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Headlines:

- **China to Enter Middle East**
- **Brexit Gets Worse**
- **Saudis Faltering Modernisation Strategy**

Details:

China to Enter Middle East

Chinese President Xi Jinping announced a plan being called the “oil and gas plus model” to provide \$20 billion in loans and \$106 million in financial aid to countries in the Middle East. In Beijing, Chinese President Xi Jinping is hosted the China-Arab States Cooperation Forum to increase engagement in the Middle East. China’s huge appetite for energy is leading it to make bilateral deals with oil producing nations across the world. China has rarely involved itself in Middle Eastern politics, but Xi’s announcement signals a greater willingness to expand abroad. The lack of infrastructure in much of the Middle East disrupts business and could create an obstacle to China’s ambitious Belt and Road Initiative. China has now determined it needs to be proactive in order to keep this ambitious project going.

Brexit Gets Worse

With just eight months left before the UK is set to leave the European Union, Britain’s political system is in disarray. Despite the public referendum in June 2016 determining Brexit via a slim majority the government as well as the ruling tory party have remained as divided as ever .On July 6, Prime Minister Theresa May gathered her Cabinet to hammer out a strategy for negotiating with the bloc on trade. According to the plan, the UK and the EU would Brexit on services but maintain a soft Brexit on goods via remaining in the customs union. The proposal was designed to appease those calling for a soft Brexit but alienated the hard-liners among the Tories. David Davis, the United Kingdom’s chief Brexit negotiator, argued that it made too many concessions to the European Union and resigned in protest July 8. The next day, Foreign Secretary Boris Johnson stepped down from his post as well. The resignations highlight the rift in the Conservative Party between those who want to minimize potential trade disruptions through alignment with EU standards and those who, like Davis and Johnson, want the United Kingdom to become as independent as possible. In the coming weeks, May will face major challenges because of the resignations.

Saudis Faltering Modernisation Strategy

The Saudisation policy of Saudi Crown Prince Mohammed bin Salman has coincided with an "expat exodus" and a drop in foreign investment. Saudi businesses are complaining that locals don't want to do "low-status" jobs that many expats worked — creating a real problem for the economy.

In November, a paper by the Institute of International Finance projected capital outflows in 2017 at \$101 billion, 15% of gross domestic product. Saudi Crown Prince Mohammed bin Salman portrayed himself as a moderniser rolling back the country's stultifying social restrictions — but he is struggling to turn the country's financial fortunes around, with the economy suffering a crisis of confidence. Hit hard by the oil-price collapse, the kingdom is now experiencing a plunge in foreign investment and high levels of capital outflow as its de facto leader, MBS as he is commonly known, attempts to consolidate power and steer a new economic course. MBS has sought to expedite the exodus of foreign workers, who constitute about a third of the population, by stepping up the process of so-called Saudisation — essentially the creation of a more productive local workforce. But Saudi business owners are having difficulty getting locals, accustomed to undemanding work in the state sector and generous unemployment benefits, to work for them. Reports suggest many Saudis are put off by what they regard as poorly paid, low-status jobs. The recruitment problems have seemingly sparked so much concern that they have been played out on the pages of the Saudi Gazette, the government's mouthpiece, which normally features anodyne stories about life in the kingdom.