

# The 2025 Middle East Economic Outlook Report



# PREFACE

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'Middle Eastern Economic Outlook 2025' is a comprehensive report that helps you understand the transformative economic trajectory of the Middle East. The report highlights the collective progress of its nations, key reforms and pivotal developments shaping the region's future.

Focusing on critical economic drivers, the report provides readers with valuable insights into the Middle East's evolving business ecosystem, offering a nuanced view of the Middle Eastern diversified and sustainable economy.

The report explores significant government reforms, regional collaborations, and global economic challenges shaping the way the region conducts its business operations, locally and globally, alike.

Leveraging statistical data from August 2024 to January 2025, the report analyzes the role of key industries such as renewable energy, manufacturing, technology, healthcare, retail, e-commerce, etc., in fostering growth.

To deepen the analysis, primary research was conducted by gathering insights from over 100 top executives across various Middle Eastern industries. These real-time perspectives, coupled with statistical data, provide a robust framework for businesses to develop a 10-year strategic vision aligned with the region's current economic trajectory.

The report presents a strategic roadmap for businesses seeking opportunities in the Middle East, as it highlights proven benchmarks from regional success stories and globally set standards.

The region is poised for rampant economic diversification supported by swift government action. After a thorough analysis of the emerging trends across industries, this report showcases how the collaborative effort from the member nations with government initiatives enabled accelerated innovation and technological advancements that support businesses through this economic transformation.

Positioned at the crossroads of the Middle East's economic diversification and digital revolution, PACT Software Services LLC offers transformative ERP solutions tailored to regional ambitions in smart cities, advanced manufacturing, and financial innovation.

Our ERP solutions align seamlessly with regional priorities, such as smart cities, advanced manufacturing, and financial innovation. With PACT, organizations can streamline workflows, boost efficiency, and position themselves for long-term growth in a highly competitive global economy.

Whether you are a global corporation or a small enterprise, this report serves as an exhaustive guide to unlocking potential in one of the most promising economies of the future.

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# 1. INTRODUCTION

The Middle Eastern economy in 2025, is poised for transformative growth, weaving a narrative of innovation and diversification. While the region remains synonymous with its oil and natural gas reserves, the future promises a shift toward sustainable and diversified industries.

**“Ethical reforms and bold investments are powering the Middle East’s ambitious 2025 vision, creating opportunities across diverse industries.”**

The Middle Eastern region is now crafting a vision for 2031 that emphasizes diversification and self-reliance. This transition involves ethical reforms and strategic investments across energy, healthcare, manufacturing and financial sectors.

The oil and gas sector, on the other hand, is embracing technology and automation to achieve greater operational efficiency, improved predictive maintenance and enhanced sustainability.

Governments are also investing heavily in digital transformation to drive innovation. Fintech hubs (such as Dubai and Riyadh) are leading this wave, drawing international attention. Energy sector sustainability goals are spurring investments in renewables and AI-powered solutions.

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Fueling sustained industrial growth, Saudi Arabia has invested \$132 billion in manufacturing and plans to expand to 36,000 factories by 2035.<sup>1</sup>

Meanwhile, the push to establish the Middle East as a manufacturing hub underscores the need for workforce upskilling in cutting-edge technologies, particularly in advanced factories.

To fortify digital ecosystems, organizations across the Middle East are adopting robust cybersecurity measures aligned with key national strategies. Prominent ones include Saudi Arabia's National Cybersecurity Authority and the UAE's Cybersecurity Strategy.

5G technology is another critical focus, promising ultra-fast connectivity and low latency. This transformative infrastructure will fuel IoT-powered solutions for rapid connectivity and reduced latency.

A technological leap, such as this, is set to accelerate the development of smart cities and revolutionize industries such as healthcare, transportation, and manufacturing.

Saudi Arabia's allocation of US\$1 trillion to infrastructure development is a call to businesses worldwide to partner in shaping the cities of the future.<sup>2</sup>

Poised for transformative growth in 2025, this collaborative growth hub is focusing on diversified industries, digital transformation and infrastructure modernization. With a strategic shift away from oil dependence, dominant Middle Eastern countries are spearheading advanced industrialization and integrating sustainable energy solutions across the region.

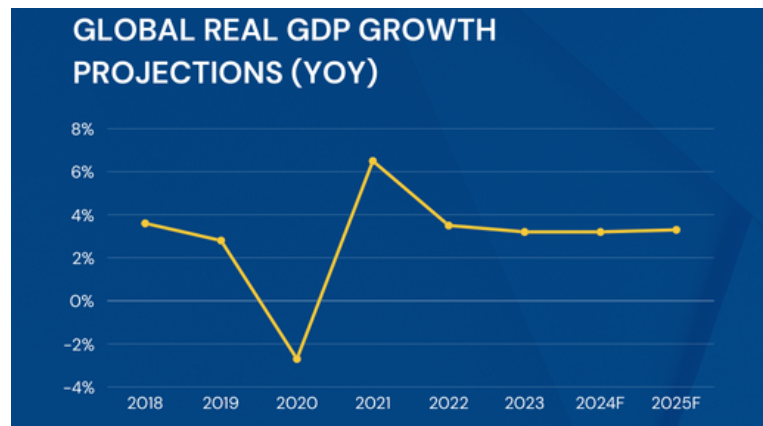
This scalable transformation positions the Middle East as a dynamic economic and cultural hub, promising the world, exceptional service excellence and redefining urban living with unparalleled experiences.



## 1.1. AN OUTLOOK OF THE GLOBAL ECONOMY IN 2025

Forecasts for 2025 indicate steady global economic growth, with developed nations prioritizing sustainability and reduced resource dependence. Low-income countries, on the other hand, are expected to be key contributors to economic momentum. These trends underscore the importance of targeted global and national policies to drive trade, stability, and development.

Accounting for 60% of global growth in 2025-26, emerging markets and developing economies (EMDEs) are set to be the driving force behind the world's economic expansion.<sup>3</sup>



The increasing influence of middle- and low-income nations signals significant growth opportunities for the Middle East, where key economies such as Bahrain, Saudi Arabia, and the UAE are channeling investments into high-growth sectors such as manufacturing, logistics, banking and finance.

