

# "Currency Unification in Gulf Region: An Appraisal of Preparation"



## **Final Project**

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## **Abstract**

Creation of a common currency area is one of the cherished goals of the Gulf Cooperation Council (GCC) countries right from the beginning. This goal was formally declared soon after the foundation of the GCC in 1981. The member states of the GCC are moving towards launching a single currency by January 2010, an advanced step towards monetary union. These countries are characterized with a great degree of similarities whether political, economic, or social. This provides an advantage many regional economic groups lack.

Using formal and informal criteria, it has been established whether GCC is an optimum currency area (OCA). Based on the traditional OCA criteria, it has been found that GCC countries are yet to fulfill the necessary pre-conditions for the establishment of Currency Union (CU). The SWOT methodology utilized in this study presents a list of activities that must be thought of carefully before and after the year 2010, when the single currency is planned to circulate. Time is approaching fast, thus, GCC states should take serious steps in the remaining few years. A qualitative approach, is applied to check the readiness of the Gulf region for common currency.

According to the data analysis, the Gulf region is not ready to launch a common currency in January 2010. There are many barriers that must be minimized to launch a common currency in near the future.

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