

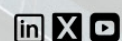


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An ode to our Readers

Greetings from The Global Economics!

We are delighted to present the 25th issue of our magazine, in which we have covered the turbulent political and economic crises emanating across various parts of the world. In this edition, we have discussed the rift between Donald Trump and Elon Musk over Trump's controversial 'One Big Beautiful Bill,' Europe's energy security as a result of escalating tensions in Iran and the strategic importance of the Strait of Hormuz on global trade.

We have written extensively on the energy sector, having discussed Singapore's clean energy ambitions, which could spill over to its Southeast Asian neighbours, Brazil's oil industry, and how Egypt's green energy initiative is paving the way for European manufacturers.

The tech sector has been in the news with more countries and companies investing in data centres. So, this edition also covers how the Middle East is becoming a hub for data centres as AI demands are growing. As AI capabilities expand, the fear of white-collar jobs being reduced to a mere prompt also looms over the IT industry, and this issue looks into which jobs are more susceptible to being replaced by AI.

This issue also delves into topics like green bonds, Japan's Central Bank's policies, and how the MENA region is witnessing a boom in IPOs, as well as mergers and acquisitions. We have also discussed the economic repercussions of Trump's One Big Beautiful Bill, accusations levied against DeepSeek for aiding Chinese military intelligence and how Singapore and Vietnam are facilitating cross-border payments.

Development in the fields of finance, technology, military and politics is interwoven, and any changes in one sector create a ripple effect, directly affecting the others. Therefore, sustainable and intersectional development is the best way forward, and this edition is an example of how there is a convergence of ideas and opportunities across various sectors around the world.

Cheers!

The Global Economics Family

About The Global Economics Ltd.

The Global Economics Limited stands as a distinguished and esteemed digital and print business magazine, with its headquarters situated in the heart of London. Renowned for its insightful analysis, our publication delves into the intricate currents of global business, offering comprehensive coverage of diverse sectors that define the contemporary economic landscape.

At the core of our mission is the commitment to provide our discerning readership, composed of C-level executives, Directors, and key decision-makers from medium and large-scale enterprises, with thought-provoking and in-depth insights. Subscribers to our magazine gain access to a wealth of knowledge, ranging from nuanced discussions on banking, wealth management, cryptocurrencies, and fintech to broader explorations of technology, real estate, hospitality, energy, and other pivotal industries. Our editorial content ensures that our readers are consistently informed with cutting-edge analyses, positioning them at the forefront of informed decision-making.

The Global Economics Limited also hosts a distinguished Annual Awards Program. This program is meticulously designed to acknowledge and honour key market players across diverse business sectors worldwide. Our prestigious awards not only confer distinction upon the recipients but also amplify their global visibility and recognition.

Open to companies on a global scale, our awards program spans sectors such as Banking, Insurance, Finance, Technology, Hospitality, and Real Estate, among others. Participation in our Annual Awards Program is open and free, embodying our commitment to fostering a culture of recognition and celebration within the global business community.

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GLOBAL TRADE ON EDGE: THE STRATEGIC VULNERABILITY OF THE STRAIT OF HORMUZ



The Strait of Hormuz, a global oil transit chokepoint, is one of the most critical and the sole maritime passage connecting the oil-rich Persian Gulf to the Gulf of Oman and onto the broader Arabian Sea. In 2024, approximately 20 to 21 million barrels per day of crude oil and refined products crossed the Strait daily, making up 20% of global oil consumption and 25%-30% of all sea-bound oil trade.

It is also important for exports of liquefied natural gas (LNG), accounting for 20% of global trade, mainly from Qatar and the United Arab Emirates (UAE).

The recent geopolitical tensions between Israel and Iran have raised concerns over the disruption of this trade waterway. The Strait's geographic narrowness makes it extremely vulnerable, making it a perfect tool for weaponisation in the geopolitical sphere. A blockade would rapidly increase prices, disrupt the supply chain, and trigger inflation, affecting emerging economies, industries, and households and dampening economic growth.

The Strait of Hormuz is a narrow passage between Iran to the north and Oman and the UAE to the south, linking the Persian Gulf with the Gulf of Oman and the Arabian Sea. The passage narrows to just

33 kilometres, where shipping lanes are individually only 3 kilometres in width.

The route via the strait is governed by the United Nations Convention on the Law of the Sea (UNCLOS), which gives transit passage, allowing unrestricted navigation and reconnaissance flight for all vessels, including warships and submarines.

These transit passages are immune to suspension from coastal states. However, the legal status is complicated by Iran's 1959 and Oman's 1972 unilateral expansion of territorial seas to 12 nautical miles, successfully closing the strait within their combined waters. Further,

Iran's 1993 law conflicts with UNCLOS, mandating foreign warships to seek permission. This dissimilarity creates a legal bottleneck besides a physical one, making Iran eligible to pressurise its sovereign claims and influence transit vessels.

voyaging to Asian ports. China, India, Japan, and South Korea alone made up for 69% of all crude oil and condensate flow from Hormuz last year. China, the largest buyer, imported 5.4 million bpd through Hormuz in Q1 2025 (45% of its total crude imports). This passage accounts for 2.2 million bpd of India's crude imports, making up between 40% and 53% of their total. Japan and South Korea have relatively less dependence. While Europe might not be reliant on oil, it is exposed to Qatari LNG. Only 5-8% of US oil exports transit through the Strait. The uneven dependence of Asian economies indicates that they will be severely impacted. For LNG, there is no alternative passage, making Qatari exports extremely vulnerable.

Economic Vulnerabilities and Global Ramifications of Disruption

Closing the Strait of Hormuz will immediately increase global oil prices, probably reaching \$100-\$120 per barrel, or maybe in the worst case \$150, compared to the 1973 oil embargo. Similarly, the LNG prices will also surge. This energy price shock will further trickle down to widespread inflationary concerns and rising costs of homes, utilities, industries, and FMCG products globally. The economic repercussions will also be seen in global supply chains, causing logistical bottlenecks, a surge in insurance premiums, and a rise in freight costs. If the tankers were rerouted around the Cape of Good Hope, then it would massively increase shipping time and costs. An elongated closure could lead to a global energy crisis, sending shockwaves through financial markets, slowing global growth, and compelling central banks to delay or reverse interest rate cuts.

Reliance on Global Energy Trade

The strait is a passage for over 20 to 21 million barrels of crude oil and refined products. This waterway handles roughly one-fifth of worldwide LNG exports, with the bulk originating from Qatar and the UAE. Qatar, a major contributor to global LNG supplies, is wholly reliant on this passage for shipping 25-30% of global LNG exports. Whereas most OPEC nations, including Saudi Arabia, Iran, the UAE, Kuwait, and Iraq, are dependent on this strait for crude oil exports.

Contrarily, Asian economies are also heavily reliant on this waterway, with 75-84% of oil navigating through the strait

an Iranian flight in 1988, naval skirmishes in 2007-2008, and the recent seizure of the MSC Aries, Iran has repeatedly called for closing the Strait in retaliation for sanctions or military actions.

Iran has the military capabilities to disrupt traffic with its approximately 5,000-6,000 naval mines, missiles, etc. However, analysts say that a complete closure would be highly unlikely and prove to be an economic suicide for Iran.

Alternative Routes and Energy Security Strategies

Alternatives to the Strait of Hormuz are available, like Saudi Arabia's East-West Pipeline, which can reroute up to 5 million bpd to the Red Sea. The UAE's Abu Dhabi-Fujairah Pipeline can directly pump 1.5-1.8 mbpd at the Gulf of Oman. Iran's Goreh-Jask Pipeline is inoperative but has an operational capacity of 300,000-350,000 bpd. The combined capacity (2.5-3.5 mbpd) of these bypass pipelines is minuscule compared to the 20+ mbpd flowing daily through the Strait. Whereas for LNG exports from the Persian Gulf, there exists no alternative option yet. Several importing nations have diversified their buyer pool. Like India, which sources oil from over 30 countries besides a 15-day reserve of petroleum, South Korea maintains a petroleum reserve of around 200 days of supply. The US and Europe have 600 and 400 million barrels, respectively, and Asia has 1.2 billion barrels of reserves.

Sustaining Global Trade in a Volatile Region

The Strait of Hormuz is a major life-line for global energy and trade, making it the foundation of global economic stability. The Strait's confined geography and strategic geopolitical position create intrinsic vulnerabilities, exacerbated by the scarcity of alternative oil pipelines and a complete lack of bypass options for LNG.

Global and national energy security measures, including diversified supply sources, strategic petroleum reserves, and an international naval presence, provide temporary measures but are also crucial for resilience. A full closure is unlikely and unsustainable; the dangers of short-term disruptions and risks remain alive. New challenges like shadow fleets and navigation interference exacerbate existing tensions.

SAUDI VISION 2030 MAKES RIYADH A GLOBAL HUB: KNIGHT FRANK REPORT

Epicentre of Finance

Saudi Arabia's Vision 2030 is in full swing, with the Kingdom prioritising economic diversification by expanding its non-oil sector. Despite escalating global economic tensions and challenges triggered by US President Donald Trump's tariffs and counter-tariffs imposed by other countries, Saudi Arabia has still managed to accumulate a significant influx of wealth within the country.

A recent report by Knight Frank suggests that Riyadh is rapidly transforming into a hot spot for global wealth, supported by the economic diversification initiatives under Vision 2030. The 'Emerging Wealth Hub' series, hosted in the Saudi Arabian capital, noted that the city has been successful in transitioning from a petro-economy into a centre of finance, culture, and lifestyle. This has prompted further multinational corporations, investors, and expatriates to gravitate towards Riyadh, giving the capital a significant boost in its efforts to reduce its reliance on oil.

Commercial and residential real estate have boomed in the city, with major infrastructure projects underway, preparing Riyadh as the next major hub. The Regional

Headquarters Program has been credited as one of the biggest propellers of growth, having already surpassed its 2030 target, which has resulted in approximately 600 global firms like Bechtel, PwC, and Northern Trust setting up shop in Riyadh.

The Knight Frank report ascertained that the entry of these business ventures into the region has reduced Grade-A office vacancy rates down to 2% while prime office rents have surged by 23% in the past year and 84% in the past five years. Saudi Arabia has rightly diverted its resources to ensure that government policies and initiatives, digital infrastructure and expanding skilled labour and talent pool facilitate the growing startup ecosystem in the country, making Riyadh an unmissable financial and business centre.

Arab News reported that Amar Hussain, Associate Partner for Middle East and North Africa region research at Knight Frank, said that with its strategic vision, economic growth, and commitment to sustainability, Riyadh is on par with other global wealth hubs, drawing in increased investments, talent and tourism. He believes that the 2030 World Expo and the 2034 FIFA World Cup will also push up the city's rank as a leisure destination.

Saudi Arabia issued more than 160,000 new business licenses in the last quarter of 2024, marking a 67% annual increase, suggests the Knight Frank report, adding that this jump has raised the total number of registered businesses to 1.6 million. This is also coupled with the national unemployment figure declining to a record low of 7%.

Entrepreneurialism is at an all-time high in Riyadh, and it can be considered both the result of and the catalyst for more business-friendly regulations in the region. This support from the government will undoubtedly bring in more human and financial capital into Riyadh, accelerating its position as an emerging global wealth hub.

To meet future demands, office space in the capital city is estimated to grow from 5.5 million square meters to 9.8 million square meters over the next two years. This will be made possible by government-approved infrastructure initiatives as well as upward institutional investment.

The Kingdom has rarely shied away from investing in developing a more business-friendly environment, through governmental initiatives, finance options like venture capital, private equity and incubator ecosystems, like Garage 46 and Impact 43.

By retaining and safeguarding their intellectual property interests in a separate sister company situated in an off-shore jurisdiction, Saudi Arabian startups have traditionally favoured an offshore ring-fencing of intellectual property assets. This has made exit strategies easier and assisted firms in expanding internationally.

Incorporating Sustainability

Saudi Arabia has relied and continues to rely on its oil production and exports as a primary source of income and is one of the largest exporters of crude oil and petroleum in the world. However, with the whole world moving towards production and utilisation of clean energy and raising alarms over the inching climate crisis, the Kingdom is also determined to play its part to adopt more sustainable and renewable sources of energy.

Initiatives like the King Abdullah Financial District, the Mostadam green building rating system and the Green Riyadh program are some examples of the government's efforts to incorporate sustainability as it works towards the city's multi-faceted transformation. With metropolitan cities across the world being criticised for poor infrastructure and low

standards of living, Riyadh's administration has certainly made note of these pitfalls and is trying to correct these wrongs.

The Green Riyadh program aims to ensure 7.5 million trees are planted across the city to improve air quality and urban liveability. Urban mobility is also a priority for the government, as it has invested heavily in projects like the Riyadh Metro, the expansion of King Khalid International Airport, and the Sports Boulevard to improve connectivity across the city and reduce congestion.

Work, Live, Play

An improved quality of life also entices more companies to set up their base in the region, and the world is witnessing not only numerous MNCs opening office spaces in Riyadh but also premium quality residential and leisure spaces being made available for residents. The residential sector is recording steady growth, with apartment and villa prices surging a whopping 75% and 40% respectively since their pre-pandemic values.

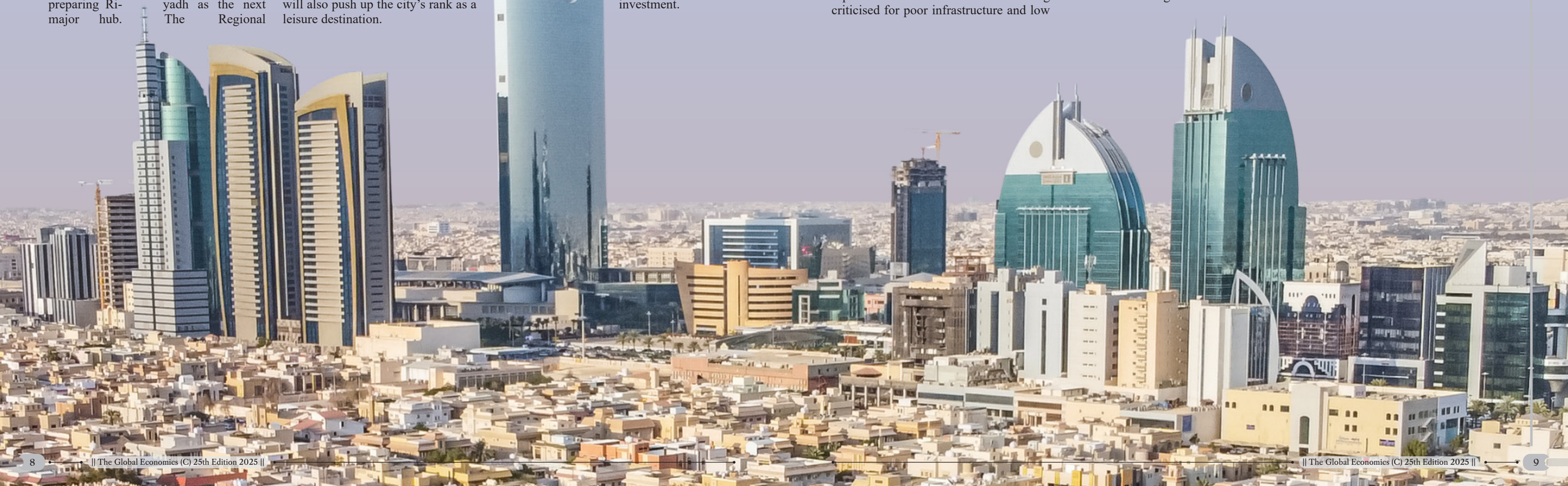
Demand is also on a consistent rise, with apartment prices rising 10.6% last year and villa prices increasing by 6.3%. The government is also offering New Premium Residency Visas, which are linked to property ownership. This allows international investors entry into the country. It has been projected that nearly 305,000 new homes will be needed in the next decade, solidifying the real estate sector's demand in the Kingdom's market.

This has culminated in Saudi Arabia's capital city achieving the perfect balance between work, life and leisure, not only in the MENA region, but across the globe.

With the Kingdom already housing the holy centres of Islam, Mecca and Madina, Saudi Arabia was always a popular tourist destination. However, its new priority is to not only be the site of holy pilgrimage but also attract tourists with a variety of interests. Last year, the Riyadh Season drew 18 million visitors, and the country had already surpassed its initial Vision 2030 tourism goal when it recorded an influx of 106.2 million visitors in 2023.

Saudi Arabia's new target is 150 million visits by 2030, and the government has also announced visa-free entry for 66 countries and has launched its own airline, Riyadh Air. According to the Saudi Central Bank, inbound tourism spending was \$40.95 billion last year, marking a 13.82% yearly rise. Similarly, having bid to host the 2030 World Expo, the Kingdom expects the event to bring in roughly \$94 billion.

In conclusion, Saudi Arabia's Vision 2030 certainly makes for exciting prospects for businesses, skilled labourers and tourists alike. Riyadh's economic boom can also become a development model for other cities, not only within the Gulf Cooperation Council (GCC) but across the world.



CHATBOT TRIGGERS NATIONAL SECURITY THREAT - US OFFICIAL ACCUSES DEEPSEEK OF CHINESE MILITARY LINKS

When China's homegrown generative artificial intelligence (AI) platform, DeepSeek, was launched earlier this year, tech users were enthusiastic, but analysts, policymakers and government officials alike had anticipated this AI race to enter a national security phase. And, as expected, it did not take long for the US to accuse China of using its indigenous AI platform to aid its military and intelligence operations. A top US official, in an interview with Reuters, has also alleged that DeepSeek is looking to use Southeast Asian shell companies to import high-end semiconductors, which Washington has restricted from exporting to China.

These findings suggest that Washington suspects one of China's top AI companies may have overstated its capabilities and extensively relied on US technology to achieve its rapid rise. When DeepSeek was launched in January, it claimed that its AI models were on par with or superior to those of US-led generative AI models. These claims sparked tension and suspicion among US tech enthusiasts and policymakers. Within days of debuting, DeepSeek caused global investors to move their money out of tech stocks, particularly from Nvidia, which lost \$593 billion in market value, the largest loss recorded by any company in a day. The Chinese AI model's unique selling point was its use of less data at a fraction of the cost, compared to its rivals. DeepSeek over OpenAI's ChatGPT to become the most downloaded AI assistant on Apple, a mere week after its introduction into the market.

According to the US official who wished to remain anonymous, has gone on record to say that DeepSeek's continued willingness to aid China's military and intelligence departments goes beyond open source access to AI models. With the Trump tariffs taking centre stage and fuelling the US-China trade war, Washington had not made DeepSeek's alleged activities public. However, American authorities have discovered that Beijing's generative AI model shares user information and statistics with China's intelligence agencies. This sharing of private data is particularly harmful, as the big three US-based cloud providers- Amazon, Microsoft and Google allow users to access DeepSeek.

According to China's law, companies are mandated to supply the required data

to the government when requested to do so. However, the suspicion that DeepSeek is already doing this, without Beijing authorities specifically asking for it, heightens security concerns for thousands of its daily users. The US also wants to continue the restrictions it has imposed on Chinese companies, which are believed to be linked to the country's military-industrial complex. US policymakers have consistently raised concerns that DeepSeek transfers US user data to China through its bank-end infrastructure connected to China Mobile, a state-owned telecom provider. Although the AI company has remained tight-lipped about its privacy practices, this information was found out through the platform's privacy disclosure statements. Although the claim remains unverified, the US official has said that DeepSeek has been named over 150 times procurement records for China's People's Liberation Army (PLA) and other similar organisations related to China's defence and security. DeepSeek is being accused of providing technological assistance to PLA-tied research bodies.

Concerns have also been flagged that the AI firm has been meandering around the US export controls regulations to gain access to advanced US-made chips despite a tight control imposed by Washington to curb the export of semiconductors and chips to China. The US government has placed these controls since 2022 in fear that, should China be granted access to these chips, the government could use them to advance its military and AI capabilities. However, despite vigilance, DeepSeek can apparently access huge values of Nvidia's high-end H100 chips.

Two of DeepSeek's AI models, DeepSeek-V3 and DeepSeek-R1, are just as advanced as those of OpenAI and Meta, with top US tech executives commending the models' effectiveness. AI experts, however, remained sceptical of the company's claims that training the models cost DeepSeek only \$5.58 million, arguing that the real figure had to be higher. Reuters reported that the official informed them that DeepSeek relies on shell companies in Southeast Asia to evade US export controls and is also using these companies as a front to gain access to data centres in the region so the tech company can eventually remotely access US chips.

Although there is little clarity regarding how successful DeepSeek has been in evading these regulations, and not much is known about the rumoured shell compa-

nies either. With these heavy accusations flying its way, DeepSeek has refrained from commenting on the subject. The US official has also said that the government is unlikely to make any public announcements regarding this matter anytime soon. China, as expected, has also declined to comment on these presumptions.

Nvidia, however, has maintained that Washington's export restrictions have kept the company out of the Chinese market, which is only served by its rivals, such as Huawei. Nvidia has also clarified that the company does not support any client which have violated US export controls or is on any of the country's entity lists. In February, news broke that the US was investigating whether the Chinese AI firm had been using US-made AI chips, which were not permitted to be shipped to Asia's largest economy. Nvidia admitted that while DeepSeek was in possession of its H800 products, it could not legally procure the H100. However, the US has always remained untrusting of the Chinese claims and has suspected that the company was finding ways to use advanced US chips remotely.

Despite it being illegal to bring cutting-edge Nvidia chips into China without a license, Chinese businesses are nonetheless able to use them remotely in data centres in non-restricted nations. There are exceptions, like if the US government has reason to believe that Chinese chip importers are using technology developed by the Americans to develop weapons of mass destruction. Washington has not yet placed DeepSeek on any US trade blacklists, nor has it suggested that Nvidia is aware of DeepSeek's work with the Chinese military. Malaysia's Ministry of Trade said in June that it was investigating whether any domestic laws or regulations had been infringed and whether a Chinese company operating in the country, which has not been named, was using servers with Nvidia chips to train large language models. Therefore, while the Trump administration has not yet taken any action against DeepSeek, it is no indication of a clear coast. The AI race is the 21st century's version of the space race, and neither the US nor China is willing to leave any stone unturned on their way to reach the top. Both countries are working tirelessly with their tech sectors to expand their AI capabilities. However, what seems like friendly competition from the outside is bound to become a sore wound soon.

