

Oil Income Drives Major Economic Expansion and Payments. IIF

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Oil Income Drives Major Economic Expansion and Payments Surpluses for Gulf Cooperation Council Countries, August 15, 2006

Washington, DC, August 15, 2006 —High global oil prices are driving rapid economic growth in the countries of the Gulf Cooperation Council (Saudi Arabia, UAE, Kuwait, Oman, Qatar and Bahrain), yielding substantial external surpluses and stimulating an investment boom, according to a report released today by the Institute of International Finance (IIF).

The IIF, the global association of financial institutions with more than 355 member institutions operating across the world, forecast GCC 2006 nominal GDP growth of almost 19 percent, which will lift the combined GDP of the GCC economies to around \$725 billion. This follows a cumulative expansion in nominal GDP of 74 percent over the last three years. For the GCC as a whole, GDP per capita has risen over the last three years to over \$17,000 from below \$11,000. A moderation in growth to 9.4 percent is projected for 2007. Given current high oil prices, the IIF estimated that the GCC will record a current account surplus of almost \$230 billion this year and in excess of \$220 billion next year, following surpluses of \$ 167 billion in 2005 and \$90 billion in 2004.