Moreover, with AI-powered digital ecosystems penetrating every sector, the Middle Eastern economy is set for accelerated growth.

By embracing globalisation trends, the region is prepared to transform consumer experiences through strategic corporate alliances, tourism investments and workforce upskilling.



## 2. GOVERNMENTS AT THE HELM OF MIDDLE EAST'S ECONOMIC GROWTH

A new economic revolution has dawned on the Middle East, powered by the concerted efforts of regional governments to implement meticulously crafted strategic initiatives.

According to the World Bank, the Middle East and North Africa region's growth is expected to pick up to 3.4% in 2025 and 4.1% in 2026, indicating a positive economic trajectory supported by these governmental initiatives.<sup>4</sup>

Saudi Arabia exemplifies this momentum with a robust push toward renewable energy and iconic developments such as NEOM, The Red Sea Project and Qiddiya. These mega projects aim to integrate sustainability, technology and luxury in reimaged urban landscapes.

Saudi Arabia is making significant strides in clean energy, investing US \$50 billion to drive innovation and sustainability across the region.<sup>5</sup>



<sup>4</sup> Reuters poll: Egypt's economy expected to grow by 4% on IMF reforms

<sup>5</sup> Saudi Arabia Investment Outlook 2025: Opportunities for Foreign Businesses



By dedicating more than US\$1 trillion to infrastructure in 2025, Saudi Arabia creates a dynamic environment for businesses eager to innovate in the future of urban living.<sup>6</sup>

At the same time, UAE's Centennial 2071 vision propels non-oil economic growth and robust infrastructure investments. This pivot built a comprehensive vision for the future of the nation, with the government supporting economic diversification through significant infrastructural investments.

The GDP growth in the UAE is projected to grow by 5% year over year, to outperform global GDP growth.<sup>7</sup>

Consumer spending in the UAE is projected to grow by 4.3%, fueling the country's accelerated growth.<sup>8</sup>

Across the Middle Eastern region, rapid digitization and innovation empower consumers with greater choices and enhance business efficiency, creating a vibrant and dynamic economy.

Furthermore, governments across the region are actively courting international expertise, creating policies that enable a seamless transition for expats and fostering an inclusive economic framework.

By welcoming international expertise and fostering economic inclusivity, Middle Eastern governments are positioning the region as a global leader in innovation, growth, and sustainability for 2025 and beyond.



<sup>6</sup> Reuters poll: Egypt's economy expected to grow by 4% on IMF reforms

<sup>7</sup> MasterCard Economic Institute: Economic Outlook 2025

<sup>8</sup> MasterCard Economic Institute: Economic Outlook 2025

# 3. MANUFACTURING

The Middle East is undergoing a remarkable transformation, with the Gulf Cooperation Council (GCC) countries striving to become a global nexus of tourism, luxury and innovation. This collective push is redefining the Middle East's economic future, blending a drive for global domination in high-tech manufacturing and infrastructure.

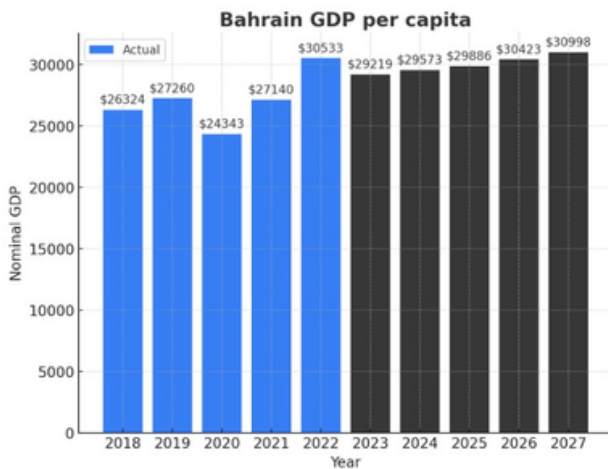
**“Blending innovation, luxury, and industrial development, the GCC is crafting a future where the Middle East becomes a global nexus of economic and cultural brilliance.”**

With a clear vision to accelerate industrial development, the UAE is rapidly expanding its factory set-up, positioning itself as a global hub for rapid economic and cultural growth.

By 2029, the UAE's manufacturing sector is forecasted to hit \$45.6 billion, supported by a steady annual growth rate of 2.46% from 2025, showcasing its resilience and future promise.<sup>9</sup>

Saudi Arabia, too, is leveraging strong governmental initiatives to establish itself as a regional manufacturing hub through advanced AI and digital transformation. The Kingdom's commitment to sustainable electronics manufacturing is underpinned by strategic collaborations with local and international industry leaders, reinforcing its dominance in the Middle Eastern economic growth strategy.

With \$132 billion invested in manufacturing, Saudi Arabia's industrial sector is poised for sustained expansion. By 2035, the Kingdom aims to boost its industrial footprint by increasing the number of factories to 36,000.<sup>10</sup>



Bahrain GDP per capita | IMF World Economic Outlook, October 2024

However, the Middle East's ambitious industrial aspirations face a persistent challenge: a global shortage of skilled workers. With ambitious projects and ongoing infrastructural needs, the region's usual pulls and pressures of a talent-starved economy are on full display.

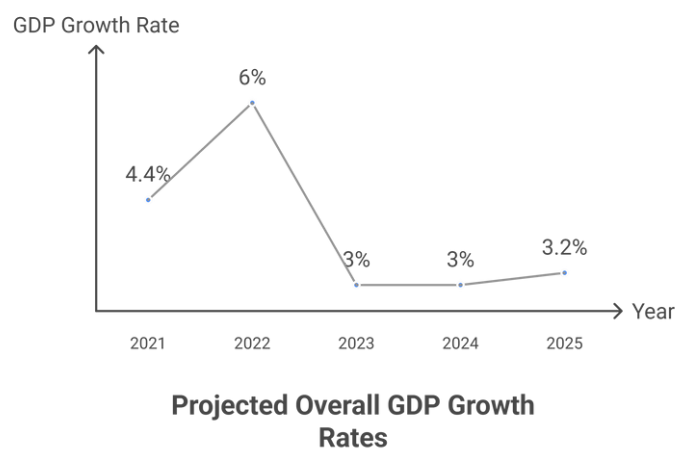
As state-of-the-art factories integrate AI and advanced technologies, the demand for high-skill talent intensifies. This talent gap is particularly pressing as the UAE accelerates factory expansions to align with its vision of becoming a leading global destination.

