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AN INVESTIGATION OF SUKUK IN THE GCC COUNTRIES

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Abstract

Since the 1970s, the GCC (Gulf Cooperation Council which is composed of Saudi Arabia, UAE, Qatar, Bahrain, Kuwait, and Oman) members succeeded to have economic development through their natural resource endowment. Nevertheless, starting from the 2000s, they have been struggling with local and international economic and political shocks. It became indispensable to diversify their economies to protect their economies from unexpected external shocks. Islamic financial instruments, particularly sukuk offers alternative solutions to these countries. In this vein, this study focuses on sukuk and its possible role in the macroeconomic performance and sustainable economic growth of the GCC. As a relatively new Islamic financial instrument, sukuk was first issued in 2001-2002 for drawing funds from international funds. Since then, sukuk became one of the most crucial Islamic financial instrument in passing 20 years. The aim of this study is to pinpoint the benefits of sukuk practices for the the GCC economies and analyze how sukuk can contribute to the economic growth in the member countries. The anaysis will be based on the case study. It is concluded that sukuk market has a great potential to contribute to the macroeconomic performance of the GCC. Development of sukuk markets in the GCC will not only promote the financial inclusion but also induce economic growth.

Keywords: Islamic Economy, the GCC, sukuk, economic growth, macroeconomic performance.



GCC ÜLKELERİNDE SUKUK ÜZERİNE BİR İNCELEME

1970'lerle birlikte özellikle muhafazakâr müslümanların faizin haram olması ilkesinden hareketle alternatif bir finansman modeli konusunda artan taleplerini karşılamak üzere İslam ekonomisi ilgi görmeye başlamıştır. Öte yandan, sömüğe

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sonrası dönemde, bağımsızlığını ilan eden Müslüman ülkeler ve kalkınma çabası içine giren diğer Müslüman topluluklar, yüksek düzeyde artan fon ihtiyaçlarını karşılamak üzere kaynak arayışı içine girmişlerdir. Petrolün küresel ekonomide önemli bir hammadde olması ve hızla artan fiyatları ile birlikte, 1970'lerden itibaren Suudi Arabistan, BAE, Katar, Bahreyn, Kuveyt ve Umman'dan oluşan Körfez İşbirliği Ülkeleri (GCC) ekonomik kalkınmalarını yer altı zenginliklerinin çıkartılması ve ihracına dayalı olarak gerçekleştirmişlerdir. Ancak bu ülkeler, 2000'li yıllarla birlikte yerel ve dış kaynaklı ekonomik ve siyasi şoklarla sarsılmışlardır. Gelirleri neredeyse tamamen doğal gaz ihracatına bağlı olan bu ülkelerin dış kaynaklı şoklara karşı ekonomilerini koruyabilmek için sektör çeşitlenmesine gitmeleri kaçınılmaz olmuştur. İslami finans ve İslami finansal enstrümanlar bu çerçevede giderek daha fazla dikkat çekmektedir. 2001-2002 döneminde ilk defa ihraç edilen sukuk, geçen 20 yıllık süre içinde küresel ölçekte en önemli İslami finansal araçlardan birisi haline gelmiştir. Bu çalışmada, sukukun GCC ülkelerindeki yeri yanında makroekonomik performans ve ekonomik büyümeye katkıları vaka analizi çerçevesinde incelenecektir. Çalışmada GCC ülkelerinde sukuk piyasasının önemli bir yeri olduğu ve bu ülkelerin makroekonomik performanslarına önemli bir fon kaynağı olarak katkı sağlayabileceği sonucuna ulaşılmıştır. Bölgede sukuk piyasasının gelişmesi sadece finansal piyasaların gelişmesini sağlamakla kalmayacak aynı zamanda kamu ve özel sektöre sağlayacağı fonlarla ekonomik büyümeye katkı sağlayacaktır.

[Türkçe geniş öz çalışmanın sonunda yer almaktadır.]



Introduction

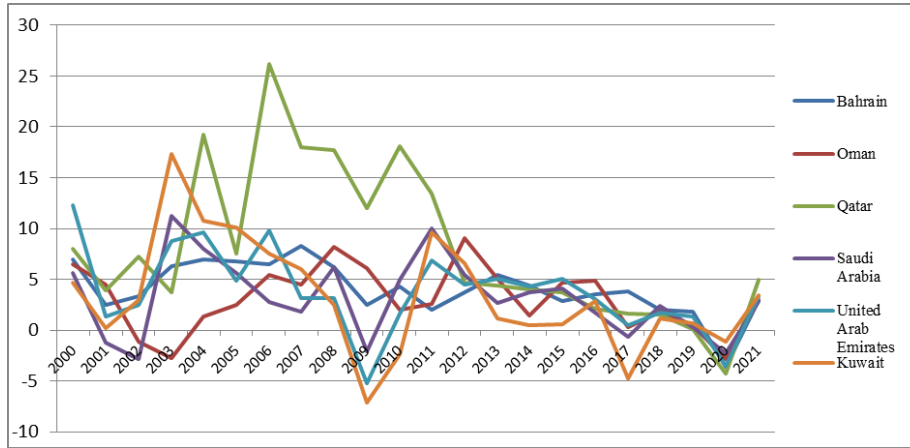
In recent years, Sharia-compliant investment products and finance have become a part of the mainstream of the world economy. Actually, since the introduction of Islamic finance in the 1970s, almost all Muslim countries try to include Islamic financial operations in their financial systems. Since then, Islamic finance has grown significantly through the integration with the global commercial finance system. Starting from the early years of Islamic finance, there has been development in financial instruments not only to satisfy the investors but also to compete with the conventional sector. Furthermore, while most of the Muslim countries were suffering from the lack of capital for economic growth in the 1970s, there was a great number of Islamic funds all over the world. Those funds were either invested in the conventional system or out of the financial system because of religious beliefs. Mobilization of financial technological and innovating attractive Islamic financial instruments were very critical solutions to reach these

funds. One of the most significant developments in Islamic financial instruments is developing sukuk as asset-backed security in compliance with the Sharia. The last two decades witnessed a great expansion of sukuk all over the world and particularly in the Middle East countries and Malaysia. The Gulf countries represent the second greatest region of Islamic banking and Islamic financial transactions such as sukuk and takaful after Malaysia. Sukuk issuance became so successful that it has expanded to include diverse participants such as German government and the US oil and gas company (Abdel-Khaleq and Richardson, 2007, s. 409).

Since the 1970s, the GCC (Gulf Cooperation Council) members succeeded to have economic development through their natural resource endowment. Nevertheless, starting from the 2000s, they have been struggling with local and international economic and political shocks. Recently, oil and natural gas price fluctuations dropped their natural resource revenues. Besides, new technologies and environmental concerns decreased the oil demand and there has been decreasing dependency on oil all over the world. This caused a significant impact on the GCC as the fifth of the world's oil production. Due to oil price shock in 2014-2015, the fiscal position of the GCC countries has been deteriorating and by 2034 financial wealth could be depleted (Mirzoev et. al, 2020, s. v, 1).

As illustrated in Figure 1, the GCC economies could not exhibit sustainable economic growth over the period 2000-2021. Although they have remarkable growth rates in the first half of the 2000s, during the 2008 Global Financial Crisis period, they have great economic contractions. Starting from 2010, the local economies entered a healing period that lasted until 2013. In 2014-2015, the world witnessed great drops in oil prices. Oil price declines had a great negative impact on the GCC economies since those economies are highly dependent on natural resource exports. More currently, the Covid-19 pandemic hit the global economy. The Gulf region was not exceptional. According to IMF (2020a) GDP growth rates for Bahrain is -3,6; Oman -2,8; Qatar -4,3; Saudi Arabia -2,3; and the UAE -3,5. Many international authorities agree that the dire impacts of the pandemic will last many years.

Figure 1. Real GDP Growth of the GCC



Source: IMF (2020a)

* 2021 is forecasted

Oil price fluctuations and continuing Covid-19 pandemic reminded the dependency on the natural resources and the need to alternative sectors. Therefore, the Gulf countries are more enthusiastic than ever to diversify their economies to find alternative sources to get revenues. In this context, the development of domestic and regional Islamic financial markets offers them great opportunities. Beyond doubt, the success of these alternative programs will be the heart of achieving strong and sustainable economic growth in the following years

This study goes to the heart of the analysis on the contribution of sukuk to the growth performance of the GCC. As sukuk are widely used Islamic capital market instruments particularly for long term financing, sukuk may have a great contribution to the sustainable economic growth of GCC. While the issuance of sukuk is basically motivated by religious principles, they also provide sources for investments. They also offer interest-free profit to their investors. The reliability of the Islamic financial instruments is also one of the main factors that increase the attractiveness of this system (Erdoğan, Gedikli and Çevik, 2020, s. 1). Hence, in the first part of the paper, we will analyze the theoretical background of sukuk, basic characteristics of sukuk, the difference between sukuk and conventional bond as well as the types of sukuk will be discussed. In the second part, the macroeconomic performances of the GCC countries will be evaluated. Next, global and regional development on sukuk issuance will be analyzed. Based on the current data, the contribution of sukuk to the investment and project financing will be evaluated. In the last part of the study the contribution of sukuk to the macroeconomic performance and sustainable economic growth

of the GCC will be discussed.

