

NEWSLETTER

INTERNATIONAL

 ENGLISH VERSION

MIDDLE EAST/ GULF REGION



A LOOK AT THE MIDDLE EAST: TRENDS & OPPORTUNITIES



P. 2

INTERVIEW:

Oliver Oehms

"DIVERSIFICATION HAS PROGRESSED
TO DIFFERENT DEGREES" ▶



P. 4

Christian Tegethoff

"EMIRATES ARE THE MOST ATTRACTIVE
LOCATION" ▶



P. 6

Aouni Kawas

"PICK CANDIDATES THAT ARE SOCIALLY
FLEXIBLE" ▶

“DIVERSIFICATION HAS PROGRESSED TO DIFFERENT DEGREES”

How is the German economy represented in the Gulf region today? Which industries are particularly active?

The German economy is well represented in the Gulf region. Nevertheless, great differences can be observed within the region - for example, when comparing the German activities in Kuwait with those in Saudi Arabia. The United Arab Emirates (UAE) is still one of the most important locations. Many German companies (from SMEs to MNCs) establish their regional headquarters in the Emirate of Dubai, from where they monitor and control operations throughout the Gulf region, and in many instances, the African continent, as well as South and sometimes, Central Asia.

The sectoral portfolio is correspondingly broad. The local ecosystem of German service companies includes tax consultants, lawyers and coaches, and providers of high-quality conference technology. This is also one of the things that makes the Emirates so unique

Traditionally, the Gulf States are good buyers of German technology, be it in mechanical and plant engineering, medical technology and chemistry/ pharmaceuticals, or in the automotive and transport infrastructure sectors, as a whole. In addition, there are numerous highly specialized German service providers, not only in urban and structural engineering, but also in water and waste technology, system integration, and databases. Last but not least, Industry 4.0 is a big topic in the Emirates.

How did the governments of the region react to the corona pandemic? What effects did the measures have on the business activities of German companies?

The effects have been painful in part, especially in those countries and sectors that depend on freedom of movement and travel. Above all, the tourism sector and the MICE sector in the UAE and Oman should be mentioned.

The Gulf region is characterized by strongly contact-oriented societies. Personal relationships and regular customer visits play a central role in the business life. These were severely affected by the lockdown and contact restrictions, as our member companies confirm. The retail and automotive sectors were also affected by the strict lockdowns in spring.

From the 3rd quarter, however, the situation in most countries has improved noticeably. The bottom line is that our Chamber members admit that overall, 2020 was difficult year, but not catastrophic. At this point, everyone remains optimistic regarding the forecast for 2021.

Just like Germany, the governments in most countries have supported their private sectors financially, and through the implementation of various laws aimed at temporarily easing tax and other financial obligations. Often fees and charges were



Oliver Oehms

is the CEO of the German Emirati Joint Council for Industry and Commerce (AHK), which is also responsible for Qatar, Iraq, Oman and Kuwait. He lives and works in Dubai.

deferred or waived, which are an important cost factor, given the low tax taxation levels. Dubai opened for international travel again at the beginning of July. This has given the local trade, and the hospitality sector the impetus they had hoped for.

To what extent does the region offer potential for the German economy in times of low oil prices?

High oil prices would definitely have made it easier to address the economic challenges related to COVID-19. However, it is important to note at this point that many countries in the Gulf region have already made great strides in diversifying their economies. Dubai simply spearheaded this development.

At the same time, Saudi Arabia, Iraq and Oman, with their large and very young populations, are drivers of economic reform processes ‚from within‘. We can also see this in the UAE, which represents an international field of experimentation and development for many technologies such as autonomous driving, drones, retail and mobile solutions.

Are countries like the UAE or the smaller Gulf States interesting as locations for production or R&D?

Several manufacturing companies have already set up operations in Saudi Arabia and the UAE. In the course of the global trend towards ‚onshoring‘ or the diversification of global supply chains, even more companies will certainly be thinking about (partially) relocating their value chains to the UAE and the neighbouring countries. For a stronger development of the “Made in UAE” brand as a manufacturing location, deeper regional integration would undoubtedly be helpful.

What are the opportunities for German companies in connection with the diversification policies?

The economic diversification of the Gulf states has progressed to varying degrees. The Emirate of Dubai is practically independent of the petrochemical industry, while countries like Kuwait and Iraq are heavily dependent on oil export revenues. First of all, a developed upstream and downstream industry should not be assessed negatively per se. The global demand for plastics and other oil-based products will still have to be met in the coming decades. The Gulf States, with their favourable production conditions and high-quality oil and gas, are comparatively well positioned on a global scale.

