

Phase out of fossil fuels and Arab economies.

Outline

A) Introduction:

Thesis Statement: Decline in trade revenue, slower economic growth, industrial and infrastructural strain due to heavy fossil fuel dependence along with many other factors prove that phasing out fossil fuel will severely impact Arab economies. However, certain measures can be adopted by Arab economies to mitigate these impacts.

B) How the phase-out of fossil fuels will impact Arab economies:

i) Decline in trade revenue due to reduced oil demand;

Evidence: Saudi's oil export fell by nearly \$50bn in 2020 due to lower demand during pandemic (IMF).

ii) Slower economic growth due to decreased reliance on fossil fuels;

Evidence: The UAE GDP growth dropped to - 6.1% in 2020 when oil prices crashed. (World Bank).

iii) Industrial and infrastructural strain due to heavy fossil fuel dependence;

Evidence: Kuwait and Iraq rely on oil for over 90% of govt. revenue (OPEC) which will be disrupted.

iv) Reduced geopolitical influence as renewables replace oil;

Evidence: Saudi's top oil exporter image will weaken if oil demand falls. (Brooking institute).

v) Widespread unemployment as oil/gas sectors downsize

Evidence: In Saudi Arabia, 67% of jobs are linked to fossil fuels (SAMA). A decline in oil could leave millions unemployed.

vi) Political instability triggered by

economic crises;

Case study: The 2011 Arab Spring was partly fueled by economic grievances. A sudden oil decline could spark similar unrest in rentier states.

vii) High inflation and currency depreciation due to trade imbalances;

Evidence: Nigeria saw inflation spike to 18% after oil prices crashed in 2016 (CBN).

viii) Potential rise in crime and social unrest due to economic hardships;

Evidence: During 2014 oil price crash, Saudi Arabia saw a rise in petty thefts.

c) Measures Arab economies should take to mitigate these impacts:

i) Diversify economies beyond oil exports;

Evidence: UAE's "Vision 2030" focuses on tourism and tech, reducing oil dependence to under 20% of GDP by 2030.

ii) Encourage foreign and domestic investment;

Evidence: Saudi Arabia's NEOM mega-project (\$500bn) aims to attract investors in tech and renewables.

iii) Shift toward renewable energy gradually;

Evidence: Morocco's Noor Ouarzazate Solar Plant (World's largest) shows how oil-poor Arab nations can lead in renewables.

iv) Invest in technology and research to foster innovation and competitiveness;

Evidence: Qatar's Qatar Foundation spends billions on AI and education to prepare for post-oil economy.

D) Conclusion: