The impact of international economic crisis on the Gulf Cooperation Council (GCC)

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Abstract
The Cooperation Council for the Arab Sates of the Gulf (CCASG) also known as Gulf Cooperation Council, is a trade bloc and was established in 25/5/1981 in Abu Dhabi. It includes 6 countries: Saudi Arabia, United Arab Emirates, Kuwait, Qatar, Sultan of Oman and Bahrain.
The countries of Gulf Cooperation Council have been severely affected by the international financial crisis, the most important impact on these countries as follow:

- The reduction of oil prices
- The crisis of Gulf currencies in connection by dollar
- Financial crisis
- Direct losses due to investment abroad
- Stock market loss
- Deterioration of growth ratio of foreign investment

In the second part we displayed the impact of the financial crisis and procedures being taken to confront it in GCC countries, such as:

- The impact of financial crisis on the economy (the reduction of oil prices)
- Direct losses due to invest in the collapsed American entities
- The loss of GCC countries stock Markets
- Reaction of official institute
- The important procedures taken by these countries to face the crisis

Keywords: *GCC, oil, financial crisis, investment, stock, U.S.A., bank, loans, deposits, economy, reduction, increase*

JEL Classification: *G01*

Impactul crizei economice internationale asupra Consiliului de Cooperare din Golf (CCG)

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Rezumat
Consiliul de Cooperare al Statelor Arabe din Golf (CCSAG), cunoscut si ca Consiliul de Cooperare din Golf, este o grupare politica care a fost infiintata la 25/5/1981 in Abu Dhabi. Include 6 tari: Arabia Saudita, Emiratele Arabe Unite, Kuwait, Qatar, Sultanatul Oman si Bahrain.
Statele membre din Consiliul de Cooperare din Golf au fost drastic afectate de criza financiara internationala, cele mai importante efecte asupra acestor tari fiind:

- Scaderea pretului petrolului
- Criza monedelor din Golf, raportate la dolar
- Criza financiara
- Pierderi directe datorate investitiilor straine
- Pierderi bursiere
- Deteriorarea raportului de crestere a investitiilor straine

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In cea de-a doua parte a lucrarii am prezentat impactul crizei financiare si procedurile care au fost luate pentru a confrunta criza in state membre ale CCG cum ar fi:

- Impactul crizei financiare asupra economiei (reducerea pretului petrolului)
- Pierderile directe datorate investitiilor in entitatile americane aflate in colaps
- Pierderile bursiere ale tarilor din CCG
- Reactia oficialilor
- Procedurile urmate de aceste tari pentru a face fata crizei.

Cuvinte cheie: *CCG, petrol, criza financiara, investitii, bursa, S.U.A., banca, imprumuturi, depozite bancare, economie, reducere, crestere*

Clasificare JEL: *G01*

Background

The Cooperation Council for the Arab States of the Gulf (CCASG) also known as Gulf Cooperation Council, is a trade bloc established in 25/5/1981 in Abu Dhabi. It includes 6 countries: Saudi Arabia, United Arab Emirates, Kuwait, Qatar, Sultan of Oman, Bahrain with many economic and social objectives.

The main purposes of the Gulf Cooperation Council are as follows:

1. Establish the Custom Union: was achieved in 1999, came into force in 2000 and was applied in 1/1/2003 but is still facing some obstacles;
2. GCC common market: was launched on January 1st, 2008. The common market grants national treatment to all GCC firms and citizens in any other GCC countries and in doing so removes all barriers to cross country investment and services trade;
3. To achieve common currency by 2010 which is considered as the main challenge for the Council, but is still far to be applied (the name Khaleeji has been proposed as a name for this currency);
4. Formulating similar regulations in various fields such as economy, finance, trade, customs, tourism, legislation, and administration;
5. Fostering scientific and technical progress in industry, mining, agriculture, water and animal resources;
6. Establish scientific research centers;
7. Setting up joint ventures;
8. Encouraging cooperation of the private sector;
9. Strengthening ties between their people;

- Riyadh is the domicile of the Council;
- Yemen is (currently) in negotiation for GCC membership, and hopes to join by 2016;
- GDP was 1103.235 billion Dollars in 2008;
- Owns 45% of world reserve of oil.

The countries of Gulf Cooperation Council have been severely affected by the international financial crisis, the most important impacts on these countries are as follows:

- The reduction of oil prices

Oil is considered the main element of export for Gulf Cooperation Council countries as it represents 90/95 of the export value and the main resource to finance the public budget of these countries.

Barrel price was reduced with less than 50 dollars, which means big reduction in the Gulf countries resources.

- The crisis of Gulf currencies in connection with dollar

The monetary policies in Gulf countries are in connection with dollar, except Kuwait. The deterioration of dollars, affected hardly the economy of these countries because of this

connection, also because the oil price is in dollars.

- Financial crisis

Gulf countries are witnessing a big investment project, as large number of these projects are adopted by the government and supported by financial surplus achieved in the previous period, some of this projects are achieved through cooperation between governments and private sector, while others only by private sector. The recent crisis lead to big reduction in finance; this will reflect negatively in implementing many big projects, which confirms that these countries could suffer from great recession in the next period.

- Direct losses due to investment abroad

Governments of Gulf countries, some banks that have investment in USA; there are a lot of confirmations about the existence of huge losses related to these money.

- Stock market loss

Stock market in Gulf area had witnessed huge losses due to financial crisis.

- Deterioration of growth ratio of foreign investment

In the last two years Gulf countries have witnessed an increase in foreign investment especially in the petrol, gas, petrochemical field, as most of these investments were implemented by international companies and it depended basically on banks finance; it is expected that these investments will face obstacles in the future due to trust crisis the banks are witnessing now, whether Gulf or international banks.

- Gulf Cooperation Council and financial crisis

- The international financial crisis, international economic slowdown, together with the reduction of oil price, shrinking its production, reducing consuming expenditure, all lead to great damage of Gulf Cooperation Council economy. These countries could face economic deterioration in 2009. In spite, it enjoys high growth ratio referring to increased oil price, they could face reduction of its GDP from 1.04 trillion Dollar in 2008 to 923.6 million Dollars in 2009 with a reduction of 116.4 million Dollars.
- The Secretary General of Gulf Cooperation Council confirms how strong, solid the Gulf economy is in the shadow of international financial crisis, as the economy of these countries are enjoying remarkable economic growth, financial capacity due to huge accumulated financial surplus achieved by these countries during the last five years. Beside that the commercial banks of Gulf countries enjoyed great liquidity, enough, distinguished financial situation overpass with great percentage of Basel (II) requirement, its subject to conservative, prudent banking control, also Central Banks of these countries confirmed that are ready to offer liquidity for these banks if necessary which make these countries stronger in front of the financial crisis and protect its economy from its negative impact on the international economy due to this crisis, as it derived its power from positive economic inputs surrounded their economy in the last years.
- The General Secretary of Gulf Cooperation Council Chamber of Commerce Union asked to accelerate the work and to establish a unified Gulf financial market, in addition to establish joint Gulf fund to invest in leader Gulf companies, activate companies to buy its stocks in case of unreasonable reduction in the prices of these companies especially in this critical period, the necessity of diversifying the investment instruments in the region with putting very restricted fine on the gambler people who aim to create state of instability in the financial market.
- General Secretary of Gulf Cooperation Council Chamber of Commerce Union put some proposal aim to protect the Gulf economy, private sectors from the consequences of the financial crisis such as:
    1. To establish Gulf entity consists of economic, political decision makers specialized of management of financial, economic crisis that affected the Gulf countries.

2. To put conditions, very restricted rules, from control authorities in the region especially in early expectation of volume of risk and low quality loans value, another related stocks.
3. The Gulf government should restructure the stock financing, the huge projects implemented through issuing securities and bonds covered by Gulf Banks to contribute in improving the quality of banks assets from one side and enhance its contribution in development programmes from another side.
4. Implementing laws, Gulf economic system related to joint Gulf market, terminate these laws in all investment, commercial, secured financial aspects, accelerate issuing unified Gulf currency which will lead to economic integration in Gulf countries.
5. Restore the confidence of all related parties with banks whether shareholders, investors, clients through cooperation between government, Central Banks, owner of this institute, aiming to put separate plans for every corporation need to help to reestablish its financial efficiency beside allowing the Gulf investors to deal in all Gulf financial market without restriction.
6. Reducing the margin of difference between the deposit interest rates, loans to encourage saving, enact the financial investment process financed by loans, encourage integration between Gulf banks to enhance its financial efficiency, raise its competitive capability, enhance the level of transparency, financial disclosure, applied principle of accountancy, arbitration for Gulf companies especially joint venture companies to protect the right of every parties related to this companies such as: investors, contributors, dealers in financial market.
7. The Central Banks of Gulf countries should activate control instruments, supervise on banks, so the financial market to be distance from financial crisis, also must control firmly the financial crisis impacts on the national economy.
8. Accelerate more applying the procedure of finance market support, apply the principle of transparency, arbitration to the finance market, accelerate to establish joint central bank for the region to allow these countries to be ready to deal with any future financial crisis.

Here we will display the impacts of the financial crisis and procedures being taken to confront it in GCC countries:

Saudi Arabia

The impact of financial crisis on the economy

- The reduction of oil prices

There is potential of more reduction in the oil prices, while deeping the crisis, so that will lead to achieve economic growth worse than we expect. International bank experts expect the average of oil price will be 75 Dollar during 2009; if that happens, the budget surplus in Saudi will be diminished.

