ECONOMIC AND SOCIAL COMMISSION FOR WESTERN ASIA

SURVEY
OF ECONOMIC AND SOCIAL DEVELOPMENTS IN THE ESCWA REGION 1993

UNITED NATIONS

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ABBREVIATIONS AND EXPLANATORY NOTES

AFESD	Arab Fund for Economic and Social Development
AFM	Amman Financial Market
ALBA	Aluminum Bahrain
BB1	Barrel(s)
b/d	Barrels per day
BCM	Billion cubic metres
BD	Bahrain dinar
BIS	Bank for International Settlements
c.i.f.	Cost, insurance, freight
CBJ	Central Bank of Jordan
CBK	Central Bank of Kuwait
CDs	Certificates of Deposit
CIS	Commonwealth of Independent States
CSE	Cairo Stock Exchange
Dh	UAE dirham
DUBAL	Dubai Aluminium Company
ED	Electrodialysis
EGYPTALUM	Egypt Establishment for Aluminum Production
ESCWA	Economic and Social Commission for Western Asia
FAO	Food and Agriculture Organization of the United Nations
f.o.b.	Free on board
GATT	General Agreement on Tariffs and Trade
GCC	Gulf Cooperation Council (includes Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates)

ABBREVIATIONS AND EXPLANATORY NOTES *(continued)*

GDP	Gross domestic product
GNP	Gross national product
HADEED	Saudi Iron and Steel Company
ICC	International Chamber of Commerce
ID	Iraqi dinar
IDS	International Development Strategy
ILO	International Labour Organization
IMF	International Monetary Fund
JD	Jordanian dinar
JPMC	Jordan Phosphate Mines Company
KD	Kuwaiti dinar
Km^2	Square kilometres
KSM	Kuwaiti Stock Market
LDC	Least developed country
LE	Egyptian pound
LL	Lebanese pound
LNG	Liquefied natural gas
LPG	Liquefied petroleum gas
LS	Syrian pound
m/b/d	Million barrels per day
MCM	Million cubic metres
MED	Multi-effect distillation
MSF	Multi-stage-flash
MTBE	Methyl tertiary butyl ether

ABBREVIATIONS AND EXPLANATORY NOTES *(continued)*

MVA	Manufacturing value added
MW	Megawatts
NGOs	Non-governmental organizations
OAPEC	Organization of Arab Petroleum Exporting Countries
ODA	Official development assistance
OECD	Organization for Economic Cooperation and Development
OPEC	Organization of Petroleum Exporting Countries
QR	Qatar riyal
RFFG	Reserve Fund for Future Generations
Ro	Reverse osmosis
RO	Rial Omani
SABIC	Saudi Basic Industries Corporation
SAMA	Saudi Arabian Monetary Agency
SDR	Special drawing rights
SNPA	Substantial New Programme of Action
SRls	Saudi Arabian riyals
SSM	Saudi Stock Market
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
VC	Vapour compression
VLCC	Very large crude carriers

ABBREVIATIONS AND EXPLANATORY NOTES *(continued)*

YR Yemeni rial

Notes: References to dollars ($) are to United States dollars, unless otherwise stated.

Two dots (..) indicate that data are not available or are not separately reported.

An em dash (--) indicates that the amount is nil or negligible.

A hyphen (-)indicates:
(1) the item is not applicable,
(2) between years or months (for example, 1990-1992 or January-June), the years or months covered, including the beginning and ending of years or months.

An oblique (/) between years (i.e., 1991/1992) indicates a fiscal (financial) year.

PART ONE

OVERVIEW

The overall economic performance of the ESCWA region slowed down considerably in 1993, with the exception of Kuwait. The region's combined GDP in nominal terms is estimated to have totalled around \$372 billion in 1993, representing a real growth rate of 3.5 per cent, compared with 6.8 per cent in the previous year. All countries, with the exception of Qatar and the Republic of Yemen, recorded positive growth rates. However, with the exception of Kuwait, Lebanon and the Syrian Arab Republic, these rates were below those realized in 1992.

Several developments have contributed to the overall slow-down in economic activity in the region in 1993 including: (a) lower oil prices and revenues; (b) depressed export performance; (c) continuation of the economic sanctions against Iraq, which have not only exacerbated the country's difficulties in putting the economy back on a growth track, but have harmed the other countries which have traditionally maintained close economic ties with it; (d) attacks on tourists in Egypt, which not only depressed activity in a key sector directly, but have also affected negatively investor—especially foreign—confidence in the economy; (e) persistence of the political crisis in the Republic of Yemen; (f) the generally depressed state of regional cooperation, despite some reconciliatory tendencies; and (g) the limited progress achieved in mobilizing resources for reconstruction.

International economic developments were generally not favourable. World output grew by a mere 1 per cent in 1993, while growth in the volume of world exports slowed down to 3.4 per cent, from 5.2 per cent in 1992. The world trading system, however, was given a big boost by the successful completion of the Uruguay Round of multilateral trade negotiations towards the end of 1993 after seven years of negotiations.

The following positive developments have partially offset the above-mentioned unfavourable circumstances:

(a) Economic reform remained a major concern for a number of countries and gained momentum in 1993. Overall, the impact of economic reform on internal and external balances has been positive. Jordan, for example, managed to achieve for the second year running a positive and significant growth in its GDP (6 per cent); to hold down the rate of inflation at below 5 per cent; to reduce unemployment by about 4 percentage points to 11 per cent; to improve the overall budgetary situation by launching the first ever deficit-free budget in the history of the kingdom (1994); to have current expenditure and a large part of investment expenditure met from domestic revenues; to reschedule the estimated \$650 million debt owed to the Paris Club; and to reach agreement with the London Club on restructuring debts amounting to \$895 million. Similarly, Egypt recorded a further decline in the budget deficit and reduced the inflation rate further. Egypt also reached an accord with the International Monetary Fund to obtain a three-year loan of \$569 million to support its efforts to open up and reform its economy, which made possible the forgiveness of a second tranche of 15 per cent of its debt (estimated at \$25 billion) to the Paris Club members under an agreement reached in 1991 whereby the Paris Club agreed to write off 50 per cent of Egypt's foreign debt contingent on its satisfying IMF conditions.

(b) The prospects and performance of the Lebanese economy continued to improve in 1993, as reflected in a number of significant initiatives and indicators, including the launching of the \$1.8 billion Lebanese Company for the Development and Reconstruction of Beirut Central District (SOLIDERE), improved prospects for external financing of reconstruction and rehabilitation, reflecting improved donor confidence, and positive developments in virtually all the basic growth indicators.

(c) With the exception of Iraq and the Republic of Yemen, inflation in the region has been kept down; it ranged between (-1) per cent and 4 per cent in the GCC countries, and between about 5 per cent and 12 per cent in the other ESCWA member countries.

(d) There were good agricultural harvests, notably in the Syrian Arab Republic.

(e) The restoration by Kuwait of oil production capacity to pre-Gulf crisis levels led to a sharp rise in oil revenues.

(f) The decline in oil prices and revenues notwithstanding, the GCC economies continued to benefit from the rise in domestic demand and generally buoyant private sector activity.

(g) Significant private sector capital repatriation was reported for both Lebanon and Saudi Arabia.

The aggregate GDP of the GCC countries is estimated to have grown by about 3.3 per cent in 1993, compared with 7.5 per cent in 1992. The lower growth recorded could largely be attributed to the poor performance of the oil sector, with the exception of Kuwait, which continued, for the second year, to increase significantly its oil production and revenues. The slow-down was less pronounced in the more diversified economies, where GDP growth fell from 6.2 per cent to 4.1 per cent. The GDP of the least developed member country, the Republic of Yemen, declined by 1 per cent.

The total identified external debt of the ESCWA region is estimated to have risen from $180 billion in 1992 to $186 billion in 1993, representing about 50 per cent of the region's aggregate GDP. However, the main debtor countries in the region were faced with less severe debt problems in 1993, compared with the past few years. Egypt benefited from the debt reduction schemes of the Paris Club, while Jordan signed, in late 1993, a Brady-style agreement with commercial banks for debt and debt services payments reduction.

Oil production in the ESCWA region increased in 1993 by about 4 per cent to 15.54 m/b/d, up from 14.95 m/b/d in 1992, raising the region's share in total world production to 24 per cent, up from 22.9 per cent in 1992. However, the overall increase was unevenly distributed among member countries. While Kuwait and the Syrian Arab Republic managed to increase daily production by 78.8 per cent and 11.1 per cent respectively, production declined in Saudi Arabia and the United Arab Emirates by 2.8 per cent and 3.4 per cent respectively.