A. An Overview of Sukuk

The word sukuk is the plural of the Arabic word *sakk*. The early Muslims used sukuk as a form of paper to represent the financial obligations of trade or other commercial transactions. In the modern Islamic financial system, however, sukuk are used as an instrument of Islamic capital markets (IIFM, 2013, s. 3). Sukuk represent participation rights in the underlying assets (Iqbal and Tsubota, 2006, s. 3). AAOIFI (2008) defined sukuk as *"Certificates of equal value representing undivided shares in the ownership of tangible assets, usufructs, and services or (in the ownership of) the assets of particular projects or special investment activity"*. Sukuk are similar to a trust certificate that has a proportional or undivided interest in an asset or assets pool. Sukuk are a form of investment certificate with bond and stock-like characteristics, issued to finance the production of trade activities and tangible assets. Sukuk can be an alternative source of financing particularly for corporations and sovereign entities. Besides, sukuk represent a profit coupon to be traded at a normal yield price (Taoual, 2016, s. 1-2). IIFM (2013, s. 3) defined sukuk as *"certificates of equal value representing undivided shares in ownership of tangible assets and services or the assets of particular projects or special investment activities"*. In a brief definition, sukuk can be defined as the Islamic equivalent of bonds that are in the scope of fixed income securities. Therefore, sukuk were first introduced to be an Islamic alternative to conventional bonds. Nevertheless, while interest is prohibited and there is no permission to provide a guarantee to have a nominal value of capital or return cause problem to be accepted by Sharia. In accordance with Sharia, the basic step for issuing Islamic security is to be backed by ownership of real property. Securitization is not different from the conventional form as transforming illiquid assets into liquid ones through financial markets. It should be noted that while the repackaged assets contain securities and loans in conventional securitization, it is not accepted by Sharia. To be in accordance with the Sharia rule of finance, there must be pooled assets; and the acquisition, maintenance, and utilization of sukuk should be provided in accordance with Sharia. Also, in case the capital is invested in Islamic finance, it can be liable to returns only if there is profit. Therefore, if guarantees are provided for capital or returns, sukuk would have the negative aspects of conventional bonds. According to profit-loss sharing, the value of sukuk should be redeemed at the end of its tenor according to market but not nominal value. Furthermore, investments must be real and suitable for generating halal income. These features can be

provided by risk aversion methods and precautionary measures that are confirmed by Sharia (Abdelrahman, 2019, s. 2-3). It should be noted that there is no debt financing in Islamic finance. The only debt accepted in Islam is Qard-ul-hassan, which is a benevolent loan that does not a compulsion on repayment (Saba, Rizvi, and Alabed, 2017, s. 26).

1. Sukuk vs. Conventional Bonds

Although issues of Sukuk are similar to conventional bonds on issuance, rating, redemption procedures, coupon payments, and default clauses, there are some very critical differences between the two models of instruments. The basic difference between sukuk and conventional bond is that while conventional bond represents a contractual debt obligation, sukuk represents undivided beneficial ownership of the asset. In conventional sukuk, the issuer has to pay interest to the debt holder at the agreed date. On the contrary, in sukuk, interest is forbidden by Sharia. Sukuk cannot be issued on prohibited areas such as gambling, alcohol, bars, etc. Hence, all sukuk issuances should be confirmed by Sharia. Conventional bonds do not have such restrictions. Besides, bonds' value rests on the creditworthiness of the issuer. Sukuk prices can vary and they must be based on a specific asset, service, or project for a period of time. The conventional bonds do not have to be backed by an identified asset, but for asset-backed models, sukuk must be backed by real, identifiable, and existing assets. Sukuk may be also asset-based. Sukuk also provide equity-based financing that conventional bonds do not. Sukuk holders both bear and share risks along with profit that emerges from the underlying asset. Both investments do not have return guarantees. Unlike the conventional bond, the holder has the right to get the shares of revenues generated from the sukuk asset. Return on conventional bonds is determined according to the percentage of capital invested whereas the return on sukuk is determined on the basis of profit and revenue generated (Taoual, 2016, s. 1; Godlewski, Turk-Ariss, and Weill, 2013, s. 747; Haider and Azhar, 2010, s. 31). And also sukuk and conventional bonds have similar durations in the secondary markets. The return of sukuk is generally lower than conventional bonds. This is highly related to being illiquid instruments comparing with the conventional bonds which are the evidence of having poor secondary markets. The higher the illiquidity, the higher the risk on the portfolio at times of volatility (Cakir and Raei, 2007, s. 12)

2. Types of Sukuk

Currently, there are different models of sukuk contracts that have been used in different investment and financial projects. *Ijarah* (existing owned,

existing lease, and future assets), *manfah-usufructs* (existing and future assets) are asset-based sukuk models. *Istisna, salam, and murabahah* are debt-based sukuk contracts. Some types of *murabahah, musharakah, muzara'a* (sharecropping), *musafa* (irrigation), *mugharasa* (agriculture) are equity-based sukuk contracts. And *wakala* represents agency based sukuk model (Ahmed, 2014, s. 19). Besides, there are corporate and sovereign sukuk issuances in many countries including GCC, Jordan, Malaysia, Iran, Sudan, Turkey, Pakistan and other developing Muslim countries as well as nonmuslim countries such as Hong Kong. The more and diversified models of sukuk, the more avenues for liquidity management and development project financing.

The sukuk structure can be collected under two main categories, namely *asset-backed* and *asset-based* sukuk. Asset-backed sukuk are the financial operations involving the actual transfer of ownership of the balance sheet. Therefore, this category of sukuk contains the market risk and credit risk. In the asset-based sukuk, the issuer does not have to transfer the rights but get funds with a guarantee of the principal (Amrani, Hamza and Mostapha, 2017, s. 125). Table 1 represents the advantages and disadvantages of asset-backed and asset-based sukuk contracts.

Table 1. Advantages and Disadvantages of Asset-Based Sukuk and Asset-Backed Sukuk

Type of sukuk	Advantages	Disadvantages
Asset-Backed Sukuk	<ul style="list-style-type: none"> -The holders of sukuk are the owners of assets. -The holders can take advantage of the surplus income from the underlying assets. -The holders can use the assets of sukuk in case of default. -The rating of the "asset-backed" sukuk is generally based on the strength of assets underlying and not on the solvency of the transmitter. -If the issuer of the asset-backed sukuk is a bank, the capital requirement is reduced through the actual sale of assets. -Asset-backed sukuk are more in accordance with the spirit of the 	<ul style="list-style-type: none"> -Asset-backed sukuk only rely on the value of the underlying assets for the payment of the capital at maturity or in the event default. -Investors cannot use the issuer if the performance of the assets is not enough to pay coupons or if the value of the assets at maturity does not allow repayment of capital. -Sukuk holders suffer from market risk and credit risk. -Transfer of assets may require more time due to legal procedures (the sale of land etc.). -Sukuk may have additional costs related to the transfer of

Shari'a	<p>property.</p> <p>-Regulatory framework for the actual sale is not possible in all Jurisdictions.</p> <p>-Insolvency and default laws are not developed enough in several jurisdictions</p>
<p>Asset-Based Sukuk</p> <p>-Sukuk holders resort to the issuer via a promise to buy assets back at a fixed value in advance (generally by nominal value) or via a warranty offered by the latter.</p> <p>-The holders only bear the credit risk.</p> <p>-The issuer can raise significant funds without being constrained by active performance.</p> <p>-No legal or financial constraints on the transfer of assets.</p> <p>-Assets can remain in the portfolio of the transmitter.</p> <p>-The promise to buy assets back by the issuer eliminates the possible risk of loss if the value of the assets deteriorates at maturity.</p> <p>-Sukuk scoring is based on the creditworthiness of the issuer and not on the strength of the assets underlying the sukuk.</p> <p>-Sukuk holders benefit a capital guarantee and a coupon periodical which depends only on the creditworthiness of the issuer.</p> <p>-Sukuk holders' assets values are indifferent at market</p>	<p>-Sukuk holders are not secure since they do not benefit from the use of assets.</p> <p>-Sukuk holders do not benefit from the possible gain realized by the appreciation actives.</p> <p>-Sukuk holders have no difference with creditors of classic bonds.</p> <p>-Any guarantee provided by the issuer is not necessarily related to actives.</p>

Source: Al-Khawarizmi Group (2012, s. 54)