- Saudi economic analysis confirms that monetary reserve achieved in the last five years will protect the economy. They debate on the restore the increase of oil price again which will lead to stability in the oil price market.

Direct losses due to invest in the collapsed American entities

Saudi government, some banks, Saudi companies have investments in USA whether in guarantee investment funds from federal government or another unsecured notes, that lead to a state of panic between Saudi investors, after they discover the losses of Saudi Banks.

- Some Saudi expertise pointed that some Gulf banks sold unsecured notes to some of their clients. These notes were due to unsecured real mortgage which is expected to lead to negative result in the near future.

- Some economic analysis in Saudi Arabia asked the government to disclose the volume of its investment in USA investment funds, and to confirm negatively or positively the relation of these investments with collapsed American banks.
- Saudi authority mentioned that most of its investment assets in USA deposit, in investment portfolio less risky - as 92% of this investments belong to the government, semi government institution, and it is deposit in most secure less risky investment portfolio - the rest of Saudi investment portfolio belong to domestic banks, local investment fund mostly deposit in very low risky investment portfolio, and not more than 4.3% deposits are in fund deprived highly risk investment fund.

The loss of Saudi stock Market

- Saudi stock market has witnessed a great loss due to financial crisis with over 500 billion Saudi Rial.
- Some Saudi Banks were reason of bankruptcy for many of its clients, which increased the crisis of Saudi stock since it begun to liquidize its portfolio due to collapsed background that faced the market in the last months and the price went very low.
- Some Saudi economic analysis pointed that many Saudi and Gulf businesses were victim of fraud from American, Gulf banks as they buy investment bonds from financial American market specialized in real estate mortgage shortly before the crisis; almost 35 Saudi businessmen will face bankruptcy since they bought these bonds.
- And they mentioned that some Gulf banks instead of standing beside its clients, played as brokers for some banks, American companies against took some commission from these deals and sold their clients very risky bonds.

The reaction of official institute in Saudi Arabia

- Saudi Minister of Finance confirmed that the economic development projects will not be affected due to international financial crisis, as the country achieve surplus monetary reserve to finance economic development projects in the kingdom, since the oil revenue covers this projects as Saudi has huge reserves, so the plan to establish these project will not be affected by this crisis and Saudi Arabian Monetary Agency is ready to support liquidity needs.
- The Saudi Minister added that there is no risk for the bank deposits; “no need to panic” surrounded the Saudi financial system due to this crisis since the government, through the Central Bank guarantee the clients deposits in the banks in case any bank will face financial problems.
- The Saudi senior official confirmed that the financial crisis came in the favor of Gulf economy which suffered from continuous inflation during the last years. As the price came down since the beginning of the crisis which means the price will come back to its real value within short time.
- The Saudi Arabian Monetary Agency has confirmed that the Saudi investment directed to low risk portfolio is easy to liquidize even if the revenue is low, and it does not have direct investment in the banks.
- The Saudi Arabian Monetary Agency declared in a statistic statement in August 2008 that the monetary liquidity level raised by 32% compared with the pervious year, which reflects the prosperity of liquidity in the economy in comparison to the situation of U.S.A.
- The Saudi Ministry of Economy confirmed that in spite the negative effects of this financial crisis the kingdom could benefit from it through the reduction in international price growth especially to the food stuff, building materials, and other consuming goods and production inputs that will lead to reduce the inflation ratio.

The important procedures taken by the Saudi Arabia to face the crisis

- In the framework of facing the stock crisis and increase the liquidity levels in the market the Saudi Arabian Monetary Agency took a decision in 13/1/2009 to reduce

the borrowing price from the Central Bank to 5%, also to reduce the compulsory reserve rate in the bank from 13% to 10% related to immediate deposit. This was the first step since 20 months, as the request to regular deposit increased 4 times from 7% in November 2007 until it reached to 13% in may 2008 and from 2% of the total saving deposit to 4% by the end of May 2008.

- As a reaction of this decision, the stock registered a very high increase since two and a half years.

United Arab Emirates

The impact of financial crisis in the economy

- The Emirates stock market has been affected hardly by the financial crisis as it lost during the last period more than 100 billion Dirham due to liquidizing the foreign investors portfolio and they left the market to cover the negative statement in their country.
- The crisis increased the problem of liquidity reduction in the banks of Emirates due to the increase in the cost of loans and borrowing; the problem basically came from the increase of both personal & institutional borrowing in the real estate developing sector (the volume of deposits is less than the loans volume with 8%).
- In spite of all difficulties that sovereign[1] funds are facing in the foreign investment as it does not work with disclosure, transparency rules, it is expected that its investment portfolio (General Investment Authority Abu Dhabi, Dubai International Capital) will be affected by this crisis; for example the Authority controls 4-9% of city groups which are affected negatively by the crisis, and this groups themselves are suffering from many problems; maybe will force this funds to direct and increase its investment in the emerging market.
- There are a lot of private equity funds in Emirates. There are many speculations regarding the impact of the crisis in the levels of investment performance in the private equity ranging between 25 to 30 billion Dollars in the region. Some think that the recent crisis could lead to restructure the investments as general, so will increase the investment in these funds. Another experts point out that the crisis will affect negatively the capability of joint stock companies in these funds to borrow for the sake of finance acquisition operation in the same time where it's difficult to subscribe to sell in the market now due to expected risk.