Under the impact of unfavourable demand and price developments, the region's oil revenues in 1993 declined to $73.3 billion, down from the $78.9 billion of the previous year. Kuwait and the Syrian Arab Republic managed to increase their oil revenues by 46.8 per cent and 8.6 per cent respectively, owing to higher output.

Fiscal developments in the ESCWA region in 1993 were still affected by the ramifications of the Gulf crisis and the sharp drop in oil revenues in the major oil-exporting countries. In the GCC countries, the drop in oil revenues, which constitute most of the budget revenues, complicated the financial situation of these countries and added to the budget burdens, particularly in Saudi Arabia and Oman, as reflected in the significant increase in projected budget deficits. However, fiscal developments in the countries with more diversified economies, with the exception of the Republic of Yemen and Iraq, showed lower than projected budget deficits.

Banks in the ESCWA region continued to face pressure to maintain an internationally accepted capital-adequacy ratio of at least 8 per cent. Most banks in the region raised their capital, either through their own resources or by placing equities in the market. They continued to suffer from a mounting burden of non-performing loans, most of which were contracted during the 1980s and estimated at around $25 billion.

The combined current account balance of the ESCWA region (excluding Iraq, Lebanon, Qatar, the United Arab Emirates and the Republic of Yemen owing to lack of data) registered a deficit of $19.6 billion in 1992, a considerable improvement compared with the $37.8 billion deficit recorded in 1991. This relative improvement came about as the result of the sharp curtailment of the deficit in services, from $31 billion to $19 billion, and of unrequited transfers, from $27.1 billion to $8.3 billion.

The region's international reserves (excluding Iraq, the Syrian Arab Republic and the Republic of Yemen) rose from $36.4 billion in 1991 to $37.9 billion in 1992. In 1993 the region's international reserves (excluding Oman and with incomplete data on Qatar and the United Arab Emirates) reached $39.9 billion. The improvement was mainly attributed to the increase in the international reserves of Egypt and Lebanon by $2.1 billion and $1.3 billion respectively.

I. THE INTERNATIONAL SETTING

A. WORLD OUTPUT AND TRADE

1. *World economic growth*

In 1993, as in the preceding three years, world output remained sluggish with indications of a slow recovery in 1994. World output grew by 1 per cent in 1993 with growth declining in the developed market economies from 1.6 per cent in 1992 to 0.9 per cent. World per capita output declined for the third year in a row, mainly because of the slow-down in developed countries' outputs, which account for over two thirds of world output, and because of a fall of around 10 per cent in the output of the economies in transition.[1]

High public debt in most of the industrialized countries ushered in a recession in the early 1990s which, in the face of structural labour market rigidities, continued to exert a downward pull on output and growth in 1993. The growing pressures on European currencies brought about by tight monetary policies in

TABLE 1. GROWTH OF WORLD OUTPUT BY MAJOR COUNTRY GROUPING, 1981-1988 AND 1989-1994

(Annual percentage change in gross domestic output)

	1981-1988	1989	1990	1991	1992	1993[a]	1994[b]
World	2.9	3.2	1.6	0.2	0.7	1.0	2.5
Developed market economies	2.8	3.4	2.4[c]	0.6	1.6	0.9	2.2
United States	2.8	2.5	0.8	-1.2	2.6	2.8	3.1
European Union	2.1	3.4	2.8[c]	0.8	1.2	-0.3	1.6
Japan	4.0	4.7	4.8	4.0	1.3	0.0	1.5
Economies in transition	3.1	2.3	-6.3	-8.9	-16.7	-10.4	-0.8
Developing economies	3.1	3.5	3.3	3.4	4.8	5.3	5.3
China	9.9	3.6	5.2	7.7	12.8	13.0	9.5

Source: United Nations, Department for Economic and Social Information and Policy Analysis, "The world economy at the end of 1993: short-term prospects and emerging policy issues" (E/1994/INF/1), 17 January 1994, p. 3.

[a] Preliminary estimates.
[b] Forecast.
[c] Indicating discontinuity in the series; from 1991, Germany includes the eastern Länder.

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[1] United Nations, Department for Economic and Social Information and Policy Analysis, "The world economy at the end of 1993: short-term prospects and emerging policy issues" (E/1994/INF/1), 17 January 1994, p. 2.

Germany, which affected European economies pegged to the German deutsche mark, culminated in August 1993 in a widening of the permissible band of exchange rate fluctuations for the countries participating in the European exchange rate mechanism (ERM). Slow progress in reducing interest rates coupled with tight fiscal policies contributed to a drag on output and growth. The budgetary imbalances in the industrial countries, estimated to be 4.5 per cent of GDP in 1993,[2] limited the scope of fiscal policy as a stimulus for growth, with concern growing about the unsustainability of the deficits. It was feared that such deficits would lead to upward pressure on long-term interest rates and debt-servicing costs, and would reduce the potential of the economies to create sustainable employment and eventually to stimulate economic recovery. Therefore, measures to check fiscal imbalances in both the United States of America and Europe were priority concerns. Japan, with a zero rate of growth in 1993, however, endeavoured to stimulate the economy through tax cuts, with the latest fiscal package announced in late 1993 expected to provide the necessary stimulus for economic recovery.

Despite the world recession, developing countries as a whole continued to register strong overall rates of growth: output increased by 5.3 per cent in 1993 compared with 4.8 per cent in 1992. However, the overall achievement was the result of the continued strong performance of the countries and areas of South Asia and South-East Asia, and especially China, where output grew by 13 per cent in 1993. The remarkable economic performance of China, Indonesia, Malaysia, the Republic of Korea and Taiwan Province of China in the past several years indicates the benefits to be derived from outward-looking, growth-oriented, yet prudent macroeconomic policies. In Latin America, efforts to remove imbalances and provide for a stable macroeconomic environment contributed to an increase in the rate of growth from 2.2 per cent in 1992 to 3.1 per cent in 1993. In Western Asia, growth fell from 6.8 per cent in 1992 to 3.5 per cent in 1993.

2. World trade

Although continuing to grow faster than overall output, expansion of world trade in 1993 slowed to 3.4 per cent from 5.2 per cent in 1992 (table 2). This was mainly due to the weak economic performance of the developed market economies. Demand for imports in these economies remained weak, and the volume of exports grew by a modest 1.6 per cent in 1993, with growth averaging about half what it was in 1992 in North America, virtually stagnating in Western Europe and actually declining in Japan.

In the economies in transition, trade continued to decline, although the decline in their exports was smaller, at 8.0 per cent in 1992, compared with the drop of around one third in the previous year.

The stimulus to world trade in 1993 came from the developing countries, where the volume of exports increased by 10.6 per cent as a whole, and is expected to increase by a further 11.6 per cent in 1994. A major part of this increase was the result of a continued expansion of exports from South Asia, East Asia and China, and from a remarkable recovery in exports from Africa and Latin America. West Asia was the only region where exports declined.

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[2] International Monetary Fund, *World Economic Outlook, October 1993*, Washington, D.C., p. 3.

TABLE 2. WORLD EXPORT VOLUME, 1990-1994

(Annual percentage change)

	1990	1991	1992	1993[a]	1994[b]
World	5.3	4.4	5.2	3.4	5.9
Developed market economies	5.0	3.7	3.9	1.6	4.2
North America	7.0	6.3	7.4	3.8	5.9
Western Europe	3.9	2.1	3.4	0.7	3.7
Japan	5.5	3.0	-0.5	-0.6	1.2
Developing countries	8.6	9.7	8.0	10.6	11.6
Latin America	3.6	6.3	4.6	8.1	..
Africa	14.4	7.0	0.2	8.4	..
Asia	8.5	12.2	10.8	11.7	..
South and East Asia	7.4	16.5	10.3	16.6	..
China	14.5	17.6	13.0	11.2	..
West Asia[c]	1.7	6.3	10.9	-0.5	..
Economies in transition	-9.8	-29.7[d]	-8.0	..	..

Source: United Nations, Department for Economic and Social Information and Policy Analysis, "The world economy at the end of 1993: short-term prospects and emerging policy issues" (E/1994/INF/1), 17 January 1994, p. 22.

[a] Preliminary estimates.
[b] Forecast.
[c] Including the Islamic Republic of Iran and Israel, in addition to the ESCWA member countries except for Egypt.
[d] Indicating a break in the series.

B. UNEMPLOYMENT, INFLATION AND INTEREST RATES

1. *Unemployment*

A major offshoot of the slow-down of economic activity in the industrialized countries has been the rising trend in unemployment, which was estimated to have attained 7.8 per cent in 1993 (table 3), affecting about 30 million persons. In 1993, the unemployment rate in the United States dropped to 6.8 per cent from 7.3 per cent in 1992, but rose in all other developed market economies. The lack of an effective mix of monetary and fiscal policies aimed at accelerating economic recovery and the structural rigidities in labour markets led to the persistence of rising unemployment. This has led to a growing sentiment in favour of protectionism to save jobs affected by the "globalization" of the world economy.