JAPAN'S CENTRAL BANK TO EASE BOND TAPERING TIMELINE AS ECONOMIC RISKS MOUNT

The Bank of Japan (BOJ) has recently announced a significant but cautious shift in its monetary policy approach. From April 2026, the central bank aims to buy fewer government bonds at a slower rate. It plans to cut back by 200 billion yen every three months, not 400 billion yen as it first thought. This choice shows the BOJ wants to balance making its money policies more normal while trying not to shake up markets too much. It's doing this because it sees some risks ahead for the economy.

A Shift in Japan's Bond Market Strategy

BOJ has been implementing an ultra-loose monetary policy for more than a decade, employing sizable purchase programs of Japanese Government Bonds (JGBs) to stimulate the economy and increase inflation towards the 2% target. With inflation surpassing the BOJ's 2% target and economic growth edging towards riskier territory, the BOJ is now prudently tapering its bond purchase program, reducing total bond purchases by 200 billion yen per quarter until they eventually reach approximately 2 trillion yen per month in total bond purchases as of March 2027. This plan is at a slower pace than the BOJ had originally considered.

Simultaneously, Japan's Finance Ministry is adjusting its bond issuance strategy, reducing the sale of super-long bonds (with maturities of 20, 30, and 40 years) by approximately 10% to mitigate market concerns sparked by recent volatility and a rise in long-term yields. To compensate, it intends to boost the issuance of shorter-term bonds and bonds targeted at households, hoping to enhance supply-demand balance and minimise re-financing risks.

Global Ripples of Japan's Bond Market Shift

The Japan government's debt is the world's second largest, totaling around 1 quadrillion yen (\$907 trillion), with a

debt-to-GDP ratio of nearly 250%, the highest among developed countries. The BOJ holds over half of all outstanding JGBs, making its bond-buying program a key factor both domestically and worldwide.

The tapering slowdown at the BOJ may affect international bond markets and the actions of investors. Foreign investors are drawn to the rising yields in Japan, and the shift away from US dollar assets can attract substantial capital flows into the Japanese bond market. However, the flows into this market can be lumpy, adding to volatility. Movement in Japan's bond market can offer market signals for other key economies, especially with Japan's combination of a large public debt-to-GDP ratio and a deep domestic holder of bonds.

Other countries with significant trade relationships with Japan, however, will likely experience only indirect effects, such as currency fluctuations and shifts in the direction of global capital. The BOJ's conservative approach also stands in stark contrast to the tightening moves at other central banks, highlighting diverging monetary policies which affect global financial stability and exchange rates.

Challenges and Opportunities Ahead

The BOJ faces several formidable challenges. The primary one is managing the delicate transition from a decade-long period of monetary easing without triggering market disruptions or undermining economic growth. The recent volatility in the JGB market, especially the sell-off in super-long bonds, has raised concerns about rising borrowing costs for Japan's heavily indebted government.

Another problem is finding a balance between inflation management and growth assistance. Japan's core consumer inflation has reached a 35-year high, driven mostly by food price increases, but the BOJ must tread gently to avoid suffocating the nascent economic recovery amid foreign trade concerns and domestic fiscal pressure.

On the positive side, a slowing tapering pace allows the BOJ to provide stability in the financial markets while allowing a gradual reduction of the massive balance sheet.

This gradualism gives the BOJ flexibility, allowing it to be nimble with policy as economic conditions evolve. Additionally, the change in bond issuance strategy by Japan's Finance Ministry – moving past super-long bond issuance and increasing the issuance of shorter-duration debt – could help alleviate demand and supply imbalances in the bond market.

This could also give rise to innovations or creativity in Japanese financial markets as well as spur additional diversification in the domestic investor base as insurance companies decide to allocate more funds to higher-yield assets.

The BOJ's prudently slowing or recalibrating policy may also provide an indication for other central banks to consider more discretion within the process of monetary normalisation and allow for a wider range of choices to make in the context of a more uncertain, volatile world.

A Path of Prudence and Vigilance

The future of Japan's monetary policy depends on several factors, such as the state of global economies, domestic inflation, fiscal health, and geopolitical developments, such as US trade policies. BOJ Governor Kazuo Ueda has expressed willingness to continue further increases in interest rates based on economic conditions, which emphasises the bank's intention to reach its inflation target but still remain cognisant of the risks to growth.

Japan's decision to slow bond purchase tapering from April 2026 demonstrates a cautious but responsive central banking approach aimed at sustaining growth, controlling inflation, and ensuring financial stability, highlighting the complex balancing act central banks face in interconnected economies and evolving risks.

DUBAI'S RISE AS A PRIVATE BANKING HUB AMID EUROPE'S FINANCIAL UNCERTAINTY

The global wealth management landscape is transitioning, with European financial centres struggling with headwinds while emerging hubs like Dubai are increasingly gaining prominence. Dubai has strategically managed to establish itself as a premier destination for private wealth, attracting high-net-worth individuals (HNWIs), ultra-high-net-worth individuals (UHNWIs), and family offices due to its stability, growth opportunities, and favourable operating environment. This rise is spectacular given the increasing financial uncertainty and evolving regulatory landscape across Europe. Dubai's consistent top ranking in global wealth migration indices, attracting nearly 7,000 millionaires in 2024, represents its growing stature.

Dubai's attractiveness comes from its long-standing commitment to economic diversification, initiated with the launch of the Dubai International Financial Centre (DIFC) in 2000. It had started investing its crude profits into sectors like finance, tourism, real estate, and technology, reducing its reliance on oil money and developing a multifront economy. This approach provided economic stability, making it prone to the dangers of global economic upheavals. Further, the city's political stability, high quality of life, and safety standards have been applauded by HNWIs who look for financial benefits and safety.

Europe's Unpredictability: Breeding Wealth Migration

The migration of private wealth from Europe is forced by economic, political, and regulatory decisions made by the government for controlling measures but ultimately results in the erosion of traditional financial centres. Europe is struggling with low growth, limited financial resources, and complex barter schemes. Geopolitical risks, like the ongoing conflicts and rising tensions, create financial instability and regulatory dilapidation. The European Central Bank (ECB) noted that shifts in global trade policy cause spikes in financial market volatility, negatively affecting European firms and households. High-debt countries in southern Europe remain vulnerable to

bond market pressures and credit rating agencies. Rising energy costs have also reduced Europe's industrial competitiveness, straining state budgets.

Regulatory Evolution and Tax Pressures

Europe's changing regulatory and tax framework is a large catalyst for wealth migration.

- **Brexit's Lingering Impact:** The UK's exit from the EU has created ongoing uncertainty, raising concerns over its long-term prospects and creating challenges for industries like banking due to the loss of smooth access to the EU.
- **Tax Reforms:** Recent UK tax reforms have increased wealth flows. The October 2024 budget introduced a significant increase in capital gains and inheritance taxes. These new tax rules will target non-domiciled residents and complex family wealth structures, giving rise to "WEXIT" or wealth exit. This has forced numerous British HNWIs to move their money to the UAE; estimates suggest that over 16,000 HNWIs will leave in 2025.
- **EU Regulatory Burdens:** The broader European Union has imposed complex capital and loss-absorption requirements on its banks, intensified by distributed decision-making. This framework acts as a barrier to effective capital allocation and imposes huge operational roadblocks.
- **Erosion of Banking Secrecy:** Traditional European wealth hubs like Switzerland and Luxembourg have historically benefited from strict banking secrecy. However, international tax transparency schemes, like the Automatic Exchange of Information (AEOI), have significantly impacted this unfair advantage. This erosion of confidentiality, along with increased tax investigation, has substantially altered the perceived long-term benefits of maintaining wealth in such traditional centres.

Dubai's Ascendancy: A Multifaceted Appeal

Dubai's increasing prominence as a private banking hub is a result of a well-thought-out process to attract and support global wealth. Dubai's strategic geographical position, situated at the intersection of Europe, Asia, and Africa, gives it a significant advantage by placing it centrally among various financial hubs. Its world-class transportation infrastructure, like one of the world's busiest airports and the Jebel Ali Port, solidifies its role as a getaway for trade and investment.

Dubai has unfair tax advantages over other similar hubs. It is extremely attractive due to its luring tax regime, which offers 0% personal income tax and no capital gains tax. This means greater wealth accumulation and preservation for private banking clients. It also has no inheritance tax or property tax, saving huge sums for expats. It has designated Free Zones, mainly the DIFC, that enjoy zero corporate tax, but 9% for mainland businesses with profits over AED 375,000.

DIFC Ecosystem

The core of Dubai's financial revolution is the Dubai International Financial Centre (DIFC), a financial free zone established in 2004. Operating under a distinct legal and regulatory framework rooted in international standards and English common law, the DIFC offers a straightforward and accessible environment for global investors.

The DIFC offers an extensive range of licensing solutions and streamlined business setups for financial companies, serving as a gateway to the Middle East, Africa, and South Asia (MEASA) region. The DIFC network accommodated over 260 banking and capital markets businesses, 410 wealth and asset management entities, and 125 insurance and reinsurance companies last year.

World-Class Infrastructure and Quality of Life

Dubai has meticulously developed its infrastructure up to global standards to facilitate financial growth, with one-

of-a-kind skyscrapers, luxury hotels, and state-of-the-art office buildings. Apart from business, Dubai's quality of life and unquestionable levels of safety are unmatched throughout the world. Such amenities, alongside long-term residency options like the Golden Visa programme, are powerful incentives for HNWIs and their families for relocation.

Long-term Sustainability and Diversification

Dubai's long-term growth in private banking is interconnected with its broader sustainability agenda. The UAE aims to achieve net-zero emissions by 2050, fostering investments in renewable energy and green infrastructure. The integration of Environmental, Social, and Govern-

ance (ESG) norms into investment strategies will become increasingly crucial for attracting conscious investors and ensuring long-term sustainability. Some challenges to this are the shortage of a skilled workforce, which currently relies on high turnover rates within the private banking space.

Dubai's emergence as a leading private banking hub is a direct response to push factors from Europe and attractive pull factors within the UAE. Europe's financial uncertainty, fuelled by geopolitical risks, tax regime changes, increased regulatory burdens, and much more, has birthed a wave of mass exodus of wealth and a slow death of traditional banking secrecy. In contrast, Dubai provides elements that are diminishing or lacking in

the EU, such as stable governance, an advantageous tax system, no personal income or capital gains tax, and a top-tier financial infrastructure bolstered by the DIFC. It also becomes highly attractive for the rich population because of the luxurious lifestyle, high safety, and government initiatives like the Golden Visa programme.

Dubai's rise is unquestioned, but its continued rise has several challenges, mainly in increasing financial transparency to avoid becoming a haven for scammers and maintaining its identity as a safe financial hub. Further, strategic investment in cultivating local talent and boosting technological adoption within the wealth management sector will be critical for sustaining its competitive advantage.

NEW GREEN LOANS PLAN BY BANK COULD ATTRACT BILLIONS IN CLIMATE FINANCE

The need of the hour is climate action. But climate action requires climate financing, and sourcing this funding has been a Herculean task for countries. At every climate and non-climate-related international conference, governments, international financial institutions, and private sector entities have repeatedly discussed strategies to attract investments for climate finance. However, the development gap, the lack of enforcement, and the unwillingness of leading countries and international institutions are putting the Global South in a vulnerable position, unable to cope with the fast-approaching climate emergencies. Avinash Persaud, a special adviser on climate change to the President of the Inter-American Development Bank (IADB), has devised a plan to support renewable energy loans across developing countries by mobilising funds from the private sector.

The proposal could garner billions in new investments in the currently underdeveloped green economy in poorer countries over the next few years. Persaud believes that these investments could make up the bulk of the \$1.3 trillion in annual climate finance that the developing world has estimated it requires by 2035. In an interview with The Guardian, Persaud described this proposal as a 'transformation' and as 'an engine for green growth', believing that it could raise the trillions needed for climate financing in the future. His proposals will be laid before a UN meeting in Germany this week and can bolster the COP30 negotiations set to

take place in Brazil this November. Most countries have missed the UN deadline by which they had to outline their plans for greenhouse gas emissions. The UN is, however, not particular about upholding the last date, as the organisation believes that countries require sufficient time to come up with a foolproof plan to deal with their emissions. While previous COP summits had committed to transitioning away from fossil fuels, recent research conducted by Oil Change International suggests that developed countries are abandoning their clean energy plans in exchange for oil and gas resources. Most developed countries are also planning to expand their fossil fuel extraction.

The campaign group analysis found that 70% of projected new oil and gas expansion in 2025-35 would be a result of fuel and natural gas extraction by the US, Canada, Norway and Australia. With US President Donald Trump's re-election, Washington is not only resolved to increase its crude oil production, but the Trump administration has also strong-armed Europe to replace Russian oil supplies with that of the US. Spearheaded by IADB, Persaud proposes to buy up loans to renewable energy projects, allowing billions of dollars to flow into the sector through private financing. If taxpayer-funded development banks buy up existing loans to green projects in poor countries, it makes room for private sector lenders, thereby giving global climate finance a much-needed boost. Since these loans are in developing nations with credit ratings lower than those of

wealthy states, their stringent creditworthiness requirements frequently prohibit mainstream private sector investors, like pension funds, from dealing with them, although they are already performing and therefore pose a relatively low risk. However, the 'repackaged' loan funding can satisfy private sector norms if those loans are instead backed by development banks, which can guarantee default and have perfect credit ratings.

The basic premise is that when development banks buy the loans, they pay a small premium to the current private sector creditors who own the loans, and the developers of renewable energy projects have to agree to use the money they get for new projects. This creates a 'virtuous circle' whereby developers, who are already adept at creating successful renewable energy schemes, search for new opportunities following the purchase of the loans, which in turn spurs further investment.

The Global South has repeatedly maintained that it bears the brunt of the blunders of the developed world, and therefore, it is the responsibility of the richer countries to help them develop and build the necessary infrastructure to prevent climate adversities. Therefore, the fortnight conference at Bonn will focus heavily on climate financing, making it the perfect platform for Persaud to present his proposals and hopefully persuade world leaders to implement this plan at the earliest.

SOUTHEAST ASIA SUPPLY CHAIN SHIFTS: DE-RISKING DRIVES NEW MANUFACTURING HUBS

After undergoing recent tensions, the global supply chain is adopting a ‘de-risking’ strategy to reduce reliance on a single region or supplier. This transition is picking up pace, ascertaining the rise in global geopolitical tension, the aftermath of the COVID-19 pandemic, and surging operational costs in conventional manufacturing nations like China. Southeast Asia has emerged as the prime beneficiary by positioning itself as a critical manufacturing powerhouse. The “China Plus One” strategy is changing the flow of Foreign Direct Investment (FDI) to this region, exploiting cheap labour costs, strategic location, improving infrastructure, and aligned government policies.

Countries like Vietnam, Malaysia, Cambodia, and Indonesia are attracting major investment across diverse sectors, like electronics, automobiles (mainly EVs), and textiles. Besides providing huge opportunities, the region needs to address key issues like a lack of skilled workforce, the requirement of technology transfers, and environmental challenges. Such realignment improves a more diversified and stable global supply chain network, playing a pivotal role in changing international trade dynamics.

Drivers of Investment Shifts: The “China Plus One” Strategy in Action

Companies are diversifying beyond China to reduce reliance and build inherent strength. US-China trade tensions and tariffs have given them a major push, as costs started skyrocketing for businesses with Chinese suppliers. Companies like Apple have specifically mentioned the tariff challenge while relocating their production facilities.

Apart from tariffs, increasing labour costs and rising complexities in China (like data security laws, IP theft issues, and mandates for technology transfer) further push for diversification. Such factors favour more predictable and IP-protective



legal environments. The ‘China Plus One’ approach is more straightforward, which involves companies expanding manufacturing or sourcing to at least one additional country besides China. Such a multi-country model reduces costs, increases operational efficiency, and decreases risk. This strategy is a form of geographic diversification and not a complete withdrawal from China. Chinese firms themselves are diversifying into ASEAN to evade US trade barriers or strengthen global supply chains, making Southeast Asia a key juncture in both Western and Chinese diversification efforts.

Southeast Asia: A Confluence of Economic, Logistical, and Policy Advantages

Southeast Asia has emerged as an attractive manufacturing destination due to a powerful mix of economic, logistical,

and policy advantages.

• Economic Factors

The region’s main benefits are cheap labour costs in comparison to China, with countries like Indonesia and Vietnam having significantly lower wage rates, luring labour-intensive industries. Southeast Asia’s domestic market is significantly bolstered by its large and growing middle-class population, which totals over 650 million. The ASEAN Economic Community (AEC) boosts integration, generating a market with a GDP of \$3.6 trillion collectively, by minimising trade constraints and coordinating regulations. Indonesia and similar countries in the region with vast natural resources like nickel are critical for emerging industries like EV batteries.

• Logistical Factors

Southeast Asia’s strategic geographical location is a major point of major trade routes, offering indigenous logistical advantages. The region reaps benefits from improving infrastructure, including modernised ports,

roads, and industrial hubs. A non-SEA nation, India has been on a spree of investing in infrastructure. An estimated infrastructure investment gap of over \$60 billion needs to be closed to cater to future trade flows, presenting potential opportunities for private players to further the risk supply chains. Singapore is a vital player in strategic control and an entrepot for high-value losses, enabling smooth flow between China and new ‘+1’ locations.

• Policy Factors

Governments are actively inviting foreign investments through various supportive policies like tax incentives, Special Economic Zones (SEZ), infrastructure development, skill de-

velopment schemes, and eased regulatory approvals. India offers Production-Linked Incentive (PLI) to push for manufacturing locally. Southeast Asian countries have numerous Free Trade Agreements (FTAs) and lower trade barriers.

Emerging Manufacturing Hubs and Key Industry Relocations

The strategic realignment of global supply chains has helped in the development of direct manufacturing hubs across Southeast Asia, with India being a significant neighbour. Investment patterns depict an advanced, strategic diversification, allocation of production based on each nation’s inherent capabilities.

Key manufacturing hubs and their specialisations include:

- Vietnam has built a substantial base of electronics (semiconductor, components, etc), Electric Vehicles (Two-Wheelers) on the shoulders of its low labour costs, business-friendly policies, etc.
- Thailand has become a hub for automotive (major global automakers, EVs) and electronics, using its pre-established industry and skilled workforce. It also has favourable government policies and localisation for EV auxiliary.
- Malaysia has got Electronics & Electric (E&E) manufacturing, medical devices, aerospace, and rare earth minerals (REE) due to its intellectual property protection laws and advanced infrastructure.
- Indonesia is inclined towards EVs and lithium batteries, utilising its nickel resources besides other minerals and chemicals.
- The Philippines too has got electronics manufacturing (semiconductor assembly and testing) and an automobile auxiliary industry because of skilled labour and low wages.
- India’s competitive labour costs relative to China, various PLI schemes, and considerable infrastructure enhancements have helped it become a significant player in the electronics

(e.g., iPhones, Pixel phones), semiconductor, smartphone, textile, and renewable energy sectors.

Challenges and Opportunities for Southeast Asia in the De-risking Era

They tend to have immense challenges from the cut-throat competition coming from Chinese companies, arising from their unmatched economies of scale. Talent gaps and skill shortages, especially in high-value production processes and R&D, still exist. Foreign direct investment has helped in capital expenditure but lacks in providing deep technology transfer or sophisticated goods production. Further, striking a balance between rapid economic growth and ecological preservation becomes a tedious task, requiring strict environmental norms. There also exists a huge shortage of global financing for ecological development, estimated at around \$6.4 trillion by 2030, further limiting access to capital, mainly for MSMEs.

Whereas a \$60 billion gap in infrastructure investment provides significant opportunities for private investors in ports, logistics, and storage. The region holds huge potential for new age industries like Electric vehicles (EVs) and rare earth minerals, facilitating growth in logistics. Utilising sustainable finance is a critical opportunity with the growing demand for ESG-compliant investments. Green bonds help in mobilising capital for climate-resilient infrastructure and renewable energy. The Asian International sustainable bond market has seen a 17% surge last year. The greenium (yield discount for green bonds) offers a tangible financial benefit.

The global measure for supply chain stability has been fundamentally game-changing for global trade. Southeast Asia is developing into a new manufacturing region by utilising its many inherent benefits. This shift, alongside the ‘China Plus One’ strategy, has helped in bringing significant FDI inflows and aiding global production in various sectors. This restructuring creates a distributed and stable supply network and also adds interdependence and geopolitical competence.

‘BIG BEAUTIFUL BILL’ SPURS TRUMP-MUSK CLASH OVER TAXES AND EV CREDITS

US President Donald Trump’s “Big Beautiful Bill” has become a flash-point in American politics. Officially known as the One Big Beautiful Bill Act, it passed the House by a razor-thin margin on 22 May. The measure extends most of Trump’s 2017 tax cuts, adds huge defence spending and scales back social and clean-energy programs. Its economic impact is vast and tech titan Elon Musk has launched a rare public attack on it.

At its core, the bill maintains nearly all provisions of the Tax Cuts and Jobs Act through the end of 2027. That law was set to expire in December 2025. By extending it for another two years, households and businesses will continue to enjoy lower rates of income, capital gains and corporate profits. For many companies, that means higher after-tax earnings and more cash to invest or distribute to shareholders.

America’s Gigantic Debt Problem

But these tax cuts come at a cost. Independent analysts now estimate the bill will add about \$2 trillion to the federal deficit over ten years. Higher deficits can push up interest rates, crowd out private investment, and add pressure on the government’s credit rating. In fact, one of the major credit-rating firms recently cited this legislation as a key reason for lowering the United States’ debt score from AAA.

On the spending side, the bill allocates an extra \$150 billion to the Pentagon. That boost appeals to defence contractors and key lawmakers, but it means less funding is available for other programs. The bill also tightens rules for food stamps and Medicaid benefits, cutting aid for millions of low-income Americans.

Perhaps most controversial is the rollback of green-energy incentives. The bill eliminates the electric vehicle tax credit worth up to \$7,500 for new EVs and \$4,000 for used ones and scales back clean-energy tax breaks enacted under the Inflation Reduction Act.