However, the Abu Dhabi example impressively shows the business opportunities that German companies can obtain from timely and consistent diversification. This includes the development of downstream industries, and the tourism sector. The main impulses on topics such as Industry 4.0, 3D printing or digital healthcare are currently coming from the capital of the UAE.

“EMIRATES ARE THE MOST ATTRACTIVE LOCATION”

What is the situation on the executive HR markets in the Middle East?

Each country in this region has developed differently in recent years. Ultimately, the drivers of HR demand are the oil price and political developments, including those on the international scene.

The most dramatic example of a policy-driven upswing, followed by an equally rapid decline was Iran. In Iran, we executed a considerable number of mandates, after the nuclear deal was signed five years ago. Once the sanctions were lifted in 2016 by the USA, Europe and Russia, companies from all over the world flocked to Tehran to participate in the expected boom.

After the reinstatement of the sanctions during the Trump presidency, which was also associated with massive American pressure on individual European companies, the vast majority of international businesses were forced to put their plans for expansion into Iran on hold. It remains to be seen whether there will be a return to the nuclear deal under the new US administration.

At the moment, we are mainly busy with filling positions in the United Arab Emirates (UAE) and the other GCC countries. This usually involves placing managers into head sales and service units, often with the responsibility for the Arabian Peninsula and the Middle East, and occasionally also, for parts of Africa.

What are the characteristics of the labour markets in the GCC region?

In many countries in the region there are significantly more expatriates than natives - in the UAE, foreigners account for more than 80 percent of the population. When filling executive positions, domestic and foreign companies routinely rely on foreign candidates - Europeans, people from Arab countries beyond the GCC or South Asia. Dubai and Abu Dhabi host the largest European business community and, accordingly, potential candidates who have experience in the Gulf region.

Lebanese and Egyptians are quite common in management positions. The level of education in these countries is comparatively high, while many people there are interested in a career abroad due to the domestic economic challenges. Pakistanis and Indians are also increasingly found in management positions in the Gulf States. Native professionals tend to work in state and state-related organisations, such as telecommunications companies.

Saudi Arabia, by far the largest country in the GCC region with just under 34 million inhabitants, is pursuing a “Saudification” policy. Its aim is to reduce the rising unemployment among the local population. Here, companies are encouraged to employ



Christian Tegethoff

Managing Director, CT
Executive Search

Saudis via quota regulations. This can be quite challenging, since at this point, there aren't that many qualified and motivated local candidates. Correspondingly, domestic and foreign companies are faced with challenges if, due to their size or industry, they fall under the Saudification regulations.

With European, but also with many Arab and Asian candidates, Saudi Arabia is the most unpopular location among the GCC countries due to its religiously motivated regulations and restrictions. For many, the most attractive location is clearly the UAE, followed by Qatar and the other Gulf states with comparatively liberal legislation.

Expatriates already residing in the GCC states are usually gainfully employed, and have to be headhunted.

How has the Coronavirus pandemic affected executive recruitment?

During the spring lockdown, European companies rarely started new executive search processes, and some of the assignments that were running at the time were temporarily frozen. Many companies continued to wait over the summer to see which direction things would take. Since the beginning of the fourth quarter, however, we have seen that companies are returning to their long-term strategies, including expansion into new markets.

Due to travel and contact restrictions, discussions with candidates and clients are currently largely conducted via video. However, video interviewing does not endanger the successful identification and evaluation of candidates, and thus, project success in any way.

Organizing personal talks between candidates and clients is challenging, though. Typically, the company representatives entrusted with the recruitment are situated in their corporate headquarters in Western Europe, while the candidates are based in a country in the Middle East. As a rule, communication via video must also be used here; meetings in third countries are also a possible option in certain situations.

Here it is important to observe the constantly changing travel and quarantine rules, and look for flexible solutions.

“PICK CANDIDATES THAT ARE SOCIALLY FLEXIBLE”

The explosion on August 4th in Beirut shook the world. How are you doing these days, what is the economic situation in Lebanon?

The Beirut explosion was the product of 30 years of negligence and corruption on the part of the Lebanese government.

In the last years before the explosion, Lebanon had been facing an extremely difficult social, economic and political situation. It all started when the Lebanese government agreed to enforce a fee on every WhatsApp user.

The protests were not a result of the proposed WhatsApp fee, but this decision was definitely the straw that broke the camel's back.

Upon the announcement of the government's proposal, citizens began taking to the streets to protest against the detrimental financial situation, horrible living conditions, corruption, etc.

On top of all of this, the Lebanese currency has been devalued due to a Ponzi-scheme-like financial engineering strategy by the central bank and private banks. A lot of businesses stopped their activities and no new businesses were created. This resulted in an unemployment rate of more than 30%.