Backed by digital transformation and strategic partnerships, the kingdom is setting a benchmark for innovation and resilience in the Middle Eastern manufacturing sector.

To support manufacturing, Middle Eastern governments are making bold strides to achieve their economic goals, with a dual focus on building domestic human capital and attracting highly skilled global talent.

Meanwhile, more than 100 projects, backed by millions in pledged investments from global and regional companies, are set to generate thousands of jobs. These efforts are set to create thousands of jobs and harness the region's robust infrastructure and strategic advantages.

Saudi Arabia is leveraging international collaborations to create 39,000 skilled jobs by 2030, with a long-term vision of exporting its manufacturing expertise worldwide.<sup>11</sup>



Figures for 2024 and 2025 are IMF forecasts IMF World Economic Outlook, October 2024



## 3.1. UNLOCKING EFFICIENCY: HOW AI POWERS SMART MANUFACTURING

AI is reshaping the skilled workplace as manufacturing firms embrace 3D simulation and VR technologies to create interactive factory models and offer immersive experiences.

Video conferencing now enables apprentice workers to interact with full-scale factory facilities, while professionals see AI as an invaluable collaborator. Many industry professionals believe AI will become an essential teammate in daily operations.

The next five years will see AI deeply embedded in the manufacturing sector, as 84% of UAE professionals and 82% in Saudi Arabia foresee its profound influence on workplace dynamics.<sup>12</sup>

To adapt to this digital shift, Middle Eastern governments are revolutionizing education and encouraging companies to leverage automation for workforce development programs.

Businesses, on the other hand, leverage automation to close skill gaps with targeted training initiatives. Manufacturing companies across the region are integrating automation into training initiatives, ensuring their workforce is equipped for the future.

This progressive talent ecosystem invites AI-focused startups to establish themselves in the region, creating a thriving market to support the thriving Middle Eastern manufacturing sector.



**“The Middle Eastern talent ecosystem serves as a magnet for AI-driven startups, creating a fertile ground for innovation in the manufacturing sector. Accounting for 60% of global growth in 2025-26, emerging markets and developing economies (EMDEs) are set to be the driving force behind the world’s economic expansion.”**

With international partnerships promoting knowledge transfer, the region is creating new opportunities for talent development and robust training infrastructure. These developments are driving investments in training infrastructure while creating a solid foundation for sustained growth in the manufacturing industry.



# 4. RENEWABLE ENERGY

**“The Middle East is redefining sustainability with a renewable energy ecosystem that sets a global benchmark.”**

Committed to sustainability and economic diversification, the Middle East is building a future that transcends oil dependency. This shift is reflected in the region’s GDP, which is increasingly driven by resilient, non-oil initiatives and the development of a world-class renewable energy ecosystem.

Recent developments, such as the UAE’s \$15 billion renewable energy agreement with the Philippines under the GCC’s partnership, reflect the momentum behind clean energy adoption in countries like the UAE and Saudi Arabia.

Solar power and other renewables are central to the Middle East’s mission to achieve economic diversification and stability to navigate the dynamic global energy market.

While Bahrain and Kuwait depend entirely on fossil fuels for electricity (100%) and Saudi Arabia stands at 99%, the UAE has successfully reduced its reliance to 83%, underscoring its dedication to transitioning toward renewable energy sources.

By promoting a balanced integration of conventional and clean energy, the UAE reinforces its commitment to traditional and renewable energy goals outlined in its Energy Strategy 2050 and National Hydrogen Strategy 2050.





## 4.1. TAPPING INTO THE POWER OF THE SUN

The Middle East's solar ambitions are rooted in a comprehensive energy policy that sets the stage for rapid transformation. The Middle East Solar Industry Association (MESIA) Solar Outlook Report 2025 echoes this vision, highlighting the region's potential for solar-driven growth.

The World Future Energy Summit 2025 in Abu Dhabi further underscored the UAE's central role in driving the solar energy transformation. With its vast solar PV capacity, the UAE is well poised to pioneer the green energy revolution in the Middle East.

The International Renewable Energy Agency highlights the UAE's dominance in renewable energy, noting that it hosts an impressive 65% of the GCC's installed solar PV capacity.<sup>14</sup>

Dubai, on the other hand, continues its unprecedented efforts with the Mohammed Bin Rashid Al Maktoum Solar Park, targeting a massive 5,000 MW capacity by 2030 and reinforcing its leadership among global green energy players.

By 2050, the Mohammed Bin Rashid Al Maktoum Solar Park aims to deliver 75% of its energy from renewable sources, marking a bold step toward a greener future.<sup>15</sup>

As part of its Vision 2030, Abu Dhabi is championing renewable energy with landmark projects like Noor Abu Dhabi and the Barakah Nuclear Energy Plan, which will collectively meet 25% of the UAE's electricity demands.