Without these credits, buying an EV becomes more expensive, and automakers lose a key sales driver. US EV sales growth could slow, and consumers may continue to opt for gas-powered cars for longer.

The Bill Sparks a Public Trump-Musk Feud

Known for his outspoken style, Musk took to his social media platform X to blast the bill. He called it a “*disgusting abomination*” and quipped, “*A bill can be big or beautiful, but I don’t know if it can be both.*” He accused Congress of “*making America bankrupt.*” His comments surprised many because Musk’s companies, including Tesla and SpaceX, have benefited greatly from government support in recent years.

Tesla alone has sold billions of dollars in regulatory credits to other automakers. SpaceX holds billions in defense and NASA contracts. Musk’s firms have received more than \$38 billion in direct federal support since 2014. By cutting EV credits and hiking defence spending, this bill hits Musk’s interests from both sides: it removes incentives that helped Tesla while boosting spending that indirectly benefits SpaceX’s Pentagon work but worsens the deficit that could threaten future contracts.

Financial markets reacted swiftly to Musk’s remarks. Tesla shares plunged about 14% in after-hours trading, wiping nearly \$50 billion off its market value before recovering slightly the next day. Broader indexes barely budged, but clean-energy stocks fell, and defence contractors ticked up on news of the extra Pentagon funds.

The Brewing Brawl over the Big Beautiful Bill

Within the Republican Party, Musk’s revolt exposed a growing split. Traditional fiscal conservatives worry about the soaring deficits. The party’s tech-friendly wing, eager to nurture innovation and green technology, sees the bill as a step backwards. Some Trump loyalists accused Musk of using his wealth and fame to bend policy toward his own companies.

Senate leaders have largely brushed aside the clash. Mitch McConnell says the bill is still on track. Democratic senators vow to block it, arguing it will cut vital support for families and hurt the environment. When the bill reaches the Senate Budget Committee this week, both sides will push amendments: Republicans may try to restore a smaller EV credit, while Democrats will fight any rollbacks of social programs. If the Senate approves the bill, it will head back to the House for final sign-off, then to President Trump’s desk. If signed, the US will head into a period of extended tax relief, heavier defence budgets, and reduced social and green spending.

Proponents argue this mix will spur growth, strengthen national defence, and reward hard-working Americans. Critics warn it will deepen inequality, drive up the national debt, and slow progress on climate change.

Is This Course Sustainable?

For Musk and other business leaders, the big question is how stable these policies will be. Future Congresses could reverse course on EV credits or find new ways to tackle the debt. Investors will closely watch, weighing the long-term risks of deep deficits against the short-term benefits of lower taxes and higher military contracts.

The Trump-Musk standoff highlights a central dilemma in US economic policy. Should the government prioritize low taxes and strong defence, even if it means cutting social and environmental programs? Or should it invest more in social safety nets and green energy, accepting higher taxes or reduced defence budgets? That clash of visions now plays out not just in congressional debates but on social media and in the trading pits of Wall Street. In the end, the Big Beautiful Bill may prove resilient, or it may fracture under pressure from both sides. Trump calls it a triumph of conservative governance, a perfect balance of tax relief and military strength.

Musk’s scorn suggests that even wealthy allies can turn into critics when the stakes touch their bottom lines. All eyes will be on whether this bill will become a landmark fight over America’s economic future.



CIRSA'S \$3B IPO TESTS EUROPE'S RISK APPETITE AS GAMING INDUSTRY EYES POST-PANDEMIC EXPANSION

Cirsa's eagerly awaited initial public offering (IPO) is drawing attention due to its size, ambition, and the audacity of its backers in a year when European capital markets are characterised by cautious optimism. The Spanish company has decided to go public, valuing the business at approximately \$3 billion.

This move is a strategic move for international expansion as well as a show of confidence in the nation's economic future. More than just a financial event, the offering, which is available to investors until July 7, serves as a gauge of the post-pandemic gaming industry's willingness to take risks and expand.

A Landmark Deal in the Spanish Market

In a year of cautious optimism in European capital markets, Cirsa's IPO is capturing attention for its scale, ambition, and the audacity of its backers. Cirsa is the largest casino and gaming operator in Spain, and its IPO, valuing the firm at almost \$3 billion, is not just a shot in the arm for investors, it's a vote of confidence regarding Spain's economic outlook and it is a mark of intent for global growth and expansion.

The IPO, which is open to investors until July 7, is more than just a financial transaction; it will provide valuable insights into the willingness to take risks and appetite for growth in the gaming industry as it recovers from COVID-19.

With continuing support from US private equity titan Blackstone, Cirsa's entry into the public markets comes after years of rapid growth and expansion.

The company has been active in acquisition mode, completing over 130 acquisitions since 2015 and launching businesses in 11 countries (including Spain, Italy, Morocco, and many Latin American markets).

Its most recent entries into Portugal and Puerto Rico are only the latest steps towards transforming its company into an international gaming force.

Global Ripples: Why This IPO Matters Beyond Spain

Cirsa's IPO is not just a Spanish story. As one of Europe's largest gaming operators, the company's public offering will have global implications:

- **Capital Markets Signal:** Cirsa's immediate listing would actually help restore investor interest in Spain's IPO market, which has suffered some notable withdrawals in recent months. A good debut could prompt other companies, especially within regulated sectors, to consider a public listing.
- **Private Equity Playbook:** Blackstone's decision to take Cirsa public is under scrutiny from global investors and the result could have implications for private equity destination exits across Europe, especially from sectors with regulatory burdens.
- **Gaming Industry Benchmark:** Cirsa's valuation and performance will be a yardstick for other gaming operators worldwide, particularly those wanting to expand into Europe or Latin America.

Challenges and Opportunities: Navigating a High-Risk, High-Reward Sector

While Cirsa's IPO is ambitious, it faces a unique set of challenges and opportunities:

Challenges

- **Regulatory Scrutiny:** The gaming industry faces significant oversight from regulators, which varies across jurisdictions. Any change in gambling laws in key economies could hinder Cirsa's revenue and future growth.
- **Debt Overhang:** Given its history of rapid growth, Cirsa will use part of the IPO proceeds to reduce its debt and further leverage its debt. Though this will be vital to the future, Cirsa

needs to be diligent about its spending.

- **Market Volatility:** Recent IPOs from Spain and Europe show mixed results, with some being unable to maintain their valuations. Investors are still wary, especially if companies are cyclical businesses or businesses where recessions would impede growth.

Opportunities

- **M&A Firepower:** With a new capital raise and a public listing in hand, Cirsa has built a strong foundation to carry on its buying spree as a means to build on its strength in old markets and develop new ones.
- **Digital Expansion:** The global swing towards online gaming and sports betting represents a meaningful opportunity for expanded growth. Cirsa's experience, breadth and resources could help capitalise on this rapidly shifting global opportunity, especially in low-penetration markets.
- **Emerging Markets:** Cirsa's current geographic reach in Latin America and its subsequent entry into both Portugal and Puerto Rico showcase its ability to access faster-growing and less saturated markets.

The Future of Cirsa and Its Global Ambitions

Cirsa's IPO is not simply a financial milestone; it is a strategic inflection point. Whether it can sustain a remarkable growth trajectory will depend on Cirsa's use of its new capital, the balancing of regulatory risks, and the successful execution of its global ambitions.

For Spain, a successful Cirsa listing could represent the beginning of a new era of corporate confidence and market dynamism. For global investors and competitors, it is a signal that the high-stakes game of international gaming is just beginning.

ELI LILLY FINALISES \$1.3 BILLION VERVE THERAPEUTICS GENE-EDITING DEAL

US-based multinational pharmaceutical firm Eli Lilly's impending acquisition of Verve Therapeutics (a US-based clinical-stage firm) for up to \$1.3 billion marks a significant moment in the evolving landscape of gene-editing therapies, particularly for cardiovascular diseases. Verve is developing one-time gene-editing treatments aimed at reducing lifelong cardiovascular risk by targeting genes linked to cholesterol regulation, such as PCSK9. This deal, involving an upfront payment of nearly \$1 billion and an additional \$300 million contingent on clinical milestones, underscores the growing importance of genetic medicine in addressing chronic health conditions.

What is the Deal About

To combat atherosclerotic cardiovascular disease (ASCVD), a major cause of death globally, Verve is creating gene-editing medications. The PCSK9 gene, which is essential for regulating cholesterol levels, is the target of their top candidate, VERVE-102. In contrast to the current lifelong medication regimens, this therapy is intended to be a one-time treatment that may reduce cardiovascular risk for the rest of one's life.

The transaction also demonstrates faith in Verve's pipeline, which focuses on in vivo gene editing, a process that involves changing genes inside the patient's body. This strategy may increase the number of patients who receive these treatments. Subject to shareholder and regulatory approval, the acquisition is anticipated to close in the third quarter of 2025.

Implications Beyond the Deal

More than just a business deal, this acquisition serves as a significant indicator of the gene-editing industry and its potential worldwide impact. Millions of people worldwide suffer from cardiovascular disease, which is a global health concern. If effective, treatments like VERVE-102 could lessen the overall rate of heart disease globally, particularly in nations with poor access to long-term care. However, overcoming ethical, financial, and regulatory obstacles will be necessary for the widespread adoption of such cutting-edge

treatments. In lower-income nations, gene editing - especially in vivo methods - raises concerns about long-term safety, fair access, and the preparedness of the healthcare infrastructure. The cost of development and final cost will have a significant impact on the extent to which these treatments can be used globally.

Global Implications of Gene Editing in Cardiovascular Disease

The impact of this agreement goes far beyond the US. Cardiovascular disease is the world's largest cause of mortality, affecting millions in Europe, Asia, and emerging countries. If Verve's gene-editing treatments prove to be effective and safe, they have the potential to revolutionise treatment paradigms around the world, decreasing the burden of chronic pharmaceutical regimes while boosting patient outcomes.

Countries with modern healthcare systems, like Germany, Japan, and Canada, may quickly adopt these medicines and include them in their cardiovascular therapy recommendations. Meanwhile, emerging nations may encounter difficulties with access and affordability, but the promise of one-time therapies has the potential to reduce long-term healthcare expenses and improve overall quality of life.

Other Peer Gene-Editing Projects in the Pharma Industry

While Eli Lilly's move is notable, it is part of a larger wave of innovation in gene editing by various companies. For instance:

- A CRISPR-based gene-editing treatment called CTX001, which targets sickle cell disease and beta-thalassemia, was created by CRISPR Therapeutics and Vertex Pharmaceuticals. By altering the patient's own stem cells, this treatment seeks to offer a functional cure.
- California-based biotechnology firm Sangamo uses zinc finger nucleases to provide gene-editing treatments for conditions like lysosomal storage disorders and haemophilia. With continuing clinical trials showing potential therapeutic effects, this platform

provides an alternative to CRISPR.

- With initiatives aimed at genetic illnesses like sickle cell anaemia and specific types of cancer, another Cambridge-based biotechnology, Beam Therapeutics, specialises in base editing, a more accurate type of gene editing. Their method enhances safety profiles by minimising off-target effects.

Looking Ahead...

The Lilly-Verve partnership highlights the potential for gene editing to become a viable therapeutic strategy moving forward, particularly for diseases with a genetic basis. If effective, therapies like VERVE-102 have the potential to eliminate the need for lifelong medication adherence, reduce overall healthcare costs over time, and improve the quality of life for patients.

Nevertheless, there are hurdles to overcome, such as long-term safety concerns, unintended effects, and ethical considerations surrounding gene editing. Global regulators will have to adapt to these new therapies, weighing the success of innovation against protecting patients.

Moreover, the industry must address the risk of widening health disparities. Without deliberate strategies for global access, these breakthroughs could remain confined to wealthy nations, thereby exacerbating existing healthcare inequalities.

Eli Lilly's acquisition of Verve Therapeutics is a landmark in the development of gene-editing medicine for cardiovascular disease. While this deal will primarily benefit Lilly's portfolio, the downstream implications will reverberate globally and in healthcare more broadly, paving the way for a world in which we can treat genetic diseases with permanence and precision. Other companies and countries are also advancing gene-editing therapies in various fields. The next few years will make or break these innovations as we march forward into what the promise of science can provide while weighing our ethical responsibilities and regulatory obligations.

SOUTH ASIA'S SUSTAINABLE FINANCE REVOLUTION: GREEN BONDS PAVING THE WAY

South Asia is at the forefront of a financial revolution that could lead to an unprecedented shift in the approach to infrastructure development and climate adaptation. In a time when the world is in urgent need of sustainable development, sustainable investment and green bonds are building their rapport as a bridge to close the gap between targets and reality throughout the Indian subcontinent.

The global financial scenario is being focused on sustainability, with South Asia as the captain. Green bonds, masked debt securities, are curated to foster financing for critical projects with positive environmental and climate effects, like renewable energy and sustainable infrastructure.

Sustainable finance largely covers environmental, social, and governance (ESG) measures in investment decisions to focus on long-term capital infusion into sustainable activities. South Asia is vulnerable to a diverse set of climate change impacts, which further jeopardise their agricultural, food, and water supplies. To tackle such issues, significant infrastructure is needed, such as the estimated \$10 trillion that India will require to achieve its net-zero targets by 2070. This makes green bonds a sustainably viable solution for the future.

Broadening the Scope of Sustainable Finance in South Asia

The sustainable finance market is rapidly increasing globally, and in Asia, it is mainly driven by investor demand and government-aligned policies. The global market reached a total of \$4.2 trillion in 2022 and is projected to expand significantly to \$30.9 trillion by 2032. Last year, Asian international bond markets bounced back 20% to \$460 billion. In 2024, sustainable bonds represented 21% of Asia's overall international bond issuance, which is double the 9% global average (excluding Asia).

Whereas the emerging markets' GSSS bond issuance surged by over 45% two years ago to \$209 billion (with green bonds outside of China surging to \$815.6 billion), Asian International sustainable bond issuance last year, for 44% of its in-

ternational bonds being in the sustainable category. Major key drivers include government policies, like the Indian green credits, Bangladesh Bank's green finance targets, increasing investor demand for ESG-linked opportunities, and ambitious climate goals like India's net-zero by 2070 target.

Green Bonds: Powering Infrastructure and Climate Resilience

Green bonds serve as a forward-looking financial tool, linking climate-focused markets with environmental objectives. Capital is allocated exclusively for environmental or climate-related projects, such as renewable energy, energy efficiency, and sustainable transportation.

This further attracts committed investment, reducing emissions and building a sustainable infrastructure. Apart from environmental benefits, green bonds come along with various economic and social benefits. They attract climate-conscious investors, potentially profiting from a greenium (yield discount). They boost long-term sustainable growth, stimulating innovation and job creation.

From an environmental perspective, they reduce greenhouse gas emissions and promote biodiversity; socially, they foster affordable infrastructure, food security, and socioeconomic advancement, generating employment and increasing access to essential services.

Country Specifics: Innovations and Progress

South Asian nations are building sustainable financial ecosystems customised to local problems and innovations.

- India, a major leading player, has witnessed a revival of its bond issuance in 2024, with over two-fifths being sustainable. Its first sovereign green bonds raised almost \$2 billion for generating renewable energy, metro infrastructure, and green hydrogen, which was oversubscribed by four times. Corporate and municipal bonds also improve India's 174 GW renewable energy capacity.

- Pakistan, grappling with extreme climate fluctuations, needs \$348 billion for climate change measures by the end of this decade. Weak governance and internal instability have hindered any improvements in climate finance.

- Bangladesh imposes a 5% tax to support its green finance objectives. The World Bank has approved \$1.16 billion for green development and urban infrastructure. It struggles with cost reduction and low-cost refinance schemes due to a knowledge deficit.

- Sri Lanka received its first green bond issuance by the DFCC Bank in 2024 for solar energy, dual-listed on the LuxSE. This was used for capacity enhancement and improving governance.

- The Nepalese NMB Bank issued its first green bond worth \$60 million for renewable energy, EVs, and green infrastructure. NIFRA has received approvals for its public green bond following global standards.

- Bhutan received a \$34.5 million aid package from the World Bank for employment generation and climate-smart agriculture practices. This project aims to create 12,000 jobs and reduce 221,087 tons of carbon dioxide equivalent.

- Maldives, on the brink of extinction, launched an Integrated National Financing Framework (INFF) two years back. It will need an investment of over \$800 million for climate action, with GCF-funded water management projects.

Challenges and Opportunities for Sustainable Growth

South Asia's sustainable finance boom counters numerous challenges. Significant SDG financing gaps still exist, with estimates of up to \$6.4 trillion by

2030. The absence of standardised data and greenwashing risks feed mistrust. Limited capacity, especially for MSMEs, and a lack of depth in the capital markets for some countries limit growth opportunities. Fiscal deficits and high transaction costs further derail progress.

Whereas the global scenario presents an increased investor interest with a huge capital pool, which can be exploited to generate a greenium. A multitude of opportunities arise from innovative financing models, such as green Non-Banking Financial Companies (NBFCs) and resilience bonds. Regional cooperation can solve cross-border issues and optimise the use of shared resources.

Policy Recommendations for Future Acceleration

South Asia needs to collaborate on its efforts for optimum utilisation of green bonds and sustainable finance, in which governance policies can play a game-changing role. They need to strengthen regulations and taxes by building common disclosure grounds and aligning domestic taxes with internation-

al standards. This will provide transparency and improve verification through robust monitoring and approved independent third-party verification, thereby avoiding greenwashing. Likewise, improving capacity through targeted training for MSMEs and financial professionals, smoothing processes, and developing a pathway for investment-ready projects.

The future of sustainable finance in South Asia remains cautiously optimistic. Green sustainability and bond transition will likely increase in 2025. The market may, however, face challenges in certain sectors, but the core of green finance will remain strong.

The success will rely on government policy, increasing capacity, and standardisation of green finance. The region's success will ascertain its sustainable development trajectory and provide valuable lessons for other emerging markets with similar issues. As South Asia continues to grow as an economic powerhouse, its approach towards sustainable finance will aid in improving global standards and practices.





MENA M&A ACTIVITY SURGES IN Q1 2025

The Middle East and North Africa region is witnessing profound financial transformation, with Mergers & Acquisitions (M&A) rising to drive the force of economic diversification and global integration. The Q1 2025 recorded a stunning performance in M&A deals, highlighting a robust approach by regional corporate enterprises to reshape market consolidation and expand global footprint. The M&A market recorded 225 deals worth over \$46 billion. This is a substantial improvement over last year's performance, showcasing renewed confidence in regional markets and its growing popularity in terms of global investment flows. The strong figures represent a fundamental shift in the perception of the region's image by international investors regarding its economic progress and strategic value.

Strong Growth Trajectory Continues

The Q1 2025 registered a substantial record for MENA's M&A landscape, with deal quantity increasing by 31% year-on-year from 172 in the similar period last year. The total value of deals surged by 66% to \$46 billion in the prior quarter, a significant increase from \$27.6 billion recorded in Q1 2024. Such robust perfor-

mance underscores the region's attractiveness to overseas investors seeking growth opportunities in emerging markets. This giant increment in deal volume indicates the wider economic trends throughout the MENA region, where governments are trying to seek economic diversification, besides the private sector enterprises that look to increase their operational foothold. This significant increase in deal activity also demonstrates that the larger, more important transactions are happening, reflecting sophisticated capital allocation decisions by domestic and overseas investors. This trend suggests that market participants are now viewing MENA as a hub of growth rather than just opportunistic investments.

Cross-Border Activity Drives Market Dynamics

Foreign investments have become a catalytic force for MENA's M&A market. Overseas deals have contributed over 52% of the total deal activity, with 117 deals, amounting to 81% of total deal value at \$37.3 billion. This interest reveals the region's increasing stature in the global markets and its attractiveness as a centre for international expansion. The difference between volume and value data indicates that foreign transactions have

proven to be larger in magnitude than domestic deals, a result of heightened interest of international investors and strategic importance of such acquisitions. The commanding share of cross-border transactions suggests that foreign investors are taking a serious interest in the MENA region for long-term growth, while regional companies are simultaneously seeking joint venture deals to access new markets and technologies. Such a two-way flow of capital builds a dynamic ecosystem that is beneficial for both external expertise and domestic knowledge. The enhancement in cross-border arrangements improves the maturity of regional capital markets and the growing confidence of international investors in domestic regulation and business environment.

UAE Maintains Leadership Position

The United Arab Emirates' (UAE) gas regained its position as the region's primary destination for M&A deals. The UAE recorded 63 deals amounting to \$20.3 billion in Q1 2025. Their leadership spot highlights the country's advanced financial ecosystem, business-friendly framework, and strategic location at approximately equal distance to Europe, Asia, and Africa. The UAE's performance took up nearly 28% of all deals and 44%

of total deal value throughout the region, showing the increasing influence of M&A in regional markets.

The UAE enjoys the dominant position in regional M&A deals because of several key decisions taken decades ago, which have shaped the country's financial markets, diversified its economy across conventional and emerging industries, alongside a stable government. The concentration of deal activity in the UAE also highlights the country's prowess in establishing itself as a regional headquarters for multinational corporations looking to build or expand their base in the MENA region. The UAE's Vision 2071 and several economic initiatives have given rise to an ecosystem that favours large-scale transactions and critical investments.

Private Equity and Alternative Investment Growth

Substantial growth has been observed in the MENA private equity landscape, as deal values have accumulated to \$27.6 billion over the last four years, reflecting a 14% compound annual growth rate. The growth phase has been the result of Saudi Arabia and the UAE's extensive efforts to develop such markets, which act as key destinations for private capital deployment. The private equity market's maturation has lent significant contribution to the broader M&A space, providing other financing structures and investment approaches that aid traditional corporate acquisitions. The expansion in the private equity space has been a testament to the increase in sophistication of regional capital markets and the surge in demand for alternative investment options. Private equity firms are establishing themselves for a long-term restructuring in 2025, focusing mainly on mid-market growth opportunities and sector-specific investments. Such strategic restructuring reflects the market evolution from previous resource-based investments towards diversified portfolios covering technology, healthcare, online retail, and financial services sectors.

