



### Ramzi Hage

Principal  
Strategy&, Part of PwC

#### GCC Can Offer Low-Cost Clean Energy By 2035

GCC countries have set ambitious new energy targets for renewables, scaling up with massive projects. Saudi Arabia and the UAE, for example, have been launching projects in gigawatt capacity tranches of 2.4GW to 3.2GW. And national oil companies are also embracing the energy transition, seeing the diversification in their portfolio as something that complements rather than hinders their business, specifically with blue hydrogen. The region's hydrogen economy will develop as part of a journey, and that will involve producing hydrogen and setting up an export infrastructure and shipment routes to markets in Europe and Southeast Asia. With Europe planning to introduce carbon taxes on imported products, any export of steel or aluminium from this region, with a high carbon intensity, will be at a higher cost. We see blue hydrogen helping in this regard in the short term, with green then coming into play, as domestic industries adopt the technology to produce cleaner products for export. The region has significant competitive advantages when it comes to low-cost green hydrogen production, given the very low-cost of renewables and the massive availability of land that can be leveraged. We forecast the price of green hydrogen to be around \$1.5 per kilogram by 2035. Also, finance for renewables projects, usually a large part of the cost, is not a challenge and so is a key differentiator with some other parts of the world.

#### Net Zero: From Ambitions to Actions

Key players in the region, such as the UAE and Saudi Arabia, have taken their first steps to committing to net zero by 2050 and 2060 respectively. They must now develop comprehensive strategies and encourage collaboration to achieve this, leveraging technology and adopting relevant policies, and thereby engaging stakeholders buy-in. ■

*\*Paraphrased Comments*

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