

Call to hasten move for GCC monetary union

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DUBAI -An official of a global development network has urged member-states of the Gulf Co-operation Council to hasten moves for a monetary union, stressing that no GCC state would be able to compete with global economies alone.

"The GCC should get together and move quickly to a monetary union," said Dr Khaled Alloush, UAE resident representative of the United Nations Development Programme (UNDP), in a conference yesterday.

He also said that Gulf economies are "losing any policy option" by pegging their currencies to the weakening US dollar, stressing that stronger GCC currencies would not adversely affect the export industry because of high oil prices in the international market. Kuwait has abandoned the dollar-peg since last May.

He cited impressive growth rates in the GCC countries of Saudi Arabia, Bahrain, Kuwait, the UAE, Oman and Qatar as the best reason to quicken their monetary union, which is set for 2010. He also noted low debts and high international reserves.

He stressed that never will a GCC country establish a major economy alone. "But collectively, yes," he said in a presentation before the GCC Inflation Challenges Conference. "You have good reason to move together."

He said that growth rates in the GCC will continue, citing the high prices of oil and gas in the international market, sound economic management and sustained political stability, despite the fact the Gulf countries are within the bigger Middle East region, whose other parts are riddled with serious problems on peace and security.

GCC exports rose to over Dh2 trillion (\$546 billion) last year from Dh1.84 trillion (\$502 billion) in 2006 while imports grew to Dh1.3 trillion (\$344.8 billion) from Dh1.1 trillion (\$299.2 billion) for the same period.

Alloush dismissed concerns on high inflation rates in the Gulf countries, saying these are "not alarming" if compared to most other Western countries. "External investment will continue to come in and inward inflows will continue," he said.

The increasing gap between the inflation rates in the GCC members have made the scheduled monetary union, which is the final step in the integration of Gulf economies that began in 1983, difficult to achieve, the Dubai Chamber of Commerce and Industry said on Monday.