Sovereign Wealth Fund Influence

Sovereign wealth funds play a crucial role in changing the regional M&A activity, with institutions like the Abu Dhabi Investment Authority, Mubadala Investment Fund, and Saudi Arabia's Public Investment Fund handling strategically important government initiatives. These funds bring with them a tsunami of financial resources, long-term investment commitments, and coordinated capabilities that improve the quality and sustainability of regional deal flow. Their involvement provides confidence to other market participants, hence supporting the devel-

opment of more advanced transaction structures. The strategic involvement of sovereign wealth funds goes beyond just capital allocation to cover larger economic development targets. These institutions are constantly on the hunt for investment opportunities that align with national diversification targets, technological advancements and regional cooperation initiatives. Their participation in M&A transactions hints towards a more strategic planning and solid validation and confidence to other investors analysing similar investment opportunities in the region.

Sector Diversification and Investment Themes

The present scenario of M&A activity highlights the larger strategic requisite faced by domestic businesses across varied industries. Companies are realigning their plans to improve adaptability for the likes of diversification, digital transformation and adoption of new-age technologies. This change represents that M&A deals are not just driven by financial metrics but also require appropriate changes as per market demands and technological adaptation.

Conventional sectors like energy, real estate, and mining continue to dominate the core areas of M&A deals; however, the scope has now expanded further into fintech, healthcare, renewables, and digital infrastructure. The fintech sector has emerged as an extremely dynamic investment opportunity, with over 1,000 fintech companies running their operations from the region and over \$1.8 billion invested in 237 deals during 2023 and 2024. This diversification is the need of the region, which is moving away from crude dependency to building other revenue alternatives from knowledge and technology-based models.

Banking and Financial Services Transformation

The banking and financial services sector has witnessed complete transformation, driving large M&A deals as institutions look to modernise their operations and increase their services. Domestic banks have also forayed into the acquisitions space to improve their digital capacities, expand geographical footprint, and establish custom expertise in niche areas like Islamic finance, wealth management, and corporate banking.

Such transactions have reflected in the sector's response towards changing consumer demands and expectations, besides regulatory requirements. The integration of conventional banking services with fintech solutions has created an attractive opportunity to make investments. Banks

are buying up technology companies, payment facilitators, and digital service providers to stay relevant and competitive in an increasingly digital financial market. This wave has increased the development of extensive financial ecosystems that can cater to diverse customer segments.

Regulatory Environment and Market Infrastructure

The supportive regulatory frameworks across the MENA markets have also contributed immensely to the growth in M&A activity. Governments have adopted policies to attract foreign investment, craft a seamless experience, and improve market transparency. These initiatives have decreased unnecessary regulations, boosted market participation, and created a solid structure for facilitating large-scale transactions. These developments have created conditions that can handle complex transactions and have improved the region's image as a destination for advanced investment strategies. The establishment of special economic zones, financial free zones, and technology hubs has also helped in boosting the investment climate.

Looking Forward: Market Outlook and Expectations

The Q1 2025 performance has long established a strong base for future M&A activity in the region. The mix of available capital, strategic compliance for business transformation, and supportive regulatory environments makes up for perfect conditions for sustainable deal flow. Market participants now expect sustained growth in both deal volume and value, pushed forward by economic diversification and increasing interest of overseas investors.

The region has proven its mettle in handling sophisticated transactions efficiently, which is a prerequisite sought by large institutional investors before making a deal. The future pipeline for deals also appears significant, with several companies seeking strategic reviews and governments attempting to modernize privatization programs. As domestic business continues to grow further, M&A activity will remain a crucial tool for achieving transformational targets whilst generating stakeholder value throughout the region.

The intersection of favourable market conditions, strategic improvements, and institutional capacities positions the MENA market as a junction for M&A activity. The momentum that the region has gained in the last quarter will boost economic development and position the region as a hub for accessing global investment capital.

MENA IPO MARKET EXPANDS 106% IN Q1 2025



The Middle East and North Africa (MENA) region's Initial Public Offering (IPO) market performed remarkably well and recorded a stellar growth in Q1 2025, with funds raised reaching up to \$2.4 billion across 14 strategic listings. This performance registered a 106% year-on-year (YoY) increase in comparison to a similar period last year, which saw 10 listings, thereby undermining the growing depth, maturity, and international attractiveness of MENA capital markets.

According to EY's comprehensive report, MENA IPO Eye Q1 2025, this staggering quarterly performance is a direct result of efforts made to strengthen the capital markets in 2024, reflecting increased participation from the wider population.

This persistent momentum specifically highlights the successful diversification efforts of regional economies to transition away from conventional oil-reliant industry to an inclusive, sustainable, technology-driven, and service-focused business sectors that cater to both domestic and international investors.

This quarterly success is a testament to statistical achievement. It reflects a fundamental shift in the global perception of MENA markets, where investors are shifting their approach from speculative emerging market investments to con-

sidering these exchanges as legitimate, liquid, and regulated destinations for long-term capital deployment and stable wealth creation.

Saudi Arabia Maintains Market Leadership

The Kingdom of Saudi Arabia (KSA) emerged as the leader in regional IPO activity, listing approximately 12 out of 14 total listings during Q1, accounting for 86% of regional IPO activity.

Such dominance highlights the remarkable success of Saudi Arabia's ambitious Vision 2030 economic diversification scheme, which aims to introduce structural reforms in capital markets, enhance regulations, and foster investor-friendly environments to attract both domestic institutional investors and overseas investment funds.

The Kingdom's crown jewel, Tadawul Main Market, organised the region's largest and most important IPO of the quarter, with the largest being the Umm Al Qura for Development & Construction.

This contributed over 22% of the total IPO proceeds in the MENA region, with \$522 million raised. This was followed by Almoosa Health Group, receiving transactions worth over \$450 million in offerings, and Derayah Financial, securing \$400 million in funding.

These three exclusive companies choosing the Tadawul Main Market for listing demonstrate the exchange's ability and capacity to fulfil such large-scale, sophisticated offerings, making it stand tall with its foreign counterparts.

The strategic distribution of Saudi IPO activity throughout various market dimensions depicts a well-planned, balanced, and mature industry. Over \$1.8 billion was raised by five key IPOs on the Tadawul Main Market, with seven other listings occurring on the Tadawul Nomu Parallel Market, raising \$69 million, covering a diverse investor base and company profiles. The direct listing of Twareat Medical Care Company on the Nomu Parallel Market successfully showcased the diverse capabilities and adaptability of Saudi Arabia's growing capital market.

Sectoral Diversification Drives Sustainable Growth

The sectoral division of Saudi Arabia's Q1 2025 IPO activity sheds light on the calculative growing progress, which aims at achieving crucial economic diversification targets set down in the plan of Vision 2030.

The real estate management sector secured the largest share of funds raised, with 28%. Healthcare equipment and services followed, raising 24%, while advanced financial services garnered 21%, and consumer discretionary distribution and retail operations accumulated 17%. The extensive diversification shift overflows beyond Saudi Arabia's border, reflecting a region-wide strategic shift towards technology-based sectors, eco-friendly business models, and educational institutions.

Industry experts and market analysts predict significant growth in advanced fintech solutions, luxury online retail platforms, advanced food tech start-ups, and dynamic advertising platforms throughout this year, successfully uplifting MENA markets to create substantial value-addition opportunities for expanding technology-based companies.

The healthcare sector's strong presence, especially via the Almoosa Health Group's substantial \$450 million offer-

ing, shows the growing potential of the healthcare infrastructure as a critical investment sector across the region. Such a trend is in tandem with demographic changes, rising healthcare awareness, and government programmes to establish medical facilities and services at par with global standards.

Regional Market Performance

Apart from Saudi Arabia's dominant position, other strategically crucial MENA markets provided meaningful fuel for the success of the quarter's immaculate performance. The United Arab Emirates (UAE) recorded a successful IPO through the domestic Abu Dhabi Securities Exchange, with Alpha Data PJSC raising \$163 million in the expanding software and IT services sector, reflecting the UAE's strive towards becoming the regional technology hub.

Oman's Muscat Stock Exchange saw a particularly substantial listing, with Asyad Shipping Company raising \$333 million, depicting the Sultanate's focus on developing domestic logistics and maritime infrastructure capabilities. Such significant listings highlight Oman's pivotal positioning in regional trade routes and its commitment to building local capital market infrastructure.

Stock exchange performance throughout the region was notably positive and promising during Q1 2025, with several markets recording huge gains. The Bursa Kuwait Premier Market Index recorded the strongest performance, showing an impressive 10.7% increase, followed by Egypt's EGX30, which rose by 8%. The most promising, 11 out of 14 total MENA IPOs, recorded positive gains in comparison to their IPO prices by the end of the quarter, showcasing huge investor confidence, market acceptability, and sustainable wealth-creation capabilities.

Market Infrastructure and Governance Improvements

The prolonged and sustained growth in the MENA IPO market directly correlates to the significant improvements in market infrastructure, regulatory framework, and governance compliance across the region.

EY MENA IPO and Transaction Diligence Leader Gregory Hughes notes that an increased demand for MENA listings has flowed down to lead substantial developments in the market infrastructure through innovative newer products, improved government regulation, and

an unwavering commitment towards transparency and accountability that sits alongside international best practices.

These comprehensive improvements consist of transformative regulatory reforms like easing restrictive foreign ownership regulations, inclusion of regional stocks in major global indices, and implementing improved regulatory structures that adhere to international standards.

The developments of advanced market infrastructure include high-tech trading stems, extensive clearing and settlement mechanisms, improved disclosure requirements, and robust investor protection and grievance measures that increase market confidence among both domestic and international market participants.

Continued Sustainable Growth

The outlook for MENA IPO across the rest of the year seems promising, with 21 selectively handpicked companies having officially announced their strategic intentions to move ahead with listing procedures on various regional exchanges across multiple sectors and jurisdictions.

Saudi Arabia continues to hold a leading position, with 17 companies officially approved by its Capital Market Authority. Three companies in the UAE are preparing for listing, and a major IPO has been announced in Egypt, separate from the GCC structure. Brad Watson, MENA EY-Parthenon Leader, specifically pointed out that the IPO for the remaining phase of this year is filled with companies ranging across various sectors and borders as well.

Such diversity of companies lined up for listing comes from traditional sectors like real estate and healthcare, and emerging technology companies, like fintech applications and innovative service providers, demonstrating the region's diversified economic transition.

Economic Transformation Impact and Implications

This impressive IPO performance underscores a wider regional initiative towards economic transformation across the MENA region. Saudi Arabia's economy is undergoing a fundamental change as it is systematically executing ambitious reforms aimed at reducing its dependence on crude revenues, creating several income sources, improving global competitiveness, and creating employment opportunities for its expanding indigenous population.

This transition has built a breeding ground for companies that intend to operate in varied sectors and to successfully navigate their way into the public market for better capital accessibility, growth funding, and securing liquidity for pre-listing shareholders.

Future Strategic Outlook

The future outlook is anticipated to further diversify the market, going beyond conventional business models to new-age tech. As Hughes of EY notes, a probable increase in the IPOs from the technology sectors, like online retail, fintech, foodtech, healthcare, etc. This is in line with global developments of digital transformation and regional efforts to boost innovation-led economies.

A 2025 PwC report anticipates continued momentum for IPO in the GCC, supported by government privatisation efforts. This highlights a significant number of companies lining up for listing would be state-owned enterprises, which will attract huge institutional investment, further improving market capitalisation and liquidity.

Government privatisation programs are often designed to achieve multiple strategic objectives: diversify the national economy, improve the efficiency and competitiveness of government-run businesses, and also increase the depth of domestic capital markets by enhancing liquidity and broadening the investor base.

This also indicates the long-term commitment of MENA governors to developing their capital markets and building revenue streams beyond crude oil.

The strategic pivot from a crude-based economy is creating a sustainable and attractive investment market for investors. The prominence of Saudi Arabia's dual market strategy, serving both large enterprises and growth-oriented companies, and the UAE's focus on tech-based start-ups symbolise successful diversification.

Market conditions remained unchallenged despite geopolitical upheavals, and investor confidence in new MENA listings remains intact, evident by the positive post-IPO returns of the majority of companies.

The region, led by the Saudi kingdom and Dubai, emerging as a global financial hub, is solidifying its position as a luring destination for capital formation and investment, promising evolution and opportunity.

SAUDI PIF SURPASSES \$1 TRILLION TO RANK 4TH AMONG SWFS



Saudi Arabia's Public Investment Fund (PIF) crossed the historic mark of \$1 trillion in assets under management, securing its fourth position among the world's largest sovereign wealth funds. This remarkable achievement represents not only the success of the Kingdom's financial transformation but also signals a shift in global investment patterns and the growing influence of Middle Eastern capital markets.

The Trillion-Dollar Milestone

The achievement of trillion-dollar assets under management represents a defining chapter in PIF's institutional evolution within the international finance sector. What started as the Saudi government's investment mechanism nearly five decades ago has grown into a formidable financial entity with capital reserves comparable to national GDP figures. The fund's growth trajectory showcases the systematic execution of Saudi Arabia's Vision 2030 strategy, which aims to diversify the Kingdom's economy beyond oil revenues while establishing the nation as a global investment powerhouse. The scale of capital now under PIF's management provides the fund with the resources to pursue transformative investments across multiple sectors and geographies.

The timing could not have been better, as it directly collides with a period of intensified global competition among sovereign wealth funds. As nations increasingly recognise the strategic importance of government-controlled investment

arms, PIF's position in the pole positions of global funds improves the Kingdom's status with substantial leverage in bilateral trade talks.

Global Ranking and Competitive Landscape

PIF's ascent to fourth place among global sovereign wealth funds represents a significant achievement in the competitive space of state-controlled investment vehicles. The fund has entered the prestigious circle of trillion-dollar investment entities, positioning itself alongside Norway's Government Pension Fund Global, China's Investment Corporation, and Abu Dhabi Investment Authority as one of the world's largest asset management organisations.

The competition among these giants goes way beyond simple asset size comparisons. Each fund operates with different investment strategies, risk management, and strategic targets that reflect their respective national priorities. PIF's unique position as both a domestic economic development vehicle and a global investment fund puts it on a different pedestal than its peers that primarily focus on wealth preservation or purely financial returns.

Strategic Investment Philosophy and Approach

The Public Investment Fund's investment approach reflects an in-depth understanding of both market dynamics and Saudi Arabia's long-term strategic inter-

ests. Unlike traditional sovereign wealth funds, which focus on wealth preservation and portfolio diversification, the PIF operates on a dual objective of both financial returns and economic development targets. The fund investment theory is in tandem with the objectives of the Kingdom's Vision 2030 goals, including renewable energy, technology, healthcare, and entertainment. The thematic approach allows PIF to make investments that generate financial returns while simultaneously advancing the Kingdom's economic diversification objectives.

PIF's global investment strategy has enabled it to make significant positions in big companies like Tesla, Uber, etc. The fund's ability to deploy huge capital at scale enables it to participate in large-scale ventures like infrastructure and manufacturing, which would otherwise be inaccessible to smaller investors.

Economic Impact and Diversification Goals

The achievement of trillion-dollar status catapulted PIF's capacity to drive Saudi Arabia's economic transformation. The fund's expanded resources provide a level of financial flexibility to the Kingdom for pursuing ambitious development projects. The scale of PIF's assets aids the fund as a catalyst for private sector development within Saudi Arabia. Under its domestic investment, the fund provides the starting capital required for setting up new industries and creating market conditions that would bring in private sector participation. This has been evident in its support for NEOM and other entertainment and tourism developments.

Technology and Innovation Investments

The PIF's technology investment portfolio holds a key position in putting Saudi Arabia at the forefront of global innovation. The fund's investments in artificial intelligence, renewable energy, and biotechnology reflect its commitment to participating in sectors that will drive future economic growth. PIF's technology investment extends beyond simple financial participation to include strate-

gic partnerships and technology transfer agreements that benefit Saudi Arabia's domestic economy. The fund's ability to invest at scale enables it to secure preferential access to emerging technologies and build relationships with leading global technology companies.

Infrastructure and Development Projects

The trillion-dollar milestone enables PIF with the capacity to pursue large-scale infrastructure projects that can transform Saudi Arabia's economic landscape. The fund's involvement in projects such as NEOM, the Red Sea Project, and several transportation infrastructure developments highlights its commitment to creating the physical foundation for economic diversification.

These infrastructure investments represent more than simple construction projects; they are comprehensive development initiatives that aim to create new economic ecosystems to attract foreign investment in the kingdom. The fund's infrastructure investments also support Saudi Arabia's goal of becoming a global logistics and transport hub. By investing in ports, airports, and transportation networks, PIF is contributing to the Kingdom's ability to serve as a gateway between Asia, Europe, and Africa.

Global Market Influence and Investment Partnerships

PIF's overseas investment enables it to yield influence in global financial markets and provides the fund with increased negotiating power in international investment partnerships. The fund's ability to deploy significant capital helps it to participate in large-scale transactions and complex deals. The fund's international partnerships have evolved to reflect its enhanced status among global sovereign wealth funds. PIF now regularly participates in co-investment opportunities with other major institutional investors, enabling it to access deal flow and share risk across multiple investment vehicles.

Such partnerships help in knowledge transfer and capability building within PIF, as the fund learns from the experience of other sophisticated investors. The fund's participation in international investment consortia provides Saudi Arabia with

exposure to global practices while building expertise required for such complex portfolios.

Challenges and Risk Management

The management of trillion-dollar assets presents unique challenges that require sophisticated risk management capabilities and strategic planning. PIF must navigate complex regulatory environments, manage exposure to volatile markets, and balance its dual mandate of generating returns while supporting Saudi Arabia's economic development goals.

Market volatility is a big challenge for such large-scale investment funds, and PIF's exposure to global markets means that it must maintain the flexibility to respond to changing economic conditions. The fund's diversified investment approach provides some protection against market downturns, but the scale of its assets means that even a small percentage can have significant financial implications.

The PIF's achievement of the trillion-dollar status has been a watershed moment in global finance, especially its ranking as the fourth-largest sovereign wealth fund in the world. This milestone reflects not only the success of Saudi Arabia's economic transformation strategy but also the growing influence of Middle Eastern capital in international markets.

The fund's resources are helping Saudi Arabia in expanding its capacity to meet its ambitious targets of Vision 2030 while maintaining flexibility to respond to changing global economic conditions. As PIF grows and evolves, its influence at a global scale will expand. The fund's success demonstrates the potential for sovereign wealth funds to serve as catalysts for economic transformation while making returns for financing government expenditures.



GULF EQUITY MARKETS FEELING THE HEAT OF TRADE TENSIONS

The Gulf Cooperation Council (GCC) equity markets entered this year entangled in a web of challenges that extend far beyond traditional regional concerns. While such markets have previously shown an extreme capacity for stress tolerance in the wave of geopolitical tensions, the current environment presents a complex mix of trade tensions, monetary policy changes, and shifting global dynamics, which is putting these markets under a stress test.

The New Reality of Gulf Market Dynamics

Gulf equity markets have historically undergone fundamental changes in their adaptability to external pressure. Where geopolitical tensions once drove regional bourses into sharp declines, today's markets exhibit a more mature behaviour pattern.

This development reflects both the maturity level of these financial systems and the diversification efforts that have been central to national economic strategies across the region.

The resilience showcased by Gulf markets in recent months has been noteworthy. Despite escalating regional tensions, including military actions in some neighbouring countries that could have damaged the stability of the market, Gulf bourses have maintained an edgy balance.

This stability stems from various fundamental changes that have been put in place over the past decade, including deepening capital markets, increasing foreign investment participation, and more advanced risk management practices among institutional investors.

Whereas this stability is standing over pillars of extreme vulnerabilities that are becoming increasingly apparent as global trade dynamics change, the interconnectedness of global financial markets means that tensions originating in one corner of the globe can find their way into regional markets, creating immense challenges that local policymakers and investors might not be aware of.

Trade Tensions as Market Catalysts

The present trade scenario is transitioning into a volatile landscape different from the stable multilateral trading system running erstwhile. The implementation of new tariff regimes and the lack of trust in established trading relationships have created an atmosphere of uncertainty that permeates global financial markets, with Gulf markets being both spectators and participants in such larger trends.

Trade tensions have crept into the Gulf markets through several channels. Foreign investment flows, which have traditionally provided liquidity and stability to regional bourses, have become extremely vulnerable to global trade policy developments. The uncertainty encircling international trade relationships has led to more risk-averse investment strategies among international fund managers, resulting in a surge of volatility in capital flows to emerging markets and to some in the Gulf region.

The energy sector has been massively hit by these tectonic shifts in the trade policies globally, upon which the ropes of Gulf economies lie, despite diversification efforts. Oil and gas markets have experienced increased price volatility as traders try to price the probable impacts of trade gaps in global demand patterns. This volatility has been directly linked to equity market performance, with energy-heavy indices facing huge fluctuations that reflect broader concerns about global economic growth and energy consumption patterns.

Monetary Policy Pressure and Market Dynamics

The global monetary policy environment has also added extra pressure on Gulf equity markets, which coincides with trade tensions, to create a strenuous market scenario. Central banks across major economies have maintained high interest rates through the middle of this year, adding a barrier to capital flows.

Higher interest rates in developed markets have made alternative investments more alluring to emerging market

equities, including those in the Gulf region. The challenge now for Gulf markets is to retain their appeal to international investors while managing the impacts of decreased capital inflow and increased borrowing costs for local companies.

Diversification Strategies and Market Resilience

Gulf economies have executed extensive diversification strategies that have provided some relief to the trade-infused market volatility. The establishment of non-crude sectors, like manufacturing, services, and technology, has generated several economic results that are detached from traditional trade tensions, though they remain prone to the broader global economic uncertainties. The expansion of domestic capital markets has been a key component of these diversification efforts, with regional stock exchanges implementing reforms designed to bring international investment. These reforms include improvements in market infrastructure, regulatory frameworks, and corporate governance standards at the global level.

Although the fruits of such diversification efforts are limited in scope. While new sectors increase resilience by creating a buffer against energy volatility, they have also created new vulnerabilities to different types of international economic pressures. The challenge for policymakers and investors has been to balance the benefits of diversification with the risks of newfound volatility.

Risk Management and Market Infrastructure

The evolution of risk management systems among Gulf market participants has increased increased due to volatility of the current trading environment. Investment firms, banks, and corporate treasuries have had to develop more detailed approaches to managing the multiple sources of uncertainty that run the current market.