The important procedure taking by UAE to face the crisis

- Central Bank of Emirates has pumped 50 billion Dirhams as liquidity available to the banks aiming to restore the balance and avoid the possible negative impact of the crisis.

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[1] The assets of sovereign funds in the States of the Gulf Cooperation Council represent 45 per cent of the total assets of global sovereign funds and $ 1.5 trillion Dollars. It is the sovereign funds the region's leading Abu Dhabi Fund for investment, and sovereign funds in the Saudi Fund and the General Investment Authority in Kuwait, representing more than 95 per cent of the value of the sovereign funds in the GCC. It is the Abu Dhabi Fund for Investment of the largest sovereign fund, is not at the level of the region but also around the world, estimated the total value at 875 billion dollars in 2007, representing almost 60 per cent of sovereign wealth funds in the GCC. In addition to the three main sovereign funds in the region, there are a number of other small funds which are managed investment assets of not less than 50 billion dollars. There are about 70 Gulf sovereign fund operating in 44 countries with assets ranging from 20 million Dollars in the region of Sao Tome and Principe, of up to more than 500 billion in UAE. However, the bulk of these investments are concentrated in China and Hong Kong, Kuwait, Norway, the Russian Federation, Saudi Arabia, Singapore and the UAE. (*World Investment Report, 2008*)

- It was declared recently that the Emirates Government will guarantee all deposits in the national banks of Emirates also the foreign banks which have huge project in the country for three years.
- All banks are welcomed to receive this decision which could lead to the possibility to avoid the risk, liquidity stability, and that will help to increase credit capability of both local& foreign investors working together in the market.
- It is expected that this decision will lead to reduce the interest rate on deposit which did not exceed 8% and reduce the interest rate on borrowing between banks, to provide the necessary liquidity to borrow the companies, individuals, with convenient price to avoid the expected recession globally, which will affect the UAE economy.
- The Emirates cabinet issued a decision to exempted general joint stock companies which are willing to buy back their stock from previous condition like: obligation of 15 days allowance between declaring the desire of buy back and real buying with guarantee not to use this decision for making any speculation in the market in the shadow of recent embarrassment in the stock market due to the impact of the financial crisis. It is expected that this decision will activate the stock exchange market, rebuilt the confidence that already lead to increase stock market indicator with 7.8%.
- Abu Dhabi Stock Exchange market has ordered its companies to declare their financial statement for the third quarter of the year, aiming that these transaction are done upon real facts not rumor.

Kuwait

The impact of financial crisis on the Kuwait economy

- Doubtfully the financial crisis has affected the growth of oil demand more than was expected and Kuwait oil was not far from the collapse as it went down to 80 Dollar (February 2009) for the first time since November 2008.
- In spite of all profit that the Kuwait oil price since 9 month when it reached to 135 Dollar per barrel but it deteriorate to 80 Dollar which only last 9 month and lost all its profits in 2 months only.
- This reduction of Kuwait oil will have its negative impact on the pubic budget of the year 2008/2009, as its is expected that surplus in budget will be reduced due to decrease oil revenue which represent 90% of the national revenue, National Bank of Kuwait has issued a report mentioning that the price of 96 Dollar per barrel will put the budget in stable position but in case the price will deteriorate to 50 Dollar (which happened already) will lead to a deficit of 6-2 Billion Kuwait Dinar.

The reaction of senior official Kuwait government

- The chairman of Kuwait Banks Union and chairman of Kuwait Commercial Bank have confirmed that the banks investment abroad is very little and it seems there is no investment belonging to any Kuwait banks in American investment banks (Lehman Brother) so Kuwait will not be affected with its bankruptcy.
- Kuwait Minister of Finance pointed that Kuwait General Investment Authority should enforce its investment in Asia and focus on Japan, China, India to diversify its investment.

The important procedures taken by Kuwait to face the crisis

1. The Central Bank of Kuwait has issued three decisions to ease the credit restrictions as follows:

- Increase the rate of borrowing on the deposits in the bank to 85% instead of 80%;
- Increase the credit portfolio, more than the previous one where it was allowed ceiling to the commercial bank by 5% as it was different from a bank to another.
- Reduce the discount rate by 1.25 points and from 5.75% to 4.5% on the borrowing transaction by Kuwait Dinar.