The core contract model of sukuk is a trust funding model which is called *Mudarabah*. Mudarabah allows one party to act as an agent or manager

on behalf of the capital owner (principle) for the profit-sharing contract or an agreed fee before they start the business. Special purpose mudarabah is similar to the special purpose vehicle since it plays an important role in acquiring specific assets and issuing certificates against the assets. The only difference of special-purpose mudarabah is requiring Sharia-compliant. Besides, it can vary in nature. Aside from mudarabah, the majority of sukuk issuance is based on the assets that have financial claims with a spot sale called *salam* or deferred payment sale called *bay-muajjal* and deferred-delivery sale bay salam contracts. Salam-based instruments are suitable for short-term investments since commodity financing can have a short-term tenor ranging from three months to 1 year. Due to interest restriction and tradibility, investors prefer to hold salam-based sukuk up to the maturity of the certificate. To have long-term maturity and limited tradibility to investors, the *Ijarah-based sukuk* model is preferred (Iqbal and Tasubato, 2006, s. 4-5). Currently, the dominant form of sukuk is *ijarah sukuk* in global Islamic finance. The *ijarah* model sukuk is very similar to conventional leasing contracts which offer flexibility of fixed and floating-rate payoffs. *Ijarah* sukuk can be either *asset-backed* or *asset-based* and has medium-to-long term maturity. Asset-based *ijarah* sukuk are similar to the conventional unsecured bond. Although sukuk can be structured to represent debt to the sukuk holder, this model of sukuk is not tradable in the secondary markets and should be kept until maturity. To be tradable in compliance with Sharia, sukuk holders must represent monetary flow and they should keep all rights and obligations of ownership in the underlying asset. The cash-flow of *ijarah-based* sukuk that also consists of principal repayment and rental payments are transferred to the investor through coupon and principal payments (di Mauro et al., 2013, s. 61). *Musharakah sukuk* provides co-ownership of commodity or business with management and control rights. In this model, payments are supported by income generated by assets of investment. This model of sukuk is tradable. Another model of sukuk is *Istisnaa sukuk*. There is an ownership of debt created from *Istisnaa* transaction. This model of sukuk is untradeable (Ayub, 2007, s. 208). There is also *hybrid sukuk* which combines the multiple sukuk structures together. For example, *Ijara*, *Mudarabah* and *Istisnaa* are involved in a pool of assets. Diversification of pools of assets based on the expectations of investors is more attractive in the market (Haider and Azhar, 2010, s. 30). In Table 2, the types and properties of sukuk contracts are explained.

Table 2. Types and Features of Sukuk Contracts

Contract Model	Mudarib (Originator)	Sukuk Holder (Investor)	Cash-flow to Sukuk Holder	Cash-flow at maturity
Mudarabah	Mudarib (entrepreneur who needs financial assistance)	Rabb-ul Mal (fund provider)	Periodic cash-flows from the asset as determined at the beginning	Final payment is the last periodic payment of the tenor of the contract
Istisna	Purchaser of asset under construction	Fund provider of asset under construction	Payment from Mudarib if any	Profit from the sale of completed asset
Murabahah	Purchaser of asset	Fund provider of asset	Periodic payments received from Mudarib representing the price of the asset	No. Final payment is generally the last periodic payment of the contract
Ijarah (lease)	Lessee of asset pays lease payments periodically	Lessor	Periodic ijarah (lease) payments	At maturity from the sale of the asset
Wakalah (Principle-agent relationship)	Agent takes the responsibility of investment in the underlying asset	Principle owner of the asset to be invested	Cash flows handled from the investment	Depends on the invested asset or economic cycles. There is no fixed return
Bay Bithaman Ajil (sale based on deferred payments)	Purchaser of the asset	Owner/seller of the asset	Purchase of payment price in installments	Possible final balloon payment
Salam (for commodities to delivered later)	Seller of the commodity to be delivered later	Purchaser of the commodity to be delivered later	Proceeds from the sale of commodity	The largest cash flow occurs in maturity. Cash flow comes from the sale

Source: Saba, Rizvi and Alabed (2017, s. 27)

3. Challenges of Sukuk

Although sukuk market showed a fast-growing period in the last decade, there are some challenges to it. They are listed below (Saba, Rizvi and Alabed, 2017, s. 32; Balli et al., 2020, s. 3748, 3751):

- The shortage of supply of sukuk in the financial markets causes the lack of liquidity and tradability. The ones issued are held by the investors until maturity which leads illiquidity of these instruments. Furthermore, from the seller side, the problem is the lack of bids in the sukuk market. The shortage of supply is related to the nature of sukuk. Sukuk issuers need to get the confirmation of Sharia to structure sukuk that leads to limit the sukuk issuance. On the contrary, conventional issuers can access the market easier.
- Many pieces of research showed that investors and issuers prefer long term sukuk such as 3-5 years or even 5-10 years. Malaysia stopped the issuance of short-term sukuk. This shows that investors are ready to take the risk of longer tenors.
- Regulations, measures and legal systems also affect the interest towards sukuk. Local legal systems may put sukuk at a disadvantageous position against conventional bonds. The issuance of sukuk requires the issuance of the asset to provide a special purpose vehicle. Besides, additional taxes, stamps, or duties may make sukuk even more disadvantageous. Even though in many Muslim countries the laws brought sukuk and conventional bonds in the same position, there should be more global laws to support sukuk.
- Interpretations of Shariah law vary from jurisdiction to jurisdiction and from one madhhab to another madhhab. Hence, the structuring of Islamic financial instruments varies significantly between countries and regions and there is no standardization for sukuk.
- Conventional bond holders generally do not have the responsibility to bear the expenses of project, firm, joint venture, etc. This indicates that the underlying asset is not effective in determining the amount of return. On the contrary, sukuk holders have to share expenses. The higher the expenses the less the return. Besides, while the fair value of the conventional bond is based on its creditworthiness, the fair value of sukuk is based on the current market value of the underlined asset.

There are also some risks of sukuk. According to the implication of risks, they can be classified as systemic risk and idiosyncratic (firm risk) risks. In terms of sources, sukuk risks can be classified as market risk (rate of return risk, foreign exchange risk, price risk), credit risk, liquidity risk, Sharia compliance risk, and infrastructure rigidity risk. Sukuk risk depends on (Ali, 2005, s. 45):

- Time to mature
- Tradability and liquidity of sukuk
- Payment capacity of purchaser/entrepreneur
- Composition and nature of the underlying asset
- Fixed or flexible return structure of the contract
- Nature of fixed or flexible rate contract

B. Macroeconomic Performance of the GCC

The wealth of the GCC is highly dependent on oil revenues. The history of evolution can be divided into two periods: The first period is 1997-2007. In this period, all member countries had rapid wealth accumulation due to fast increasing oil prices. Saving rates reached 40% in 2007. The second period is 2008-2014. Global Financial Crisis and changes in oil prices increased volatility. Despite the economic downturn, the current spending of the GCC economies increased until the 2014 oil price shock. Some very critical political conflicts among the regional countries and the Arab Spring also worsened the situation. These improvements caused great declines in saving rates. Furthermore, the 2014 oil price shock led to great fiscal deficits. As the fifth-greatest oil exporter region, the GCC was affected badly. With this sharp decline, nearly \$6,5 trillion was transferred from oil-exporter to oil-importer countries. Furthermore, technological innovations provided an increase in oil supply. The proven reserves have increased the GCC region despite the great amount of extraction over the last decade. Having more oil supply in the global market will bring a more competitive market and the supply curve will be more price-elastic. Besides, the increasing awareness of sustainable environment concerns conveyed less consumption of natural resources. Instead, societies try to improve environment-friendly alternative energy resources. Oil revenue declines deteriorated the local economies and their fiscal positions (Mirzoev et al., 2020, s. 5, 7, 17). Furthermore, since oil prices continue to be low, revenue generated from oil export will be low at least in the short-term.

Apart from the decline in oil prices, the Covid-19 pandemic had

devastating effects on the global economy. It seems the recovery period will be slow and gradual. At the beginning of the pandemic, the IMF declared that global economic growth would be -3%. However, as months passed, the IMF revised the global growth rate to -4.9%. For 2021, it is projected to be 5,4%. Starting from the beginning of 2020, the pandemic intensified first in China and Italy, and soon after it spread to different regions. The pandemic had great adverse effects on the developed and emerging economies because of lockdowns (IMF, 2020b, s. 1-2). The GCC also suffered from the pandemic. As illustrated in Table 3, the GCC growth rate is estimated as -2,93% for 2020 and 3,43% for 2021. Due to sharp declines of oil prices, the GCC had been having a hard time in the second half of the 2010s. In 2018 the GCC growth rate was 1,76% and in 2019 it was 0,78%.