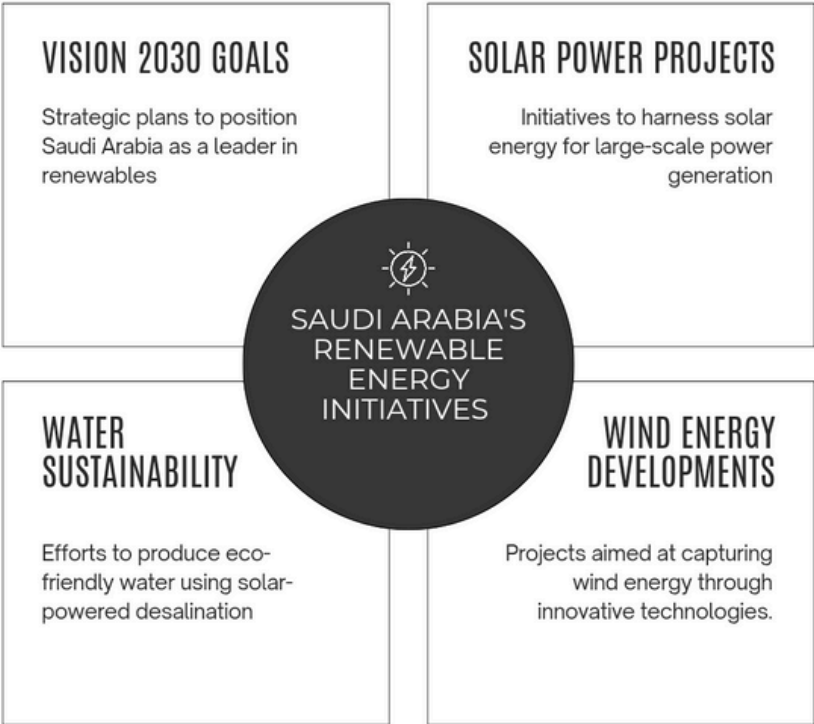
# 4.2. SAUDI ARABIA'S BOLD ENERGY LEAP WITH GREENFIELD PROJECTS

Saudi Arabia joined the renewable energy journey with innovative solar and wind power plants. The ACWA Power-Badeel partnership exemplifies this progress, with plans to power over 350,000 homes by 2025.

At Neom Business City, the Kingdom is advancing water sustainability with the solar dome desalination plant, which leverages solar power to produce affordable, eco-friendly water.

Driven by Vision 2030, Saudi Arabia's focus on solar energy reflects its dedication to sustainability and positions it as a future global hub for renewable energy.

With large-scale projects, such as these, the Middle East is cementing its role as a major contributor and future leader in global green energy exports.



## 5. TECHNOLOGY

With a rapidly evolving digital landscape, the Middle East is embracing transformative technologies like AI and IoT to redefine urban life. Fueled by an unparalleled focus, AI and ML are leading the charge as the region's flagship technologies.

A recent PwC forecast highlights the transformative potential of AI, projecting it to contribute a staggering \$320 billion to the Middle East's GDP by 2025.<sup>16</sup>

Governments and businesses across the region are embracing these transformative technologies to reinvent key sectors from energy to e-commerce. The GCC, in particular, is pioneering this shift with investments in data sovereignty and cloud infrastructure, supported by global ecosystem partnerships and localized data centers.

By 2030, Saudi Arabia is poised to experience the region's largest economic gains from AI, with an estimated \$135.2 billion contribution, representing 12.4% of its GDP.<sup>17</sup>

The region's commitment to digital transformation is evident in its robust investments in cloud infrastructure, national strategies, and AI-powered solutions for sectors across the spectrum.

This digital shift is not confined to a single sector. Industries such as healthcare, finance, retail, and energy are embracing AI-powered diagnostics, hyper-personalized e-commerce, and advanced risk mitigation systems.

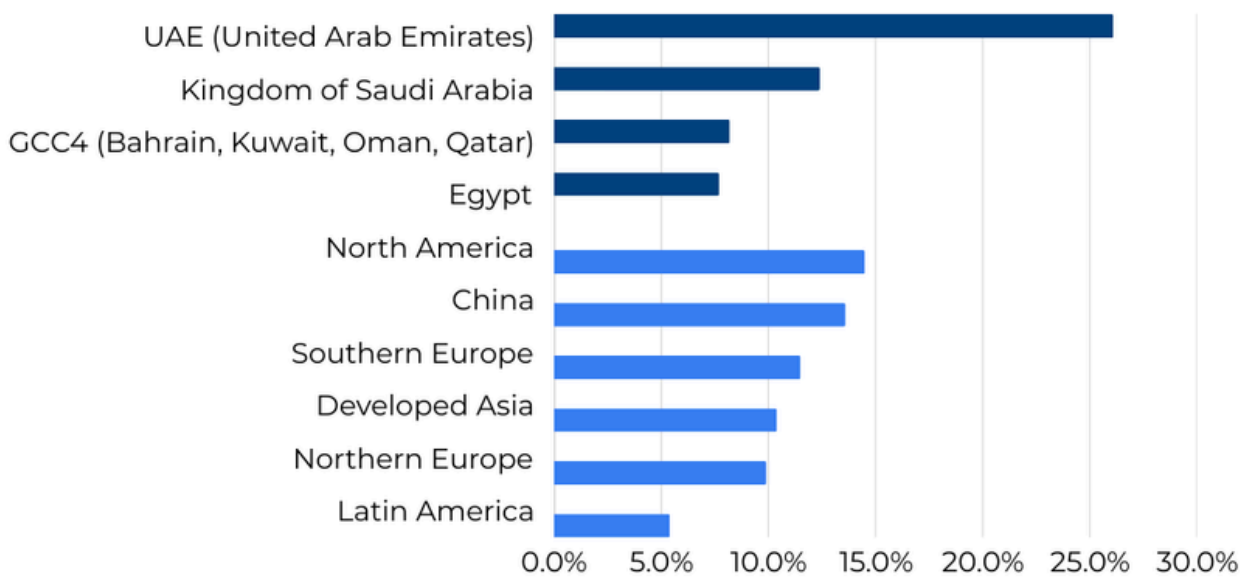
**“The Middle East's economic growth is anchored in three key pillars: digital innovation, AI and strategic investments.”**



IoT integration is further amplifying this revolution by transforming urban infrastructure into smart, interconnected ecosystems. Furthermore, IoT has an incredible potential to streamline city functions such as traffic management, energy use, and waste disposal.

As the region accelerates its adoption of emerging technologies, the Middle East is emerging as a global leader in digital innovation and economic diversification, transforming both industries and lives.

**CONTRIBUTION OF AI TO  
GDP BY REGION, 2030**



Vision 2030 Kingdom of Saudi Arabia, "National Transformation Programme 2020."  
World Bank (2017), "Unemployment, youth total (% of total labor force ages 15-24)."

## 5.1. SMART HOMES, A NEW ERA OF CONVENIENCE & EFFICIENCY

2025's Middle East will be a beacon of opulent urban living, where cities are shaped by the fusion of futuristic design and smart home innovations. Central to this evolution is the Internet of Things (IoT), acting as a robust backbone for the region's smart city projects.