Market infrastructure has significantly improved to handle market volatility like this with advanced risk management

strategies. Regional exchanges have deployed technological upgrades and regulatory strictness to improve market transparency and reduce systemic risks. These improvements include surveillance systems, enhanced cleaning and settlement mechanisms, and improved information dissemination systems for market participants.

The development of hedging instruments and risk management software has been particularly important for managing the impacts of trade tensions on Gulf equity markets. The availability of currency hedges, commodity derivatives, and other risk management instruments has enabled investors to manage specific risks.

Future Outlook and Strategic Implications

The outlook for Gulf equity markets in the current trade tensions remains complex and dependent on the ongoing economic and political saga. While regional markets have been resilient in recent times, their sustainability will depend on the ability of market participants and policymakers to adapt to changing conditions. The extensive efforts poured into economic diversification have helped in sustaining market sanity. Furthermore, the non-oil sectors and strategic cut-off from commodity-driven industries will decide the trajectory of Gulf equity markets to navigate the future trade-related disruptions. Their success also lies in enhancing market infrastructure, developing a local investor base, and implementing advanced risk management practices.

The evolution of international trade relationships will continue to influence Gulf market dynamics, with specific importance placed on cultivating relationships with major trading partners in Asia, Europe, and North America. The development of new trade partnerships and the improvement of present relationships will help gain market access and increase the probability of securing investment flows.

As global trade relationships are being redefined, new arenas for uncertainty will pop up, and the Gulf equity market will have to maintain an adaptive stance. The lessons that will be derived from current volatile challenges will be essential for building the institutional capacity and market advancement required to flourish in an increasingly demanding global financial environment.

OMAN'S SOVEREIGN WEALTH FUND RECORDS \$4.1 BILLION PROFIT: GLOBAL SWF

A recent Global SWF report revealed that Oman's sovereign wealth fund, Oman Investment Authority (OIA), recorded a profit of 1.59 billion Omani rials (\$4.1 billion) in 2024, with assets growing above 20 billion rials. The report also states that the OIA transferred 800 million rials into the national budget, supported by the additional revenue, thereby offering a much-needed financial cushion and highlighting the fund's importance for economic and diplomatic reasons.

Along with incurring record profits, the OIA is also prioritising domestic investments to garner local value while continuing to nurture international partnerships. The wealth fund's global approach will help secure future-ready capabilities in the fields of artificial intelligence (AI), clean energy, logistics, and manufacturing.

The Global SWF report suggests that the OIA has a disciplined portfolio strategy and is increasingly transparent. Along with these positives and its joint fund architecture, the OIA could soon become a networked sovereign investor with a rapidly expanding international presence.

The fund's domestic impact is also unmissable, with approximately 61.3% of its portfolio invested in Oman, primarily through its National Development Fund. According to Global SWF, the National Development Fund exceeded its target last year by deploying 2.1 billion riyals in a number of strategic projects. Arab News reported that these projects include infrastructure ventures, new mining operations and solar energy plants across the country. In the past year, OIA has also secured a \$300 million joint investment program with Algeria and has broadened the scope of the Vietnam-Oman Investment Fund. OIA shifting its strategy is reflective of a larger trend among Gulf sovereign wealth funds, which are seeking more technology-oriented deals in tandem with national objectives.

Simultaneously, OIA has also launched the Future Fund Oman, with an investment of \$5.2 billion, which focuses on large-scale domestic projects, small and medium-sized enterprises, and startups. In its very first year, the fund had approved \$2 billion in deals,

of which 75% of the capital was sourced from foreign investors. This also indicates investor confidence in Muscat's economic diversification strategy.

Oman, like all Middle Eastern countries, is presently redirecting all its efforts to push economic diversification and expand its non-oil sector. While Saudi Arabia has its Vision 2030, Oman has its eyes set on Vision 2040. Therefore, the country wants to pump in investments in the technology, infrastructure, manufacturing and service sectors.

The OIA's efforts have generated nearly 1,400 new roles, having focused on human capital and job creation. Education, training and employment are part of Muscat's Vision 2040 strategy, and the sovereign wealth fund has supported these growth targets through programs like Jadarah, Nomou, etc.

The Global SWF's May report confirms that the October 2024 listing of 25% of OQ Exploration & Production is Oman's biggest IPO to date, underscoring the country's deepening liquidity in its capital markets.

However, the fund is no longer interested in asset accumulation and has been on a divestment spree, having divested 19 assets, including major IPOs like Abraj Energy Services and OQ Gas Networks, and has raised more than \$2.5 billion since 2022. OIA has already laid out the blueprint for over 30 divestments through 2029 across sectors like logistics, utilities, and aquaculture. The fund aims to gather private capital and improve governance standards.

Muscat's priority has always been domestic improvement, and therefore, the OIA ensures that every foreign investment helps improve skills, supply chains, technology, etc within the country. The fund has made various international investments, namely, into US-based company Tidal Vision, Singaporean firm Golden Gate Ventures, and most significantly, bought a stake in Elon Musk's xAI.

The Omani fund is committed to supporting the country's Vision 2040 goals and is therefore backing high-potential sectors shaping the domestic and global economy alike.



THE ANNUAL GLOBAL ECONOMICS AWARDS - 2024 BANGKOK





RENEWABLE ENERGY PEAKS IN SINGAPORE WITH SURGING SOLAR, RENEWABLES IMPORT GROWTH

As nations worldwide intensify their efforts to combat climate change, Singapore stands out as a prime example of how a small nation with limited resources can make significant strides in adopting renewable energy. In May 2025, Singapore hit a new high in its share of renewables for electricity generation, reaching 2.58%.

This jump came from a quick rise in local solar power and a big increase in imported renewable energy. This achievement shows Singapore's dedication to sustainability and points to a wider change in energy patterns across the region. It also has knock-on effects for nearby countries and the broader global renewable energy landscape.

Singapore's Renewable Energy Milestone

Singapore's renewable energy use has reached a new high, with home solar power growing at its fastest rate since March

2024. This growth came with more renewable imports for the third consecutive month, reaching the highest point in over two years. Singapore does not have much land, which limits big renewable projects. But the country has found clever ways to use solar power.

They have installed solar panels on roofs, constructed floating solar farms on reservoirs and integrated them into locations such as waste-burning plants and water treatment sites. These steps have helped Singapore beat its 2025 solar power goal in two years.

Currently, solar energy accounts for approximately 4% of the country's total power needs.

Moreover, Singapore's plan extends beyond domestic generation. It has increased its purchase of clean energy through the local power grid. It's getting hydropower from Laos and solar power from Indonesia through cables under the sea.

These imports are vital given that approximately 95% of Singapore's power capacity still relies on gas-fired plants. By bringing in renewable energy from nearby countries, Singapore is not just diversifying its energy sources. It's also showing how countries can work together on clean energy.

Regional Ripple Effects and Global Implications

Advances in renewable energy in Singapore have ripple effects that extend well beyond its borders, as a growing demand for imported clean energy is creating a regional power grid in Southeast Asia that could enhance energy security and accelerate decarbonisation regionally.

The regional grid, if created, will act to spur investments into renewable projects across the broader ASEAN agenda, thereby driving economic growth and providing various technology transfer opportunities.

Puah Kok Keong, Chief Executive of the Energy Market Authority (EMA, a statutory board in Singapore), stated that Singapore is committed to making the necessary expenditures to assist the country in tapping renewable energy from its neighbours, which will form the backbone of the ASEAN regional power system. He also stated that such a grid can increase interconnection within countries and encourage investment in local renewable projects.

According to the International Renewable Energy Agency, the region will need US\$290 billion (S\$380 billion) to increase renewable energy capacity to meet ASEAN's aim of 23% renewable energy production by 2025. As of 2022, renewable energy accounted for 15.6% of ASEAN's energy supply. Furthermore, Singapore's alliances with foreign energy companies and its neighbours serve as an example of

domestic renewable energy production with imported clean energy to overcome geographical restrictions, this strategy may encourage other urbanised, resource-constrained nations to follow suit.

Challenges and Opportunities Ahead

Even with these encouraging moves, Singapore will still need to overcome several challenges to achieve a sustainable energy future. Limited land availability is a significant challenge in scaling up domestic renewable energy installations, resulting in a reliance on imports and innovative solutions, such as floating solar farms.

Regional power grids are complicated because coordination among several countries is required, which involves harmonising regulations, investing in future infrastructures, and political will. Lastly, solar energy is an intermittent energy source that requires proper energy storage and grid management technologies to ensure its reliability.

Above all, these challenges create exciting opportunities. Singapore's investment in energy storage, grid infrastructure, and innovative solar energy deployment strategies positions it as a leader in renewable energy technology and policy innovation. Connecting the country to international power grids could result in a clean energy market for Southeast Asia, generating billions in

ble energy generation. It changes the way we understand energy trade globally.

A Sustainable Energy Future

Singapore's renewable energy experiences show a future where urbanised, land-scarce countries can achieve real decarbonisation through a combination of local innovation and regional cooperation.

As it continues to grow its solar capacity, improve its ability to import renewable energy and security and invest in grid resilience, it is well on its way to meeting its net-zero emissions target by 2050. Singapore's experience serves as a guide for other countries in similar situations. It shows that sustainability and energy security can be complementary goals.

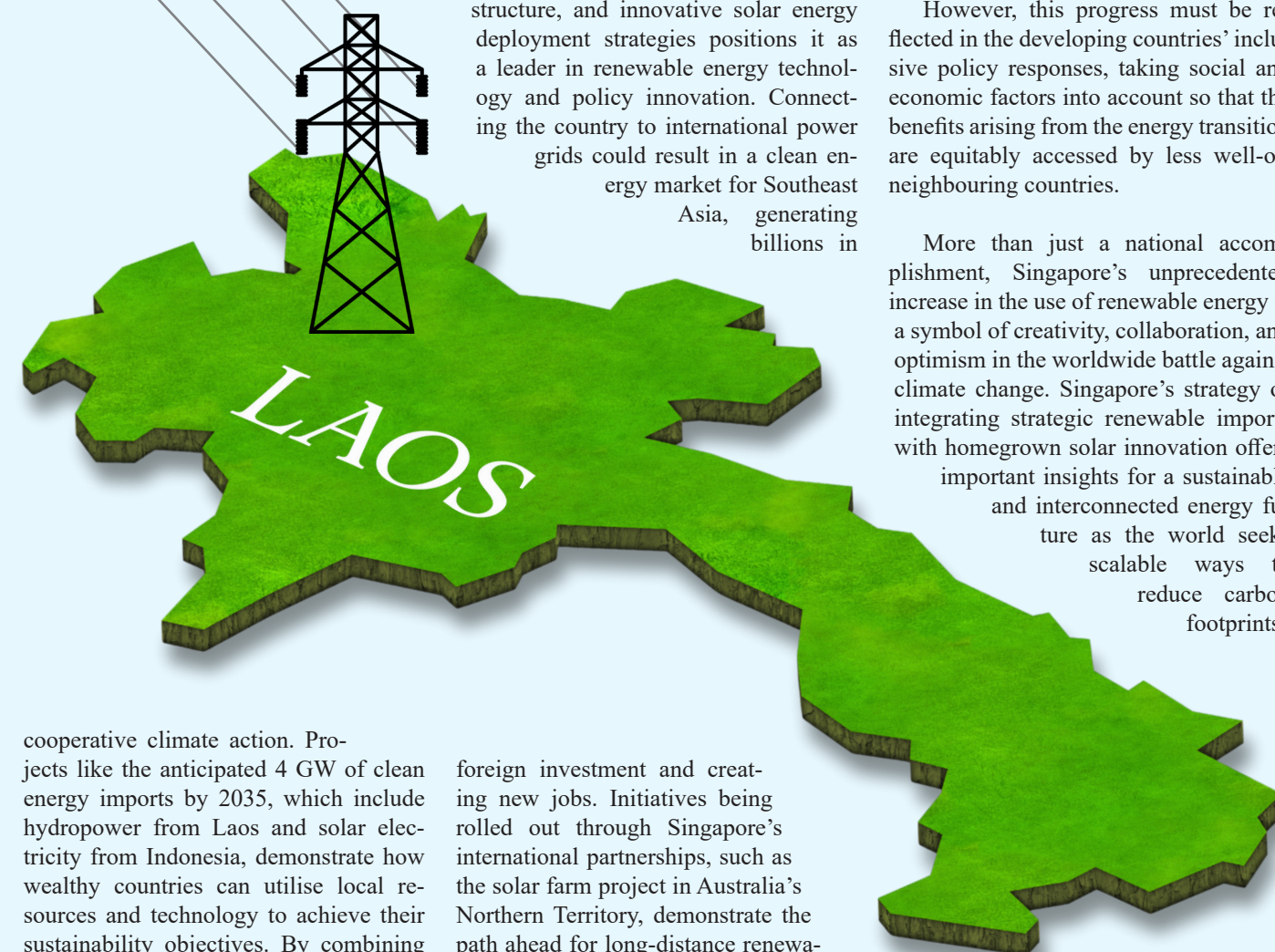
In addition, Singapore's leadership in creating regional power grids will also serve as a springboard for implementing a larger ASEAN integration of energy markets towards sustainable development and climate resilience in Southeast Asia, which is also laudable.

However, this progress must be reflected in the developing countries' inclusive policy responses, taking social and economic factors into account so that the benefits arising from the energy transition are equitably accessed by less well-off neighbouring countries.

More than just a national accomplishment, Singapore's unprecedented increase in the use of renewable energy is a symbol of creativity, collaboration, and optimism in the worldwide battle against climate change. Singapore's strategy of integrating strategic renewable imports with homegrown solar innovation offers important insights for a sustainable and interconnected energy future as the world seeks scalable ways to reduce carbon footprints.

cooperative climate action. Projects like the anticipated 4 GW of clean energy imports by 2035, which include hydropower from Laos and solar electricity from Indonesia, demonstrate how wealthy countries can utilise local resources and technology to achieve their sustainability objectives. By combining

foreign investment and creating new jobs. Initiatives being rolled out through Singapore's international partnerships, such as the solar farm project in Australia's Northern Territory, demonstrate the path ahead for long-distance renewa-



EGYPT'S GREEN INDUSTRIAL DRIVE: A STRATEGIC GATEWAY FOR EU MANUFACTURERS

Egypt is working on its famous “Green Industrial Revolution”, which aims to make it a leader in sustainable economic transformation. This transition is segmented with its Vision 2030 and the National Climate Change Strategy 2050, aimed at decarbonisation, economic diversification, and a knowledge-based economy. Egypt’s *“Green Industrial Revolution”* is proactively driving efforts towards decarbonisation and economic diversification. This consists of substantial efforts to reduce greenhouse gas (GHG) emissions, mainly by increasing the share of renewable energy in the national power mix and upgrading industrial sectors with enhanced energy efficiency. Special initiatives include increasing water-to-energy contributions and putting up wastewater treatment infrastructure. The government has made significant financial commitments, aiming to allocate 50% of total investments by the end of this year, representing a 15% increase from the 2021 financial year figures. Egypt’s Vision 2030 targets transforming itself into a “knowledge-based economy”, giving substantial importance to information technology (IT) and green manufacturing for *“knowledge-based growth with limited import dependency”*. Egypt’s Sustainable Development Strategy: Vision 2030 is a plan with the motive to incorporate sustainable development throughout the value chain and provide developmental equality to all regions, hence an amalgamation of economic, social, and environmental aspects to boost competitiveness, diversity, and a knowledge-based economy. The National Climate Change Strategy 2050, launched in May 2022, accompanies Vision 2030 by adjoining climate change considerations into sectors of national significance, with its main aim being *“Achieving Sustainable Economic Growth and Low-Emission Development in Various Sectors”*.

Role of International Partnerships

Egypt has realised that international support is necessary to catapult its development goals. The European Union has become Egypt’s most significant trading partner, with total trade volume accounting for over 25% of Egypt’s trade last year. Egypt’s primary exports consist of chemical products and manufactured goods. The EU-Egypt Association Agreement (effective since 2004) abolished tariffs on exports and established a free trade area. A Strategic and Comprehensive Partnership was launched in March 2024, followed by a €1 billion EU funding package. Egypt also signed a €21 million grant

agreement with the European Investment Bank (EIB) in June this year to facilitate its industrial transition, with the EIB already providing over \$312.6 million in green investments. Egypt’s green hydrogen strategy also runs in partnership with the European Bank for Reconstruction and Development (EBRD). This multi-layered international alignment helps reduce risks for European manufacturers.

Abundant Renewable Energy and Green Hydrogen

Egypt has an ambitious goal to generate 42% of its electricity demand from renewable sources by the end of this decade. The Ministry of Electricity and Renewable Energy has planned renewable projects that can bring the capacity up to 25.1 GW by 2030, consisting of 13.7 GW from wind, 8.5 GW from solar, 2.8 GW from hydropower and 3.3 GW from Battery Energy Storage Systems (BESS). Till 2024, renewables contributed around 11% of the national electricity capacity of 59 GW. This effort to reduce carbon footprint is cultivating a ripe atmosphere for European manufacturers who are seeking to reduce their products’ carbon footprint and adhere to EU environmental directives. Egypt’s National Low-Carbon Hydrogen Strategy announced in August 2024, sets a goal of securing a 5-8% share in the international hydrogen market by 2040. This would need an investment worth over \$60 billion, yielding 5.8 million metric tonnes of annual green hydrogen. Production costs would range around \$1.5-1.7 per kg by 2050, making Egypt the most affordable producer. The Suez Canal Economic Zone (SCZONE) secured a €397 million contract to export green fuel to Europe. The present infrastructure for the production and export of ammonia will help in transporting low-carbon ammonia to Europe, adhering to the EU’s Carbon Border Adjustment Mechanism (CBAM). Law no. 2 of 2024 (January 2024) provides incentives for green hydrogen projects, including a 30-50% cash tax credit, VAT removal on equipment and zero VAT on exports, customs duty exemptions, a ‘Golden License’ for streamlined approval, a higher foreign workforce quota, reductions in port usage fees and much more. Several export-driven initiatives are being undertaken alongside incentives to position Egypt as a key partner in Europe’s decarbonisation drive.

Attracting European Manufacturers

Egypt accounts for 25% of the EU’s total trading volume, making it a crucial

trading partner. Egypt offers a multi-faceted investment layout. New initiatives allow export-oriented service start-ups to set up headquarters in tax-free zones with complete customs and tax exemptions. A new law will help build financial and business zones to pool venture capital. The Special Economic Zones (SEZONE) provide a competitive environment with a 10% unified income tax, a reduction of almost half from outside. Proving to be the lowest-cost production centre in the MENA region, allowing domestic market access with duties only on imported inputs.

Challenges: Macroeconomic Stability, Foreign Exchange & Bureaucracy

Egypt is facing a massive macroeconomic crisis, marked by high debt issues, an unsustainable foreign exchange policy, high inflation, and a parallel market. However, the Central Bank floated the EGP last year, removing the parallel market and securing deals for inviting FDI. International support, such as the \$8 billion IMF loan and a €5 billion EU macro-financial assistance package, provides some support. Further risks arise from volatility in short-term capital inflows and the ongoing impact of foreign shocks, like the loss of revenues from the Suez Canal due to Houthi attacks.

Despite efforts to improve business friendliness, certain regulatory and security compliances exist that restrain the Middle East data centre construction market. There are numerous bottlenecks, bureaucratic restraints and a lack of transparency in regulatory processes. The corruption levels are extremely high, especially with the involvement of the military in the economy, posing a threat to private investors. European manufacturers need to navigate through these challenges by partnering with local legal and advisory firms and establishing critical alliances with powerful Egyptian entities.

Egypt’s commitment to decarbonisation is attractive enough for European manufacturers. The nation’s vision and efforts aim to achieve its ambitious targets through green energy exports and a transition into a global hub of diverse offerings. For European manufacturers looking to de-risk and align with ESG norms, Egypt offers the perfect opportunity near home. The decarbonation efforts will reduce the carbon footprint for goods, while its energy mix will provide for direct green energy sourcing.

BRAZIL TO SOURCE \$6.2 BILLION FROM OIL INDUSTRY TO MEET FISCAL GOALS



Brazil’s energy ministry has decided to turn to the oil industry to raise around \$6.2 billion over the next two years to help the government meet its fiscal targets. Alexandre Silveira, Minister of Mines and Energy, put forth this proposal to President Luiz Inácio Lula da Silva on Monday.

The ministry disclosed that some of these measures include selling oil exploration licenses and reviewing the reference prices used to calculate oil taxes. If the government grants its approval, this new move will serve as an alternative to a potentially controversial increase in tax rates on certain financial transactions. With the global economy in a phase of absolute uncertainty as a result of US President Donald Trump’s protectionist policies, Brazil, too, like all other countries, is facing the threat of an economic recession. With Trump unleashing his tornado of tariffs in April, Brazilian President de Silva announced that he had approved a law allowing executives to respond to the 10% tariffs Trump had levied on Brazil.

While the 90-day pause period seems to be a temporary truce, it has given businesses and markets some reprieve and made the global economy relatively more stable. However, these tariff risks still loom, and governments are preparing for more trade barriers at the end of these three months. Economic concerns continue to shroud Latin America’s largest economy, with Finance Minister Fernan-

do Haddad facing immense scrutiny for his inability to deliver the fiscal promises. Brazil has missed revenue expectations and has higher spending, causing this fiscal strain. Last week, as per the financial services company Moody’s Ratings’ assessment, Brazil’s rank in the credit outlook rating fell from positive to stable, underscoring expectations of larger fiscal deficits.

Moody’s also cited its grade revision to ‘a pronounced deterioration in debt affordability.’ Despite increasing investment and potential GDP growth, the ratings company concluded that these new challenges offset the progress achieved through favourable economic reforms, which are conducive to improving Brazil’s credit quality. The Finance Ministry issued a statement that efforts to improve fiscal results and to continue the process of structural reforms were underway.

When reference prices change, they erode the margins for oil companies and negatively impact investments. This could, in turn, fuel concerns about licensing delays and unfavourable exploration results. These measures run the risk of causing more problems in the medium and long term.

