

## Perspectives from the Middle East

To BCG's network around the world,

I just returned from a trip to the Middle East, where the region's growth, dynamism, and investment in talent were on full display. I was blown away by the energy and enthusiasm. The business districts and restaurants were buzzing. While many parts of the world face the threat of recession, the World Bank estimates that Gulf Cooperation Council (GCC) economies will grow by 3.7% this year. Leaders were brimming with optimism about the future, even as they recognized the hard work ahead.

So much is changing so swiftly that conventional wisdom is backward-looking, and international news coverage only tells part of the story. With Pablo Martínez, who leads BCG's work in the Middle East, I'd like to share four key observations from my week there:

**Diversification.** The region's reliance on oil still overshadows broader economic progress. Yet the economies are diversifying into tourism, financial services, export-driven manufacturing, health care, and other areas. Green growth is increasingly a priority and will be highlighted at this year's United Nations Climate Change Conference, COP 28, in the United Arab Emirates. Electric vehicle manufacturing is an emerging bright spot.

**Talent.** Talent development was high on the agenda in most of our conversations with leaders. About half of the GCC population is under the age of 30, a sharp contrast with much of the rest of the world. Women are working at record levels in many GCC nations, rivaling participation rates of some European nations, and

providing a fresh source of well-trained and highly motivated talent. The region is becoming a business destination for young, ambitious executives, scientists, and engineers. Our own local BCG staff represent more than 80 nationalities, with a waiting list to transfer in.

**Infrastructure and Development.** Construction and development are reshaping the skylines of the region. Outside Riyadh, the mega-entertainment complex Qiddiya is rising. Its ambition is to be the largest tourism destination in the world, more than double the size of Walt Disney World in Florida. More than 20 other megaprojects are under development in Saudi Arabia. Dubai is already considered the second-most attractive destination globally after Paris, according to Euromonitor's 2022 city destinations index—and it's one of the most visited.

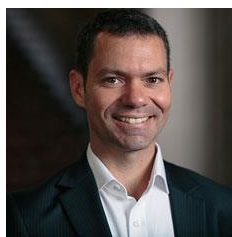
**Health Care and Education.** Governments are investing in education and health care, two enabling forces that foster medium- and long-term economic development across GCC nations. Digital skills are in high demand. And quality health care is increasingly widely available, not just in the biggest cities. Not that long ago, people left for Europe for complex medical procedures. Now they can stay home.

Despite its geopolitical complexities, the Middle East remains a region of amazing promise and massive change.

Until next time,



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Chief Executive  
Officer



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