

## Summary

Manama, Bahrain 8-10 May 2018

### A New Gulf Paradigm

9 May

#### Key points

- Governments across the GCC are actively privatising key sectors of their economies, getting out of business and restricting their role to regulating and enabling the private sector.
- Despite periodic new oil and gas discoveries, such as the recent one in Bahrain, governments are determined to diversify their economies in the long-term interest of their young populations.
- The process of diversification and privatisation is sometimes slow, for cultural and legal reasons and because governments are cautiously putting into place suitable regulatory frameworks.
- The private sector must rise to the occasion and get used to operating more independently, without relying on subsidies and tax breaks as has been the long-standing practice in GCC countries.

#### Synopsis

“We want the government to not compete with the private sector, to stick to regulation,” Jassim Alseddiqi, Chief Executive Officer, ADFG, United Arab Emirates, said at the opening plenary of the Gateway Gulf Investor Forum in Manama, Bahrain, on 9 May 2018. He was speaking for private businesses across the region, which are raring to drive the current transition towards diversified and open GCC economies. In the past, governments have entered business to jump-start sectors such as telecoms, but now it should allow the private sector to do that, Alseddiqi said, adding that the speed of change must improve.

Government representatives on the panel agreed that governments across the GCC are trying to do just that. The current period of low oil prices has created a momentum in which governments have been rapidly diversifying their economies away from oil, privatising government-owned businesses, amending legislation to enable greater foreign and private sector investment, creating new economic-development programmes, deploying technology, and improving training and capacity building to foster a future-ready workforce.

“We have to remember there has been a history of 40-50 years,” H.E. Khaled Nasser Abdullah Al Roudan, Minister of Commerce and Industry of Kuwait, said, explaining that governments must contend with a range of cultural, legal and regulatory issues as they reform. Kuwait has created an authority for privatisation and another for public-private partnership, and the government is aware it cannot continue on its own, but is mindful that it must create policies and legislation to ensure, for instance, fair competition.

As governments implement reforms, they are opening their economies and societies up to revolutionary new ideas: gender equality, no state-guaranteed jobs and income, fewer tax breaks and subsidies for businesses, and so on. In particular, the move away from a socialistic, welfare-driven approach, to one of free competition not only for business but also in the labour market, could have far-reaching implications, which the private sector will benefit from but must also help manage.

“What we expect from the private sector is to fill up the gap, take up the responsibility,” H.E. Zayed Al Zayani, Minister of Industry, Commerce and Tourism of Bahrain, said, “not see the government as the big brother, not expect subsidies.”

“The role of government is not to spoil the youth and give them a job, just for the sake of it,” Mohammed Alshaya, Executive Chairman, Alshaya Group, Kuwait, agreed. “They have to be qualified to get a job. It is unfair for a smart graduate to be sitting next to someone who is there by tribal connection, it is unsustainable.”

The panellists agreed that they must create more opportunity for women to join the workforce and get to the top. This will take “huge shift in mindsets,” Alshaya said, adding that getting women out of purdah is a big challenge for businesses looking to employ them.

Another idea whose time has come is a borderless GCC with one currency with no custom boundaries, Al Zayani said, adding that this could propel inter-regional trade and grow regional economies at an unprecedented scale.

#### **Session panellists**

**H.E. Khaled Nasser Abdullah Al Roudan**, Minister of Commerce and Industry, Kuwait

**H.E. Zayed Al Zayani**, Minister of Industry, Commerce and Tourism, Bahrain

**Jassim Alseddiqi**, Chief Executive Officer, ADFG, United Arab Emirates

**Mohammed Alshaya**, Executive Chairman, Alshaya Group, Kuwait

Moderator: **Richard Quest**, Anchor, “Quest Means Business”, CNN International

#### **Disclosures**

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