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The Gulf as a Global Financial Centre: Growing Opportunities and International Influence

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The “GCC” is amongst the world’s top ten economies

- GCC total GDP set to rise well above \$1trillion in 2008
- GDP/capita average will be about \$30000 - well above emerging market levels of \$10000 or less
- Fifth largest exporter *and eighth largest importer*



The “GCC” is amongst the world’s top ten economies

- But GCC states typically still treated as ‘developing countries’
- None of the GCC have joined the OECD
- No representation at the world’s top table, the G8 summits



IFC RANKINGS, City of London survey March 2008 - excluding US and Europe

1 Hong Kong 3

2 Singapore 4

3 Tokyo 9

4 Sydney 10

5 Dubai 24

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12 Bahrain 39

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15 Qatar 47



IFC rankings by country/region

London/EU 1

New York/USA 2

Hong Kong/China 3

Singapore/SE Asia 4

Switzerland/Europe 5

Japan 6

Australia 7

Canada 8

Dubai (GCC) 9



GCC punching below its weight?

- The GCC economy ranks in the top 10
- In principle, its equity market capitalisation and banking sectors are both in-line with GDP, in the top rankings
- But market trading activity is still low and much business is unsophisticated - need to move up the curve
- And the position in debt markets is weak - like Asia, it relies on the banking system



Debt markets and the hinterland

- Firstly, grow a large and liquid debt market, with government issues to act as benchmark - critical for attaining a top rank as a GFC
- Dual approach to government financing could foster emergence of local debt market - governments could step up debt financed infrastructure projects while continuing to run a budget surplus
- Secondly, a “Hinterland” can be created by using the GCC’s wider role in banking and debt markets, especially in connection with MENA and Asia - signs of this progressing based on Islamic model
- New issues may rise dramatically - \$1trillion pa?