The Energy Ministry has urged ANP, the country’s oil regulator, to review the reference prices used to calculate taxes paid by oil producers, including that of the state-controlled Petrobras, by the end of next month. Bloomberg News report-

ed that these oil and gas measures will include a bill mandating the country’s federal government to sell oil production rights in areas of the pre-salt, which are yet to be licensed.

This region, which includes areas near the giant Tupi, Mero and Atapu fields, comprises Brazil’s most abundant offshore oil region. If Silveira succeeds in getting these proposals approved by Congress, it could raise over 15 billion reais this year alone. In the meantime, one of the largest state-owned oil companies, Petrobras, has expressed interest in local bond issuance, like debentures, to fund its long-term projects. The company aims to raise \$526 million through these debentures for infrastructure projects to expand the supply of natural gas.

Financial analysts believe that as interest rates are high in the country, companies are unable to raise funds through the stock market and therefore turn to low-cost financial alternatives. Of these, infrastructure and incentivised debenture issuances are quite popular as they are exempt from taxes from both the issuing companies and investors, resulting in lower costs. With the global economy on the precipice of a trade war, oil markets are more volatile than ever. Brazil is taking the necessary measures to minimise the damage to its domestic economy through these new measures, it is evident that the country is also dealing with the existing problems which are already plaguing it.

EUROPE'S ENERGY FUTURE: MIDDLE EAST INVESTMENTS POST-IRAN ESCALATION

The current military escalation between Iran and Israel started with an attack by Israel on Iranian nuclear missile facilities and critical energy infrastructure, which brought the Middle East region to the verge of full-scale war. This conflict has sent shivers throughout global energy markets, in anticipation of increased volatility and supply reduction in oil and gas prices. This instability, mainly arising out of the threat to critical chokepoints like the Strait of Hormuz, which facilitates the transit of over 20% of global oil supply, is forcing Europe to use catalytic measures to boost its energy transition and gain energy resilience. Europe is currently navigating a complex economic environment, struggling with slow growth, constrained financial resources, and trade-offs between national and global priorities, with surging energy prices reducing industrial competitiveness.

This growing crisis fundamentally reinforces the case for establishing alternative trade routes and diversification of energy supply chains. Europe's strategic initiative is no longer about reducing dependence on Russian energy imports, a policy crafted during the invasion of Ukraine.

It has now expanded to encompass a broader spectrum, detaching its entire energy grid from the geopolitical shocks of the Middle East.

The initial response of Europe after the Ukraine invasion was to secure an alternative gas supply other than Russia. However, the recent escalation involving Iran brings another dimension of risk regarding the stability of the Middle East's crude supplier. This development transforms the strategic imperative from merely diversifying sources to a broader scheme of de-risking the energy mix, which can be achieved through the transition to renewable energy.

Surprisingly, geopolitical risks are now serving as a powerful force for investment. While geopolitical tensions mainly hamper investment due to interconnected uncertainty, the palpable threat of disruption to traditional fossil fuel supplies acts as a catalyst for capital allocation into alternative, resilient energy sources like renewables.

This geopolitical tension creates a unique investment opportunity where problems lead to support for capital allocation in certain sectors and regions, in this case, investment in renewable energy projects in the GCC states.

This shows that European investment in the Middle Eastern renewables is not just because of economic benefits but also certain other factors as well. These factors happen to align with the national security objectives, leading to a more stable and long-term investment period.

Europe's Strategic Imperative: Beyond Traditional Dependencies

Europe's main energy strategy is a complex web of multiple pipelines, including ambitious decarbonisation objectives, the pursuit of economic resilience, and the adaptation of digital transformation. The European Union has set an ambitious renewable energy target of at least 42.5% by 2030. The EU's "Energy Union" plan, which was established before recent escalations, has gained prominence in the current scenario.

Besides economic efficiency and decarbonisation as main objectives, the recent crisis arising due to the latest conflicts has shown that energy security is a primary and non-negotiable strategic imperative.

This shift implies that now Europe might even incur a premium or offer concessions in energy deals to secure stable and diversified renewable energy sources, even if immediate economic returns are not optimal. The risks arising from Iran's escalations and the prevailing economic unpredictability in Europe are interconnected.

Increasing energy costs, a direct consequence of geopolitical instability, are directly attacking its industrial capabilities. The interconnection means that investments in Middle East renewables are not merely about securing new energy sources, but also a crucial component for a broader strategy to mitigate Europe's overall economic vulnerabilities.

The Middle East: A New Frontier for Green Energy

The GCC states are undertaking ambitious economic diversification strategies. The noteworthy ones are Saudi Arabia's Vision 2030 and the UAE's Digital Economy Strategy. A major component of these strategies involves significant investment in renewable energy. For instance, Saudi Arabia aims to generate half of its energy from renewable sources by 2030, while the UAE targets a 19% reduction in emissions by 2030. The Middle East and North Africa (MENA) region possesses huge untapped potential for solar and wind energy, capable of meeting a huge portion of global electricity demand. Investments in solar energy within the MENA region are estimated to reduce emissions at twice the rate of similar investments in Europe or North America, primarily due to lower regulatory standards and less resistance from local communities during project execution.

Nonetheless, the GCC faces numerous challenges in localising its renewable energy supply chains. These include technological and workforce gaps, limited domestic markets, and huge competition from China. Moreover, renewable projects require substantial initial investment, and the inherent nature of solar and wind power requires robust energy storage solutions, which are under development. On one hand, Europe is working to enhance its energy security, on the other, the Middle East needs economic diversification and technology transfer to achieve its renewable energy targets. Europe offers demand, capital, and technological expertise, while the Middle East provides renewable resources and land. This creates a ground for a symbiotic relationship where both regions are dependent on each other for their energy needs. This mutual dependence is fostering equitable partnerships that transcend the

boundaries of conventional buyer-seller dynamics, venturing into joint ventures and corporate research and development.

Forging New Alliances: Key Deals and Investments

Europe's need for energy independence is resulting in a series of deals and investments across the Middle East. For instance, Germany, through its H2Global (foundation promoting clean hydrogen and other low-emission fuels), promised €200 million to Fertiglobe, an ADNOC-acquired company. The investment would return in the delivery of 250,000 tonnes of green hydrogen by 2027. The investment also involves the installation of 273 MW of renewable energy capacity in Egypt. The United Kingdom and the GCC are also talking through bilateral channels for a trade deal by 2025. These discussions would include removing tariffs on UK-manufactured

wind turbine parts and providing greater access for GCC countries to UK clean energy technology. Saudi Arabia and France are solidifying their partnerships. Agreements include EDF Renewables, given the responsibility for the construction of two solar power plants with capacities of 1,000 MW and 400 MW. TotalEnergies

would also develop a 300 MW solar plant to be completed by 2026.

Towards a Diversified and Resilient Energy Future

The recent escalation has undeniably accelerated Europe's drive towards energy resilience. This geopolitical shift has made the Middle East and the GCC states key partners that offer abundant renewable energy resources and share a similar stance on green energy development. The new deals and investments include a fundamental reorientation in global energy geopolitics. These partnerships are building a new era of mutual dependence and broader economic integration between Europe and the Middle East. The path to interdependence, too, has its share of roadblocks and complexities. Like the issue of localising supply chains, improving governance frameworks, and securing capital, need to be proactively addressed. Overcoming these hurdles will ensure a long-term, stable, and sustainable alliance between Europe and the Middle East, with both targeting similar ambitious green energy agendas.



IEA PREDICTS GLOBAL ENERGY INVESTMENT TO REACH \$3.3 TRILLION IN 2025

Energy investment worldwide is reaching a record high, with estimated figures for 2025 expected to surpass 3.3 trillion. This surge is due to huge investments in clean power amidst economic winter concerns and geopolitical tensions.

The Paris-based autonomous inter-governmental organisation, International Energy Agency (IEA), mentioned in its recent report that technologies in the green energy sector, like nuclear, renewables, and storage facilities, are anticipated to attract \$2.2 trillion in investments. Whereas investment in non-renewable sectors like oil, natural gas, and coal is expected to receive \$1.1 trillion in investment.

The surge in the clean energy sector is in tandem with the global trend as most nations, even the OPEC giants in the Gulf, have announced their net-zero targets to reduce emissions and tackle climate change. Saudi Arabia and the UAE both have announced their net-zero deadlines by 2060 and 2050, respectively.

Faith Birol, executive director of the IEA, said that during geopolitical tensions and recession fears that tend to overshadow the goals for the energy world, they

view energy security as a crucial component for driving growth in global investments worth \$3.3 trillion in 2025 as countries and companies are looking to safeguard themselves from a wide range of risks.

He also added that the rapidly increasing economic and trade scenario meant that some investors are adopting a wait-and-see approach for new energy projects because, in many regions, several approved projects are yet to witness any significant executions on the ground.

Electricity Takes the Lead

The IEA mentioned that an investment wave in diverse sectors is being done at the beginning of the “*Age of Electricity*” and the surge in demand for industries, artificial intelligence, electric mobility, data centres, and cooling. Funding for fossil fuels exceeded one-third of the investment directed towards electricity generation, grid infrastructure, and energy storage.

This year, electricity investments are estimated to be around 50% higher, approximately \$1.5 trillion, than the total money spent on getting crude oil, natural gas, and coal to market.

A previous report by the IEA in April highlighted the growing electricity demand globally due to the rapid expansion of companies in AI and data centres.

The analysts at that time mentioned that the electricity demand for data centres powered by AI would increase to twice the current demand by the end of this decade. It is expected to reach 945 terawatt-hours, bringing a slew of power demand, rising energy security, and jeopardising carbon dioxide emission goals.

Historically, the electricity consumption by data centres has increased by 12% annually in the last five years, amounting to 1.5% of global electricity consumption in 2024.

Clean Energy Surge

As per the report, low-emission power generation has doubled over the past half-decade, primarily led by solar photovoltaics. The energy agency has estimated that investment in solar would reach up to \$450 billion this year for utility-scale and rooftop together, making it the largest single item in the world’s energy investment inventory.

Extreme competition between suppliers and ultra-affordable costs are leading

to huge imports of solar panels, often up-sold with batteries, which become a key constituent of energy investment in major emerging and developing economies. Battery storage equipment is expected to attract substantial investment, potentially reaching \$65 billion by 2025.

Saudi Arabia: Clean Energy Targets

Saudi Arabia has also joined the race to commit to ambitious goals of generating clean energy, especially by using solar power. By the close of this decade, the Kingdom aims to produce 58.7 gigawatts of renewable energy, with solar photovoltaic (PV) sources contributing 40 GW. For the following, it has plans to produce 16 GW from wind farms and 2.7 GW from concentrated solar power.

This promise is a component of the broader National Renewable Energy Program strategy, which aims to diversify the energy portfolio and gain independence from the use of fossil fuels.

IEA added that capital expenditure for building nuclear power has also grown by 50% over the last five years and is expected to receive up to \$75 billion this year.

Nuclear Ambition

Saudi Arabia is planning to seriously consider incorporating nuclear energy into its portfolio for the power grid. In January this year, Saudi Arabia’s energy minister, Prince Abdulaziz bin Salman, said that the nation is planning to start enrichment and sale of uranium to partner countries.

Saudi Arabia had launched a National Atomic Energy Project in 2017, as a critical component for diversifying the Kingdom’s energy mix.

Hydrogen Projects

The IEA report said projects with lower emissions are vulnerable to policy faults. While certain hydrogen fuel projects have faced abandonment or delays over the past year, approved initiatives are slated to require approximately \$8 billion in investment in 2025, double the amount from the previous year.

According to CEO Wesam Al-Ghamdi’s statement in November, Saudi Arabia is expected to begin producing from the world’s largest green hydrogen project starting next year.

The Kingdom is developing an immense \$500 billion mega-plant that will exclusively use solar and wind power to fuel a 2.2 GW electrolyser, enabling uninterrupted hydrogen generation.

Grid Investment Gap

According to the IEA, grid investments stand at around \$400 billion annually but still fall to meet the speed of investment in generation and electrification. By 2030, investments in grids need to match the shoulders with investments in generation to maintain electricity security. Unfortunately, it is running behind them because of long permitting procedures and a distorted supply chain for transformers and cables.

Future of LNG

The report has mentioned that decreasing oil prices and demand fallout are being anticipated as the probable reason for the first-ever year-on-year fall in upstream oil investment since 2020. Although investment in new liquefied natural gas facilities remains steady as new projects in the US, Qatar, Canada, etc, are deemed to begin operations. The report also mentioned that the global LNG market will witness its largest-ever capacity growth in the next four years.

Geographical shifts

The IEA addressed that the spending patterns in the energy sector are highly uneven across the globe, with several emerging economies, like Africa, unable to invest capital for energy infrastructure. Furthermore, the report stated that Africa, home to almost 40% of the world’s inhabitants, attracts just 2% of international clean energy investment. This disparity can be diminished in African countries and other emerging economies with the help of increased international public finance and invested strategically to attract more foreign investment in the form of private capital.

China happens to be the largest global energy investor by a huge margin, and its share of global clean energy investment has significantly increased in the past decade. The IEA praised the efforts of India and Brazil, though they are well behind China. Both the economies have emerged as trendsetters in clean energy investment.





DECARBONISATION REALITIES DEFY TECHNOLOGICAL PREPAREDNESS

The world is pacing towards decarbonisation. More than 140 countries, which are liable for over 90% of the global gross domestic product and emissions, have promised to bring down their carbon emissions to net zero by 2050. However, the road towards carbon neutrality is a daunting task; the technology and economic viability have not been proven to be reliable yet.

The imbalance between promise and practicality in fuel-guzzling sectors like shipping, aviation, and road transportation often leads to a huge disparity in the

regulatory targets that overlook technological advancement's ground realities.

The shipping sector, frequently highlighted in climate discussions, is now navigating a complex landscape of demanding international environmental regulations. Even though it's the most carbon-efficient method for moving cargo, the industry is caught between ambitious climate targets and the realities of compliance, exacerbated by insufficient infrastructure and unpredictable market forces. This is an anomaly that risks not only punishing efficiency but also defying the sense of global trade.

The Cost of Compliance: EU ETS and IMO Targets

Since last year, the EU has considered several maritime emissions within its Emissions Trading System, bringing about a significant change in regulatory norms.

Vessels docking at EU ports will have to purchase allowances covering 40% of their confirmed carbon emissions, a bill that will increase by 70% later this year and 100% by next year. With carbon prices circling \$79 per tonne, the purchase bill leaves a hole in the hull of the ship.

A large container ship emits approximately 60,000 tonnes of carbon dioxide per year over an EU route; this will add an annual carbon cost of over \$5.75 million by next year. This will be levied over the rising fuel costs, maintenance expenses, and increasing port compliance norms.

The vision of decarbonisation is sound logic, but the means to achieve it, like levying additional costs, uncooperative norms, risks, regulatory disintegration, and competitive distortions.

Simultaneously, the International Maritime Organisation has set its own goal of net-zero carbon emissions by the middle of this century, hence targeting a 40% reduction in carbon intensity by the end of this decade.

Such goals come with a demand for an urgent shift towards alternative fuels like green methanol and ammonia, which happen to be extremely limited and up to four times more expensive than their crude variants.

Additionally, restructuring the vessel to accommodate such changes will call for around \$5-15 million, with uncertain payback terms. In the Global South, infrastructure for such alternative fuels is in a very nascent stage.

Challenges Across Sectors: Aviation and Electric Vehicles

Other sectors face similar circumstances. Aviation is grappled by the Carbon Offsetting and Reduction Scheme for International Aviation, which targets to limit emissions at the 2019 levels through neutralising measures. Whereas the electric vehicle transition, called the antidote to road transport emissions, is facing both technological and geopolitical constraints.

Policymakers in the US, the EU, and the UK are silently reducing EV adoption targets, postponing internal combustion engine phase-outs, and recognising the carbon footprint of battery production.

Lithium, cobalt, and nickel, the key constituents of EV batteries, are mined in a carbon-intensive process, often raising questions regarding the batteries' front-end carbon emissions.

The gap between ambition and implementation is increasing. Global energy-related carbon dioxide emissions crossed a staggering 37.3 billion tonnes in 2023, raising a huge question: are we really heading towards decarbonisation or just finding expensive ways for carbon-neutrality?

Data from the Organisation for Economic Cooperation and Development's International Transport Forum reveals a surprising fact regarding transport emissions. It revealed that air freight emits 500 grams of carbon dioxide per tonne-kilometre, road cargo emits around 60 grams, and the least of all is maritime shipping with a meagre 3-6 grams.

Maritime shipping is almost 10 times more efficient than road transport and 70 times more efficient than aviation. Despite such a feat of high efficiency, the shipping industry is regularly under immense regulations that neglect its comparative advantages.

Disproportionate Regulations and Their Impact on Global Trade

As per the World Shipping Council, maritime transport emits only 2.9% of global greenhouse gas emissions, extremely lower than 18% of road transport but a little higher than aviation, emitting 2.5%. An estimated 80% of global freight by volume is routed via sea, whereas road cargo accounts for 18%. Undermining its share in global trade, the shipping industry is overburdened with unreasonable regulations, which could have a devastating effect, including risking supply chain stability, increasing consumer prices, and further exacerbating the inequalities between the developed and underdeveloped world.

Flawed Promise of Carbon Markets

Designed to facilitate innovation and render cost-effective measures, carbon markets have instead resulted in a volatile, expensive, and disconnected system. Voluntary carbon credit prices range from \$1 to \$20 per tonne, with a huge gap in quality and reliability. Researchers claim that up to 90% of forestry-based credits tend to misrepresent genuine emissions reductions. This leads to distrust and further propels other financial alternatives over physical decarbonisation.

Furthermore, fuel prices have instead decreased in terms of adjusted inflation. In 2024, Brent crude averaged around \$73 per barrel, which is about half of the \$140 at its peak in 2008. Based on this, it should have been \$210 per barrel after adjusting for inflation in 2025. However, despite this relative affordability, shipping costs have drastically increased. McK-insey estimates that shipping costs have increased by 30% over their pre-pandemic levels just because of environmental compliance single-handedly. This further lowers margins and delays investment in cleaner technologies.

Scope of biofuels

Biofuels, however, are a tiny alternative to this massive problem. Sustainable aviation fuel has the potential to reduce lifetime emissions by over 80%, but it accounted for only 0.3% of global aviation fuel usage last year. Marine biofuels suffer from similar constraints, limited availability, exorbitantly high prices, and sustainability concerns over raw materials. Faulty biofuel targets can increase the issue of land-use conflicts and food insecurity.

Towards Pragmatic Decarbonisation

The global decarbonisation program needs to reconsider environmental ambition with economic pragmatism and technological advancement. Policy frameworks must compensate, not slap a bill on sectors that are performing considerably well in carbon efficiency.

Shipping cargo might have its faults, but it remains the most optimised sector for global trade on a per-tonne basis. Imposing additional regulations will not only increase costs but also reduce emissions to a less efficient mode of transport.

The mindset of policymakers of levying an umbrella policy for all sectors jeopardises their targets and risks destroying all sectors. Effective climate governance must be technologically viable, financially sound, and geographically applicable. A complete shift to a low-carbon economy will require patience, capital, and sacrifice. While shipping may not be able to meet the net-zero targets in a snap of fingers, it still stands as a key enabler for the broader decarbonisation of global trade.

SOUTHEAST ASIAN SYNERGY: VIETNAM AND SINGAPORE LEAD CROSS-BORDER PAYMENTS

In a significant move towards more interconnected and seamless finance, Singapore and Vietnam have strengthened their existing Memorandum of Understanding (MOU) on financial innovation with a focus on enabling cross-border QR code payments. The partnership, sealed through a high-level visit in March 2025, marks a new era of economic integration, which will yield substantial benefits for businesses, travellers, and ordinary citizens in both nations.

The agreement, spearheaded by the Monetary Authority of Singapore (MAS) and the State Bank of Vietnam (SBV), is a visionary effort that breaks down payment silos and substitutes them with the convenience and efficiency of QR code technology.

Beyond the Handshake: What the Expanded MOU Means

The upgraded MOU on financial innovation is more than an assurance of co-operation. In fact, it encourages a greater scope of cooperation on cooperative digital innovation projects and paves the way for a more integrated and robust financial ecosystem. Most significantly, it prefers payment integration between Vietnam and Singapore and facilitates the development of fintech business in both markets.

Mr. Chia Der Jiun, Managing Director of MAS, emphasized the long-standing and multi-faceted bilateral cooperation in financial services between the two countries. *“Further cooperation in financial services will make it easier to deepen economic and trade linkages between our countries,”* he said, referencing his commitment to fintech innovation and payments connectivity.

Echoing this, Ms. Nguyen Thi Hong, Governor of SBV, cited Singapore as a source of inspiration for financial innovation globally. She emphasized that this MOU would cement the foundation for information exchange, which will be *“highly constructive to the development of the regulatory framework for the fintech sector in Vietnam.”* Above all, she confirmed that MOU makes cross-border retail payment by QR code possible with

the direct involvement of SBV, MAS, switching corporations, and commercial banks of both countries.

The physical implementation of this vision is already underway. The National Payment Corporation of Vietnam (NAPAS) and Singapore’s Network for Electronic Transfers (NETS) have signed up to establish the necessary infrastructure. This will imply that NAPAS customers can make QR code payments at NETS’s extensive network of acceptance points in Singapore, and vice versa, quite soon.

The Strength of the QR Code: A Cross-Border Transactional Game Changer

The choice to use QR codes to make cross-border payments is a strategic one, acknowledging common usage and the convenience of the technology in both nations. In Vietnam, for example, payments using QR codes have expanded exponentially, especially after the launch of the shared QR code brand “VietQR” in 2021. Likewise, Singapore has been the leader in digital payment uptake, with the country’s PayNow system already interconnected with numerous regional peers.

The benefits of this seamless payment process are many:

- **Unparalleled Ease for Travellers:** Visitors no longer need to carry large amounts of cash, identify money changers, or worry about activating credit cards before travel. A mere glance at their mobile banking app will suffice.
- **Lower Costs, More Transparency:** Since they can now make payments in local currencies using real-time conversion, the system will reduce foreign exchange fees and eliminate hidden fees associated with traditional cross-border payments. This puts more money into the pockets of businesses and consumers.
- **Boost for Trade and Tourism:** Easier payment arrangements will, by their nature, encourage greater cross-border commerce and investment. For small and medium-sized

enterprises (SMEs), particularly those in the retail and tourism sectors, this means access to a wider customer base and a simpler collection of payments.