2. *Inflation*

Weak aggregate demand helped to maintain moderate inflation rates in most of the developed market economies, which is the one positive factor in the current global recession. The rise in the consumer price index in most of the industrialized countries was under 3 per cent in 1993—almost a half point lower than

TABLE 3. UNEMPLOYMENT RATES IN DEVELOPED MARKET ECONOMIES, 1986 AND 1990-1994

	1986	1990	1991	1992	1993[a]	1994[b]
All developed market economies	7.6	6.0	6.7	7.4	7.8	7.8
Major industrial countries	7.1	5.6	6.3	6.9	7.0	6.9
United States	6.9	5.4	6.6	7.3	6.8	6.5
France	10.4	8.9	9.4	10.3	12.0	12.2
United Kingdom	11.2	6.8	8.7	9.9	10.5	10.4
Other industrial countries	9.9	7.9	8.6	9.8	11.9	12.2

Source: United Nations, Department for Economic and Social Information and Policy Analysis, "The world economy at the end of 1993: short-term prospects and emerging policy issues" (E/1994/INF/1), 17 January 1994, p. 21.

[a] Preliminary estimates.
[b] Forecast.

in the previous year, a continuation of the downward trend which started in 1990 (table 4). In Germany, which pursued a tight monetary policy, the inflation rate was reduced marginally, from 4.1 per cent in 1992 to 4.0 per cent in 1993, with prospects for a further and deeper decline to 2.8 per cent in 1994. The low and declining trend in inflation rates in most developed market economies allows for the use of fiscal and monetary policies to stimulate growth and reduce unemployment.

Although inflation rates remained high in most developing regions, they continued their downward trend in 1993. As countries in Africa and Latin America sought to put in place stabilization and adjustment programmes, inflation fell in many of them. However, some countries with hyperinflation levels, such as Brazil (1,969 per cent in the third quarter of 1993), pushed up considerably the average inflation rate in developing countries. In Asia, inflation declined from 9.7 per cent in 1992 to 8.8 per cent in 1993, partly owing to the tight monetary controls imposed by China.

Inflation in the economies in transition remained high but prospects for a decline in 1994 were good in many of these economies as strict financial policies were being implemented.

3. *Interest rates*

Interest rates remained relatively high in most of the developed market economies, owing in part to the decline in inflation rates.

TABLE 4. CONSUMER PRICE INDICES, SELECTED COUNTRIES AND GROUPS, 1990-1994

	1990	1991	1992	1993[a]	1994[b]
All developed market economies	5.2	4.5	3.2	2.8	2.8
Major industrial countries	4.9	4.2	2.9	2.5	2.5
Germany	2.7	3.5	4.1	4.0	2.8
Japan	3.1	3.3	1.7	1.2	1.0
United States	5.4	4.3	3.0	2.9	2.9
Other industrial countries	7.0	6.3	5.0	4.4	4.0
Developing countries	78.4	103.8	52.0	54.4	56.1[c]
Africa	23.0	15.2	25.6	38.6	37.0
Asia	9.3	6.4	9.7	8.8	6.2
Middle East	14.3	8.6	13.6	13.8	12.2
Eastern Europe	123.8	171.8	91.7	101.5	75.7
Western hemisphere	370.2	575.5	144.7	143.9	177.3

Source: Data on developed countries from the United Nations, Department for Economic and Social Information and Policy Analysis, "The world economy at the end of 1993: short-term prospects and emerging policy issues" (E/1994/INF/1), 17 January 1994. Other data from the International Monetary Fund, *International Financial Statistics*, January 1994.

[a] Preliminary estimates.
[b] Forecast.
[c] Third quarter 1993.

Short-term interest rates in the United States remained around 3 per cent in 1993, while in the United Kingdom of Great Britain and Northern Ireland interest rates were reduced from 9.55 per cent in 1992 to 5.63 per cent in 1993 (table 5).

In Canada, Germany and Japan, both short and long-term interest rates have been progressively reduced in a bid to combat sluggish economic growth.

TABLE 5. MAJOR DEVELOPED MARKET ECONOMIES: SHORT-TERM INTEREST RATES, 1989-1993
(Period average; percentage per annum)

	1989	1990	1991	1992	1993[a]
United States	7.00	6.50	3.50	3.00	3.00
Canada	12.47	11.78	8.00	7.00	5.00
Japan	4.25	6.00	4.50	3.25	1.75
Germany	6.00	6.00	8.00	8.250	6.25
United Kingdom	13.9	14.7	11.7	9.55	5.63

Source: International Monetary Fund, *International Financial Statistics*, January 1994.

[a] Third quarter 1993.

C. WORLD TRADING SYSTEM

1. *The Uruguay Round*

The world trading system received a big boost from the successful completion of the Uruguay Round in December 1993, after seven years of negotiations. This was a considerable achievement, and it is expected to yield enormous benefits. In addition to the expected increase in the volume of world trade and output, the more lasting and significant contribution of the Round is perhaps the creation of a World Trade Organization to go beyond GATT (the General Agreement on Tariffs and Trade) in guaranteeing fair trade and the settlement of trade disputes. According to preliminary forecasts, the conclusion of the Round is expected to lead to a 20 per cent increase in trade volume, with the largest increase in textiles and services.[3] However, most of the gains are expected to accrue to the developed countries, justifying earlier apprehensions of developing countries.

A progressive lowering of tariff and non-tariff barriers, and the elimination of various preferential trade practices, is expected to lead to a net increase in world GDP by around 1.1 per cent.[4] In addition to these quantifiable benefits, there is the multiplier effect of increased trade and investment flows in the future on output and growth.

The strength of the successful completion of the Uruguay Round lies as much in the potential increase in trade, investment and output as in the fact that 116 signatories (countries) attested to the need for conducting world trade according to a mutually agreed set of rules and regulations. This is by no means a

[3] *Economic Bulletin for Europe, volume 45 (1993)* (United Nations publication, Sales No. E.94.II.E.2), p. 150.

[4] Ibid.

minor achievement. Indeed, if the Round had failed, protectionist tendencies would have been reinforced, leading to regionalism and unilateralism in trade practices which, in the final outcome, would have been detrimental to the interests of all countries.

2. *Regional economic blocs*

Although the post-cold-war era has served to highlight the growing globalization, it has also reinforced "regionalism", as evident from the creation or build-up of economic blocs. The North American Free Trade Agreement (NAFTA) became effective on 1 January 1994, encompassing Canada, Mexico and the United States which are to enter into an economic relationship of free trade in goods, services and labour. Whereas the United States has enjoyed a special relationship with Canada throughout the history of those two countries, great concern was raised by those opposing the agreement about the implications of free trade with Mexico with regard to labour movements and jobs within the United States. The inclusion of Mexico could also have repercussions on the trade of the other two members with developing countries.

In the current global recessionary climate, other regional economic blocs such as the single European market, or the Economic Cooperation Organization (ECO) composed of the Islamic Republic of Iran, Pakistan and Turkey, which was recently enlarged to encompass six former Soviet Republics in Central Asia, reinforce the concept of regionalism by creating conditions for trade from which other developing countries could be excluded.

The successful completion of the Uruguay Round, however, puts the importance of the regional blocs into proper perspective by providing an environment which upholds the law in the realm of international trade. Had the Round failed, the increasing demand for protection in the face of high unemployment and recession in many countries would have found support in the form of unilateral actions—the final result of which would have been less economically efficient in the long run for the global economy.

D. Economies in transition

According to most forecasts, the worst may be over for the economies of Eastern Europe and the former Soviet Union. Whereas the speed of the transition to market-oriented economies has varied among the countries, most have already made considerable progress towards liberalization of trade and prices, privatization and financial sector reform. After a 16.7 per cent drop in overall output in 1992, GDP declined further by 10.4 per cent in 1993. However, with only a 0.8 per cent decline forecast for 1994, it appears that many of these economies may have begun to turn around (table 6).

The change in patterns of economic activity associated with economic adjustment and reform programmes put in place in the economies in transition, especially the incentives and regulatory framework conducive to private sector activity, led to an increasing level of output in several sectors. Currency convertibility and exchange reforms facilitated exports to industrialized countries, primarily in Europe. However, shortfalls in domestic revenues, budgetary deficits and inflation continued to be major impediments to be overcome. Inflation in many of these countries indicates a slowly declining trend, except for Bulgaria and Romania, where high inflation (and a large foreign debt burden in the case of Bulgaria) is causing difficulties in the implementation of economic reform.