2. The General Authority of Investment studied all alternatives to increase its investment in stock exchange, for example study demands to contribute inseven additional funds, five of them already included in the stock exchange, beside another two fund related to two companies not included, also the authority is ready to pump additional money in the stock exchange with more than one billion Kuwait Dinar during the near future, and that procedures must be done gradually according to the market situation.

Qatar

The impact of the financial crisis on the economy of Qatar

- In the State of Qatar, the companies have been affected somewhat by financial crisis and this explained the results of the last quarter of last year, and this was much less vulnerable than other countries and this shows that there are some losses which can be overcome thanks to the actions taken by companies to reduce the repercussions of the financial crisis by trying to reduce overall costs.
- Qatar's economy: the economic growth of the country in 2009, will be ranging from 6% to 7%, and this is an excellent support under the present circumstances, with the knowledge that there are global economies that will have negative growth, or any growth at all.[1]
- So that we can say that the State of Qatar is one of the nations of the world which will be less affected by the economic crisis, where the proportion of transactions with the outside world for the years 2007 and 2008 is estimated at about 25% and that what distinguishes the State of Qatar from other states that Qatar is in the beginning of the economic boom, it is not affected by many economic ripples from the global financial crisis.
- The State of Qatar has been preparing to stage a dramatic rise in income due to the large expansions in the oil and gas projects**.** The positive thing that Qatar has exceeded the key stages in the projects for oil and gas, unlike some other states and is also noted that the opening of the production line this year was the opening of more than one production line last year.
- Qatar is in a state of extraordinary growth in all sectors of the strongest in their respective economies of the world and this is what helps them to overcome this crisis quickly and the side effects of the crisis on the global market. The country was in decline and the real estate market is a normal situation in view of the challenges faced by this sector in view of the effects of the global crisis on the real estate market worldwide.
- The decline in the profits of some companies that have deepened the fear and lack of confidence in the minds of investors and that with the improvement in corporate results during the first quarter of this year, as well as the second quarter will have the greatest impact on the fear that the abandonment of the investors from the beginning of the crisis and the market may see a significant improvement in the second half of this year.
- Mr. George Nasra Yousef, chief executive of the International Bank of Qatar and administration out of the current economic crisis and reduce the impact on the State of Qatar in particular and the GCC as a whole will be much easier compared to many countries of the world, especially as the State of Qatar is witnessing strong economic growth and accelerating. He said in an exclusive interview to Qatar News Agency "Qena" that most analysts and economists believe that the economy of Qatar is least affected by the global economic crisis, for several reasons, most notably increased

[1] Some reports expected that during the period 2009-2013 economic growth rate in Qatar will reach 7,61; this acceleration in all economic growth indicator will reflect in Qatar classification and will be number one regionally and 21 globally. (Annual Report Intelligent Unit – The Economist, 28 March 2009)

production of liquefied natural gas to 77 million metric tons by the end of 2010, which will make Qatar the largest LNG producer and demand globally and growing clean energy in the world, adding that the Government of the State of Qatar several steps firm and strong to cope with the effects of this crisis, including increasing the capital of banks and the current government to postpone the project and the announcement of the intention government in providing the largest budget in the history of Qatar in addition to the significant steps made by the Bank of Qatar in terms of pumping liquidity in the banking system. He noted that the institution of global assessment (Standard Port) is the banking system in Qatar and is one of the strongest banking systems in the Gulf countries in terms of capital adequacy and profitability.

The important procedures taken by Qatar to face the crisis:

- In Qatar, Doha Securities Market index increased significantly, after the investment decision to purchase between 10 percent and 20 percent of the capital of banks listed in the Doha Securities Market to enhance confidence in the market, and aims to buy shares of country move to inject liquidity to strengthen the capacity of banks to the country finance development projects in the next phase in a broader and great confidence in their finances. But that it has taken a similar position of Kuwait, it stressed that the sovereign and united buy local shares to support prices, after the local stock exchange strongly affected by the exodus of investors from the markets of developing countries, as well as reducing the interest on the instruments of monetary policy in all the Gulf states to reduce the cost of liquidity to banks.

Bahrain

The impact of the financial crisis on the economy of Bahrain

- For the majority of Bahrain banks to invest money in the economically booming Gulf region, according to the governor of its central bank, and not in financial derivative instruments, thus limiting their exposure to the global crisis, Islamic banks, like «not vulnerable to the crisis».
- The Government also announced the safety of the economic situation in Bahrain, and it is not affected by the repercussions of global financial and economic crisis, noting that it is able to take the appropriate decisions and get out a new economic vision of dealing with any potential effects of this crisis.
- The remarks went further than this, as the Government said that the Kingdom has not been affected yet by the repercussions of global financial and economic crisis, and it is, the government, is closely monitoring the developments in the global financial crisis and is unable to make appropriate decisions and get out a new economic vision of dealing with any potential effects of this crisis.