These smart cities are designed to be adaptive, sustainable and responsive to the diverse needs of residents. Not only are they integral to the region's green energy ambitions, but they also represent a new approach to urban living.

With almost 60% of the region's population projected to be urban dwellers, Middle Eastern metropolitan hubs are driving unprecedented economic growth.<sup>18</sup>

Masdar City in the UAE is leading the way, addressing sustainability challenges with innovative solutions like zero waste systems and energy-efficient transport. Lusail City in Qatar, meanwhile, finds a fine blend of culture and technology through green spaces and inspiring cultural experiences through authentic museums and galleries.

**“The bustling Masdar City houses a population of 40,000 residents and serves as a base for 1,500 businesses.”**

At the core of these developments is the drive for smart governance, where digital solutions enhance city services and improve the quality of life for citizens. They are leveraging IoT, AI, and cloud computing to establish smart governance systems that enhance public services and convenience.

This convergence of technology and urban design is expected to create countless opportunities for businesses and talent across the region.

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## 5.2. SMART TECH: MIDDLE EAST'S NEW BUSINESS FRONTIER

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The integration of IoT in smart cities is set to unleash a vast array of exciting business opportunities, particularly in energy optimization, waste management, and public service innovation.

These expansive infrastructures are not just innovative urban landscapes but essential service hubs fostering a vibrant ecosystem of diverse business services. As an abundance of data traverses this vast network, cloud adoption is anticipated to surge in the Middle East, supported by government initiatives designed for digital transformation and data governance.

The shift toward multi-cloud and hybrid-cloud architectures will inevitably lead to substantial investments in cloud security. This scenario creates fertile ground for implementing AI-driven threat detection and response mechanisms, presenting a prime opportunity for zero-trust cybersecurity frameworks.

Concurrently, the role of public-private collaboration will be instrumental, as governments and corporations jointly develop threat intelligence strategies, conduct collaborative training sessions, and promote innovation in smart technologies and cybersecurity solutions.

**“By 2025, Middle Eastern businesses will seamlessly integrate cybersecurity to foster unwavering trust with their customers.”**



## 5.3. AI FOR GOOD: THE UAE'S VISION FOR SMART GOVERNANCE

At the heart of the UAE's economic strategy lies a commitment to innovation and excellence. This multifaceted approach prioritizes the development of world-class products and services across key sectors like logistics, transportation, smart infrastructure, green energy and smart governance.

A PwC study projects that AI will significantly boost the Middle Eastern economy, contributing a substantial AED 353 billion to the region's GDP by 2030.<sup>19</sup>

By nurturing these potential industries, the country aims to diversify its economy and enhance its global competitiveness. This includes developing AI-driven platforms to facilitate global trade, streamlining government services, and proactively addressing the ethical and societal implications of AI development.

**“Recognizing the transformative potential of AI, the UAE is actively fostering an AI-powered ecosystem.”**

As an extension of this progress, the Middle Eastern region is strategically investing in 5G technology to enhance connectivity and drive human progress. The Middle Eastern governments, through 5G adoption, are striving to enhance their competitiveness and attract foreign investment.

5G will play a critical role in improving the quality of life for citizens by enabling the development of smart cities, improving healthcare delivery through telemedicine and remote patient monitoring and revolutionizing transportation systems with autonomous vehicles and smart mobility solutions.

Furthermore, 5G will empower industries such as manufacturing and logistics through advancements in automation, remote operations and seamless technology integration.

By integrating AI with the dynamics of diversified communities, the UAE is creating a more efficient, sustainable and inclusive society. The UAE AI Vision 2031 emphasizes the importance of responsible AI adoption, ensuring that smart tech benefits society and minimizes potential risks.

Moreover, the UAE is playing a crucial role in guiding other countries in the Middle East on responsible AI adoption, helping them navigate the opportunities and challenges presented in the developmental journey.

## MIDDLE EAST'S 5G AND AI STRATEGY



## 6. FINTECH

The Middle East's fintech sector is experiencing explosive growth in 2025, driven by a surge in digital payments and the rise of Central Bank Digital Currencies (CBDCs), a collaborative central bank network.

By fostering collaboration between governments, financial institutions, and fintech companies, the region is creating a more inclusive and accessible financial system. This concerted environment, fostered by partnerships between governments, financial institutions, and fintech companies, is transforming the region into a hub for financial innovation.

The International Monetary Fund (IMF) reports that nearly two-thirds of Middle Eastern countries are exploring the implementation of Central Bank Digital Currencies (CBDCs) to unlock significant potential benefits, including increased financial inclusion and more efficient cross-border payments.<sup>20</sup>

CBDCs offer significant advantages, including streamlined cross-border payments, reduced transaction costs and enhanced financial inclusion for underserved populations.

**“A robust CBDC network fosters a more competitive and efficient financial system.”**



## 6.1. A GLOBAL POWER PLAY

By creating a robust regulatory framework that supports innovation while ensuring consumer protection and financial stability, the Middle East can sustain this growth trajectory and solidify its position as a global leader in the fintech landscape.

Furthermore, CBDCs eliminate inefficiencies and significantly reduce transaction costs. This benefits consumers by making international transfers faster and cheaper. a robust CBDC network empowers central banks with greater control over monetary policy, enabling them to effectively create and issue new digital currencies.

Diversity in digital currencies fosters a more competitive and efficient financial system. This ultimately translates to lower costs for financial services and improved access to financial assets for individuals and businesses.

## 6.2. CURRENCY DIVERSIFICATION

A sustainable financial ecosystem in the Middle East is emerging, characterized by a growing reliance on intra-regional trade and transactions in local currencies. This move, coupled with strengthened international relations and a diversified approach to global partnerships, enhances the region's economic resilience.

Concurrently, as Saudi Arabia emerges as a regional financial hub, attracting foreign investment and driving innovation, the Middle East is positioning itself for long-term economic growth and prosperity.