Table 3. The GCC Growth Rates (% of GDP) (2015-2021)

Members	2015	2016	2017	2018	2019	2020	2021
Bahrain	2,9	3,5	3,8	2	1,8	-3,6	3
Oman	4,7	4,9	0,3	1,8	0,5	-2,8	3
Qatar	3,7	2,1	1,6	1,5	0,1	-4,3	5
Saudi Arabia	4,1	1,7	-0,7	2,4	0,3	-2,3	2,9
Kuwait	0,6	2,9	-4,7	1,2	0,7	-1,1	3,4
UAE	5,1	3,1	0,5	1,7	1,3	-3,5	3,3
The GCC	3,51	3	0,1	1,76	0,78	-2,93	3,43

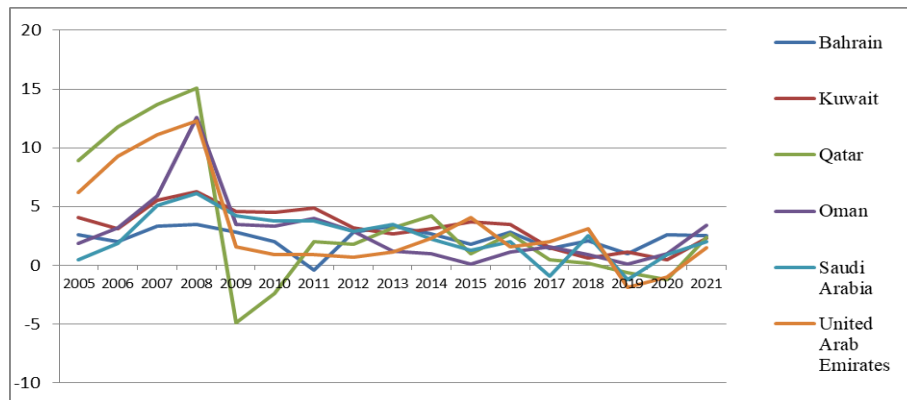
Source: IMF (2020a)

Because of this dramatic data, the member countries realized the urgency of economic reforms. The governments initiated wide-ranging structural and fiscal reforms as well as new and innovative areas for diversification of their economies.

Due to the pandemic, the world has been experiencing a recession period. In most recessions, consumers spend their savings or rely on family supports and consumption does not drop. On the contrary, consumption and services declined during the pandemic and in many countries, there are aggregate demand shocks. Job losses, lockdowns, and voluntary social distances brought weaker consumer confidence. Sharp declines in demand caused limited production and investments. Average inflation in developed countries had fallen about 1,3% since the end of 2019 to 0,4% as of April 2020. In emerging economies, it had dropped 1,2% at the end of 2019 to 4,2% in April 2020. Declining price pressure due to declines in aggregate demand in accompanies the effects of lower oil prices seems to have upward

cost-push pressure from the supply side which will affect the prices of commodities (IMF, 2020b, s. 3). Figure 2 represents the inflation rates of the GCC over the period 2005-2021. According to Figure 2, Qatar, UAE, and Oman experienced sharp inflation increases during the Global Financial Crisis. Starting in 2009, inflation rates declined. While the inflation rate was 15,1 in Qatar in 2008, it declined to -4,9 in 2009 and 2 in 2011. In 2020, the inflation rate of Bahrain is 2,6; Kuwait 0,5; Qatar -1,2; Oman 1; Saudi Arabia 0,9; and the UAE -1. The average inflation rate for the GCC was -1,9 in 2019 and 2,8 in 2020. The inflation rate is expected to be 2,35 in 2021.

Figure 2. Inflation Rates of the GCC (average consumer prices)

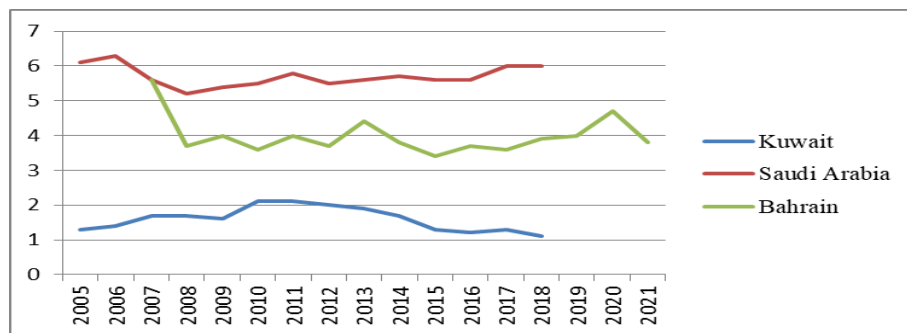


Source: IMF (2020a)

*2021 inflation rate is forecasted

The pandemic also hit the labor markets. There were steep declines in employment rates in both developed and emerging countries. Many countries initiated short-term work schemes. The fall in 2020:Q2 was almost equal to 300 million full-time jobs. After April 2020, many countries reopened their economies. Nevertheless, it will take some more time to overcome the side effects of lockdown (IMF, 2020b, s. 2).

Figure 3. Unemployment Rates of the 3 members of the GCC



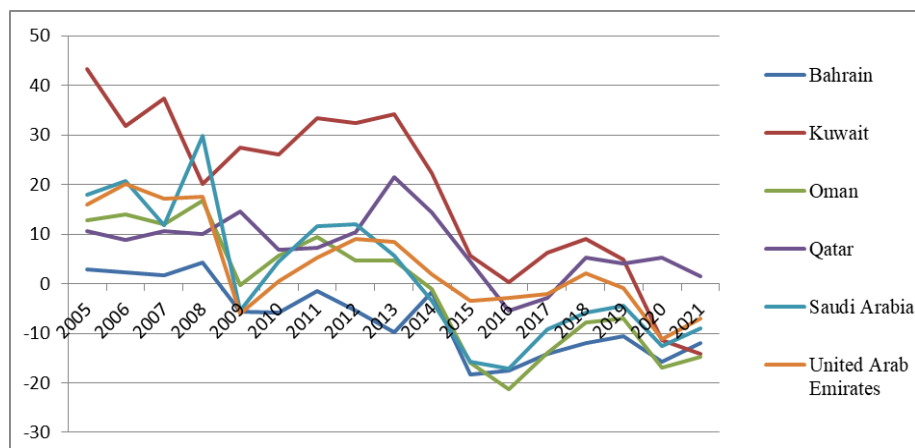
Source: IMF (2020a)

*Data for Qatar and Omman were not available.

Figure 3 illustrates the unemployment rates of the GCC countries. However, we could reach just Kuwait, Saudi Arabia, and Bahrain's data. The latest data recorded for Kuwait and Saudi Arabia was 2018. The most current data belongs to Bahrain. The unemployment rate of Bahrain was 4 in 2019, and 4,7 in 2020. According to the estimations unemployment rate in Bahrain will decrease to 3,8 in 2021. The latest recorded unemployment rate in Saudi Arabia is 6 in 2018.

Figure 4 represents general government net lending/borrowing in the GCC countries. Due to the Global Financial Crisis, starting from 2009, Bahrain has been always in the net borrowing position. Oman and Saudi Arabia have become net borrowers since 2014 because of the sharp decline in oil prices. The pandemic affected the net lender countries Kuwait and Qatar as well.

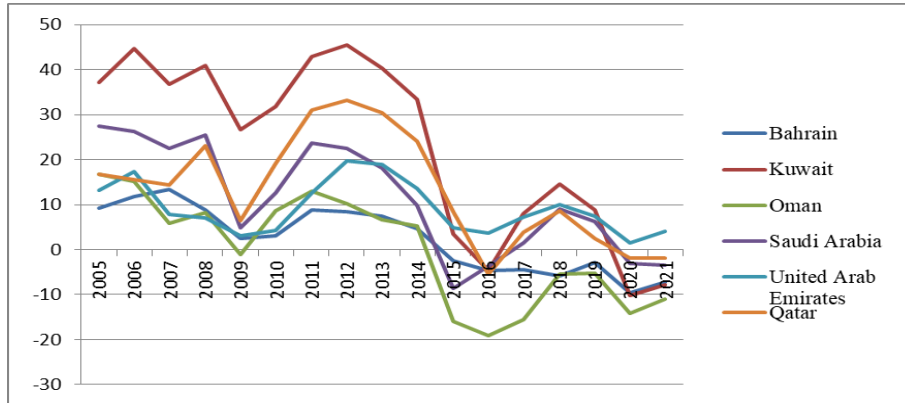
Figure 4. General Government Net Lending/Borrowing for the GCC



Source: IMF (2020a)

The current account balances of the GCC members are scratched in Figure 5. IMF (2020b, s. 4) recorded that average petroleum spot prices/barrel are at \$36.20 in 2020 and estimated as \$37.50 in 2021. Forecasts on oil future prices indicated that oil prices will rise to \$46 which is still about 25% below the 2019 average. Besides, nonfuel commodity prices are expected to rise as well. As the GCC member economies are highly dependent on oil revenues, low oil prices will cause worsening current account balances. These improvements indicate the urgency of diversification

Figure 5. Current Account Balance of the GCC (% of GDP)



Source: IMF (2020a)

C. Sukuk in the GCC Countries

Under this headline, history of sukuk, and current sukuk market performance of the GCC countries are explained.