- **Financial Inclusion:** For individuals who do not have access to conventional banking products or credit cards, QR code payments present a more inclusive digital payment option, promoting wider engagement in the digital economy.
- **Faster Settlements:** Businesses will benefit from real-time payment settlements, improving operational efficiency and cash flow.
- **Enhancing Regional Connectivity:** The initiative falls within the general ASEAN agenda of regional payment connectivity and the enhancement of greater financial integration in Southeast Asia. Singapore has already established similar connections with Thailand, Malaysia, Indonesia, China, and India, and it demonstrates its willingness to create a harmonious regional payment network.

Overcoming Challenges and Looking Ahead

Even though there is huge enthusiasm, the execution of this big project with prudent planning and compliance with regulatory frameworks is called for. Technical consistency between various payment networks and proper security against fraud is of utmost concern. Both MAS and SBV, as well as their respective payment network operators, are working to ensure these elements in order to present the user with a smooth and secure experience.

Singapore-Vietnam’s increased MOU on financial innovation is proof of the power of digital innovation in driving stronger economic ties and enriching the lives of people. QR codes are not just a representation of a transaction but a shared future of growth and prosperity. It is an exciting milestone on the path to a fully cashless and connected Southeast Asia.

US IMPOSES 3,521% TARIFFS ON SE ASIAN SOLAR IMPORTS, REDRAWING GLOBAL ENERGY MAP

In a move that has stunned the world’s renewable energy sector, the United States has ratified and begun levying jaw-dropping tariffs, as high as an eye-watering 3,521%, on solar panel imports from four Southeast Asian nations: Cambodia, Vietnam, Malaysia, and Thailand. This aggressive trade action, the culmination of a year-long investigation by the US Commerce Department, is aimed at bolstering domestic manufacturing but threatens to dramatically reshape solar energy development in America and beyond.

The tariffs are designed to counteract alleged unfair trade practices, including government subsidies and the dumping of solar panels at prices below production cost, which US manufacturers argue have severely undermined their competitiveness.

The decision is a significant victory for US solar firms, who have lobbied for years to support more protection against what they describe as a surge of inexpensive foreign modules produced by Chinese factories that have relocated to Southeast Asia to avoid US tariffs.

Cambodia particularly is disproportionately impacted, as some imports come under the eye-popping 3,521% tariff. This punitive tariff is largely a consequence of the country not cooperating fully with the US Commerce Department. Thailand and Vietnam also possess colossal levies of 395.9% and 375.2% respectively, whereas Malaysia, while still possessing colossal tariffs, has comparatively lower tariffs. The levies are charged on top of already prevailing tariffs, which creates a major entry barrier for goods from these nations.

A Knockout Blow or a Pyrrhic Victory?

The US Commerce Department report asserts that manufacturers in these Southeast Asian countries were receiving unfair government support and selling solar panels at artificially cheap prices for export, disrupting market competition and harming American firms. The American Alliance for Solar Manufacturing Trade Committee, whose members are major

US participants such as First Solar and Hanwha Q Cells, applauded the move, stating it would re-stimulate an important domestic industry to energy independence and job creation.

In reality, the Biden administration and its predecessor have also put a lot of effort into galvanizing domestic solar manufacturing, with the Inflation Reduction Act championing big tax credits to boost *“Made-in-America”* solar components. The new tariffs should also support those initiatives, leveling the playing field for US facilities that have struggled to compete with the cheap prices of imported goods.

However, the effects of these tariff restrictions are far-reaching and complex. In 2023, the four targeted countries supplied some 77% of US solar module imports in the form of equipment worth a staggering \$13 billion. This enormous reliance on imported supply means that the tariffs will increase the cost of solar installations across the US considerably.

US renewable energy companies, which have long relied on low-cost foreign inputs to reduce the cost of their projects and accelerate the installation of solar power, are now facing extreme uncertainty.

More costly equipment would slow the growth of solar power, potentially undercutting ambitious clean energy targets and increasing the cost of solar electricity to consumers. The trickle-down effect may be far-reaching throughout the supply chain, from large utility-scale installations to rooftop systems.

Shifting Sands and Global Implications

The tariffs are indicative of the complicated and delicate nature of cross-border trade in the renewable energy arena, where geopolitical interests coincide with green objectives.

The US action recalls the same actions over a decade ago against Chinese solar imports, which prompted Chinese manufacturers to diversify their production bases to other countries not targeted

in the duties, including those now under the current tariffs. The earlier pattern suggests the expected rebalancing of global supply chains once more.

Some industry players estimate that other nations such as India and Indonesia could become the beneficiaries, taking up the gap left by the tariff-hit Southeast Asian countries. Indian solar manufacturers, for instance, are reportedly seeking to increase exports to the US because their relatively lower tariff rates and enhanced domestic manufacturing capability give them an advantage.

Conversely, the tariffs are likely to prompt weaker Southeast Asian economies to adjust their priorities, with greater emphasis placed on in-house solar development and home market. This could ironically accelerate corporate-driven Southeast Asia’s energy transition, with companies seeking alternative energy markets for their product and governments shifting towards placing greater priority on domestic green energy adoption so as to be better shielded from exposure to risks in foreign markets.

The Road Ahead: The Solar Future

The tariffs, to be established by the Commerce Department, rely on the US International Trade Commission (USITC) finding that the imports are indeed materially injuring or threatening US producers. The USITC has found injury to the US industry. This leaves the door open for the tariffs to become fully applicable, effectively altering the economics of solar in the US. Ultimately, this means solar installations in the US will cost more.

The coming months will determine if these record tariffs exert their desired impact. While they can provide a welcome boost to US solar production and enable rebalancing of trade patterns, they also run the risk of raising the price of energy, reducing the deployment of renewables, and significantly distorting well-established global supply chains. The bright sunny future of US energy could have just gotten a little more complicated, and an awful lot more expensive, as a result of these colossal tariffs.

TRUMP'S “ONE BIG BEAUTIFUL BILL” BECOMES LAW, GLOBAL ECONOMIC WAVES AHEAD



In a moment of supreme importance for his second term, US President Donald Trump signed the massive ‘One Big Beautiful Bill’ into law in a historic Independence Day ceremony. The passage of the nearly 900-page legislative package, made possible by a tie-breaking vote from Vice President JD Vance in an evenly divided Senate, represents a revolutionary recasting of American economic and social policy.

With enormous, long-term tax cuts coupled with draconian reductions in social spending and record levels of funding for border security and defence, the law is likely to bring about seismic domestic and global changes.

Trump Fulfils His Vow to Reduce Taxes

The foundation of the new law is the permanent extension of the 2017 Tax Cuts and Jobs Act, which prevents its scheduled expiration. The legislation goes a step further, though, in expanding the benefits in a manner critics say overly favours the wealthy.

High earners, representing the top 0.1% of society, are estimated to receive an average tax reduction of \$290,000 per year. Companies also gain favourably with the easing of rules allowing companies to deduct costs of research and development and purchases of equipment. The estate tax exemption has also been dou-

bled to \$15 million for individuals and \$30 million for couples, thereby facilitating the transfer of generational wealth.

Although the bill does provide limited relief for middle-class families, including a small boost in the standard deduction and a temporary limit on state and local tax (SALT) deductions, these provisions are less significant and, in the case of the SALT limit, expire in 2030.

The bill also offers temporary relief to selected employees, allowing up to \$25,000 in tips and \$12,500 in overtime pay to be deductible through 2028 and adding a new \$6,000 deduction for seniors to help counter taxes on Social Security.

Tax Cuts Offset by Social Benefits Cuts

To offset some of the \$4.5 trillion in tax cuts, the bill imposes record reductions in the country’s social safety net, effectively reshaping the map of public aid. The Medicaid program is subject to new work requirements, which require able-bodied adults with children aged 14 and older to work a minimum of 80 hours per month, along with eligibility screening every six months.

The Congressional Budget Office estimates that such changes will result in 11.8 million individuals losing their health coverage within the next ten years. Likewise, the Supplemental Nutrition Assistance Program, also known as food stamps, will have its work requirements increased for adults between the ages of 55 and 64. The Urban Institute estimates that these reforms will result in an average of \$146 per month in benefits being removed from 5.3 million families. The disparate impact is stark; research from Yale’s Budget Lab indicates that while the wealthiest Americans reap substantial gains, the poorest households are projected to suffer a 2.5% drop in income due to these benefit reductions.

Concerns Over America’s Exploding Debt Rise

This marriage of sweeping tax reductions and spending cuts has sparked intense controversy over the country’s fiscal health. The Congressional Budget Office (CBO) estimates that the bill will increase the national debt by \$3.3 trillion over the decade. With interest on the debt expected to exceed \$1 trillion a year by 2034 potentially, economists forewarn of an era where necessary public investment gets squeezed out.

Although Treasury Secretary Scott Bessent has contended that the economic growth stimulated by the tax cuts will eventually reduce these deficits, his opinion is widely contested among economists, who worry that the country is heading down an unsustainable fiscal course.

The legislation’s impact extends far beyond US household budgets, representing a significant shift in US foreign and energy policy. A whopping \$170 billion is committed to immigration enforcement, \$46 billion of which goes to funding border wall construction and \$45 billion for



detention centres, setting up the fiscal foundation for the promised mass deportation programme.

American and Caribbean countries where such remittances make up more than 20% of GDP.

The Congressional Budget Office (CBO) estimates that the bill will increase the national debt by \$3.3 trillion over the decade.

Global Effects of the OBBB

This policy is likely to be very demanding on Latin American economies, which will bear the brunt of the re-admission of deportees amidst reductions in US foreign assistance.

Added to this, a novel 1% federal tax on all cash remittances going overseas has been proposed, a step that is likely to sharply cut financial flows to Central

In a dramatic flip from the policies of the past administration, the legislation dismantles major pillars of the country’s clean energy plan. The \$7,500 tax credit for buying new electric cars will now expire in September 2025, years earlier than its original 2032 expiration. Tax credits for solar and wind energy production are also being phased out by 2027 and replaced by incentives for oil, gas, and nuclear energy.

The supporters of the OBBB are advocates of its potential for economic rejuvenation, citing forecasts for 5.2% short-term GDP growth and the creation of 4 million new jobs. Small business owners and agricultural groups have welcomed the permanence of the 20% pass-through deduction and the increase in estate tax relief.

But critics cite serious structural dangers, ranging from the “irreparable harm” hospitals would suffer from Medicaid reductions to the erosion of international climate targets. With its stark wealth redistribution upwards and its withdrawal from international engagement, the bill sets the stage for a new age of economic divergence. The final test, economists warn, will be whether any ensuing growth can keep up with the accumulating debt and social fissures it is set to enhance.

EUROPEAN TOURISM RECOVERY AND MIDDLE EAST CONNECTIONS: A STRATEGIC ANALYSIS



Global tourism has undergone a significant transition since 2014, with Europe registering a massive recovery while the Middle East emerges as the fastest-growing tourism hub worldwide. This transformation showcases not only statistical recovery but also the strategic realignment of tourism flows, policy frameworks and economic partnerships between these two regions.

Europe, recognised as the globe's leading tourist destination, achieved 94% of its pre-pandemic visitor numbers, driven by regional travel patterns and American tourists, whereas the Middle East experienced proportionally stronger growth, surpassing 2019 figures by more than 22%.

European Tourism Recovery Dynamics

Europe's tourism industry has exhibited impressive adaptability coupled with the implementation of strategic measures. Spain stamped over 20 million foreign passports in just two months, crossing the 2019 level of 18 million, while other Mediterranean destinations witnessed

a strong year-on-year growth in arrivals, including Cyprus with 15.4% and Malta with 12.6%. This recovery pattern reveals the continued dominance of traditional European tourism.

This pattern is also indicative of an astute, adaptable market. Unbound arrivals to Europe from the US were 85% of pre-pandemic levels by summer 2023. A full recovery and a possible growth of more than the 2019 levels is expected by the end of 2025. European tourism authorities have successfully repositioned their destinations to capture evolving traveller preferences, improving sustainability, increasing authentic experiences and digital integration.

The Mediterranean corridor remains Europe's main tourist driver, with destinations leveraging their established infrastructure and cultural assets to attract international visitors. However, the recovery has been a bumpy ride, with northern European destinations facing various challenges and opportunities compared to their southern counterparts. This geographical divide has created opportunities for Middle Eastern tourism partnerships and alternative routing arrangements.

Middle East Tourism Surge and Regional Transformation

The Middle East tourism performance has gone beyond all regional counterparts, registering new heights for post-pandemic recovery. Middle East tourism arrivals have risen above a 100% increase in the previous year, highlighting a strong post-COVID-19 recovery. This growth reflects coordinated regional development strategies rather than isolated national success.

The Middle East is witnessing record-breaking tourist footfall because of eight key countries, namely Saudi Arabia, Qatar, Turkey, Egypt, Oman, Kuwait, the UAE and Jordan. These countries are investing billions in national programs, airline expansions, mega-projects and global partnerships to transform the region into a unified, high-growth travel powerhouse.

This coordinated approach represents a fundamental transition from competitive to collaborative regional tourism development.

Qatar distinguished itself by hosting five million overseas tourists in 2024, achieving a remarkable 25% annual growth rate. Notably, nationals from countries in the Gulf Cooperation Council (GCC) account for 41% of the tourists, with the remainder coming from international markets, indicating a balance between regional integration and global market expansion strategies.

GCC Unified Visa System and Regional Integration

The execution of unified visa policies represents the most significant structural change affecting European-Middle East tourism connections. The Gulf Cooperation Council (GCC) launched a unified tourist visa last year.

This Schengen-style visa allows tourists to travel across all six GCC member states, Oman, Bahrain, Kuwait, Qatar, Saudi Arabia and the UAE under a single permit. This policy innovation directly

disrupts European tourism patterns by creating a simplified multi-destination visa process. With this unified visa, visitors can travel across Saudi Arabia, the UAE, Qatar, Kuwait, Bahrain and Oman without needing to apply for separate visas for each country.

The unified visa system boosts the competitive position of GCC destinations amongst other international tourism regions. European tour operators now design border Middle Eastern travel packages without the administrative complexity that previously limited market development.

Economic Integration and Investment Flows

European tourism infrastructure has been receiving substantial Middle Eastern investment, establishing direct economic connections that foster bilateral tourism flows. Sovereign wealth funds and private investors from the Gulf states have acquired significant stakes in European hotel chains, airport infrastructure and tourism technology companies.

These investments wield strategic alignments that help tourism development in both directions. Middle Eastern investors bring capital and expertise in luxury tourism development, while European partners provide operational experience and market access. The partnerships mainly benefit emerging European destinations seeking international investment for infrastructure development.

Challenges and Risk Factors

Despite the positive developments, several challenges affect European-Middle Eastern tourism connections. The most prominent of those changes is the cancellation of visas for foreign nationals. This directly hampers many travellers and expatriates because of regional military conflicts, uncertainty and travel planning.

The geopolitical instability of the Middle Eastern countries affects traveller confidence and increases insurance costs. European travellers place a high priority on safety concerns, necessitating ongoing investment in safety infrastructure and communication strategies to maintain confidence among travellers.

Further, some economic volatility can also cause challenges for tourism planning and investment, like currency fluctuations, inflation concerns and changing economic priorities.

Tourism growth is also hampered due to environmental challenges, like rising temperature, water scarcity and extreme weather events requiring adaptive strategies that may increase tourism costs and curtail seasonal accessibility.

Future Prospects and Strategic Implications

The UN expects a positive momentum of international travel for both the European recovery and the Middle East expansion. Jordan has become a new entrant in launching a tourism-friendly policy in the Middle East to increase tourist footfall and spending. The main demand-driving regions happen to be Asia, Europe, and the US.

The development of sustainable tourism practices is taking place to maintain competitiveness in both regions.

European destinations have substantial experience with sustainable tourism development, which is now being shared with the Middle Eastern counterparts for growth opportunities in tandem with environmental responsibility.

Technological integration will continue to improve tourism experiences and operational efficiency across both regions. Artificial intelligence, virtual reality, and blockchain technologies offer opportunities for creating personalised experiences, while also providing security and reducing administrative complexity.

The relationship between European tourism recovery and Middle Eastern growth has changed the landscape of global travel, as both these regions are major destinations for international travel from across the globe. Their partnership has improved complementary strengths to improve the stance for visitors.

The future trajectory of this relationship will depend on continued policy coordination, infrastructure investment and market development initiatives for enhancing interdependence of contemporary international tourism.

Future success also requires maintaining a balance between rapid growth and sustainable development while solving security issues, environmental challenges and economic problems that affect both regions.



MIDDLE EAST DATA CENTRE BOOM: AN OPPORTUNITY FOR EUROPEAN TECH

The Middle East is rapidly emerging as a hub for digital transformation, positioning itself as a key player in the global digital economy through significant expansion in the data centre infrastructure. The Middle East data centre market was valued at \$5.57 billion and is estimated to grow at a CAGR of 9.52%, reaching \$9.61 billion by 2029. Some estimates even suggest that it would expand from \$8.63billion in 2024 to \$19.89billion by 2030. The broader Middle East & North Africa (MENA) region is expected to add nearly 2 GW in power capacity by the end of next year, with additional investments of \$15.5B by 2027. There's a significant increase in data centre capacity planned, from over 1.6 GW presently to an anticipated 6 GW.

The Middle East's geographical location of being situated at the crossroads of Europe, Asia, and Africa provides a powerful advantage for low-latency, high-capacity data transmission, which is critical for operating modern AI and cloud optimisation. This strategic role is further leveraged through ambitious governmental digital initiatives that focus on developing digital infrastructure to make the region a hub for a digital nexus.

Driving Forces Behind the Middle East Data Centre Boom

The expansion of data centre infrastructure in the Middle East is propelled by economic diversification, technological advancements, and foresighted government policies.

Government initiatives are a major boost for the sector. National programs like Saudi Arabia's Vision 2030 and the UAE's Digital Economy Strategy work proactively for the development of advanced digital infrastructure. The region is heavily committed to AI, with Saudi Arabia promising \$1.5B for AI computing projects and aiming for AI to contribute 12.4% to its GDP by the end of this decade. The UAE estimates that AI would lead to an economic boost of over 14%. It has also invested 13B United Arab Emirates dirham (\$3.54B) to emerge as the

world's first 100% AI-native government by 2031. This would need high-density GPU clusters for building huge-scale data centres. Other nations like Qatar, Oman, and Kuwait are also jumping on the AI wave to integrate it with their national development plans.

Banking on Sustainable Energy Resources

Data centres are energy gobblers, requiring constant power and advanced cooling. The Middle East is abundant in natural gas and solar potential. Governments are diversifying their energy portfolio, including natural gas, nuclear, and renewables.

However, a major problem faced is water availability; data centres are heavily dependent on water for cooling. AI query processing consumes significant wear; some estimates suggest the demand equivalent to that of the annual drinking water requirements of the entire US population by 2030. The Middle East Power Usage Effectiveness (PUE) was 2.06 in 2020, way lower in efficiency compared to the global average of 1.53. Innovative cooling technologies like sewer-based systems, liquid cooling, and evaporation cooling are being used to reduce water usage.

European Tech Companies: Strategic Expansion and Regional Engagement

European tech companies are increasing their foothold in the Middle East due to changing regional dynamics, demand for AI services, and global connectivity needs. Major drivers include data sovereignty and localisation, with countries like Saudi Arabia and the UAE imposing stricter data localisation laws.

Saudi Arabia's proposed "*Global AI Hub Law*" introduces "*data embassies*". This would facilitate data hosted in the UK to come under the jurisdiction of foreign legal frameworks like GDPR, easing compliance for European entities. A major drawback hovering in the region is that they are currently building up their computational power; however, the European companies are seeking direct access

to this expanding digital market.

Major global cloud providers like AWS, Microsoft, and Google Cloud are establishing cloud regions in the region. European data centre operators like Equinix have facilities in Oman and the UAE. Khazna Data Centres, a major UAE-based player, has proposed plans to foray into France, Italy, and Turkey.

EDGNEX, another UAE-based company, recently acquired Hyperco, a Finnish firm, showcasing interoperability. Likewise, European telecom operators like Orange, Swisscom, Telefónica, and Telenor are installing new infrastructure with NVIDIA in Europe, aligning with Middle Eastern interests.

Strategic partnerships between global tech giants and local firms are a classic case for entering new markets. Noteworthy examples include Microsoft's sovereign cloud partnership with Core42 in Abu Dhabi and Google Cloud's AI solutions with Accenture in Saudi Arabia, alongside numerous other private equity-backed ventures like those by KKR, which are also investing significantly in Gulf Data Hub in Saudi Arabia, with partnerships worth more than \$5 billion.

Navigating through Opportunities and Challenges for Investors

Middle Eastern governments actively attract FDI in digital infrastructure through various incentives like tax benefits, land grants, and seamless approvals. Significant tax advantages are available through Saudi Arabia's Cloud Computing Special Economic Zone (CCSEZ). The UAE offers tax relief for up to 50 years in free trade zones and simplifies market entry via NextGenFDI.

Qatar has legalised almost 100% foreign ownership in some sectors and also has kept a \$1B investment incentive program for fostering critical tech sectors. Oman's Foreign Capital Investment Law also permits 100% overseas ownership, alongside no minimum capital requirements. Bahrain provides both tax relief and a streamlined process for establishing businesses.



The Middle East boasts immense cost competitiveness. Saudi Arabia has absurdly affordable land costs (\$10-\$50 per square meter) as compared to other global hubs (\$150-\$600). Similarly, power costs are way cheaper, with electricity tariffs in Saudi Arabia and the UAE ranging from \$0.05 to \$0.05-\$0.06 per kWh. This affordability supports the power-guzzling AI data centres.

European tech companies have to manage some severe challenges besides the huge opportunities.

Extreme temperatures (above 52°C) and high power consumption during cooling create major challenges. Water scarcity is a critical concern. Water scarcity is a critical concern, as it is required for cooling.

The rapid expansion of the data centre sector is way beyond the available pool

of talent, leading to workforce shortages, which are matched by bringing in expatriates. The government is initiating STEM education and trading programs for the local population, but it will take time to bear fruit.

