

# The Development Strategies in GCC States under Global Economy

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The purpose of this dissertation is to consider industrialization of GCC states.

GCC states are adapting state-led export-substitution industrialization strategy that mainly petrochemical industry. However, the states which less proved reserves of petroleum cannot depend on that strategy. These states need new industrial development replace of petroleum and petroleum related industry. Dubai aim at creation of industrial CLUSTER using establishment Free Zone target for distribution, IT, financial industries. Dubai also succeeds in development of tourism industry. These Dubai's development strategies have attracted the attention of Gulf States. Free Zone establishments, especially free zone for distribution industry, are wide spreads in Gulf region. There are tendencies of duplicate investment and excessive competition among these free zones.

Turning now to regional economic integration, GCC economic integration process achieved customs union in 2003. There are, however, little economic advantages among member states. In spite of this condition, GCC intend to be evolved economic integration, such as currency integration. The main reason is that GCC (states) aim to increase its bargaining power when they negotiate foreign states and institutions such as EU. The implication of this reason is political matter rather than economic reason. There are some states (for example, Bahrain) that they are intending to conclude bilateral FTA as economic integration strategy. It is also political purpose. But in view of economic development whole Gulf region, there are too many Free Zones. Therefore if they want to sustainable development, it is necessary for Gulf State to coordinate their industrial policies using GCC framework.

Gulf states have huge capital from oil. It is necessary to use this capital with efficiency for economic development. Gulf states are not able to develop manufacturing sector due to its economic condition. The linkage through service sector development is the path for Gulf states non-oil sector economic development.