1. History of Sukuk in the GCC Countries

Contrary to the common belief, sukuk is not a new invention of the Islamic finance industry. It takes its roots from the early days of Islamic civilization. The certificates of goods (sakk al-bada'i) (groceries) were used to pay the salaries of civil servants both as cash or cash equivalents provided by Umayyad Government in the 7th Century AD (the 1st Century Hijri). To get a fixed amount of commodities, the sukuk holders were supposed to present the sukuk on their maturity date at the treasury. Furthermore, the system allowed the holders to sell their sukuk to others for cash before the maturity date. Later, in the Middle-Age sukuk were also used as papers donating financial obligations from commercial activities (Saba, Rizvi and Alabed, 2017, s. 26). In the near past, in February 1988, at the Council of the Islamic Fiqh Academy of the Organization of Islamic Conference, the basis and development of the sukuk market were observed in Saudi Arabia. Soon after the conference, in 1990, one of the first sukuk issuances was realized in Malaysia with a value of RM 125 million. However, the sukuk market had to wait until 2001 to raise funds for long term investments. The sukuk market became international with the issuance of the first sovereign sukuk by the Government of Bahrain in September 2001 as Ijarah sukuk model. The early sukuk models were asset-backed and required to be backed by tangible assets. However, the shortfall in eligible assets because of taxes and legal restrictions on sales caused inconvenience of asset-backed sukuk (Radzi,

2018, s. 18-20). In this period, the description of sukuk was done as “an asset-backed bond which is designed or structured in accordance with Shari’ah and may be traded in the market” by IDB (2004). Malaysia was the first country which updated its legal framework to facilitate the sukuk. The first issuance in the GCC belongs to Qatar. Qatar Global Sukuk raised \$700 million sovereign sukuk. Soon after, Saudi Arabian petrochemical corporation SABIC raised \$800 million corporate sukuk in 2006. The western world was also keen on raising sukuk. The provincial government of Saxony Anhalt in Germany issued \$100 million sovereign sukuk in 2004 (Abdel-Khaled and Richardson, 2017, s. 413). Not to lose its market leader position, the UK designed its legislation to provide sukuk a playing field with the conventional securitization formats by tax treatment equivalent with the same model of financial products. One of the greatest improvements in sukuk history was the recognition and acceptance of sukuk outside the Islamic world in the second half of 2009. The first issuance was a 5-year Aaaa-rated \$100 million sukuk of the International Finance Corporation (IFC) which was arranged by HSBC, Dubai Islamic Bank and Kuwait Finance House-Bahrain. This issuance of sukuk was one of the milestones in sukuk history since it led to increase funding for development activities in emerging markets, including MENA and the GCC. Although the issuance amount was modest, its recognition by the international institutions as a financial tool like the World Bank was a great success (Godlewski et al., 2013, s. 748). The sukuk issuance showed a dramatic improvement between 2012-2013. In 2015, Bank Negara Malaysia decided to stop issuing short-term sukuk and sharp declines of oil prices had a reverse effect on sukuk issuance. Soon after, starting from 2016, sukuk issuance started to rise again and reached its highest value in 2019. Nevertheless, the Covid-19 pandemic probably will have a negative impact on sukuk market like on other sectors in 2020.

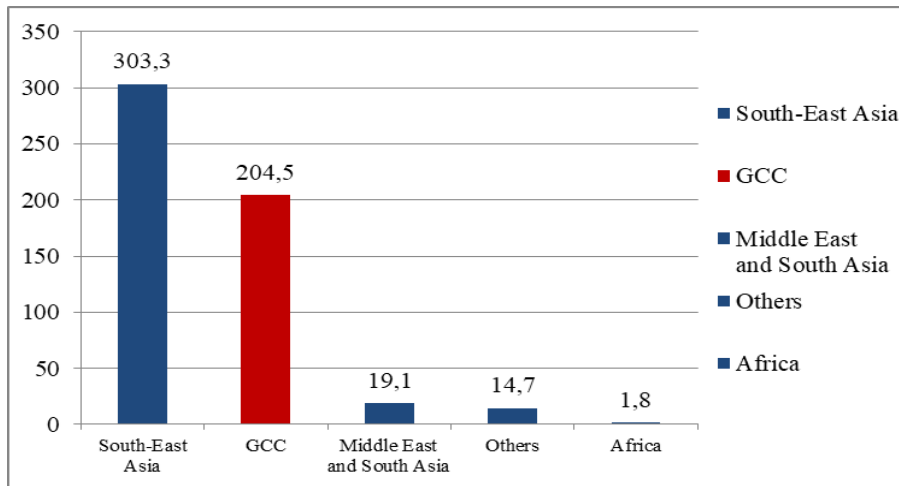
2. Sukuk Market in the GCC

Since the 1970s, Muslim countries invest on the Islamic financial assets. However, the major increase was recorded after the 1990s. Saudi Arabia, Malaysia and Iran are the top three countries which have the highest value of Islamic financial assets (Erdoğan, Gedikli and Derindağ, 2020, s. 973). Similarly, despite the fact that the modern history of sukuk goes back to the 1980s, almost all growth in the sukuk industry was recorded within the last 20 years. While the total amount of sukuk issuance was \$336 million in 2000, between 2000-2010 sukuk industry grew fast and the global outstanding volume of sukuk exceeded \$90 billion in 2007 (Godlewski et al., 2013, s. 747). Parallel to the issuance of sukuk, the countries also their

increased the Islamic financial assets.

The total value of \$426 billion was recorded for sukuk industry in 2017. In 2017, while global sukuk issuance was \$116.7 billion, 19 countries had sukuk issuances amounting to \$85 billion. 63% of was corporate issuances, 31% was sovereign issuances and 6% was agency. Although Malaysia has been dominating the global sukuk market with \$35 billion, Saudia Arabia, as one of the member countries in the GCC, followed Malaysia in 2017 by \$26 billion (Thomson Reuters, 2018, s. 20). As illustrated in Figure 6, the value of outstanding of sukuk in GCC was recorded as \$204,5 billion in 2019. The sukuk asset value of the GCC became the second region following South-east Asia. The total value of sukuk assets is over \$543 billion globally. With this remarkable improvement, sukuk is the second-largest contributor to global Islamic finance. One year later, in 2018, global sukuk issuance reached to \$123.2 billion with a 5.5% increase over 2017. The global sukuk assets were calculated as \$443.78 billion. 90.44% of it is issued by Malaysia, Saudi Arabia, UAE, Indonesia, and Bahrain (IIFM, 2019, s. 20). While in the first half of 2018, \$95.25 billion was raised, next year in the same period total of \$94.79 billion operations was calculated in the aggregate bonds and sukuk market. This represents a decline of 0.47% in 2019 compared with the previous year.

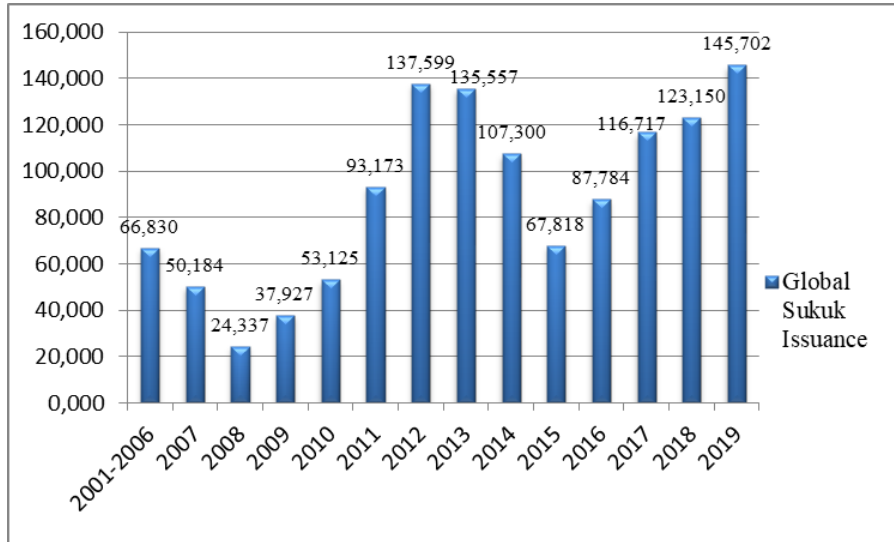
Figure 6. Global Value of Sukuk by Regions (2019, billion \$)



Source: Puri-Mirza (2020)

Figure 7 represents the total global sukuk issuance between 2001-2019.