Kawas Consulting lost more than 80% of its local business. Hence, we decided to launch our Paris-based operations. Currently, we rely mostly on our business with the Gulf region and Africa.

What specific issues should European companies consider when recruiting for management positions in the GCC countries?

The culture in this region of the world is totally different. A manager who fits in Europe doesn't necessarily fit in the GCC area. Etiquette and manners differ enormously. For example, when going to a business meeting, it is common to talk about family, personal interests and personal life before or after talking about business, while in Europe, this is usually not the case.

Other examples of differing cultural norms and sayings: “In Sha Allah” is often used to gently say “no” – but sometimes to say “yes”, which can be confusing. People in the GCC like to talk and consider any gathering as a potential place to find new partners.

Companies should thus pick candidates that are socially flexible and well-read/informed about the differences in culture.



Aouni Kawas

is the founder and Managing Director of Kawas Consulting, an executive search company headquartered in Beirut, Lebanon. CT Executive Search cooperates with Kawas Consulting on assignments across the Middle East and the Gulf Region.

How does the nationalization policy of the GCC (e.g. "saudification") states influence your executive search assignments?

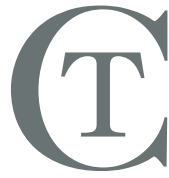
The nationalization policy in this area has a strong influence on our executive search mandates. It renders tasks difficult since our researchers struggle to find local talent that is suitable for the advertised positions. Knowing fully well that they are in high demand, the local candidates invited to fill these executive positions then proceed to make exorbitant demands with regards to their remuneration packages.

Actually, we had the opportunity of working with governmental entities, where we had to place foreign experts. These experts were shadowed, and had to report to a local that had no relevant experience, while their wages were more than double that of the expert. This led to quite a few frustrations on the part of the experts.

What developments do you expect on the HR markets of the Middle East in 2021?

During 2020, COVID-19 has been hard for everyone, and a lot of new projects and jobs were lost.

We believe that in 2021, the HR developments in the area will suffer due to the bad political situation between the GCC countries and Iran. If no solutions are found, the overall economy and not only HR will suffer. Unfortunately, governments are currently spending more on the military, instead of investing in social capital – the necessary tool for economic growth and prosperity.