TABLE 6. ECONOMIES IN TRANSITION, 1988-1994

(Growth rates; percentage)

	1988	1989	1990	1991	1992	1993[a]	1994[b]
GDP	4.5	2.1	-6.3	-8.9	-16.7	-10.4	-0.8
Exports	4.5	-0.9	-9.8	-29.7	-8.0	..	..

Source: United Nations, Department for Economic and Social Information and Policy Analysis, "The world economy at the end of 1993: short-term prospects and emerging policy issues" (E/1994/INF/1), 17 January 1994, pp. 19 and 22.

[a] Preliminary estimate.
[b] Forecast.

In the former Soviet Republics, economic restructuring, especially adjustments stemming from the price liberalization in 1992, led to hyperinflation with consumer prices rising by more than 1,000 per cent in 1993 (table 7), which greatly eroded purchasing power and adversely affected the majority of the population. However, Estonia and Latvia, supported by IMF programmes, made significant progress in financial, trade and budgetary reforms in 1993 which helped to stabilize their economies and make possible a reversal of the declining trend in economic growth.

E. EXTERNAL INDEBTEDNESS AND CAPITAL FLOWS

Although the world debt crisis which erupted in 1982 has, more or less, been contained, many developing countries are still suffering from high debt burdens. The international debt management strategy that was incorporated in the Brady Plan of 1989, aimed at easing the debt problem, especially that of the severely indebted developing countries, was contingent on the adoption of economic reforms in these countries. The plan proved helpful to a number of countries in overcoming their debt overhang. However, issues such as the slow pace of reforms, macroeconomic instability and adverse terms of trade, remained major obstacles to finding a solution to the debt problems of many developing countries. The external debt of all developing countries is estimated to have increased to close to $1,770 billion in 1993, up by around 6.5 per cent from the previous year.[5] Many of the severely indebted countries are in Africa where the issue remains a serious one.

The declining trend in external financial flows in the aftermath of the debt crisis has worsened the debt situation of the developing countries, particularly the low-income ones, which experienced a virtual stagnation in net financial flows and continued to rely on official assistance on concessional terms, competing with the new claimants from Eastern Europe and the former Soviet Union.

[5] World Bank, *World Debt Tables 1993-94, External Finance for Developing Countries*, vol. 1 (Washington, D.C.), p. 3.

TABLE 7. INFLATION RATES IN THE ECONOMIES IN TRANSITION, 1986-1988 AND 1989-1993

(Percentage)

	1986-1988	1989	1990	1991	1992	1993[a]
Bulgaria	2.6	6.4	21.6	333.5	82.6	..
former Czechoslovakia	0.2	1.4	10.8	59.0	11.0	..
Hungary	9.7	17.0	28.9	36.4	23.0	21.7
Poland	33.1	251.1	585.8	70.3	43.0	34.6
Romania	1.5	0.9	4.7	161.1	210.3	280.6
Estonia	1.3	2.0	17.2	210.6	1 069.0	..
Russia	1.3	2.4	5.6	92.7	1 353.0	..
Ukraine	1.3	2.0	4.2	91.2	1 445.0	..

Source: International Monetary Fund, *World Economic Outlook, October 1993.* Data for 1993 are from International Monetary Fund, *International Financial Statistics*, January 1994.

[a] Second quarter 1993.
.. = Not available.

Private financial flows, in the form of commercial credits and direct investment, to the developing countries were in 1993 larger than official flows for the first time in 10 years, accounting for about 60 per cent of total net financial flows to these countries.[6] Most of the flows were directed to middle-income countries which, during the last few years, were able to offer attractive opportunities for foreign direct investment. South-East Asian and Latin American countries received the largest amounts of private financial flows; in Latin America, economic and financial reforms were conducive to high growth and expanding markets which attracted private investment. Among the low-income developing countries, China received the largest amount of both official and private financial flows, while countries in Africa continued to experience negative net financial flows, coupled with high external indebtedness.

F. PROSPECTS FOR 1994

Prospects for world economic recovery in 1994 are predicated on the performance of the industrialized countries. With efforts to curtail the budgetary deficit in the United States and reverse the declining trend in national saving and investment, output is expected to grow by around 3.1 per cent, the highest in the last five years (table 1), and modest increases in output growth are forecast for Canada, Germany, the United Kingdom and other major industrialized countries with the developed market economies, as a whole, expected to grow by 2.2 per cent in 1994. However, the recovery in Europe will depend considerably on efforts to reduce interest rates and consolidate fiscal deficits, which in the face of slack labour markets and growing unemployment could prove to be more difficult than expected.

[6] Ibid.

In the economies of Eastern Europe and the former Soviet Union, the declining trend may have bottomed out and consolidation of the reform process is expected to bring in beneficial results in 1994.

In the developing countries as a whole, output is expected to grow by 5.3 per cent in 1994, largely owing to the maintenance of high performance in the countries of South Asia and East Asia which are expected to achieve a 6.1 per cent rate of growth in 1994. Structural reforms undertaken to correct imbalances in both Latin America and in many of the African economies in recent years have helped provide a more stable macroeconomic environment, with signs of rapid recovery in many of these countries as well.

II. OVERALL ECONOMIC PERFORMANCE AND POLICIES

A number of factors have significantly affected overall economic performance in Western Asia in 1993. These factors include: developments in the oil sector; the United Nations economic sanctions imposed on Iraq; the state of economic and political relations among the countries of the region; and the Middle East peace process.

Ten of the 13 ESCWA members are oil exporters, namely all the GCC countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), as well as Egypt, Iraq, the Syrian Arab Republic, and the Republic of Yemen. Developments in the oil sector directly affect, in various degrees, total exports and government revenues, and indirectly most other sectors. As shown in chapter III below, mainly owing to an 11.3 per cent decline in oil prices in 1993, oil revenues in the ESCWA region dropped by 7.1 per cent to $73.3 billion, from $78.9 billion in the preceding year. This decline had a dampening effect on overall economic growth and development in the entire region.

The continuation of economic sanctions against Iraq not only exacerbated the country's difficulties in putting the economy back on a growth track in 1993, but also continued to affect adversely overall economic performance in the other countries in the region that have traditionally maintained close economic ties with Iraq.

The state of economic and political relations among the countries of Western Asia was generally not conducive to regional cooperation. Despite some conciliatory endeavours, the strain in political and economic relations caused by the Gulf crisis and war continued in 1993. This had a negative impact, particularly on the flow of goods and movement of labour within the region. However, some progress was achieved in the enhancement of economic cooperation among the GCC countries. After several years of consultations and negotiations, the GCC countries agreed in December 1993 to unify their external customs tariffs. However, the effects of this agreement will only become apparent after the mechanism for tariff unification is developed and implemented.

The Middle East peace process, which began in Madrid in 1991, accelerated in September 1993 with the signing of the Declaration of Principles on Interim Self-Government Arrangements by the Palestine Liberation Organization and Israel. It is still too early to assess the overall impact of the peace initiative on the economies of the region. This is reflected in the attitude of Governments in the region and private investors, which may have affected actual investment in some countries.

A. Economic growth and development

The ESCWA region's combined GDP in nominal terms is estimated to have totalled $372 billion in 1993, reflecting a real growth rate of 3.5 per cent (table 8). This growth, however, was below the 6.8 per cent growth rate recorded in 1992. Moreover, given the region's relatively high population growth rate, GDP per capita is estimated to have increased by a meagre 1 per cent.

Economic performance varied considerably among ESCWA countries in 1993, as examined below.

TABLE 8. GDP AND GDP GROWTH RATES IN ESCWA COUNTRY GROUPS,* 1990-1993
(At current and constant 1985 prices)

Country groups	At current prices						
	GDP (millions of United States dollars)				Growth rates (percentage)		
	1990	1991	1992	1993[a]	1991	1992	1993[a]
GCC countries	178 258	181 339	200 783	207 219	1.7	10.7	3.2
More diversified economies	132 840	120 814	138 061	152 632	-9.0	14.3	10.5
Least developed country	7 186	8 334	10 265	11 805	16.0	23.0	15.0
ESCWA region, total	318 284	310 487	349 109	371 656	-0.02	12.4	6.4

Country groups	At constant 1985 prices						
	GDP (millions of United States dollars)				Growth rates (percentage)		
	1990	1991	1992	1993[a]	1991	1992	1993[a]
GCC countries	180 650	181 347	195 048	201 494	0.4	7.5	3.3
More diversified economies	117 874	82 798	87 955	91 555	-29.7	6.2	4.1
Least developed country	6 692	6 424	6 328	6 265	-4.0	-1.5	-1.0
ESCWA region, total	305 216	270 569	289 331	299 314	-11.4	6.8	3.5

Source: Economic and Social Commission for Western Asia, *National Accounts Studies of the ESCWA Region, Bulletin No. 13*, December 1993.