Figure 7. Total Global Sukuk Issuance (millions \$, Jan 2001- Dec 2019)*



Source: IIFM (2020, s. 28)

*All tenors and all currencies

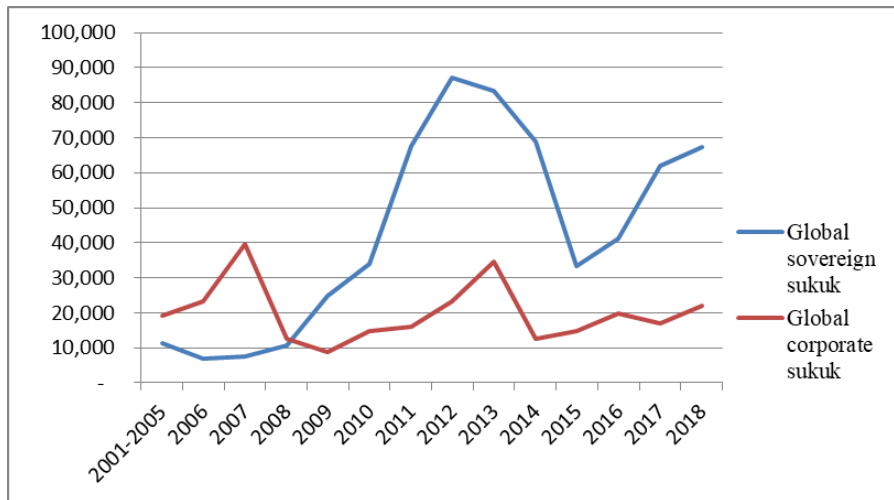
Actually, 2018 was a volatile year for sukuk like other assets. Due to fluctuations in rates, risk-asset sentiment as well as low oil prices negatively affected the GCC sukuk market. Besides, increasing GCC credit supply and the inclusion of five GCC Sovereigns in JP Morgan's increased GCC credit volatility in 2018 (Bitar, 2019, s. 107). In the GCC, in 2019 Qatar issued sovereign sukuk, and Saudi Arabian companies issued large foreign-currency-denominated sukuk. However, Bahrain and the UAE had declines in sukuk issuance volumes. The reason for sukuk issuance decline in Bahrain is that the government did not need to tap the capital markets since the \$10 billion GCC support package was initiated. In the UAE, the reason behind the drop in issuance volume is that corporates finished their issuance processes in 2018 to prepare for the less supportive market conditions (Damak and Roy, 2020, s. 15).

Moody's (2019) recorded that sukuk issuance climbed 6% to around \$130 billion in 2019. Although global sukuk issuance reached to top in 2019, it started to shrink in 2020 due to the pandemic effect. Numerically, sukuk issuance volume decreased 27% in the first half of the year. By the end of 2020, it is expected to be around \$100 billion which is 40% lower than in 2019. Besides, in the second half of the year, some sukuk may be issued to be used in social issues to support economic recovery rather than just to serve investors' financial interest (Damak, McGraw, and Roy, 2020). Hence, it can be concluded that as one of the core Islamic financial markets, the GCC

governments and their central banks tried to adjust their funding mix to support long-term growth in sukuk issuance volume (Moody's, 2019). Moody's (2020) expects to have a decline by 5% and decrease to \$170 billion in the GCC sukuk issuance in 2020 due to the global effects of the Covid-19 pandemic. The GCC members are expected to increase sukuk issuance towards the end of 2020 since there have been sharp declines in oil prices, and their increasing needs for financing.

The sukuk industry will have low-to-mid-single-digit growth in the 2020-2021 period after 11,4% growth in the global sukuk market in 2019. This modest expectation is highly related to measures implemented by many countries to control the Covid-19 pandemic. There may be a mild recovery period in 2021. Accordingly, it is also expected that there may be a favorable environment for accelerating and unlocking the long term potential of sukuk industry. Stakeholders realize the vitality of less complicated standardization for sukuk. They also understood the importance of leveraging technology. Therefore, the Islamic financial industry and particularly sukuk may suggest avenues of sustainable growth. (Damak, Roy and Mensah, 2020).

Figure 8. Global Sovereign and Corporate Sukuk Issuance (million \$, Jan 2001- Dec 2018)



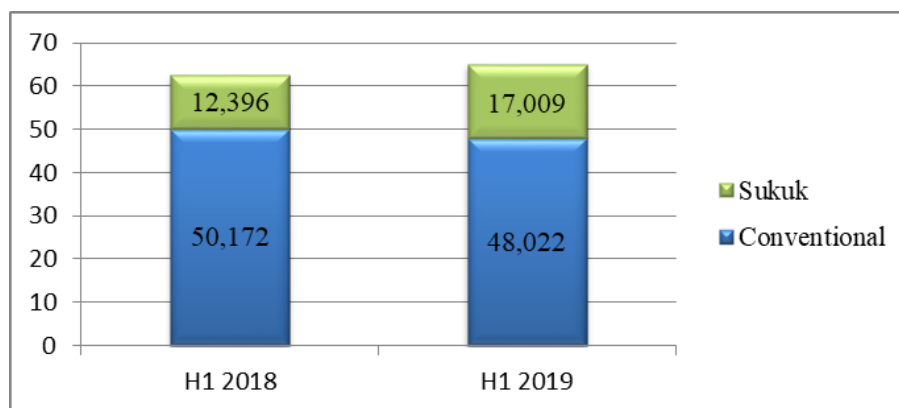
Source: IIFM (2019, s. 32-33)

Figure 8 illustrates the total global sukuk issuance according to their issuers' status. In this period, total sovereign sukuk issuance is \$606,391 million (55% of all global sukuk issuance), and total corporate sukuk issuance is \$278,459 million. In the given period, sovereign sukuk issuances dominated the global sukuk market. In Figure 7, the global sovereign sukuk

curve trend shows that it is not very much affected by the economic shocks. Particularly after the 2008 Global Crisis, issuance of sovereign sukuk increased rapidly. In 2018, Saudi Arabia, Malaysia, and Turkey had a strong foundation for the sukuk market. On the contrary, the issuance of corporate sukuk follows the economic cycle and it rises in good global economic conditions and shrinks during the economic contractions (IIFM, 2019, s. 32-33).

As illustrated in Figure 9, since there are dual systems in all GCC countries, the conventional bonds market still dominates the financial system of local economies. However, comparing with 2018:H1 raising \$50,172 million, GCC Bonds and sukuk market raised \$48,02 million in the first half of 2019. This amount is 4,29% less than the same period in 2018. On the contrary, sukuk raised \$17,01 million which is 37,21% higher than the amount raised in the previous year (Othman, Iyer and Buaijan, 2019, s. 5).

Figure 9. GCC Conventional and Sukuk Issuance (million \$, 2018:H1 vs. 2019:H1)



Source: Othman, Iyer and Buaijan (2019, s. 5)

Among all GCC countries, sukuk market in Saudi Arabia develops the fastest. To diversify funding, the Saudi government planned to issue \$31,5 billion of sukuk in 2019; the tenors were various up to 30 years. The aim was to increase demand and widen the investor base. Saudi regulators also introduced some measures for corporate sukuk issuance to encourage further issuances. Due to regulations, corporates benefit from lower fees for new and repeat issuers. Besides, smaller face valued of sukuk between SAR 1 million and SAR 1.000 can be easier to access for retail investors. And also, lower trading commissions and zero tax on investments in domestic sovereign sukuk brought a more active and liquid secondary market in Saudi

Arabia (Islamic Finance Foundation, 2020).

Table 4. GCC Countries Sukuk Issuance (Jan 2001- Dec 2019)

Country	Jan 2001 - Dec 2019			2019		
	Number of Issues	Amount (Million \$)	% of Total Value	Number of Issues	Amount (Million \$)	% of Total Value
Saudi Arabia	217	146,291	11,73%	48	28,475	19,54%
UAE	140	88,688	7,11%	16	9,310	6,39%
Qatar	53	33,667	2,70%	13	5,007	3,44%
Bahrain	437	33,735	2,70%	22	2,852	1,96%
Oman	13	6,188	0,50%	3	899	0,62%
Kuwait	20	4,458	0,36%	2	800	0,55%
Total	880	313,027	25,10%	104	47,342	32,49%

Source: IIFM (2020, s. 75-76)

Table 4 represents the total sukuk issuances of the GCC countries for the period Jan 2001-Dec 2019. The share of sukuk issuance of GCC countries is 25% in total global issuance. Although this rate is high compared with the other regions, Malaysia has \$733,448 million and 58,83% sukuk issuance as a single country for the given period. Just in 2019, Saudi Arabia seems to continue to be the leading country in the GCC in sukuk issuance with \$28,475 million and a 19,54% share. The UAE follows Saudi Arabia with \$9,310 million and a 6,39% market share.

In recent years, US dollar-denominated sukuk offered good returns with a low-risk profile despite the fact that there has been extreme oil price volatility. Until the first half of 2020, the sukuk market showed remarkable growth in the last few years where the GCC members became the dominate issuers. Similar to other developing countries, GCC economies are fragile with changing foreign capital flows. All in all, sukuk issued by the GCC offers investors a valuable alternative investment model with unique and favorable risk and return features (Saturna Capital, 2020, s. 19).

D. How Sukuk Support Macroeconomic Performance of the GCC

Before explaining the contribution of sukuk to macroeconomic performance, the literature review is provided.