The important procedures taken by Bahrain to face the crisis:

- Some domestic measures taken by the government of Bahrain to promote sustainability in the long run in Bahrain, which experienced by far the least impact of the global crisis of some other countries in the region. These include prudent fiscal policies and a strategy of economic diversification in the long term and the legal and regulatory environment proven and tested.
- They adopted «a strategic approach carefully in good times and bad, as they have established the infrastructure that will enable companies to operate efficiently, with the tax system and legal structure consistent with the diversity of industries, professional services, financial services - including Islamic finance - and other sectors, and identifies the size of our real estate, and the including Islamic finance – and other sectors, and identifies the size of our real estate, and the risk resulting from excessive borrowing».

Sultanate of Oman

The impact of the financial crisis on the economy of the Sultanate of Oman

- Ahmed bin Abdrb Nabi Macki, Oman's National Economy Minister, Vice-Chairman of the Board of Finance and energy resources, mentioned that there is no direct impact of the global financial credit crisis on the overall performance of the national economy of his country. He expected the Minister of Oil and Gas of Oman Mohammed bin Hamad bin Saif al-Ramahi to increase oil production in Oman to 800 thousand barrels per day in 2009 from 750 thousand barrels and 760 thousand barrels per day this year and the survival of gas production remained unchanged. For his part, described the current downturn to the complementary performance of the Muscat Securities Market as a reaction by investors, speculation, and not because of financial and economic events and realistic, considering the overall performance of the stock market well, and that the performance of local companies during the current period and confirmed by the fact that the quarterly accounts companies to publish and which calls for the trust, said in a statement quoted by the Oman News Agency (economic conditions in the Sultanate are good and there is no direct impact of the global financial crisis to the economic and financial situation of Oman).
- The Omani minister stressed the government's keenness on the stability of the Omani economic situation, noting that the investment projects implemented by the Government in the areas of infrastructure and strategic sectors of the large and continuing government-backed, in line with economic growth and growing in the Sultanate of Oman.

The important procedures taken by the Sultanate of Oman to face the crisis:

- There are not any remarkable procedures that have been taken so far in the country as it is not practice any direct impact of the crisis according to the confirmation of all senior officials of the Sultanate.

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Appendix for GCC statistics

Table no. 1: The main indicators of GCC in 2007





- Official languages	- Arabic
- Type	- Trade bloc
- Membership	- Arab states of the Persian Gulf
- Leaders: Secretary-General	- Abdul Rahman ibn Hamad al-Attiyah
- Establishment As the Gulf Cooperation Council (GCC)	- May 25, 1981
- Total area	- 2672.7 km2
- Population	- 36.2 million (estimated)
- GDP	- 823.3 billion Dollar
- Individual share of GDP	- 22.8 thousand dollar Dollar
- Total volume of Foreign Trade	- 282.8 billion dollar
- Export	- 116.4 billion dollar
- Import	-166.4 billion dollar
- Oil reserve	-484.2 billion barrel
- Gas reserve	- 1438.1 thousand billion cubic feet
- Currency	- Common currency planed for introduction in 2010. Present currencies: Bahraini dinar (BHD), Kuwaiti dinar (KWD), Omani rial (OMR), Qatari riyal (QAR), Saudi riyal (SAR), UAE dirham (AED)

-2005 indicator export-import
-some indicator mentioned that population is almost 40.3 million

Table no. 2: Key indicators of gulf area

Name	Capital	Population	Area (km²)	GDP (mil. US$)	Per capita (US$)	Currency
Bahrain	Manama	1,046,814	716	15,354	23,604	Bahrain Dinar
Qatar	Doha	1,307,229	11,437	52,722	80,870	Qatari Riyal
Kuwait	Kuwait City	2,460,000	17,818	95,924	39,300	Kuwaiti Dinar
Oman	Muscat	2,534,000	309,500	35,990	19,879	Omani Riyal
Saudi Arabia	Riyadh	26,417,599	2,240,000	572,200	21,200	Saudi Riyal
United Arab Emirates	Abu Dhabi	4,588,697	83,600	163,296	55,200	UAE Dirham

Table no. 3: Export of GCC during the period 2000-2005
Value: million Dollars

STATE	2000	2001	2002	2003	2004	2005
EMIRATES	**1189.9**	**314.7**	**490.3**	**2633.7**	**2397.1**	**4763.7**
BAHRIN	**428.7**	**523.0**	**542.0**	**731.6**	**774.74**	**1045.7**
K.S.A	**4270.2**	**3937.1**	**4463.4**	**6215.7**	**8203.7**	**12057**