EXECUTIVE SEARCH



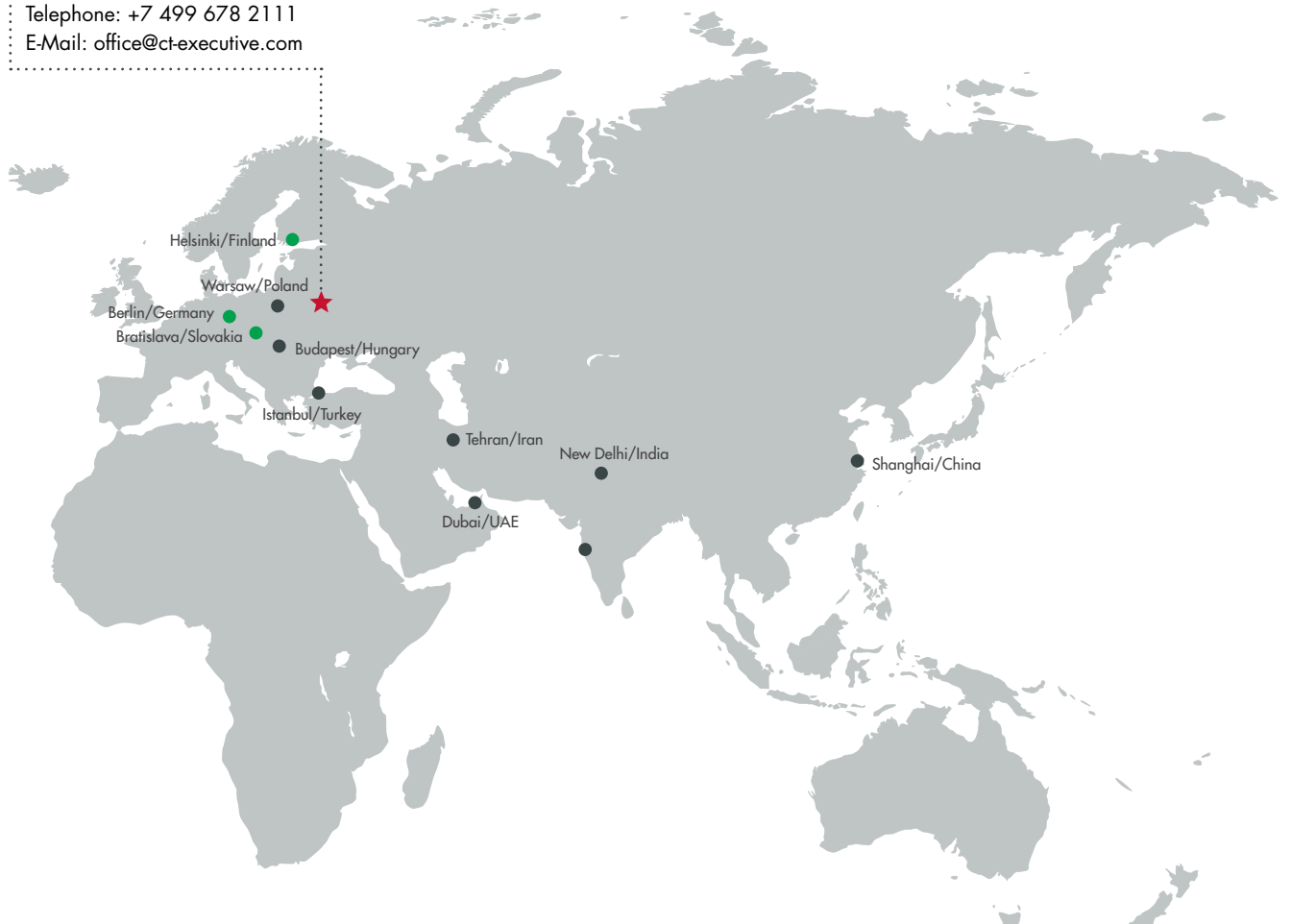
EXECUTIVE SEARCH EXPERTS IN EASTERN EUROPE AND THE EMERGING MARKETS

CT Executive Search focuses on placing key positions in Eastern Europe and the Emerging Markets – in Russia / CIS, Africa, the Middle East and Asia. We are experts in cross-border search processes and identifying high-performing candidates, adding value to international companies. Leveraging a broad network of analysts and consultants across Eastern Europe and the emerging markets, CT Executive Search has established itself as a reliable partner to well-reputed multinational companies.

MOSCOW

CT Executive Search LLC
Central Office
Shlyuzovaya nab. 8,1
115114 Moscow, Russia
Telephone: +7 499 678 2111
E-Mail: office@ct-executive.com

- ★ CT Executive Search Central Office
- CT Executive Search Liaison Locations
- International Partner Offices/ Research Capacities





