. Food Tech Valley will act as a catalyst to transform the UAE generally and Dubai specifically to be a hub for future clean tech-based food and agricultural products.

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Masdar's projects displaced almost 7.5 million tonnes of carbon dioxide in 2021: CEO of Masdar

Mohamed Jameel Al Ramahi, Chief Executive Officer of Masdar, said that, since its founding in 2006, Masdar's mission has been to put the UAE on a path to a sustainable, diversified economy.

In a statement marking Earth Day 2022, Al Ramahi stated, "At Masdar, we are proud pioneers in communicating our sustainability goals and achievements to our stakeholders."

He highlighted Masdar's positive impact on carbon-reduction goals, with the company's operating clean energy portfolio displacing almost 7.5 million tonnes of carbon dioxide last year, up 38 percent on 2020's adjust figure of 5.4 million tonnes, according to Masdar's 2021 Sustainability Report. In total, the combined capacity of Masdar's portfolio – either installed or under development – rose 40 percent last year to over 15 gigawatts (GW).

Al Ramahi reaffirmed Masdar's ambition to reach a portfolio capacity of 100 GW – and ultimately to achieve double that, besides being positioned to play a key role in the UAE achieving its Net Zero by 2050 Strategic Initiative, and in supporting the journey to the COP28 climate change conference being hosted in the UAE next year.

As its 2021 Annual Sustainability Report demonstrates, environmental, social, and corporate governance (ESG) remains at the core of Masdar's mission and purpose. Supporting this effort is the Masdar Sustainability Committee (MSC), an employee-led body focused on identifying and implementing sustainable practices, integrating sustainability into its day-to-day operation, and increasing sustainability awareness across the company.

The recent IPCC report also highlights the importance of increasing investment, with financial flows still falling below the levels needed to limit global warming to below 2 C. Again, Masdar has long led by example, demonstrating how the business community can deliver on the global sustainability agenda.

Last year alone, Masdar committed to more than US$3 billion in renewable energy investments, bringing the combined value of its renewable energy portfolio to more than US$20 billion, with the company's footprint spanning over 40 countries worldwide.

Masdar has also demonstrated its commitment to ESG through its ongoing development of Masdar City, its flagship sustainable urban development and Abu Dhabi's only planned and approved R&D cluster and a leading hub for innovation, home today to over 1,000 businesses. Major research projects initiated within the City include the world's first solar/thermal energy storage-powered project to extract water from air, and an electrical thermal energy-storage system solution that enables 24/7 clean energy utilisation.

A range of development initiatives across the company provided a total of over 4,700 learning hours for employees across the company, with staff being offered more than 1,800 hours of wellness training.

The decision by both Moody's Investor Services and Fitch Ratings to assign Masdar first-time credit ratings that place the company firmly in the investment grade category can be seen as an endorsement of the company's approach to governance as well as the strength of its business. Moody's and Fitch issued Masdar with long-term ratings of A2 and A+ respectively, both with a stable outlook.

"These ratings corroborate the importance that Masdar gives governance in its business," said Jonathan Evans, General Counsel for Masdar, in the Sustainability Report. "Whilst ESG standards are continuing to evolve, the assessment by the ratings agencies reflects the robust base that Masdar has created for itself."

Moreover, 2022 will see three of the UAE's energy giants – ADNOC, TAQA and Mubadala – join forces to transform Masdar into a truly global clean energy powerhouse.

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Etihad Airways leads sustainable aviation with week of intensive flight tests to reduce carbon emissions

Etihad Airways, the national carrier of the United Arab Emirates, is undertaking a week of intensive research and testing on over 30 flights to test operational efficiencies, technology and procedures that will reduce carbon emissions, in an expansion of its ongoing sustainability flight testing programme.

The week-long programme, coinciding with Earth Day on 22nd April, includes over 20 commercial flights operating across Etihad's network to test contrail avoidance technologies, in partnership with SATAVIA, a UK-based green aerospace company.

The airline will also operate up to 13 dedicated 'EcoFlights,' testing a range of flight and engine optimisation initiatives, with successful trials to be incorporated into regularly scheduled operations. Each of these flight tests will be conducted on Etihad's fleet of fuel-efficient A350 and 787 aircraft, spearheaded by the 'Etihad Greenliner', and Etihad's newest aircraft, the 'Sustainable 50'.

"Etihad has demonstrated its commitment to sustainability over the last three years, leading the industry through real world testing and application of technology and processes that provide incremental environmental benefit every time we fly. The tests we're conducting this week are just the latest initiatives in our long running and comprehensive sustainability programme, because for us, sustainability is a priority every day, not just once a year when it's convenient and expected. The results we develop will add to the body of work and knowledge base we've built to support the aviation industry on its journey to decarbonisation," said Tony Douglas, Group Chief Executive Officer, Etihad Aviation Group.

The bulk of tests conducted over the week are part of a year-long partnership with SATAVIA to enable contrail prevention by integrating atmospheric modelling with operational flight planning to prevent contrail formation. Aircraft contrails, or condensation trails, are clouds made up of aircraft-generated ice crystals which cause a net surface heating effect globally by trapping atmospheric heat. Contrails cause up to 60 percent of aviation's total climate impact, the equivalent to two percent of all human impact.

"Our understanding of contrails rests on decades of atmospheric science, which can now be combined with high-performance computer modelling to identify contrail formation zones and optimise flight plans for contrail prevention. Following these tests, we will work with Etihad to quantify the climate benefit arising from contrail prevention on a flight-by-flight basis. This will lay the groundwork for future conversion into tradable carbon credits, incentivising widespread adoption of contrail prevention across the aviation sector," said Dr. Adam Durant, CEO of SATAVIA.

Through these programmes, and Etihad's ongoing research and testing initiatives such as EcoFlights, Etihad encourages and invites partners from across the aviation sector to join and test sustainability initiatives on scheduled 787 and A350 operations. The results are then processed and validated, with the most sustainable initiatives used as a base for improving the performance of the global airline community.

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UAE's non-oil contribution to GDP hit 72.3% in 2021
ABU DHABI, 18th April, 2022 (WAM) -- The UAE's non-oil sector contribution to the GDP amounted to 72.3 percent in 2021, up from 71.3 percent in 2020, data...

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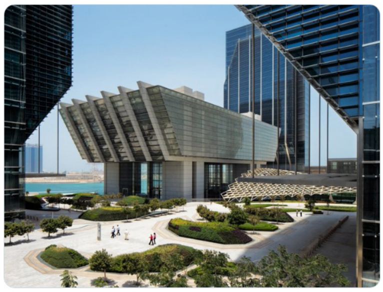

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