* GCC countries: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. More diversified economies: Egypt, Iraq, Jordan, Lebanon and the Syrian Arab Republic. Least developed country: the Republic of Yemen.

[a] Estimates.

1. *The GCC countries*

The aggregate GDP of the GCC countries is estimated to have grown by 3.3 per cent in real terms in 1993, compared with 7.5 per cent in 1992 (table 8). The lower growth rate recorded can essentially be attributed to the poor performance of the oil sector, and to its indirect impact on other sectors of the economy, particularly the construction sector. Despite the efforts to diversify their economies and sources of government revenues and the progress made, the mining sector (oil) still contributes over 35 per cent of aggregate GDP in GCC countries (table 9). Furthermore, oil revenues still account for between 65 per cent and 90 per cent of total government revenues in these countries. With the exception of Kuwait, which continued for the second consecutive year to increase significantly its oil production and revenues, the oil

Box 1. Offset programmes in GCC countries

Financial constraints have forced GCC governments to seek additional ways and means of promoting investment in their countries. One of these means is the offset programme, a process by which foreign suppliers plough back a percentage of a contract value into investment in the client's country. It is hoped that this process will assist in diversifying the economic base of the GCC countries, stimulate private sector activity and encourage technology transfer.

Offset programmes are currently under way in four GCC countries, namely: Kuwait, Oman, Saudi Arabia and the United Arab Emirates. Terms governing the application of the programme in each country, however, vary enormously. In the case of Kuwait, for example, orders worth more than KD 1 million ($3.37 million) require an offset programme of 30 per cent, whereas in the United Arab Emirates anything purchased from a foreign supplier by the Government or public companies that is worth more than $10 million requires an offset programme of 60 per cent.

So far, offset arrangements have been confined to defence procurement. In the light of the success of the programme, civil offset programmes are expected to follow.

sector in the rest of the GCC countries is estimated to have declined by 10 per cent in 1993, thus negatively affecting public expenditure. Nevertheless, the non-oil sectors performed reasonably well in most GCC countries and partially offset the decline in the contribution of the oil sector to GDP.

Economic growth varied widely among the GCC countries in 1993. Thus, while Kuwait's GDP grew by an estimated 25 per cent, that of Qatar is estimated to have declined by 2.5 per cent (table 10). This large difference, however, could almost be totally attributed to Kuwait's ability to increase its oil production by an average of 0.83 m/b/d to reach by the end of 1993 a sustainable oil production capacity of 2.5 m/b/d, or close to the pre-Gulf crisis level, which more than compensated for the decline in oil prices. Excluding Kuwait, it may be concluded that the GCC countries' GDP registered smaller growth rates in 1993, ranging from 4 per cent in Oman to a negative growth rate of 2.5 per cent in Qatar.

Bahrain's economy is perhaps the most diversified among the GCC countries. The mining (oil) sector does not contribute more than 18 per cent of the country's GDP.[7] The good performance of banking, construction, and tourism, and the expansion of the country's aluminium industry, have compensated for the effect of a weak oil sector; thus Bahrain is estimated to have maintained in 1993 the GDP growth rate registered in 1992 (table 10). The Government has already taken measures to encourage domestic and foreign private investors to play a greater role in the economy so as to maintain the positive, though modest, economic growth in 1994.

[7] *The NCB Economist*, issue No. 2, vol. 4, February 1994 (National Commercial Bank, Saudi Arabia), pp. 6 and 7.

TABLE 9. PERCENTAGE SHARE OF MINING IN GDP BY COUNTRY GROUPS, 1990-1992

Country groups	1990	1991	1992
GCC countries	39.2	35.1	37.3
More diversified economies	8.8	3.3	3.2
Least developed country	12.2	9.7	6.9

Source: Economic and Social Commission for Western Asia, *National Accounts Studies of the ESCWA Region, Bulletin No. 13*, December 1993.

The oil sector accounts for 42 per cent of GDP and generates 90 per cent of government revenues in Kuwait.[8] The 78.8 per cent increase in oil production in 1993 was the main factor enabling the country to register a 25 per cent growth in GDP (table 10). The non-oil sectors are estimated to have recorded a 5 per cent growth in 1993 owing to strong performance in manufacturing (mainly oil refining), banking, and transport and communications. The construction and trade sectors have performed less satisfactorily. Given the weak oil market, with limited room for Kuwait to increase output further to compensate for oil price declines, the country could move into a recession in 1994.

As shown in chapter III below, Oman increased its oil production by 4.3 per cent in 1993. This was not enough to compensate for the decline in oil prices causing oil revenues to decline. The oil sector, which accounts for 42 per cent of Oman's GDP, recorded negative growth in 1993. The non-oil sectors, though not as strong as in 1992, performed relatively well to produce an overall GDP growth of 4 per cent in 1993 (table 10). The non-oil sector growth was led by construction and wholesale and retail trade. Despite economic diversification efforts, and some progress achieved in manufacturing, Oman's economic growth and development remain heavily dependent on oil. If the oil market conditions do not improve, achieving a 4 per cent GDP growth rate in 1994 may prove to be a difficult task.

The oil sector accounts for about 34 per cent of GDP in Qatar. The estimated 4 per cent growth in non-oil GDP was not sufficient to offset the 18.8 per cent decline in oil revenues, caused by falling oil prices and production (chapter III below) in 1993. Hence, Qatar's GDP is estimated to have declined by 2.5 per cent in 1993 (table 10). Among the non-oil sectors, the banking sector performed well, while the construction sector performed below expectations.[9] Qatar has the largest non-associated gas field in the world, but has only recently started to exploit it. Attention is now focused on the power sector and plans to expand the industrial sector. Prospects for recovery in 1994 appear dim.

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[8] Ibid., p. 4.

[9] *Middle East Economic Digest*, 3 September 1993, p. 10.

TABLE 10. GDP AND GDP GROWTH RATES IN ESCWA MEMBER COUNTRIES, 1990-1993
(Millions of United States dollars; at constant 1985 prices)

					Growth rates (percentage)		
Country	1990	1991	1992	1993[a]	1991	1992	1993[a]
Bahrain	3 798	4 521	4 611	4 703	19.0	2.0	2.0
Egypt	35 493	35 883	37 462	38 136	1.1	4.4	1.8
Iraq	56 403	18 547	20 401	21 483	-67.0	10.0	5.3
Jordan	4 764	4 848	5 397	5 721	1.75	11.3	6.0
Kuwait	17 932	10 400	17 680	22 100	-42.0	70.0	25.0
Lebanon	2 952	3 624	3 805	4 071	22.7	5.0	7.0
Oman	12 271	13 400	14 309	14 881	9.2	6.8	4.0
Qatar	7 152	6 222	6 346	6 187	-13.0	2.0	-2.5
Saudi Arabia	109 000	117 000	122 000	123 220	7.4	4.3	1.0
Syrian Arab Republic	18 262	19 896	20 890	22 144	8.9	5.0	6.0
United Arab Emirates	30 497	29 804	30 102	30 403	-2.3	1.0	1.0
Yemen, Republic of	6 692	6 424	6 328	6 265	-4.0	-1.5	-1.0
ESCWA region, total	305 216	270 569	289 331	299 314	-11.4	6.8	3.5

Source: Economic and Social Commission for Western Asia. *National Accounts Studies of the ESCWA Region, Bulletin No. 13*, December 1993.

[a] Estimates.

Saudi Arabia has the largest economy in the GCC subregion and all of Western Asia, with its GDP accounting for about 60 per cent of the former and 40 per cent of the latter. Hence, the performance of the region as a whole is affected by that of Saudi Arabia. After four consecutive years of strong economic performance, Saudi Arabia's GDP is estimated to have grown by a mere 1 per cent in 1993 (table 10). The poor performance of the oil sector negated a large part of the 5.1 per cent growth recorded by the non-oil sectors. With rapidly falling oil prices during the fourth quarter of 1993, Saudi Arabia's budget deficit widened and promptly became the object of Government concern, leading to efforts to curtail Government expenditure. Activities in the construction sector, which has been one of the fastest growing sectors since the late 1980s, slowed down during the second half of 1993 as the Government sought to restrain project spending. As a result of the planned 19 per cent cut in Government expenditure in 1994, the construction sector may witness even slower growth and possibly a decline in the coming year.

Saudi Arabia has achieved considerable progress in its efforts to diversify the economy. The agricultural sector recorded impressive growth in the 1980s and early 1990s. However, owing to water concerns and financial constraints, the move by the Government to reduce agricultural subsidies is expected to result in modest growth rates in the coming years. Saudi Arabia's manufacturing sector has performed well and its contribution accounts for over 10 per cent of GDP. Private sector investment in manufacturing is currently heavily concentrated in petrochemicals, plastics and building materials. The Government is encouraging the private sector to play a greater role in the industrialization and economic development of the country. Given the weak oil market and the effects of the planned 19 per cent reduction in Government expenditure on both the public and private sectors, Saudi Arabia's GDP may record a decline in 1994.