EXECUTIVE SEARCH



EXPERTEN FÜR BESETZUNGEN IN OSTEUROPA UND DEN EMERGING MARKETS

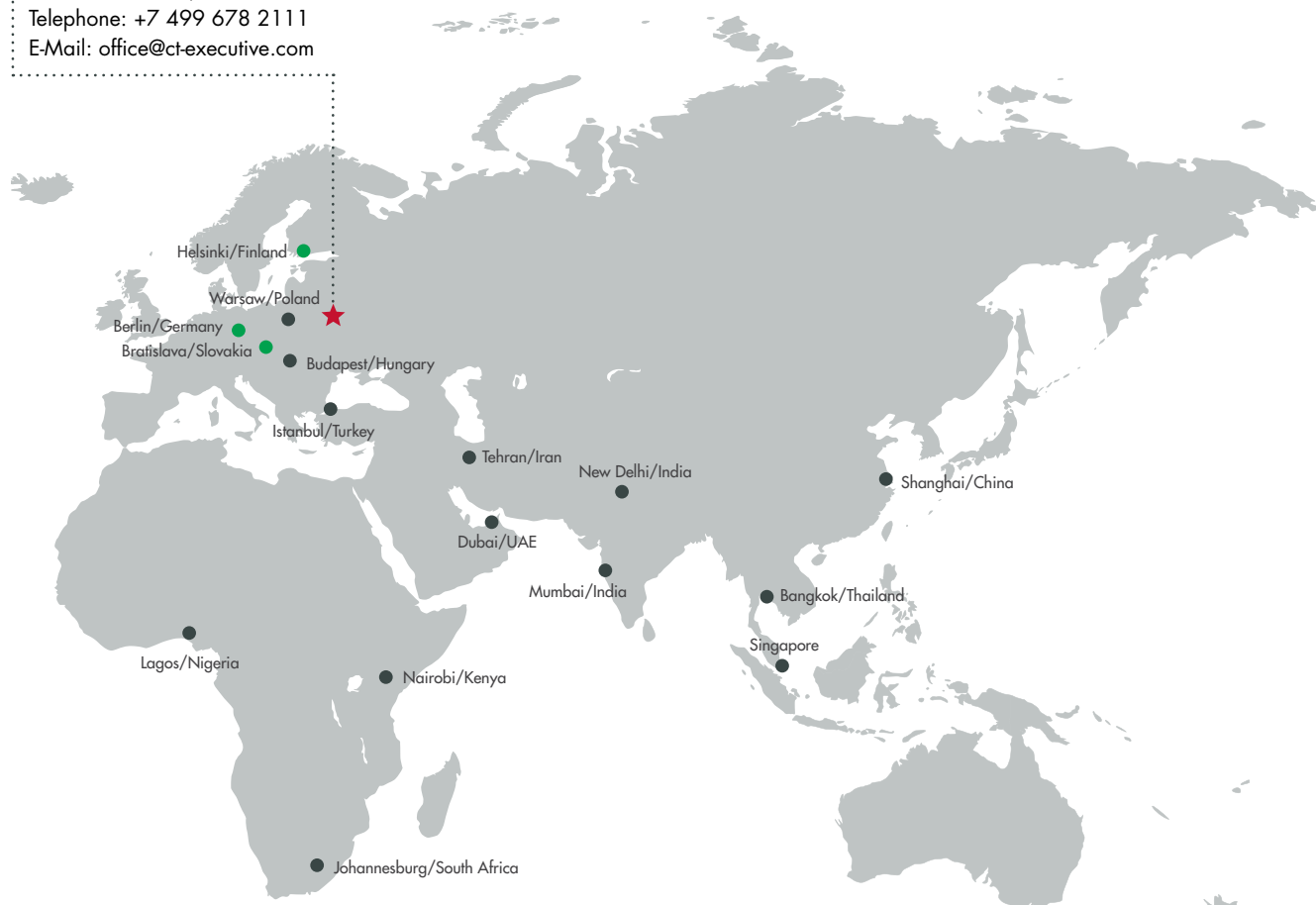
CT Executive Search ist eine Personalberatung mit Schwerpunkt auf Besetzungen in Osteuropa und den Emerging Markets. Unsere Kompetenz ist es, Führungspositionen in Osteuropa, Russland/GUS, Afrika, dem Mittleren Osten und Asien effektiv zu besetzen.

Wir sind Experten in der Abwicklung grenzüberschreitender Suchprozesse und kennen die Eigenschaften, die Kandidaten für die erfolgreiche Arbeit in internationalen Unternehmen benötigen. Dazu greifen wir auf ein weit verzweigtes internationales Beratungs- und Research-Netzwerk zurück.

MOSCOW

CT Executive Search LLC
Central Office
Shlyuzovaya nab. 8,1
115114 Moscow, Russia
Telephone: +7 499 678 2111
E-Mail: office@ct-executive.com

- ★ CT Executive Search Central Office
- CT Executive Search Liaison Locations
- International Partner Offices/ Research Capacities



WEBINAR

"AGILE SCENARIO PLANNING – OPPORTUNITIES FOR INVESTMENT & EXPANSION IN EUROPE

Wir laden Sie herzlich zur Teilnahme an unserem Webinar am 30. September ein. Diskutieren Sie gemeinsam mit uns die aktuellen Möglichkeiten zu Investitionen, Geschäftsexpansion und Rekrutierung in Europa.

DATUM: 30. SEPTEMBER 2020

BEGINN: 9:30 - 11:00 UHR MEZ

Die Teilnahme ist kostenlos.

Die Veranstaltung wird von **CT Executive Search** und **Nordic Minds** organisiert.

SPRECHER UND THEMEN:

- **Tadzio Schilling**, Chief Executive Officer, Association of European Businesses (AEB)
Thema: European Business in Russia: Improve, Adapt, Overcome
- **Edward Blomstedt**, Chief Executive Officer, AirFaas
Thema: The Nordic and Baltic countries can be a new global, manufacturing powerhouse – nearshoring in a post crisis era
- **Christian Tegethoff**, Managing Director, CT Executive Search
Thema: The State of the Labour Markets: Current Recruitment Opportunities Across Europe - Russia, Eastern Europe and Germany
- **Marcus Honkanen**, Managing Partner, Nordic Minds
Thema: Engaging Executive Talent in Central and Northern Europe – a Pan-European Perspective and Status Quo of the Market

Im Anschluss an die Vorträge wird es Gelegenheit geben, Fragen zu stellen und die Themen zu diskutieren.

Das vollständige Programm können Sie [hier](#) herunterladen.

Zur Teilnahme ist eine **Voranmeldung notwendig**. Klicken Sie [hier](#), um sich zu registrieren.

Sie erhalten die Zoom-Anmeldedaten zur Teilnahme einen Tag vor dem Webinar.