1. Literature Review

Although financial development-economic growth nexus is not a new subject, the importance of this relationship has been realized in the late 1990s. In his early study, Schumpeter (2003) pointed out the importance of “instruments” which stand for credit, bank loans, and bonds in financing firms and contribute productivity. Similarly, in the book review of Newlyn (1974), it was explained that Shaw (1973) stressed the financial deepening for economic improvement. He added that there is no shortage of investment, but a shortage of savings for finance which is missing in the third world. De Gregorio and Guidotti (1995) also investigated the long-term relationship between financial development and economic growth relationship. They found a positive correlation between the two variables. In his study, Levine (2004) concluded that a well-developed financial system eases external financial constraints local firms may encounter that will result in positive impacts on economic growth. Abduh and Chowdhury (2012) investigated the dynamic relationship between Islamic banking and economic growth. They used the quarterly time-series data of economic growth, total financing, and total deposit over the period (Q1)2004-(Q2)2011 by using the Granger causality method. The authors concluded a positive and significant relationship between the two variables both in long and short terms. Beck, Demirgüç-Kunt and Merrouche (2013) compared the efficiency and stability of Islamic banks with their conventional counterparts. The authors found that although Islamic banks are less-cost effective, they have higher intermediation ratio, higher asset quality, and are well-capitalized. They underlined that the better stock performance of listed Islamic banks can endure the financial crisis due to their better asset quality. The latter study indicates the supportive position of the Islamic financial system and Islamic financial instruments in the economic downturns. Although there is a broad literature on financial development-economic growth nexus as well as stock market improvements and economic growth relationship, in more than two decades of sukuk issuance, there are few empirical studies addressing the macroeconomic effects of sukuk on economic development. Echchabi, Abd.Aziz and Idriss (2016) analyzed the effects of sukuk issuance on the GDP and trade for GCC, Malaysia, Indonesia, Turkey, Pakistan, Singapore, China, Brunei, Kazakhstan, Germany, the UK, France, and the Gambia spanning the

period 2005-2012 using the Granger Causality test. The empirical results indicated that for all countries together, the sukuk issuance had a positive effect on the GDP. However, for the separate analysis, the authors could not identify the significant effect of the sukuk issuance on GDP in the selected economies. Smaoui and Nechi (2017) analyzed the effects of sukuk market development on economic growth over the period 1995-2015 in all sukuk-issuing countries. The authors indicated that sukuk market development (both sovereign and corporate) supports long-term economic growth. The authors also suggested that by eliminating the negative effects of religious self-exclusion, sukuk market development stimulates the financial inclusion.

2. Contributions of Sukuk Market Development to the Economic Growth

The development of the domestic sukuk market contributes to economic growth in different ways: First of all, by mobilizing savings, the sukuk market supports the efficient functioning of capital markets by stimulating the financing to long-term debtors. As long-term funding is vital for the productivity, capital rationing role of sukuk provides one of the major links between the financial development-growth nexus. Second, together with the bond and stock market, the sukuk market also contributes to the deepening of the financial system in the local economies. Without sukuk markets, banks will have less possibility to get deposits that may urge them to apply for unsound or unsafe loans. A good functioning sukuk market helps banks with investing in sukuk certificates that alleviate asymmetric information and reverse selection problem. Moreover, fostering the appropriate allocations of resources modifies economic growth. Third, a well-functioning sukuk market brings opportunities to have technological innovations and thus improving labor productivity in the private sector. Fourth, since sukuk certificates are risk-sharing, both parties are supposed to share the business risks in return for sharing profits. This brings safer investments, and hence economic growth. Fifth, sukuk securities motivate religious investors who are reluctant to invest interest-based bonds. This leads to higher financial inclusion and thereby higher investment and more economic growth (Smaoui and Nechi, 2017, s. 137). Sixth, in economic cyclical periods, sukuk borrowers are more advantageous than conventional bond borrowers. For the long-term maturity, long-term sukuk offers more convenient investment alternatives which will provide less volatility due to low yield spread. Furthermore, because of the prohibition of gharar (too much uncertainty), there will be less risky operations and a sounder trading mechanism. Besides, sukuk holders are mostly reluctant to sell their assets

in the short-term. This is highly related to the lack of adequate alternatives to switch the instrument. Consistency of sukuk carries them to the level of higher soundness to global shocks (Balli et al., 2020, s. 2). Sukuk can be also used in environment protection strategies and green financing. All GCC countries signed the Paris Climate accord. However, there is still not efficient and sustainable climate strategies that address green financing. As a current improvement, the UAE introduced new frameworks to facilitate green bonds in Dubai and Abu Dhabi. The UAE-based Majid Al Futtaim Group issued green sukuk in the first half of 2019 for \$135 billion. This amount is still small compared with the \$168 billion green bond issuance in the global market in 2018. Issuance of green sukuk may attract not only conventional investors but also Islamic investors. Green sukuk issuance may also push the demand and bring better financial conditions (IIFM, 2020, s. 130, 17). In Table-5, the contribution of each sukuk contract model to macroeconomic performance is illustrated.

Table 5. Sukuk Models and Their Macroeconomic Effects

Contract model	How to support economic activities	How to support to control unemployment	How to support to control inflation
Musharakah	With this model, bank and financial shortages can be overcome for entrepreneurs who has limited capital. Providing required funds to needy people will help in removing the shadow economy that will provide more tax income for the government.	Musharakah models support employment by creating jobs, promotes enterprise and partnership ventures.	Musharakah has a supportive effect on controlling inflation and baseless credit, promoting joint ventures without detailed investigations since this model requires risk and shared profit sharing. Each side needs to check all pros and cons before initiating a business that will provide an automatic regulator for the system.
Mudarabah	This model provides an interest-free tool for skill utilization and supports the	Mudarabah is supportive of employment strategies since this	Mudarabah supports to control inflation by offering interest-free

	<p>mobilization of resources by employing participants as mudarib. Fund providers will bear both loss and profit chances. SME's, entrepreneurs with high skills, or people with good projects may have the opportunity to invest with this model of contracts.</p>	<p>model of contracts encourages business management by skilled people and thus they promote commercial activities.</p>	<p>business activities. It is a fact that credit and interest creation of banks is one of the main sources of inflation in an economy. Mudarabah engagements offer profit/loss sharing but not earning predetermined interest which exploits the needs of entrepreneurs who have the shortage of investment funds</p>
Salam	<p>Salam is suitable for the agricultural sector. With this model, necessary funds can be provided without applying usurious loans which may bring extra financial burden to the debtors.</p>	<p>Salam offers great opportunities to reduce unemployment in rural areas by offering very attractive business models to farmers. The more qualified the life standard of rural people, the less possibility to the need to move to urban areas. This will cause less unemployment in cities</p>	<p>Salam is beneficial in controlling inflation if there is a fast-growing food price in the economy. By supporting aggregate food supply and by reducing food deterioration, boosting the yield of land will all satisfy the excessive demand towards food. Thus inflation will be decelerated.</p>
Istisna	<p>Istisna contracts can be used in the housing sector. Providing funds will encourage the construction sector.</p>	<p>Istisna will support to increase employment in this sector by providing funds for new projects.</p>	<p>Istisna has a limited effect on controlling inflation.</p>

Source: Saleem (2007, s. 16-20; 22-24)

Because of current economic downturns, there is an increasing demand for sukuk particularly from Islamic banks since Islamic banks are limited in the financial instruments to be used to manage their asset-liability

mismatch. They cannot borrow or lend in the interbank markets or at the central banks' discount windows. Sukuk can fill this gap and provide a very comfortable opportunity for the development of a needed secondary Islamic capital market (Godlewski et al., 2013). Beyond doubt, supporting sukuk issuance in the region will be very beneficial for the diversification of the sectors. As a non-oil source, sukuk offer great fiscal revenue. Still, the fiscal revenue that GCC countries generate from natural resources is higher than non-hydrocarbon sources (about 80 cents from a dollar of hydrocarbon GDP) (Mirzoev et al., 2020, s. 30, 33).

On the other hand, in their study for Malaysian listed companies, Godlewski et al. (2013) pointed out some problems of sukuk issuance. According to the empirical results, there has been a demand-supply mismatch since there is an increasing demand for sukuk from Islamic financial institutions but limited supply on the market. This leads to excessive demand for sukuk. While this makes it easy to sell these instruments, companies that are financially weak or unable to issue conventional bonds may prefer sukuk issuance. Since market players realize this manner, they will not react positively to the issuance of sukuk. Furthermore, companies in good financial conditions know that financially weak firms are likely to issue sukuk, strong companies prefer selling conventional bonds to avoid sending a negative signal about their companies' soundness. Similar problems occur in the GCC as well. Therefore, some further measurements on sukuk issuance and regulations for government incentives are needed.

Conclusion

Not only sharp declines in oil prices but also the prevailing Covid-19 pandemic had adverse effects on the global economy. Particularly oil-exporting countries such as the GCC have been struggling with the low oil prices since 2014-2015. Since the GCC economies are highly dependent on oil revenues, they were affected even worse. While oil revenues were getting less, those countries refused to cut the government expenditures. Besides, the global lockdown worsened the macroeconomic conditions of the GCC. Hence, current improvements in energy-saving technologies and innovative products, increasing awareness of environmental protection, and decreasing oil prices dramatically affected the GCC economies. They realized the necessity of diversification in their economies. Islamic finance can provide an alternative solution to local macroeconomic problems.

The development of Islamic finance brought more integration with the

global financial system. Particularly Sharia-compliant sukuk securities offer an alternative and strong solution to satisfy the needs of developing countries. In this vein, with their great Muslim population and suitable financial infrastructure, sukuk can provide attractive opportunities to these countries. Different models of sukuk contracts as well as sovereign and corporate sukuk issuances can be lifeblood to both public and private sectors of the GCC.