The drop in oil prices and output in 1993 reduced the United Arab Emirates oil revenues and precipitated a decline in the contribution of the oil sector to GDP. However, the 4.5 per cent growth in non-oil activity was sufficient to produce a 1 per cent growth in GDP in 1993 (table 10). The non-oil sectors had been recording strong growth for several years and by 1993 their contribution to GDP exceeded 60 per cent for the first time.[10] The sectors that continued to perform well in 1993 included manufacturing, construction, finance and real estate, and retail trade. The manufacturing sector registered an estimated 5 per cent growth in 1993, and increased its contribution to GDP to 9 per cent.[11] Most industrial investment in the United Arab Emirates after the Gulf war came from the private sector, while government activity concentrated on oil, gas, petrochemicals and infrastructure projects. The continued high level of Government expenditure on infrastructure provided a further boost to construction activities, while the retail trade and finance sectors benefited from the pick-up in economic activity in the Gulf region that began in 1992.[12] The United Arab Emirates, which is in a relatively stronger financial position than the other GCC countries, approved a budget for 1994 that would cut Government expenditure by only 1 per cent. Hence it is expected that the non-oil sectors would continue to grow in 1994 and offset the effects of the generally expected poor performance of the oil sector.

2. *Countries with more diversified economies*

The oil sector is an important contributor to GDP, and particularly to the balance of trade, of several countries in this group. Nevertheless, the agricultural, industrial and services sectors all play major roles in generating income and employment opportunities in all countries of the group. For the group as a whole, agriculture and manufacturing account for 28 per cent and 12 per cent of GDP, respectively.

Economic growth in the group of more diversified economies also slowed in 1993. Their combined GDP is estimated to have grown by 4.1 per cent in 1993, compared with 6.2 per cent in 1992 (table 8). Performance varied among members of the group, with only Lebanon and the Syrian Arab Republic achieving higher GDP growth rates in 1993 than in 1992.

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[10] Economist Intelligence Unit, *Country Report, United Arab Emirates*, First quarter, 1994 (London), p. 4.

[11] *Journal of the Emirates Industrial Bank*, vol. 9, No. 3, March 1994, p. 1.

[12] Ibid., February 1994, p. 538.

The Egyptian economy is estimated to have grown by 1.8 per cent in 1993, compared with 4.4 per cent in 1992 (table 10). The slow-down is largely attributed to lower oil and tourism revenues, as well as a contraction of investment activities. The country's oil revenues declined by 8.3 per cent in 1993 (chapter III). The tourist industry, which in recent years accounted for 30 per cent of Egypt's foreign exchange earnings and 10 per cent of its GDP and was an important provider of employment opportunities, has been damaged by the attacks on foreigners, causing tourism revenues to drop by about 30 per cent in 1993. Despite the significant results achieved in reducing macroeconomic imbalances, the privatization process, trade liberalization, and regulation of the labour market are still facing difficulties; this in turn has limited private investment opportunities and negatively affected the country's overall economic performance.

The share of the manufacturing sector in Egypt's GDP is around 16 per cent. In 1993, industrial production contracted as the public sector companies struggled to keep afloat and the Government continued to reduce gradually their privileges. It is estimated that State-owned enterprises account for half of the industrial output, 73 per cent of industrial investment, 75 per cent of industrial employment and 90 per cent of industrial exports.[13] The agricultural sector, with a 16 per cent share of GDP, however, performed well in 1993, as private local investors regard this deregulated sector as a potentially rewarding area. Egypt's GDP growth rate may be expected to increase in 1994, particularly if the privatization measures are implemented and the tourism industry recovers.

Economic conditions in Iraq remained very poor in 1993, as a consequence of the Gulf war and the effect of the United Nations economic sanctions. This was reflected in the steep depreciation of the Iraqi dinar, high inflation, and a shortage of foodstuffs, medicine and intermediate products. It is estimated that the country's GDP recorded a 5.3 per cent growth in 1993 (table 10). However, the growth achieved in 1993, as well as in 1992, was far too little to offset the extremely sharp declines witnessed in the preceding two years. It is estimated that Iraq's GDP in 1993, at constant 1985 prices, represented only 38 per cent of what it was in 1990. The only sector which has been performing well has been the construction sector. A large part of Iraq's war-damaged infrastructure has been repaired.[14] Economic conditions may be expected to remain poor in Iraq until the removal of the United Nations-imposed sanctions.

Jordan is estimated to have achieved a growth rate of 6 per cent in 1993 (table 10). While this represents a deceleration from the exceptionally high rate of 11.3 per cent achieved in 1992, it was still impressive, taking into consideration the prevailing economic conditions in the region. The economic sanctions on Iraq continued to constrain economic growth and development in Jordan, owing to the strong economic ties that had traditionally been maintained between the two countries. Success in implementing economic reform and structural adjustment policies enabled the country to reduce its external and internal imbalances and create a favourable investment climate. Moreover, workers' remittances are believed to have increased in 1993 as a result of the return of some Jordanian nationals to the GCC countries and/or their finding other employment outlets. Very good performance was achieved in the construction sector in 1993, which is estimated to have grown by 12 per cent.[15] The construction sector continued to grow, mainly in response to the higher demand caused by the estimated 300,000 repatriates, whose substantial injection of

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[13] MENAS ASSOCIATES, *Egypt Focus*, January 1994, pp. 4 and 5.

[14] Economist Intelligence Unit, *Country Report, Iraq*, First quarter, 1994 (London), p. 5.

[15] Economist Intelligence Unit, *Country Report, Jordan*, First quarter, 1994, p. 21.

savings into the economy was particularly evident in residential construction. In addition, the manufacturing sector, with its 13 per cent contribution to GDP, grew by 6 per cent in 1993. The growth achieved in the manufacturing and construction sectors has provided impetus for increased economic activities in the important services sector (trade and finance). The two sectors with disappointing performance were agriculture, where output declined by 5.6 per cent (chapter VI below), and mining, where output declined by 2.7 per cent, owing to lower international prices, increased competition and lower consumption of raw fertilizers.[16]

Jordan's GDP is expected to grow by 5.5 per cent in 1994.[17] Growth could be higher if sanctions on Iraq were removed and/or significant progress was achieved in the peace process.

Lebanon's GDP is estimated to have grown by 7 per cent in 1993, up from 5 per cent in 1992, reflecting further consolidation of security and political stability which contributed to improving the investment environment in the country and increasing donor confidence. Virtually all basic growth indicators were positive: (a) a stable rate of exchange of the Lebanese pound with a slight tendency towards improvement; (b) a sharp drop in the inflation rate from around 130 per cent in 1992 to 9 per cent in 1993, helped by favourable developments in the exchange rate and lower growth in the money supply; (c) significant improvement in the balance of payments situation with an overall surplus of about $1.1 billion, compared with a surplus of only $54 million in 1992; (d) a rise in the foreign exchange holdings of the Bank of Lebanon from about $1.4 billion at the end of 1992 to $1.9 billion at the end of 1993; (e) improved public finances with a sharp rise in revenues from improved collection and higher economic activity; and (f) a rise in the consolidated balance sheet of the banking system from $7.9 billion at the end of 1992 to $10.6 billion at the end of 1993.

The private sector in Lebanon is expected to play a major role in reconstruction and recovery; nevertheless, the Government's involvement remains crucial to the restoring of basic physical and social infrastructure. The prospects for the Lebanese economy in 1994 look good, as reflected by a number of significant developments and indicators, including: (a) the launching in 1993 of the $1.8 billion Lebanese company SOLIDERE and the oversubscription of the share offer of $650 million by about $270 million, with nearly one half of the total coming from deposits held by Lebanese abroad, thus reinforcing the trend of capital repatriation; and (b) the improved prospects of external financing of reconstruction and rehabilitation, reflecting improved donor confidence, as seen by the contributions coming from the World Bank, the European Investment Bank, national and regional funds, and the resumption by Germany and the United Kingdom of guaranteeing exports to Lebanon. Lebanon's economic recovery should continue in 1994, with GDP expected to grow by an estimated 8 to 10 per cent.[18]

The twin pillars of growth during the past several years in the Syrian Arab Republic, namely oil and agriculture, continued their robust performance in 1993, thereby enabling the country's GDP to grow by an estimated 6 per cent, compared with 5 per cent in 1992 (table 10). As a result, GDP in 1993, in constant 1985 prices, was around 20 per cent higher than in 1990. Despite the decline in oil prices, the country's oil

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[16] Ibid.

