

# Gulf GDP set to more than double next decade

EIU forecasts that GCC will expand to \$2.3trn from \$1trn

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The GCC economy will more than double to reach \$2.3 trillion during the next decade with non-oil sector growing faster than the hydrocarbon sector, according to the latest study by Economist Intelligence Unit (EIU).

"We have been forecasting a \$2 trillion economy, as we think the oil price will hold up pretty strongly going forward," Jane Kinninmont, Associate Director for the Middle East and Africa at EIU, said in the report.

The Gulf region would expand to \$2.3trillion in the next 10 years from more than \$1 trillion now, said the report. As part of that, the non-hydrocarbon economy would swell to represent 69 per cent of GDP, from its present 61 per cent.

The report suggested that the region needs to focus on industries in which they have a competitive advantage, such as the energy-intensive manufacturing of petrochemicals, plastics and aluminium. Apart from these, mining and mineral-based industries, trade and logistics, tourism, hospitality and aviation were other sectors to focus on.

Kinninmont also said that value-added tax to be introduced at a rate of 5 per cent in Dubai, as well as other indirect taxes such as an increase in visa fees.

"There will be a gradual increase but it will be indirect taxation as there could be a political opposition if a tax on nationals is increased," she said, adding that Saudi Arabia faces one of the greatest urgencies to diversify its economy.