## 6.3. OPEN FINANCE: THE MIDDLE EAST'S MONETIZATION FRAMEWORK

The Middle East is embracing a new era of financial services, driven by the convergence of Banking-as-a-Service (BaaS) and Open Finance. By fostering collaboration between banks and third-party providers, these initiatives are creating a more inclusive and accessible financial ecosystem.

Open Finance encourages responsible cross-sectoral data sharing and promotes fair competition. Backed by robust API integration, the framework ensures that customers can share their financial data with trusted third-party providers.

Through Open Finance, customers can seamlessly access a range of financial products and services through a single platform and transaction through an Uber-like experience.

According to a recent research report, Saudi Arabia is on a transformative journey to become 70% cashless by 2030, aligning with its vision for a digitally driven future.<sup>21</sup>



By fostering a more customer-centric approach, Open Finance is expanding the scope of expert financial advisory in the Middle East and revolutionizing the business ecosystems of customers, banks and financial institutions, alike.

Open Finance has opened new avenues of business in the Middle East. For example, customers can link their accounts across several banks in the region to receive personalized financial recommendations. This, in turn, creates a financial advisory ecosystem that makes customer banking digitally seamless.

# 7. OIL & GAS

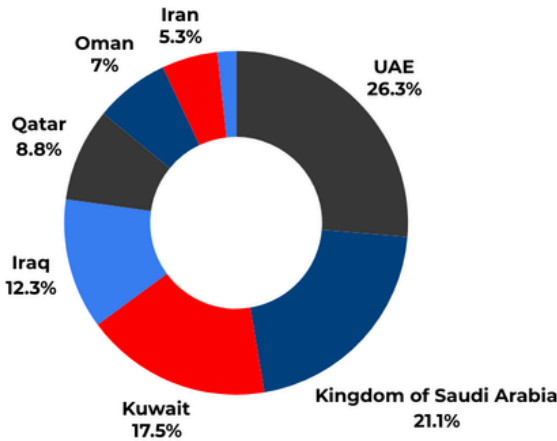
The Middle East is gearing up for a robust oil and gas production surge in 2025, with Saudi Arabia leading the charge by expanding operations across its premier oil fields. This aggressive production will position the region as a critical player in global energy markets.

The launch of new refineries across the region, including Saudi Arabia’s state-of-the-art facilities, will further strengthen crude oil processing capabilities. Adding to this momentum, new refineries such as Kuwait’s Al Zour and Bahrain’s Bapco facilities are scaling up operations.

The launch of new refineries across the region has established healthy competition among the member countries of the Middle East. As these developments unfold, the Middle East is set to reinforce its position as a dominant force in the global energy sector.

Bapco’s growth trajectory suggests a significant 20% rise in gasoline and diesel production by Q3, set to influence the country’s refined product export volumes.<sup>22</sup>

MIDDLE EAST REFINED OIL  
PRODUCT EXPORTS IN 2024



*This visual emphasizes the Middle East's substantial fuel oil flows, spotlighting the UAE's pivotal role in storage and blending operations.*

## 7.1 2024 RETROSPECTIVE: INSIGHTS INTO THE MIDDLE EAST'S OIL & GAS LANDSCAPE

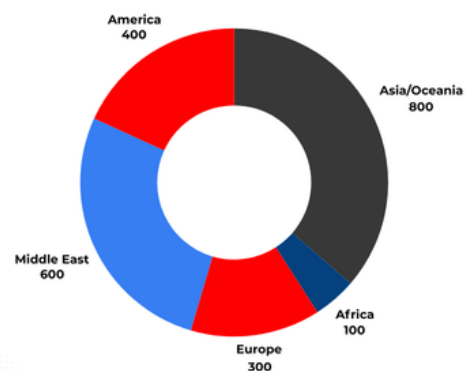
Drawing from 2024 performance, the Middle East's oil and gas forecast for 2025 reflects strategic refinery expansions led by member nations. The UAE has solidified its position as the region's leading fuel oil destination, poised for global leadership in oil exports.

Furthermore, the U.S. has also emerged as a significant market, ranking among the top four destinations in 2024. This trend signals the UAE to become the largest importer of refined products, overtaking South Korea.

**“With refinery growth and a strong 2024 performance, the Middle East's oil and gas outlook for 2025 sees the UAE positioned for global dominance.”**

However, regional NOCs face ongoing pressures, with 2024's supply-demand imbalance and pricing challenges carrying into 2025. As these challenges persist, member nations are beginning to tap into unique ecosystems to drive innovation and adaptability in the global market.

**GROWTH IN MIDDLE EAST OIL PRODUCT EXPORTS BY DESTINATION (2017-2024)**



*Data as of Dec.16, 2024, from Kpler*

## 7.2 OPTIMIZING OIL & GAS WORKFLOWS

Several Middle Eastern countries, including Saudi Arabia, Qatar, Kuwait, and the UAE, are making strides toward economic diversification and optimizing their regulatory environments. This pivot is to ensure a sustainable energy transition across the member nations. Governments are not only acting as regulators but also as key investors and decision-makers in oil production companies. By utilizing government-backed financing and vertical integration, the Middle East is strengthening financial stability and reducing risk exposure.

Furthermore, national oil giants like Saudi Aramco and ADNOC are spearheading mega refining-chemical-low-carbon initiatives, collaborating with technology firms to enhance digitalization, and shifting towards customer-centric strategies.

Through its digital partnerships, ADNOC leveraged AI solutions to generate US\$500 million in value in 2023, demonstrating the significant impact of innovation on the company's bottom line.<sup>23</sup>

Over the last three years, Middle Eastern NOCs have formed at least 20 strategic alliances, collaborating with logistics and tech firms to expand their global influence. Additionally, NOCs have secured equity stakes in international projects, such as LNG export terminals in the United States.

The NOC strategic partnerships have been backed by US\$4.8 billion in mergers and acquisitions across refining, shipping, and retail distribution.<sup>24</sup>

In fact, some NOCs are scaling up their hydrocarbon production, with ADNOC accelerating its crude oil production target to 5 million barrels per day by 2027, surpassing its original 2030 goal.