[17] *Middle East Monitor*, April 1994, p. 7.

[18] According to Bank Audi SAL (*Jordan Times*, 10-11 February 1994, p. 7).

revenues increased by 8.6 per cent in 1993 to reach $1.9 billion (chapter III), owing to the continued expansion in oil production, which in 1993 averaged 0.58 m/b/d, and was around 45 per cent higher than in 1990. The agricultural sector, which accounted for almost 30 per cent of the country's GDP in 1992, grew by an estimated 4.8 per cent in 1993 (chapter VI). The continued strong performance of the agricultural sector may be attributed to the sharp increase in the area planted, overall favourable weather conditions, coupled with price liberalization and new irrigation projects. The agricultural sector, as well as the industrial and tourism sectors, are benefiting from Law No. 10 of May 1991 which offers investors—local and foreign—tax exemptions, duty-free privileges and allows for the repatriation of profits. The Syrian Arab Republic witnessed an increase of 10 per cent in the number of tourists visiting the country in 1993, to a record level of 1.9 million compared with 1.7 million in the previous year. Estimates of tourism revenues are put at $700 million for 1993, representing an increase of over 15 per cent from the $600 million in the previous year.[19] The Government aims to expand tourism activities to yield $2 billion in revenues by the year 2005.[20]

3. *The Republic of Yemen*

In the Republic of Yemen, the least developed country in Western Asia, GDP is estimated to have declined by 1 per cent in 1993 (table 10). This was the fourth consecutive annual drop, commencing with 1990. The political crisis, which broke out in 1993, and precipitated a devastating armed conflict in 1994, weakened the performance of practically all non-oil sectors. The oil sector performed well in 1993 with production increasing to an average of 0.22 m/b/d day and oil revenues rising by 5.3 per cent over 1992. The agricultural sector, which accounted for around 20 per cent of GDP in 1992, also grew by an estimated 1.2 per cent in 1993. However, growth in the oil and agricultural sectors were more than offset by declines in other sectors. The Republic of Yemen continued to suffer from reduced external aid and workers' remittances flows, shortages in foreign currency and a widening budget deficit. This, in turn, led to considerable depreciation of the Yemeni rial and a surge in both inflation and unemployment. As a consequence of the armed conflict that broke out in 1994, the prospects of the country's economy have become very dim.

B. ECONOMIC REFORM AND STRUCTURAL ADJUSTMENT

Economic reform and structural adjustment policies remained a major concern for countries in the ESCWA region, and gained momentum in 1993.

1. *GCC countries*

The drop in oil revenues further worsened the position of some GCC countries and obliged them to resort to borrowing from international financial markets and to draw on their financial assets to meet the high

[19] *Al-Hayat*, 5 March 1994, p. 12 (in Arabic).

[20] Ibid.

costs related to defence, reconstruction and rehabilitation. The possibility that oil revenues may be constrained during the rest of the 1990s has given additional impetus to the GCC countries' efforts to promote the non-oil sectors by way of privatization. The private sector is increasingly counted upon to play a more active role in economic development in the GCC countries. GDP per capita in 1993 is estimated to have averaged $9,456 in these countries (table 11). High per capita GDP, coupled with the accumulated wealth of the private sector, should enhance the privatization process in the GCC countries. In addition, several GCC countries have undertaken measures aimed at rationalizing public expenditure, including cutting subsidies and introducing more realistic pricing systems for public goods and services. There are clear indications that the Governments of the GCC countries are taking serious steps to address their fiscal imbalances and put their internal and external finances on a sustainable track.[21]

The role of the private sector in Bahrain's economic growth and development has traditionally been considerable, helped by a relatively more diversified structure and an important service sector. In 1993, while government expenditure was kept on a tight rein, much of the economic activity in the country was generated by the private sector.[22] The bulk of private sector activities are in the banking, trade, real estate and tourism sectors. The Government adopted a range of incentives in 1993 to encourage private sector investment, both domestic and foreign, in the industrial field. These incentives included generous tax terms, allowing full foreign ownership, minimal procedures and rebates on utility charges.[23] Moreover, private funding may also be expected in the future to contribute to the expansion of the country's infrastructure. Large investment requirements are needed to finance electricity and water supply projects in order to cope with rising demand. Given the limited government financial resources, the private sector may be encouraged to participate in these projects.[24]

The financial position of Kuwait has been severely weakened by the Gulf crisis and war. Kuwait's foreign assets, which were evaluated at around $100 billion in the 1980s, are estimated to have fallen to a current $30 billion.[25] The country has been registering substantial budget deficits ($4 billion in fiscal year 1993/1994) in recent years, and this trend is likely to continue for some time.[26] The benefits offered by the Government to Kuwaitis have been extremely generous: total personal income tax exemption; education and health care provided free of charge; heavily subsidized electricity and water prices; and retirement pensions ranging between 65 per cent and 95 per cent of the last monthly salary. Given the Government's financial difficulties, this situation may not be sustainable. The Government is convinced that budget reform is an urgent task which would require sacrifices at all levels. The Kuwaiti Government is considering the following proposals: (a) changing employment regulations so as to cut the public sector wage bill; (b) charging fees for services in order to reduce their use and obtain revenues; and (c) review of direct and

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[21] *NCB Economist*, February 1994, p. 1.

[22] *Middle East Economic Digest*, 26 November 1993, p. 9.

[23] *NCB Economist*, February 1994, pp. 6 and 7.

[24] *Middle East Economic Digest*, 26 November 1993, p. 10.

[25] Annual Report of the Resident Coordinator for Kuwait (UNDP, 1993), p. 1.

[26] *Middle East Monitor*, February 1994, p. 4.

TABLE 11. GDP PER CAPITA IN ESCWA COUNTRY GROUPS, 1991-1993

(Current United States dollars)

Country groups	1991	1992	1993[a]
GCC countries	8 829	9 458	9 456
More diversified economies	1 300	1 447	1 558
Least developed country	660	798	900
ESCWA region, total	2 463	2 695	2 795

Source: Economic and Social Commission for Western Asia, *National Accounts Studies of the ESCWA Region, Bulletin No. 13*, December 1993.

[a] Estimates.

indirect subsidies.[27] Privatization, increased scope for foreign investment, direct and indirect taxation and a curtailment of government expenditure have helped to resolve the financial crisis. In January 1994, a government-appointed committee advised the Council of Ministers to establish a privatization office working under the Finance Ministry to oversee implementation of privatization measures. Such an action is likely to be a long-term undertaking. The most likely prospect is that the Kuwaiti Government will move very gradually in this direction and will proceed with privatization of State assets with good investment returns, such as Kuwait Airways, in order to secure cash to finance the large budget deficit.[28]

Oman, confronted with lower oil revenues that forced it to budget a 3.7 per cent curtailment in government expenditure in 1994, launched a privatization programme. It was reported that privatization plans had been under study for several years and that the appropriate time for commencing the privatization process had arrived.[29] This programme includes the extensive issuing to the private sector of shares in the Oman Cement Company, although the Government will retain a majority shareholding, and the liquidation of the State's 32 per cent stake in the local company Gulf Hotels (Oman).[30] Even the oil refinery and distribution system may be considered for privatization.[31] To support the privatization process, Oman's Central Bank is revising banking laws to simplify lending.

[27] *Middle East Economic Survey*, 24 January 1994, p. B1.

[28] *Middle East Monitor*, April 1994, p. 4.

[29] *Jordan Times*, 7 August 1993, p. 7.

[30] *NCB Economist*, February 1994, p. 6.

[31] Ibid.

Privatization is expected not only to secure funds for the Omani Government, but also to absorb excess liquidity and boost economic activity. Given the existing high liquidity, paucity of profitable investment opportunities and an expanding stock exchange market, the prospects of privatization in Oman appear bright. Moreover, in its attempt to encourage the private sector and attract overseas investment, the Government adopted a new incentive programme, including concessionary loans, tax holidays, and rent-free factories at the industrial estates.[32] On the other hand, concerned about declining oil revenues, Oman was planning to be the first GCC country to introduce direct corporate taxes.[33] Starting in 1995, with the exception of those companies with revenues of less than $78,000 a year or with capital below $26,000, companies will begin to pay taxes ranging between 5 per cent and 7.5 per cent.

The Government of Qatar is undertaking policies to encourage the private sector to play a greater role in the economic growth and development of the country. Special attention is also given to attracting foreign investment. The development of the country's giant North Field gas project is apparently attractive to foreign investors, particularly Japanese investors.

