

School of Business: GWSB News

Panel Examines Economic Crisis' Affect on the Persian Gulf Region



Left to right, Salah Hassan, professor of marketing; former U.S. Ambassador Patrick N. Theros; journalist Claude Salhani; and author Elena Panaritis.

At a gathering sponsored by the School of Business, a panel of Middle East experts discussed how the global economic crisis is affecting the fast-growing, oil-rich Persian Gulf region.

Salah Hassan, a GWSB professor of marketing, opened the April 21 panel by highlighting the dramatic growth seen in the region between 2002 to 2008. He said the economy of the Gulf Cooperation Council – a six-country trade bloc – more than doubled in size during the period. However, current global economic conditions have sparked corporate bankruptcy, job losses and reduced operations by many multinationals.

Still, Hassan noted, the GCC economy, made up of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates, is the 17th largest in the world, controlling nearly 45 percent of the world's recoverable oil deposits. It is the world's largest defense spender, directing 32 percent of its GDP, or \$52 billion, to arms and defense equipment.

The GWSB professor served as moderator of the forum titled "Psychology of a Crisis; How the GCC States Have Reacted to the Current Economic Crisis." He stressed that growth potential is especially strong in Saudi Arabia, the United Arab Emirates, Qatar and Kuwait.

Panelist Claude Salhani, chief editor of the Middle East Times, talked about media coverage of the economic crises and why some Gulf countries are safer for business investments than others. Patrick Theros, former U.S. ambassador to Qatar and president of the U.S.-Qatar Business Council, also spoke about the business climate.

Elena Panaritis, director of the Panel Group, an advisory group that invests in undervalued property, talked about how the crisis has affected the property market in the Gulf. She discussed real estate as well as the informal economy of the region. Panaritis, who wrote the book "Prosperity Unbound: Building Property Markets with Trust," offered business solutions and policy recommendations for the GCC region.

Hassan noted that the real estate sector is estimated to contribute as much as 10 percent to the GDP of the GCC economy. In absolute terms, he said, the largest contribution comes from Saudi Arabia and United Arab Emirates, with \$12.8 billion and \$9.6 billion, respectively. The real estate market in the GCC grew 22.3 percent between 2002 and 2008, he added.

The panel discussion, which was sponsored by the GWSB GCC Club, drew about 50 participants from the University, the World Bank and D.C.-area businesses. The event concluded with a reception and a book-signing ceremony.