Despite the plethora of incentives, the regulatory frameworks remain complex and are different across countries. Data localisation laws, primarily for government departments, require in-country storage of banking or IoT data, which businesses must customise their architecture and invest in local infrastructure to comply with.

The Middle East has ambitious aims of making the region a hub for data centres and a global digital and connectivity juncture. They are working on all major aspects to make this vision a reality through digital transformation, AI investment, etc.

European companies have a strong incentive to expand their operations due to the substantial increase in demand for cloud and edge computing.

European investors have huge opportunities, favoured by foreign investment policies, competitive costs, and unmatched access to capital. However, expanding in this market will require a strategic understanding of domestic challenges like temperature issues, water availability, skilled workforce shortages, etc.

The success of European companies lies in their ability to get into collaborative partnerships, sustainable infrastructure solutions, and a commitment to developing local talent and securing the future of the Middle East as a strategic partner in the global digital infrastructure sphere.

WHEN WHITE COLLAR JOBS BECOME AN AI PROMPT



WHY ARE WHITE COLLAR JOBS MORE VULNERABLE TO AI?

For decades, futurists warned that robots would threaten the jobs of factory workers, sweepers, delivery agents and the like. Yet here we are in a world where software engineers have been pushed to somewhat of an existential crisis by the large language models (LLM).

Recently, Anthropic CEO Dario Amodei echoed the same sentiment. He believes modern LLM-based AI models have the potential to erase half of all white-collar jobs. His colleagues went one step ahead and predicted that AI could wipe out all white-collar jobs if companies had the right kind of data.

So why is it that suddenly plumbers have a more secure job than software engineers? The fundamental reason behind this is quite simple. LLMs work by ‘predicting’ what to say when given a prompt.

While this is an oversimplification, it is the basic idea. Text is easier to automate than torque. Knowledge work already lives in the cloud as slides, spreadsheets and Slack threads. LLMs merely learned to ‘compile’ that raw text faster than any production line ever scaled steel.

Rules-Based Task Meets AI Intelligence

For quite a significant amount of time, businesses have been trying to use Robot-

ics Process Automation (RPA) with the aim of automating repeatable processes.

While automating repeatable processes is theoretically possible, RPAs do not have the intelligence to accurately contextualise and parse business data.

Hence, businesses still needed executives with domain expertise to manage those processes. But that is quickly changing.

Today’s LLMs are intelligent enough to understand the context of the processes, the underlying business intent, and the nuances of unstructured inputs - enabling them to parse emails, contracts, or invoice-

es or extract key entities and map them directly into downstream systems without rigid, rule-based scripts.

Here’s a scenario. Imagine a small or medium-sized business. You will find:

- At least one AP/AR clerk who handles both incoming vendor invoices and outgoing customer billings
- One Reconciliation Specialist who ties out bank feeds, intercompany transactions, and suspense-account balances.
- One finance manager who supervises the entire workflow

With modern LLM-based AI in the mix, the company can replace clerks with AI agents:

Total headcount: 1 AI agent + 1 human lead

Close cycle: < 1 business day

Error rate: < 0.5%

Therefore, instead of three, we now have just one human finance manager. Everything can be handled by AI. The AI accounting agent auto-processes AP & AR: ingests invoices and remittance emails (PDFs, scans, even photos), extracts all key data (vendor/customer, invoice #, amounts), and posts to the ERP. It can efficiently reconcile the entire financial data with the bank transaction data. If any out-of-the-ordinary things happen, the human manager gets notified immediately.

Knowledge-Work at Scale

Modern LLMs are not just glorified data parsers. They are knowledge workers at scale. At their core, transformer-based LLMs learn high-dimensional ‘embeddings’ of words, phrases, and entire documents during pre-training.

These embeddings capture not only surface co-occurrence statistics, but deeper semantic relationships (for example,

understanding that ‘due diligence’ in an M&A memo relates to financial risk metrics). It is a common misconception that LLMs are just word predictors. The reality is that LLMs build high-dimensional embeddings that capture real-world concepts, not just next-word probabilities.

Let us take an example of a lawyer. Suppose a human lawyer is tasked with drafting a 5-page letter to a person using copyrighted material of their client. What would the workflow look like?

- **Legal Research:** The lawyer would identify the copyright laws and regulations under which the case falls and check whether proceedings should be filed. He would research any relevant case law on fair use, statutory damages thresholds, and notice requirements in the client’s jurisdiction. Lastly, he would identify any prerequisites like DMCA takedown.
- This is to be followed by drafting. The lawyer would sketch a letter structure: (a) Statement of client’s rights; (b) Description of the infringement; (c) Legal basis for the demand; (d) Specific remedial actions and deadline; (e) Consequences of non-compliance.

Modern LLMs can perform this entire task. For the first part, the model would do a ‘Retrieval-Augmented Legal Research’ enabling it to parse through all the statutes, legal codes and regulations fed into it and come up with nuanced research on the case. Then, it would draft the letter framework.

Based on the framework, it would populate each section with precise legal language, embedding statutory references (e.g., “17 U.S.C. § 501”) and illustrative precedents. Most cutting-edge AI models can further perform a ‘reasoning’ to ground the draft with accurate information, error-check and tone correction. An LLM customised for a specific law firm can go further and apply firm-specific letterhead and font.

Hallucinations to the Rescue

While AI is being used more to automate white-collar jobs, general LLMs hallucinate. Referencing the aforementioned law-scenario, it is important to

note that lawyers have often been berated by courts for using AI and failing to remain logical or factual. In 2023, a personal injury lawsuit was filed against Avianca Airlines. The attorneys appearing for the plaintiff used ChatGPT to write a motion. The court found out that the motion mentioned fictitious legal cases involving fictitious airlines along with fabricated citations! The judge fined the attorneys \$5000.

Hence, white collar jobs requiring intellect and domain expertise are still safe. In domains like law, finance, and medicine, expertise is not merely about language fluency; it is about judgment, verification, and accountability. One cannot accuse an AI-controlled surgery-robot of malpractice if the patient dies.

Are You the Tool in Your White-Collar Job, or the Architect?

There are two kinds of white-collar jobs: one where the employee is the tool - a means to an end, and the other where the employee is the architect of the system, the decision maker, the empath, the person responsible for the results.

If your work revolves around writing first drafts, summarising reports, reconciling data, or preparing templated legal or financial documents, you are playing in a space where AI already excels. General-purpose LLMs can now generate those kinds of outputs at near-zero marginal cost.

But there’s another class of work - the kind that begins with uncertainty and ends in decisions. This is the kind of work where context trumps completion, where you are not paid to produce answers but to choose among them, knowing full well the stakes, the trade-offs, and the ambiguity involved. No amount of typing skill or data parsing skill would salvage these kinds of cases.

Too many white-collar jobs have become mechanical. A lot of writing, drafting, summarising and reconciling work has been decoupled from actual thinking and inferring. And when that happens, the job is no longer a profession. It is just a well-written prompt waiting to be automated. So, to stay safe from AI replacing white-collar jobs, these jobs should transform into something more nuanced than a mere prompt.

SAUDI ARABIA'S COMPUTATIONAL INFRASTRUCTURE TRANSFORMATION

Saudi Arabia is at the forefront in the race to build artificial intelligence (AI) infrastructure. They are working with a planned approach of utilising different fronts like investing sovereign capital, strategic technology partnerships, and regulatory frameworks to become an ideal hub for attracting international companies. Recent market developments, such as Saudi Arabia's Public Investment Fund (PIF) announcing a reduction in expenditure across 100 companies from its portfolio, demonstrate a strategic reallocation of capital to fulfil its commitment to technology initiatives.



Satya Nadella
CEO of Microsoft

The technical infrastructure sector has witnessed humongous momentum, with Middle East nations committing \$2 trillion to AI and chip manufacturing, establishing the region as a primary competitor to established technology hubs in the United States and China. Saudi Arabia's approach is more of an on-ground development initiative rather than just a financial deal-making play.

Market Dynamics and Financial Architecture

Saudi Arabia's computational infrastructure development strategy is implemented through various financial mechanisms that facilitate both immediate

action and long-term strategic positioning. Humain, an AI infrastructure development firm owned by the PIF, is constructing a 1.9 GW data centre with a capacity for AI-related work, aiming to be operational by 2030. Plans are in place to scale up to 6.6 GW over the next five years. This would be the largest expansion in the Middle East technology sector.

The immediate action reflects the Kingdom's commitment to acquire market share. A 50 MW pilot site running on 18,000 NVIDIA GPUs is under development and is expected to be operational by 2026. This will provide hands-on experience for real-time learning until a larger facility is operational.

Recent negotiations are underway with a technology company, making sophisticated deals with tech giants. xAI is engaged in sophisticated negotiations to acquire several gigawatts of AI data centre infrastructure within Saudi Arabia.

Infrastructure Development Metrics and Operational Scale

The expanse of Saudi Arabia's infrastructure development goes way beyond traditional technology deployment models. The NEOM megacity project in Saudi Arabia, currently under development beside the Red Sea, has completed a \$5 billion investment arrangement with a regional entity to construct an AI computing facility, demonstrating embedded technology infrastructure as part of comprehensive city planning versus isolated data facilities. The Big Four cloud and data centre developers in the US, Amazon, Google, Microsoft, and Meta Platforms, are planning to spend approximately \$325 billion on infrastructure this year, a competitive benchmark that Saudi investments can strive to match or exceed.

Energy cost advantages create operational differentiation for Saudi facilities. Elon Musk's AI startup xAI is in negotiations to lease space for data centre capacity in the Kingdom. It would add additional capacity in the region, which offers abundant cheap energy and politically motivated governance, which targets strategic value propositions that will build technology centres in the Middle East.



Mark Zuckerberg
Chairperson of Meta

Strategic Resource Allocation and Budget Management

Saudi Arabia's approach to technology infrastructure development depicts a well-crafted capital allocation method following global economic conditions. After several years of unaccounted spending, last year they began to witness a strange change as the Saudi budget deficit grew and the price of oil fell well below their estimates, which were required to balance their budget. This pushed for an urgent need to recalibrate strategic initiatives over a comprehensive project portfolio.

The resource reallocation demonstrates strategic focus rather than reduced ambition. Saudi mega-projects, such as NEOM and Qiddiya, have seen a 77% budget shift in the first two quarters of 2025, as Vision 2030 continues to thrive with \$174 billion in growth, indicating a consistent commitment to transformational projects while optimising resource allocation across various portfolios.

Budget management strategies demonstrate a long-term strategic approach instead of a near-term spending reduction. The Kingdom's continued investment in technological infrastructure during periods of fiscal constraint reflects the importance given to technology sector development within broader economic diversification objectives.

Competitive Positioning and Market Strategy

Saudi Arabia's computational infrastructure strategy operates under huge competition from global markets where

established tech centres rule with their technological expertise, regulatory frameworks and customer base. The Kingdom's approach focuses more on generating differential value instead of locking horns with the established players.

The competitive strategy exploits lower cost advantages and regulatory benefits over technological innovation. However, the PIF's trillion-dollar AUM and xAI's \$10 billion war chest provide a breathing room. For long-term investors, the visible rewards are a company with access to plenty of cheap energy, the backing of a sovereign wealth fund, and a geographical location at the intersection of global AI demand, making the Kingdom the best option for cost-efficient computational operations.

Technology Transfer and Local Capacity Development

Saudi Arabia's infrastructure development strategy also calls for technology transfer for cultivating local expertise, which will build sustenance for the state. The partnership also enables knowledge sharing and capacity development rather than simple facility leasing agreements.

Domestic firms play a key role in the implementation and operations of global firms. Humain's involvement demonstrates how Saudi companies can contribute to infrastructure development, rather than just providing financial assistance. This approach creates sustainable local capacities while meeting operational demand.

Regulatory Framework and Policy Environment

Saudi Arabia has developed regulatory frameworks facilitating the establishment of technological infrastructure besides maintaining data sovereignty, security, and operational demands. Such frameworks maintain a delicate balance between international company requirements and national security targets. Policy coordination across government agencies ensures consistent support for infrastructure development. This cooperation helps in maintaining a set standard of operations, which enables stable long-term investment planning.

Risk Assessment and Mitigation Strategies

The Kingdom faces several risks associated with development, which require constant mitigation strategies. Geopolitical risks, technological obsolescence, market demand volatility, and operational challenges each demand different management strategies. Geopolitical risk is reduced by diversifying partners and neutral positioning, which maintains access to international technology markets while preserving regional demand.

Technological outdatedness risks are mitigated through infrastructure design and part-

ner agreements, which call for technology upgrades and capacity expansion. Market fluctuations are countered through a wide base of customer profiles and multiple application centres.

Future Development Trajectory and Strategic Implications

The development trajectory focuses on scalable infrastructure that can be utilised for rapid growth in computational demand while maintaining cost competitiveness. The initial learnings and experiences will form a base for future expansion and ultimately transition to a technology evolution centre. Strategic implications extend beyond short-term financial benefits to focus more on regional dominance, international partnership development, and contributing to the Kingdom's diversification objectives.

Saudi Arabia's objective to transform into a computational giant highlights its future growth perspectives alongside strategic planning that balances immediate market opportunities with long-term position. The kingdom's ability to attract foreign companies has also created a model for cultivating local capabilities for growth in the technology sector.

The kingdom's commitment to developing its computational infrastructure is showcased through its resource reallocation strategies during periods of fiscal restraint, highlighting the importance of the technology sector for national transformation. This commitment will lead Saudi Arabia to global leadership while fulfilling domestic economic diversification objectives.



Mohammed bin Salman Al Saud
Crown Prince and Prime Minister of Saudi Arabia

UKRAINE TO LAUNCH STARLINK MOBILE INTERNET VIA SATELLITE IN 2026



Ukraine will be the first country in Europe to offer Starlink mobile services, following Kyivstar's launch of messaging by the end of the year and mobile satellite broadband by mid-2026. Field tests have started under an agreement with SpaceX's commercial broadband constellation, which will expire in 2024 to allow Elon Musk's company to deliver direct-to-cell services in the war-torn country.

Mobile phones with 4G or Long-Term Evolution (LTE) networks were able to send and receive text messages during the test by connecting directly to the satellite in orbit. With the Starlink partnership, Ukraine which is in so-called **"White spots network"** areas. It means it is in a remote and mountainous region with no cell coverage, but it will be able to access the internet. Direct-to-cell system sends phone signals from space to smartphones by connecting a satellite with modems, similar to a mobile tower.

Oleksandr Komarov, CEO of Kyivstar, stated that the first stage is over-the-top (OTT) messaging, meaning that by the end of the year, messaging through WhatsApp and Signal will be operational. He predicts that they will be able to offer mobile satellite broadband data and voice by the first half of 2026. SpaceX did not respond to a request for comment.

In June, US carrier T-Mobile said that it will introduce a data service on its satellite-to-cell network, powered by Starlink, at the beginning of October.

Komarov was speaking ahead of the Ukraine recovery conference in Italy, which President Volodymyr Zelenskiy will also attend. At the conference, the fourth year since the war began in February 2022, he stated that his primary goals were to support the Ukrainian government and establish new business ties, some with Italian companies eager to expand in Ukraine.

Kyivstar, owned by telecom company VEON, also aims to list on the NASDAQ stock exchange in the United States. According to Komarov, the project is moving forward. He expects that it will be launched by the third quarter of 2025.

He claims that it is the first time there is a direct listing of a Ukrainian company on the American stock exchange, especially during the conflict. Komarov claimed that despite Russia's escalating attacks in recent weeks, Ukrainian communications infrastructure was holding up quite well.

Last year, one of its attacks on transmission lines and power systems took over half of Ukraine's available generation capacity, causing daily blackouts in

major cities. He added that, compared to 2022, they are far more resilient as they fixed their mobile services, which can operate for up to ten hours during the blackouts, even during national ones.

European authorities have been testing many companies to see if they can take the place of Musk's Starlink in Ukraine. According to Euronews Next, satellite operator Eutelsat is trying to expand its satellite capacity in Ukraine.

A spokesperson for the company stated that the Franco-British company has more than 630 satellites in low-Earth orbit across the globe that provide the same coverage and response time as Starlink. Ukraine already uses Eutelsat to support institutional and governmental communications. Europe is also considering the IRIS2 project, a network of 290 satellites in low-and medium-Earth orbit that might provide people with ultra-fast transmission services.

Christophe Grudler, the project's rapporteur at the European Parliament, stated that IRIS2 should start by 2028, two years before its intended launch date of 2030. But it is not immediately clear whether Starlink's growth might impact those plans. Euronews Next contacted Eutelsat and the group behind IRIS2, but they did not respond right away.

HOW AI IS POWERING THE FUTURE OF HONG KONG'S HEALTHCARE

In recent years, artificial intelligence (AI) has grown significantly in Hong Kong's public healthcare institutions. The Hospital Authority (HA) of Hong Kong, which oversees the city's 43 public hospitals and more than 120 outpatient clinics, places a significant emphasis on exploring AI use cases, particularly those involving Generative AI (Gen AI). The use of Gen AI has been a game-changer in many industries, including healthcare, with its capacity to understand patterns in data to create original and creative content. A top scientist from mainland China, who attended Harvard University and the University of Maryland in the United States before working at the University of Hong Kong for almost ten years, claims that Hong Kong has the potential to develop the most advanced artificial intelligence (AI) healthcare system in the world, utilizing the data of millions of citizens from the city's public hospitals.

Professor Wang Haibo, director of the Research Centre of Big Data and Artificial Intelligence in Medicine at Sun Yat-sen University's First Affiliated Hospital in Guangzhou, witnesses that Hong Kong has a public health data system, unlike anything he has seen in the United States

(US) or Europe. Wang stated during last month's Asia Summit on Global Health that Hong Kong had the best chance to create the world's most advanced AI medical system.

He added that Hong Kong is the only city to have a single technical platform system that generates medical and population data for the residents, referring to the clinical management system used by the 43 public hospitals in the city. The Hospital Authority started the system in the 1990s, which contained at least 11 million patient records as of last year.

Wang stated that AI can assist in the management and treatment of various diseases and understand the pattern of patient's health over time using the information available about them. The AI can assist doctors with note-taking, and when the patient leaves, it can provide the patient with a summary of the doctor's advice in layman's terms or remind them to take their medications. It can help doctors focus on patient care and recovery and eventually assist in improving their health. Wang claims that it offers Hong Kong the finest chance to dominate not just in Asia's Greater China region but also globally. To better use the data accu-

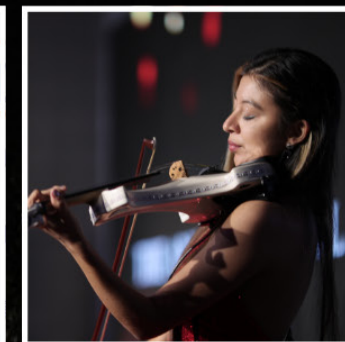
mulated in the public health industry, HA launched the Big Data Analytics Platform in 2018, allowing academic researchers to access vast amounts of healthcare data for research and study. In Hong Kong, the use of AI in healthcare has grown. It is used in public hospitals to analyze X-rays and produce medical reports, increasing productivity and reducing human error.

The development of AI tools for healthcare has been advancing on the mainland. Alibaba, a Chinese tech giant, claimed that its healthcare AI model had demonstrated the talents of a seasoned medical professional. Just as cell phones have developed over the years to become an essential piece of technology, AI and Gen AI will also play a significant role in healthcare in the future. Dennis Lee, Senior Systems Manager (Artificial Intelligence Systems), pointed out that AI, which was a 'myth' a few years ago, has now been widely used in many use cases in healthcare organizations worldwide.

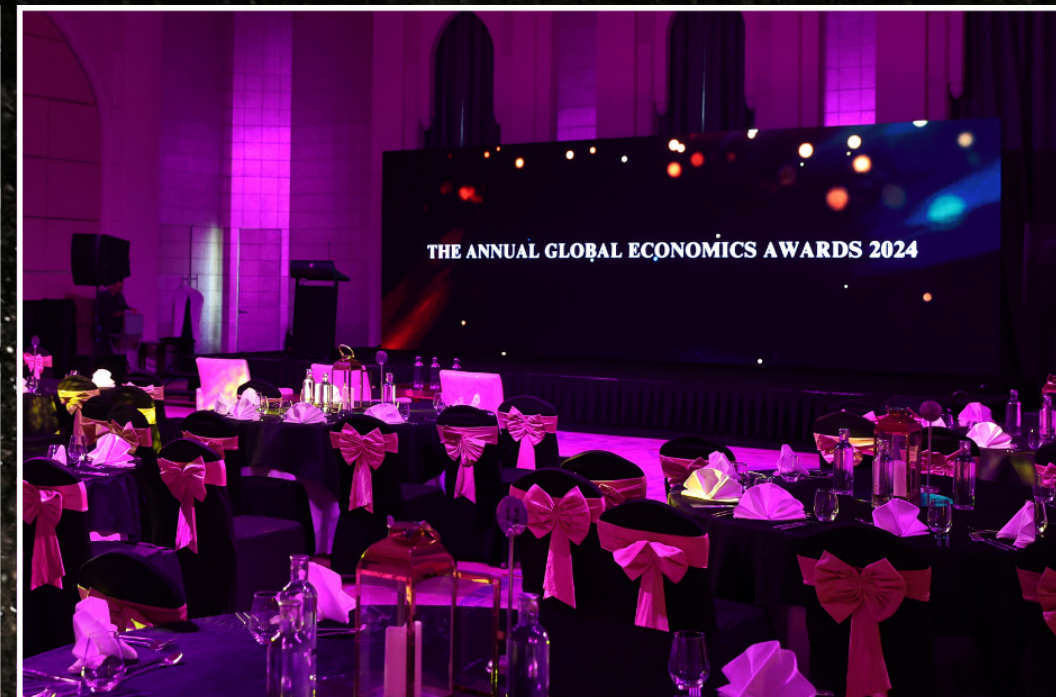
Although the technology is already accessible, it will take some time to change the system and adopt a new approach successfully. However, Lee claimed that it will help in making notable developments and uptake in the healthcare field over the next three to five years.

Lee claimed that although AI is a useful tool for increasing productivity, to ensure that its data is secure and private, a human must review the Gen AI output before releasing the data.





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