OMAN	**1003.2**	**1031.1**	**1272.0**	**1062.1**	**1257.4**	**1718.6**
QATAR	**578.4**	**334.1**	**573.2**	**648.09**	**983.13**	**1526.9**
KUWAIT	**306.5**	**254.6**	**393.5**	**488.84**	**489.31**	**518.49**
TOTAL	**7776.9**	**6394.7**	**7734.4**	**11780.0**	**14105.4**	**21630.5**

Source: General Secretariat of GCC

Table no. 4: Import of GCC during the period 2000-2005

Value: million Dollars

STATE	2000	2001	2002	2003	2004	2005
EMIRATES	**1236.6**	**1478.9**	**1817.2**	**2023.8**	**2546.8**	**2906.8**
BAHRIN	**377.7**	**398.9**	**497.3**	**578.7**	**696.5***	**737.95**
K.S.A	**1078.6**	**1214.1**	**1483.0**	**1688**	**2276.5**	**2728.8**
OMAN	**1673.0**	**1924.6**	**1993.1**	**1826.0**	**3010.8**	**2788.8**
QATRA	**483.4**	**457.2**	**623.7**	**730.9**	**1102.6**	**1408.0**
KUWAIT	**851.4**	**877.9**	**988.4**	**1257.8**	**1685.5**	**1743.0**
TOTAL	**5700.7**	**6351.6**	**7402.7**	**8105.3**	**11318.7**	**12313.3**

Source: General Secretariat of GCC

Table no. 5: Recent Developments in GCC Credit Markets

Country	Loan Taker	Loan Amount	Action/Forecast
Qatar	Qatar Investment Authority (QIA)	$3 bn	Repaid of securing refinancing loan
Kuwait	Global Investment House	$410 mn	Increase of margin by 35 bps to 210 bps over LIBOR
UAE	Dubai Bourse	$3,78 bn	Refinancing problems of loan facility
UAE	Port & Free Zone World (Dubai World)	$1,003 bn	Reduction from $ 1,25 bn
UAE	DIFC Investments	$1,5 bn	$1,5 bn, five year loan under discussion since June 2008, is now in doubt as Barclays bank and others show withdrawal of support
UAE	Dubai Aerospace Enterprise	$1 bn	Negotiations since July, uncertain future
UAE	Investment Corp. of Dubai (IDC)	$6 bn	Complete drawdown of existing loan facility that had been arranged prior to the crisis
UAE	Nakheel	$3,52 bn	Worries about Nakheel's sukuk maturing in December 2009 push CDS of the company to 2000
UAE	Shuweyhat 2 Water and Power Plant, Abu Dhabi plus sewage project	$1,28 bn	Calyon contemplates withdrawing its underwritten share of the $3,7 billion projects using exit clauses

Sources: Reuters, MEED, Zawya, October 2008

Table no. 6: Sovereign Wealth Funds and State-Funded/State-Controlled Entities in the GCC

	Country	Fund	Year of Inception	Assets- (USD Billion)	Date of estimate/reported data (2008 unless noted)	Source (RGE Monitor estimate unless noted)

Commodity Funds						
	UAE	Abu Dhabi Investment Authority (ADIA)	1976	600	Q2	est
	UAE	Mubadala	2002	25	2008	Est
	UAE	Abu Dhabi Investment Council		20	2008	Est
	UAE	Dubai International Capital (DIC)	2003-4	15	Q1	est
	UAE	Istithmar Global	Restructured in 2007	6	Q1	Esr
	UAE	Iistithmar Real Estate	2007	10	Q1	est
	Saudi Arabia	Saudi Arabia Monetary Agency (SAMA) Nonreserve Foreign assets	1952	380	May	SAMA
	Saudi Arabia	other government institutions		60	May	SAMA
	Kuwait	Kuwait Investment Authority (KIA), Reserve and Future Generations Funds	1953	266	March	Kuwait Press
	Qatar	Qatar Investment Authority (QIA)	2004	65	Q2	Est
	Oman	State General Reserve Fund (SGRF)	1980	10	2008	est