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GCC ÜLKELERİNDE SUKUK ÜZERİNE BİR İNCELEME

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Geniş Öz

İslami finansal ürün ve enstrümanlar küresel ekonomi içinde giderek artan bir ağırlığa sahiptir. 1900'lü yılların ikinci yarısından itibaren sömürgeci devletlerin baskılarından kurtulup özgürlüklerini ilan eden ya da egemenliklerini daha rahat yaşamaya başlayan Müslüman ülkelerde İslami kimliğin yeniden canlanması ile birlikte İslam ekonomisi ve İslami finans hızla önem kazanmıştır. 1970'lerle birlikte özellikle muhafazakâr müslümanların faizin haram olması ilkesinden hareketle alternatif bir finansman modeli konusunda artan taleplerini karşılamak üzere İslam ekonomisi, kısa sürede İslami bankacılık hizmetleri ile ilgi görmeye başlamıştır. Öte yandan, sömüğe sonrası dönemde, bağımsızlığını ilan eden Müslüman ülkeler ve kalkınma çabası içine giren diğer Müslüman topluluklar, yüksek düzeyde artan fon ihtiyaçlarını karşılamak üzere kaynak arayışı içine girmişlerdir. Bir yanda küresel ölçekte artan ve faizsiz işlem yapmak için alan arayan büyük ölçekte İslami fonlar varken diğer yandan kalkınma için kaynak bulmakta güçlük çeken Müslüman ülkelerin beklentilerini karşılama gayreti, İslami finansın bu ülkelerde hızla güçlenmesine uygun bir ekosistemin oluşmasına yol açmıştır.

Başlarda sadece bankacılık hizmetleri ağırlıklı olarak ortaya çıkan İslami finans, giderek daha inovatif ve yeni enstrümanların ortaya çıkması ile yatırımcılarına güçlü alternatif imkanlar sunmaya başlamıştır. Bunlar arasında en dikkat çekenini hiç kuşkusuz varlığa dayalı sukukun (asset-backed sukuk) kullanıma başlanmasıdır. 2000'li yıllarla birlikte Malezya'dan başlayarak hızla tüm dünyada kullanılmaya başlanan sukuk, asıl büyüme performansını 2010'larda göstermiştir. Malezya'dan sonra sukukun en fazla

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ihraç edildiği ve enstrüman olarak işlem gördüğü bölge Körfez ülkeleri ve özellikle Körfez İşbirliği Konseyi (GCC) ülkeleri olmuştur. Günümüzde GCC ülkelerinde sukuk, altyapı, eğitim, sağlık, ulaşım ve iletişim başta olmak üzere birçok alanda kullanılan oldukça işlevsel bir enstrüman haline gelmiştir. Son yıllarda devlet tarafından çıkarılan sukuk (sovereign sukuk) ile özel sector tarafından çıkarılan sukuk (corporate sukuk) ihraçları da oldukça talep görmektedir. Yakın tarihte 2008 Küresel Finansal Kriz'de ve halen içinden geçmekte olduğumuz Covid-19 Pandemisi sürecinde, GCC ülkelerinde gerek yerel ekonomilerin kırılmalıklarının azaltılması ve gerekse resesyonun sebep olduğu ekonomik daralmalara karşı fon ihtiyacının giderilmesinde diğer İslami finansal enstrümanlar ile birlikte sukuk oldukça tercih edilen bir finansal araç olarak kullanılmaktadır.

Bu çalışmada seçilen ülke grubu Suudi Arabistan, Katar, Kuveyt, Bahreyn, BAE ve Umman'dan oluşan Körfez İşbirliği Konseyi (GCC) ülkeleridir. Bu ülkelerin ortak özelliği, her birisinin ekonomilerinin ağırlıklı olarak doğal kaynak çıkarma ve ihracına dayalı olmasıdır. Bu ülkeler onlarca yıl boyunca yüksek petrol gelirleri edip, elde ettikleri gelirle ülkenin ihtiyacı olan diğer tüm mal ve hizmetleri ithal ederek ekonomilerini ayakta tutmayı başarmışlardır. Her birisi otokratik yönetimlerce idare edilen GCC ülkelerinde, 2015 yılından itibaren petrol fiyatlarında yaşanan keskin düşüşler başlangıçta görmezden gelinmiş ve alışlageldiği şekilde kamu harcamalarına devam edilmiştir. Özellikle Suudi Arabistan, petrol fiyatlarında ani düşüşlerin yaşandığı dönemde altyapı yatırımlarına ağırlık vermiş, azalan petrol gelirlerine rağmen devlet harcamalarında herhangi bir kesintiye gitmeyi reddetmiştir. Ancak petrol fiyatlarındaki düşüklüklerin birçok uluslararası kaynağa göre en az 2025'e kadar devam edecek olması, bu ülkelerin içinden geçmekte oldukları ekonomik darboğazı aşmada alternatif çözümler geliştirmeleri gereğini ortaya koymuştur. Üstelik, son yıllarda gelişen teknoloji ile aratan enerji verimliliği ile daha az enerji kullanılarak daha etkin sonuçların alınması, alternatif enerji kaynaklarının geliştirilerek petrol ve doğal gazla olan bağımlılığın giderek azalması ve en önemlisi küresel ısınma ve sera gazı etkileri nedeniyle çevreyi koruyan ve çevreye dost enerji teknolojileri konusunda farkındalığın gelişmesi, fosil yakıtlara dayalı enerji ihtiyacı ve talebinin giderek azalmasına yol açmıştır.

Politik-ekonomik de bir gereklilik olan enerji bağımlılığının azaltılması konusunda enerji ithalatçısı olan ülkelerin enerji konusunda dışa bağımlılığı azaltıcı alternatif enerji kaynakları geliştirme ve/veya kendi ülke sınırları içinde yerli enerji kaynakları bulma ve geliştirme stratejileri de enerji ihracına dayalı ekonomilerde önemli bir sorun olmaya başlamıştır. Kaldı ki

çok yüksek miktarda petrol ve diğer doğal kaynakların çıkarılmasına karşın, gelişen teknoloji ile birlikte yeni enerji kaynaklarının da bulunması, enerji arzında artışa da yol açmaktadır. Artan arz, enerji fiyatlarının en azından kısa ve orta vadede düşmeye devam edeceğine yönelik güçlü sinyaller vermektedir.

GCC gibi enerji ihracatına dayalı ekonomilerde bu durum, Covid-19 pandemisinin küresel ekonomiyi vurması ile birlikte oldukça karamsar bir tablonun ortaya çıkmasına yol açmıştır. Hızla azalan petrol gelirleri, petrol fiyatlarındaki oynaklık, ekonomilerde önemli sıkıntıların baş göstermesine yol açmıştır. Sadece doğal kaynak çıkartmaya dayalı olan ekonomilerin sektörel çeşitlendirilmesi bu ülkeler için riski minimize etme noktasında en stratejik çözümlerin başında gelmektedir.

Bu çerçevede bu çalışmada, İslami finansal bir enstrüman olan sukukun GCC ülkelerinin makroekonomik performanslarına ve ekonomik büyümelerine katkıları incelenecektir. Vaka analizi şeklinde tasarlanan çalışmada, özellikle uzun vadeli finansmanda sukuk GCC ülkelerinde sürdürülebilir ekonomik büyümede önemli katkılar ortaya koyabilme potansiyeline sahiptir. Sukuk ihracının temelinde her ne kadar İslam'da faizin haram olması nedeniyle dini hassasiyeti olan yatırımcılarından gelen talepler yer alsa da sukuk kar amacı ile hareket eden konvansiyonel yatırımcılar için de güçlü alternatif yatırım imkanları sunabilmektedir. Mudaraba, Müşaraka, İstisna, İcara başta olmak üzere çok farklı modellerde oluşturulabilecek kontrat modelleri ile sukuk her düzeyde yatırımcı ve fon arayan kurum/girişimci için geniş bir yelpazede avantajlı imkanlar sağlamaktadır.

Bu bilgiler ışığında çalışmanın ilk bölümü sukukun teorik ve kavramsal çerçevesine ayrılmıştır. Sukukun tarihsel gelişim süreci, türleri, sukuk modelleri, konvansiyonel modellerden farklılıkları ayrıntılı şekilde incelenmiştir. Çalışmanın ikinci bölümünde GCC ülkelerinin makroekonomik performansı incelenmiştir. İşsizlik, enflasyon, büyüme gibi makro verilere dayalı olarak bölge ülkelerin makroekonomik durumları ayrıntılı olarak ele alınmıştır. Üçüncü bölümde IMF'den elde edilen veriler ışığında GCC bölgesinde ve küresel ölçekte sukuk ihracı ve ülkelerin bu alandaki performansları mukayeseli olarak ele alınmıştır. Çalışmanın son bölümünde ise GCC ülkelerinde sukukun makroekonomik performans ve ekonomik büyümeye katkıları ayrıntılı şekilde analiz edilmiştir.

Anahtar Kelimeler: İslami Ekonomi, GCC, sukuk, ekonomik büyüme, makroekonomik performans.

