

# **Assessing Economic and Financial Cooperation and Integration Among the GCC Countries.**

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Abstract

Economic and Financial integrations are less pronounced in the Gulf Cooperation Council, GCC, countries than among states in Europe, North America, and East Asia or compared to political and cultural, and social integration within the region. Cross border trade flows, direct investment and investment in capital goods have long been small and slowly growing, while regional institutional and legal structures are scarce and frequently not substantive. This dichotomy persists despite suggestions since the early 1980s that economic and financial integration would accelerate. This study suggests explanations in legal, governance and institutional frameworks for the paradox of modest economic and financial integration, despite increasing regional cooperation. However, the current global financial crisis provides opportunities for the region to endorse greater economic and financial integration, albeit at the sacrifice of increasing levels of state sovereignty in order to function effectively, with the example of a Gulf Monetary Union serving as one example of such a potentially significant initiative.

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