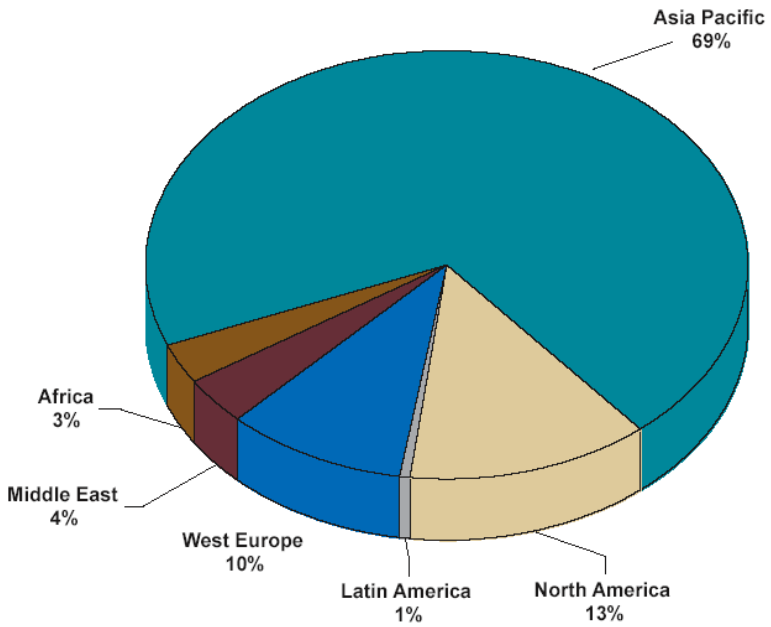
Note: Some estimates for ADIA are considerably higher and close to $900 billion
Source: RGE Monitor Estimates, Rachel Ziemba, Foreign Assets of Selected Wealth Funds/Government Investment Vehicles, August 2008

GCC Corporates (GCCI): Spread above LIBOR, HSBC/ DIFX GBCI Index



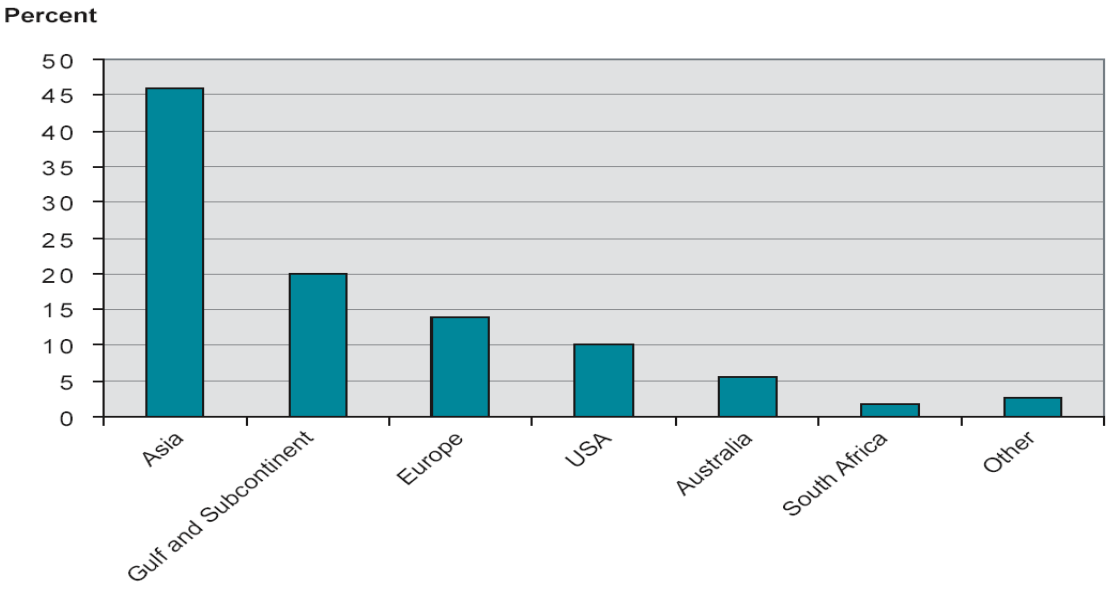
Source: HSBC, DIFX, 2008

GCC's Export Destinations of Oil and Refined Products*



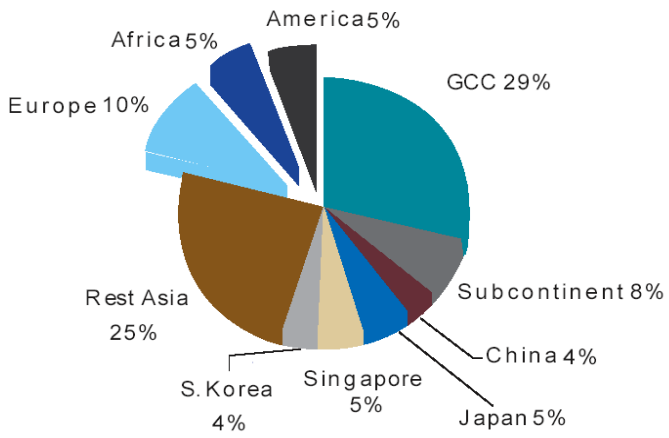
*2006. Note: Excluding Non-OPEC GCC states Oman and Bahrain
Source: OPEC, Annual Statistical Bulletin 2007

Gulf Petrochemical Exports *



*2005, Including Iraq and Iran
Source: SABIC

GCC s Aluminum Exports*



*2006. Source: UN Comtrade Database
Note: For UAE and Kuwait 2007 data are not yet available. Subcontinent includes India, Pakistan, Sri Lanka, Maldives, Nepal and Bangladesh