

**Crans Montana Forum**  
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The Gulf States and International Cooperation

Speaking Notes of

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(I) Gulf States

On 25th May 1981, the leaders of the United Arab Emirates, State of Bahrain, Kingdom of Saudi Arabia, Sultanate of Oman, State of Qatar and State of Kuwait met in Abu Dhabi, capital of the United Arab Emirates, and agreed on the creation of The Cooperation Council for the Arab States of the Gulf or GCC, Gulf Cooperation Council, to effect coordination, integration and inter-connection among the 6 Member States in all fields.

The following will help better understand the formidable importance of the Gulf States:

- The GDP of GCC member states was USD1,022.62 billion in 2007 (IMF April 2008) and a growth of 19% is expected at end of 2008;
- Gulf countries account for about 45% of the world's proven oil reserves, 25% of crude oil exports and 17% of the world's proven gas reserves;
- According to the Kuwaiti Al-Shall Economic Consultants the six GCC states earned \$364 billion from oil in 2007 and are projected to earn \$636 billion in 2008 and \$657 billion in 2009;

- McKinsey estimates that on an estimated average price of \$50 per barrel, \$2 trillion investable surplus will flow to the six GCC countries by 2020. Of the \$ 2 trillion, \$800 billion will come to Abu Dhabi.
- The GCC member states are using some the oil revenues to diversify the economy and lessen their dependency on oil revenue. Real estates, tourism, financial institutions and manufacturing industries are taking strong hold in the national and regional economies.
- GCC investors are looking for investment opportunities worldwide. As Vince Cook put it in last month's issue of GN Financial Review: "There is presently a wave of money seeking out profitable opportunities."

## (II) GCC and International Cooperation

Article 8 of the GCC Charter refers to the approval of the bases for dealing with other states and international organizations.

The EU-GCC Cooperation Agreement was signed in 1988 "to establish a new structure for a comprehensive dialogue between the two regions" and led in 1990 to negotiations for a free trade agreement, which has yet to be finalized.

EU Commissioner for External Relations Benita Ferrero-Waldner visited the Gulf region in April 2008 and she suggested that a FTA was likely to materialize this year stating that great progress on a number of issues was achieved in 2007.

The GCC and EU are developing their relationship beyond the confines of the Free Trade Agreement to a mutually beneficial full fledged partnership.

A framework agreement for economic, commercial, investment and technical cooperation has been signed between the GCC States and the People's Republic of China and FTA talks have been initiated.

The GCC has also signed Framework agreements for economic cooperation with the Republic of Turkey, India, Pakistan and MERCOSUR and FTA talks are expected to start soon.

The GCC Secretariat-General is discussing framework agreements for economic cooperation and FTAs with Australia, Japan, Singapore, New Zealand, ASEAN and SADC.

### (III) The Vital Importance of Aviation

As per ATAG's 2008 brochure ([www.atag.org](http://www.atag.org)):

- The direct, indirect, induced and catalytic contribution of aviation to the world economy is estimated at USD 3,560 billion;
- 2.2 billion people use air transport annually as a preferred mode of transportation for leisure, business and to visit friends and relatives;
- Air transport provides 32 million jobs globally;
- The airline industry is committed to protect our environment:
  - ✓ Aircraft entering in the industry are 70% more fuel-efficient and 75% quieter than 40 years ago and

- ✓ Airlines use different schemes such as shorter air routes to reduce emission;

#### (IV) Gulf Aviation

- Half of all global aircraft orders are from Middle East airlines;
- Middle East airlines ordered aircraft worth more than USD 100 billion at the 2008 Dubai Airshow and the bulk of this order was from Gulf airlines;
- Gulf airlines transported over 60 million passengers in 2007, recording a 15.52% growth over 2006 and sustaining a four-year trend of double digit growth;
- Middle East airlines led all regions in 2007 with a 10.1% increase in freight demand while the industry average stood at 4%.
- Middle East airports are investing nearly USD 37 billion to boost capacity to 318 million passengers per year by 2012;

#### (V) Abu Dhabi the emerging business and trade centre

- Abu Dhabi is the Capital and the largest of the 7 emirates of the UAE;
- Abu Dhabi represents 87% of the UAE territory, holds 95 percent of the UAE's total oil reserves (10 percent of the world's total reserves) and 92 percent of its gas reserves (world's fifth largest);
- Abu Dhabi's real GDP is expected to be USD 105 billion in 2008 with the oil sector representing 58%;

- Abu Dhabi's real GDP is expected to surge to:
  - ✓ USD 120 billion in 2010 (oil sector share 55%)
  - ✓ USD 170 billion in 2015 (oil sector share 50%)
  - ✓ USD 230 billion in 2020 (oil sector share 45%)
  - ✓ USD 300 billion by 2025 (oil sector share 40%)
- With more than USD 1 trillion investments worldwide the Abu Dhabi Investment Authority is by far the largest Sovereign Wealth Fund in the world;
- Real estate projects in Abu Dhabi are estimated at more than USD 466 billion when completed;
- Other projects such as the Abu Dhabi government's investment in hydrocarbon, utilities, ports and airports, communication and infrastructure will raise the project value to a much higher level;
- The Harvard Business review in its April 2008 issue rated Abu Dhabi as one of the emerging new centers of economic power;
- Abu Dhabi has been named in this month's issue of the American business magazine Fast Company as one of "12 cities to watch";
- In its latest World Winning Cities study of more than 130 countries and cities, Jones Lang LaSalle, one of the world's largest property advisory firms, unveiled Abu Dhabi as the Power City that would become one of the world's fastest growing urban stars;

- With its ambition to become a truly sustainable world-class city, Abu Dhabi has embraced urban master-planning with Plan Abu Dhabi 2030;
- The Abu Dhabi government's Masdar or Green Initiative reflects Abu Dhabi's ambition to turn its energy profits into next-generation energy leadership;
- Abu Dhabi's economic diversification initiative attaches high importance to the development of tourism evidenced by such projects as the Louvre and Guggenheim museums, the Warner Brothers and Ferrari Theme Parks and the Abu Dhabi F1 Grand Prix as from 2009;
- The number of hotel rooms in Abu Dhabi is projected to grow from the current 10,000 to 25,000 by 2012 and to 75,000 by 2030.

#### (VI) Etihad Airways

The growth plans of Etihad Airways are in line with the Abu Dhabi government's plans to transform the UAE capital into a tourism and cultural destination.

A recent study by Booz Allen Hamilton, the management consultant, found that Etihad was the fastest-growing airline in history.

Etihad Airways transported 4.6 million passengers in 2007 and is expected to carry over 6 million passengers by end 2008 to its 49 destinations.

#### (VII) Closing Remarks

The Crans Montana Forum, like aviation and tourism, helps promote peace, friendship, good fellowship and mutual understanding amongst the peoples of the world by allowing

us to experience first hand the formidable value of what we have in common and what we can learn from each other.

I am here because I believe in the need to promote a worldwide culture of communication, cooperation and collaboration.

I believe that as States, as communities and as political, social and business leaders, we need each other and we depend on each other.

We are and we will remain a community of linked interests and together we can make a formidable difference.