## 7.3 SHAPING TOMORROW: THE MIDDLE EAST'S CAPABILITY LEAP

The 28th Conference of the Parties (COP28) marked a pivotal moment for the global oil and gas industry, broadening the discussion beyond traditional energy initiatives to include urgent climate action.

**“A game-changer for the oil & gas sector - COP 28 expands the conversation to tackle the global climate crisis.”**

The launch of the Oil and Gas Decarbonization Charter (ODGC) and a comprehensive global stocktake have set ambitious goals for the sector, driving many Middle Eastern nations to scale technologies like carbon capture, storage and hydrogen.

Middle Eastern nations are embracing technologies like carbon capture and storage (CCS) and hydrogen to lead the charge toward a greener future. Oman and Qatar are leading the charge, with Qatar planning to launch the world's largest blue ammonia plant by 2026.

Furthermore, NOCs are also diversifying their funding sources to support these efforts, including public-private partnerships, mergers and acquisitions, and green bonds. The corporations are exploring a variety of financing options with support from leading oil production hubs such as the UAE.

In a bold move, the UAE has committed US\$30 billion to a global finance fund, aiming to mobilize US\$270 billion by 2030 to drive green finance and sustainability initiatives. The UAE has approved two innovative carbon capture, utilization, and storage (CCUS) projects designed to mitigate emissions from gas-processing plants.

The UAE is focusing on producing 1.4 million tons of green and blue hydrogen annually by 2031.<sup>25</sup>

The country is focused on producing green and blue hydrogen, further accelerating its efforts to lead in sustainable energy solutions.

## 7.4 GREEN POWER, DIVERSE FUTURES

While the Middle East's economy is showing positive growth, National Oil Companies (NOCs) are facing challenges, especially around supply chain inefficiencies and the shift toward greener energy sources.

In response, oil production companies are pivoting to low-carbon business strategies to fortify their value chains. Optimizing hydrocarbon value chains in this new landscape demands the use of advanced digital technologies to connect people, processes and assets across an organization's functions.

This approach will break down silos, reduce value leakage and allow for a smoother transition to green energy production. Additionally, AI and IoT-driven companies are well-positioned to capitalize on this shift, creating new shared platforms for fuel management systems that offer innovative products, services, and career opportunities.

**“In the face of the global green energy movement, the Middle East must carefully balance its commitment to clean energy with the region's unique economic and political challenges.”**

Moreover, this ecosystem significantly enhances inventory management, reduces waste, and drives greater supply chain efficiency. In parallel, companies are intensifying their focus on customer engagement by harnessing the power of digital technologies and data analytics.

By understanding consumer behavior, refining pricing structures, and tailoring marketing campaigns, they can deliver more targeted and impactful experiences.



# 9. HEALTHCARE

The Middle East is experiencing a transformative shift in healthcare in 2025, positioning itself as a global leader in digital health innovation. Breakthroughs in electronic health records (EHR), AI, interoperability and revenue cycle management (RCM) reflect the region's commitment to revolutionizing healthcare.

**“The Middle East healthcare market is set for significant expansion. A digital health surge is reshaping the sector.”**

The region is setting new global benchmarks for healthcare excellence. In addition, government-backed initiatives like Saudi Arabia's Vision 2030 and private-sector partnerships in the UAE, Qatar, and Oman are setting new global standards.

Driven by a compound annual growth rate (CAGR) of 9.2%, the Middle East's healthcare market is set to reach a remarkable \$7.9 billion by 2028.<sup>26</sup>



The UAE's Dubai Genomics Program, for example, is revolutionizing healthcare by leveraging genetic data to predict health risks. This innovation exemplifies the region's drive to create a robust healthcare ecosystem with the available genetic information.

This digital health boom is unlocking a new business ecosystem, attracting global investment, and driving demand in healthcare operations, logistics and tech. Today's Middle Eastern healthcare scene underscores the region's expanding demand for innovative healthcare solutions and services to meet evolving needs.

## 8.1 HARNESSING AI FOR A HEALTHIER FUTURE

AI-powered solutions are revolutionising diagnostics, predictive analytics, and personalised treatment plans, globally. The Middle East is at the forefront of the AI revolution in healthcare, adopting cutting-edge solutions to redefine patient care, diagnostics, and disease management.

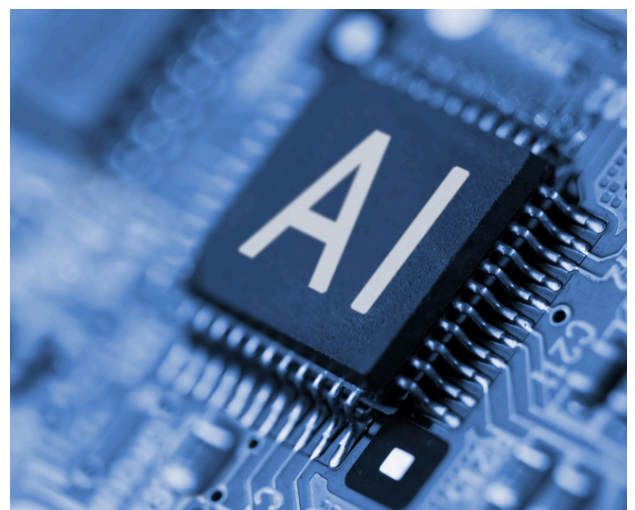
AI-powered solutions at King Fahad Medical City are redefining chronic care, reducing hospitalizations for diabetes and cardiovascular diseases by an astounding 33%.<sup>27</sup>

From precision-driven surgeries to disease prediction models, the region is transforming patient care through advanced technologies. Cleveland Clinic Abu Dhabi has halved oncology diagnostic times and achieved unprecedented accuracy in personalized treatments.

While surgeons are exploring several AI-driven services, virtual health assistants are optimizing operational efficiency across healthcare systems.

In the UAE, initiatives like Malaffi and Nabidh are creating centralized EHR ecosystems for real-time care coordination, while Saudi Arabia's Sehha platform is breaking barriers in telemedicine and providing millions of consultations to underserved communities.

Telemedicine intervention has transformed access to care for underserved populations, delivering millions of virtual consultations. Together, these initiatives showcase the Middle East's leadership in AI-powered healthcare evolution.





