

II. The Gulf - Current Trends:

The Gulf is uniquely wealthy, both in terms of per capita incomes, private and corporate wealth, and state resources. The US investment bank Merrill Lynch estimates that the Gulf States have an estimated 185,000 millionaires, possessing \$718 billion. The UAE alone, a country with a population of just under 3 million - equivalent to the province of Alberta - has 59,000 millionaires owning \$160 billion. Along with private wealth, the wealth of governments in the region is staggering. Kuwait, with a population similar to that of the City of Vancouver, has a state investment agency - the Kuwait Investment Agency - with assets of US \$56 billion. It is estimated that the Abu Dhabi Investment Authority has between \$US 150-400 billion in foreign investments under management, and in the past three years has made more money from these investments than from oil. It is important to note that these figures represent state investments only and does not include the foreign holdings of individuals or private companies. In that respect, a recent report observes that high net worth individuals in the UAE alone have \$US 260 billion in foreign investments. Residents of the Gulf are sophisticated investors, many with interests spanning the globe. For example, little known in the West, the Kuwait Investment Agency owns 7% of the Daimler-Chrysler corporation.

Situated at the crossroads of three continents, the region also has a rich international trading history. At the start of the 21st Century, it is poised to once again capitalize on its strategic trading position. Massive investments in infrastructure during the last two decades have helped make the region a key distribution centre and commercial hub. The Gulf has become the wholesale warehouse for the South Asian market of a billion-plus consumers. The United Arab Emirates, in particular, is emerging as the banking "Switzerland" of the Middle East and South Asia.

The UAE's Sheikh Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai, declared last November that in his country: "Huge commercial projects are under way. Massive housing developments are rising from the sands. Two huge offshore islands visible from space will double our coastline. Dubai airport will grow to handle five times the 14 million passengers a year it sees today. *We are not content simply to wait for the future - we are building it.*"¹

This statement is not marketing hyperbole. It is fact. In addition to billions of dollars being pumped into housing and commercial real estate, the UAE has built world-class transportation and communications infrastructure. Its Jebel Ali Free Zone, formed in 1985, is now host to 1,900 businesses and continues to attract investments from some of the largest corporations in the world. The Dubai container port is one of the busiest ports in the world, and has surpassed both Tokyo and New York in container traffic.² Emirates Airlines, winner of a number of "Best Airline" awards, has seen its profits grow by 40% during 2000-1, and is in an aggressive expansion mode. In contrast to cut-backs in major world carriers following September 11, Emirates Airlines announced last November orders worth US \$15 billion for 58 widebody aircraft from Boeing and Airbus Industrie. This represents one of the biggest civilian aircraft orders in world history.