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## 8.2 MIDDLE EAST'S HEALTHCARE INNOVATION SPARKS A THRIVING STARTUP ECOSYSTEM

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The Middle East is redefining its healthcare IT landscape, as local startups and regional vendors rise to rival global titans like Oracle Health, InterSystems, and Epic. Across the region, countries are driving unique strategies to reshape digital health.

In Qatar, under the Qatar National Vision 2030, initiatives in precision medicine, telemedicine, and genomic research are flourishing, with telemedicine platforms delivering 1.5 million virtual consultations, enhancing care accessibility and reducing patient travel time.

**“By reducing hospital readmissions by 20% and enhancing treatment adherence, telehealth ensures underserved populations get the care they deserve.”**

Meanwhile, Oman's Health Vision 2050 is leveraging blockchain to secure patient data and telehealth to address rural healthcare challenges, creating a unified digital ecosystem.

Additionally, telehealth is bridging healthcare access gaps in rural areas, offering remote consultations and maternal care services. The technology also bridges accessibility gaps by reducing patient travel time, significantly.

At the core of this transformation is a dynamic ecosystem where local innovators and global leaders collaborate to redefine digital healthcare in the Middle East.

## 9. TRADE & DISTRIBUTION

As the Middle East intensifies efforts toward economic diversification and technological adoption, its trade and distribution sector is gearing up for transformational growth by 2025.

This momentum is redefining logistics and reinforcing the region's status as a global nexus for trade and distribution.

With a legacy rooted in global trade dominance through oil and gas, the Middle East is now pivoting toward online trading. This shift is driven by increasing internet connectivity, the emergence of digital oil assets, and cutting-edge regulatory advancements.

According to a recent report by Dubai Financial Services (DFS), the online trading industry in the Middle East is poised to hit \$1 trillion in revenue by 2025.<sup>28</sup>

Automation is taking center stage in the GCC's warehousing sector, revolutionizing processes like picking, packing, and sorting. Companies are increasingly leveraging technology to transform operations from sorting to transport.

The integration of warehouse management systems (WMS) with automation technologies is paving the way for smarter, more cost-effective operations.

The GCC Warehousing and Distribution Logistics Market is expected to grow at a CAGR of 7.54%, reaching USD 24.44 billion by 2030.<sup>29</sup>

Infrastructure is at the heart of Saudi Arabia's rising economy. As the government accelerates efforts to diversify away from oil, logistics capabilities are being significantly enhanced. By 2025, customs brokers and freight forwarders can expect a smoother, more efficient trading environment.

Saudi Arabia is establishing major logistics corridors, with Riyadh, Jeddah-King Abdullah Economic City and Dammam-Al Khobar providing 72 million square meters of warehousing.<sup>30</sup>

Saudi Arabia commits USD 147 billion to transform transport and logistics by 2031.<sup>31</sup>

As Saudi consumers embrace e-commerce, the demand for specialized warehousing and fulfillment services skyrockets. This recognition stems from the Middle East's strategic geographic position, thriving economies, political stability, tax-friendly policies, cutting-edge infrastructure, and globally competitive regulatory frameworks.

91% of Saudi shoppers are online, with 14% making daily purchases.<sup>32</sup>

The region's prime location has spurred the development of cutting-edge logistics parks, including Kuwait's 16,000-square-meter warehouse, for instance.

Maersk has committed to invest USD 136 million in an integrated logistics park at the Jeddah Islamic Port.<sup>33</sup>

However, the Middle East faces challenges ahead, with the World Trade Organization predicting a slowdown in trade growth to just 1% in 2025, compared to 5% in 2024.<sup>34</sup> This decline is attributed to lower oil prices, escalating conflicts, and global economic uncertainties.

Nevertheless, the region's forward-looking approach remains steadfast, as it continues to invest in renewable energy, smart cities, and digital infrastructure, reinforcing its position as an economic and cultural leader.

These developments lay the foundation for an era of growth driven by innovation and collaboration, strengthening the Middle East's position as a global trade and logistics powerhouse as we move towards 2025 and beyond.

# 10. LOOKING AHEAD

The Middle East's vision for 2025 is a testament to its vision for a diversified and sustainable economy. With strategic, yet diverse renewable energy, advanced manufacturing, and digital infrastructure, the region is shifting from its traditional reliance on oil to a more balanced and innovative economic model. These developments lay the foundation for an era of growth driven by innovation and collaboration.

Technology is at the heart of this transformation, with AI and automation accelerating progress across industries. These innovations are taking the Middle Eastern economy to new levels of efficiency and connectivity.

From smart cities to simulation-based manufacturing and logistics processes, the era of a digitally transformed Middle East promises to deliver unparalleled consumer experiences.

By aligning its efforts with global trends in sustainability and economic growth, the Middle East is cementing its position as a global economic and cultural hub. The Middle East is not only preparing for the future but actively shaping it, showcasing a path to resilience, innovation and progress.





# ABOUT PACT SOFTWARE

PACT Software Services LLC has established itself as a leading provider of enterprise resource planning (ERP) solutions, serving businesses across the Middle East since 1998. With a strong presence in the Gulf countries, PACT has become a trusted partner for organizations seeking to streamline their operations and drive growth through innovative technology solutions.

At the core of PACT's offerings is its comprehensive ERP system, designed to cater to the diverse needs of small, medium, and large enterprises across various industries in the Middle East. The PACT ERP solution encompasses a wide range of modules, including financial management, inventory control, sales management, procurement, human resources, payroll, project management, manufacturing, and warehouse management. This modular approach allows Middle Eastern businesses to customize the software to their specific requirements, ensuring maximum flexibility and scalability in a rapidly evolving economic landscape.



As the Middle East continues its journey towards economic diversification and digital transformation, PACT is well-positioned to support businesses in navigating this dynamic environment. Our ERP solutions align perfectly with the region's push towards advanced manufacturing, smart cities, and financial innovation. By providing robust, scalable, and user-friendly software solutions, PACT enables organizations across the Middle East to streamline their operations, enhance productivity, and drive sustainable growth in an increasingly competitive global market.



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