Several factors have greatly weakened the Saudi Arabian Government's financial position and reduced its foreign assets holdings. They are: the Gulf war and its aftermath, the declining oil revenues, the Government's large subsidies to agriculture and its extremely generous benefits to its citizens, as well as its foreign aid disbursements. Given its reduced ability to generate economic activity, the Government is encouraging the private sector to play a greater role in the overall development of the country, while it increasingly assumes the role of a catalyst. Privatization of certain public sector enterprises is among the objectives of the Government. It is hoped that privatization and larger private sector participation will reduce the financial burden on the Government and make several public sector institutions more efficient; the income generated from privatization would be used to retire existing public sector debt.[34] The privatization process, which will exclude heavy industries, is expected to be undertaken gradually. The experience of the Saudi Basic Industries Corporation (SABIC), whereby the Government allotted 30 per cent of its shares for subscription by the private sector, is a good example.[35] The private sector has generally focused on trade and services, where returns are high and the pay-back period short. The involvement of the private sector in manufacturing activity, though growing, is fairly limited and concentrated in certain fields namely: construction materials, food processing, engineering, chemicals and metal fabrication. In pursuing privatization, the Government is hoping that the private sector will repatriate some of its overseas assets for investment in the country, particularly in the manufacturing sector. These assets are estimated at $100 billion.[36] In addition, the Government's decision of 23 May 1993, exempting foreign capital invested in extension of projects from income and corporate tax beyond the 10-year tax holidays, is expected to encourage larger joint-venture investments with more private sector participation, both domestic and foreign. Indications are that the Saudi Arabian Government intends to maintain its generous welfare system, despite

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[32] *Middle East Economic Digest*, 6 August 1993, p. 10.

[33] *NCB Economist*, February 1994, p. 6.

[34] Ibid., March 1994, p. 2.

[35] Ibid., p. 3.

[36] Ibid., p. 5.

its financial burden. However, subsidies granted to wheat producers, which in 1992 were estimated at $2.1 billion, are to be curtailed.

The United Arab Emirates has for years encouraged industrialization in its efforts to reduce its reliance on the oil sector. While government activities concentrated on oil, gas, petrochemicals and infrastructure projects, most industrial investment in the United Arab Emirates after the Gulf war was undertaken by the private sector. Manufacturing investments remain focused on cement, chemicals, clothes and textiles, foodstuffs, paper and other light products. The private sector's dominant role in the services sector, particularly trade, continues to expand. Investments in tourism and agriculture remain low. However, the tourism sector, which is strongly supported by the Government as it seeks to diversify income and employment sources, is expected to play a greater role in the economic development of the country.

2. *Countries with more diversified economies*

Economic reform and structural adjustment policies gained further momentum in some of the ESCWA member countries with more diversified economies in 1993. However, the pace, achievements and constraints faced have varied among these countries.

In order to confront alarming internal and external imbalances, the Egyptian Government in 1991 adopted an IMF/World Bank-sponsored economic reform and structural adjustment programme with the main objectives of moving away from heavy reliance on the public sector, developing a stronger market economy and creating more opportunities for the private sector.[37] The implementation of the programme has resulted in considerable improvements, including the reduction of internal and external imbalances, a sharp rise in foreign exchange reserves, a generally stable currency, and a decline in the inflation rate to a single digit figure. Egypt's financial position gained further strength in 1993. Freed interest and exchange rates have allowed the Central Bank to build record foreign reserves of $14 billion.[38] In 1993, additional economic reform measures were taken, including the reduction of restrictions on foreign banks, the reduction of tariffs and the removal of several subsidies. However, public sector reform and privatization in 1993 were moving at a relatively slow pace, below that called for by the IMF and the World Bank.

It is feared that if significant privatization is not undertaken in 1994 and 1995, Egypt could suffer considerable capital outflow, thereby cancelling part of the gains achieved so far. The slow process of implementing the privatization programme may be attributed to a number of factors, including resentment by public sector employees, an entrenched bureaucracy, the low level of submitted prices, and the poor performance of many public companies. According to Egypt's Public Sector Minister, 90 of the 360 State companies were recording losses, with aggregate debts of $16 billion and assets totalling only $6.5 billion.[39] The assets offered for privatization include hotels, soft-drink companies and cement firms. In December 1993, Egypt's first full-scale industrial privatization was ratified by the State Holding Company for Food

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[37] For an in-depth analysis see Economic and Social Commission for Western Asia, *Structural Adjustment and Reform Policies in Egypt: Economic and Social Implications* (E/ESCWA/SED/1993/14).

[38] International Monetary Fund, *International Financial Statistics*, June 1994, p. 212.

[39] *Middle East Monitor*, April 1994, p. 12.

Industries with the sale of two public sector bottling companies. The privatization process should accelerate; according to the Public Enterprise Office, which is overseeing the programme, 85 companies will be offered for privatization during 1994.[40] Meanwhile, progress is expected in the restructuring of around 25 public sector enterprises. In March 1994, the Egyptian Government announced that two of its profitable companies, the Alexandria Cement Company and the Amiriyah Cement Company, were being privatized.[41] One notable element in these asset transfers is that 10 per cent of the shares are being made available to company employees at a 20 per cent discount in order to give the workforce a continuing stake in the companies.

Owing to the progress made in implementing economic reform policies, Egypt reached an accord with the IMF whereby it obtained a three-year loan of $569 million to support its efforts in economic reform and structural adjustment, which made possible the forgiveness of a second tranche of 15 per cent of its debt to the Paris Club members, estimated at $25 billion, under an agreement reached in 1991 whereby the Paris Club agreed to write off 50 per cent of Egypt's foreign debt contingent on its satisfying IMF conditions.

In its attempts to cope with the bleak economic conditions prevailing in the country as a consequence of the Gulf war and the United Nations-imposed economic sanctions, including rampant inflation and a sharply depreciating currency, the Iraqi Government attempted in 1993 to privatize four of the country's largest State-owned companies. This attempt, however, has not been successful. Out of about 150 million shares offered for public subscription, it is reported that less than 1 million shares were bought.[42] The companies offered for privatization produce textiles, bricks and cement. The Government has allowed four private banks to be established: two of these, the Baghdad Bank and the Commercial Bank, are traditional commercial ventures; the third is the Islamic Bank for Investment and Development, the first bank of its nature in the country; and the fourth venture is the Private Bank for Investment, which is to invest primarily in agriculture, industrial and real estate ventures.[43]

Jordan began a series of policy adjustments in 1988 to overcome the economic difficulties and internal and external imbalances that emerged in the mid-1980s. Since 1989, the Jordanian Government has undertaken fiscal measures to reduce the budget deficit, including curtailing military expenditure, reduction of subsidies and tariffs, and reforming the tax system so as to enlarge the revenue base and enhance revenue performance.[44] In 1993, Jordan met a number of important targets laid down in its economic adjustment programme agreed to with the IMF in 1991. The country's GDP rose by 6 per cent; inflation was a modest 4.8 per cent, and reductions in government expenditure coupled with increased revenues reduced the fiscal deficit to 6.2 per cent of GDP, compared with a target of 6.4 per cent. The Government has set challenging growth and economic stabilization targets for the coming several years. These targets include maintaining

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[40] MENAS ASSOCIATES, *Egypt Focus*, January 1994, p. 4.

[41] *Middle East Monitor*, April 1994, p. 12.

[42] *Middle East Economic Digest*, 24 December 1993, p. 31.

[43] *Middle East Monitor*, June 1993, p. 358.

[44] World Bank, *Trends in Developing Economies*, 1993 (Washington D.C., 1993), p. 250.

GDP growth at 5 per cent to 6 per cent, reducing the fiscal deficit to 2.5 per cent of GDP and achieving a current account surplus of 2 per cent of GDP by 1998, while containing inflation at 4-5 per cent.[45]

The private sector in Lebanon has traditionally been the country's engine of economic growth; developments in 1993 confirmed this. The $650 million public share issue for SOLIDERE, the private company charged with rebuilding Beirut's central district, was oversubscribed. Funds came from Lebanese nationals in the country and abroad, as well as from non-Lebanese Arabs.

Shortly after the end of the Gulf war, the Government of the Syrian Arab Republic indicated a significant change in attitude towards the role of the private sector in the country's economic development. The private sector was encouraged to play a far greater role in economic activity than previously. Law No. 10, issued in May 1991, permits the opening of accounts in foreign currencies and the transferring of profits overseas, and also allows for the importation of capital goods for approved projects without paying tariffs. The law also permits the establishment of joint ventures and the repatriation of capital after a period of five years. This has led to an enormous expansion in the activities of the private sector. By mid-1993, more than 600 projects were reported approved.[46] Private investment funds came from three main sources: Syrian nationals who were receiving a meagre 4 per cent interest on their large deposits in the country's commercial banks; wealthy Syrians living abroad who were encouraged by the reduction in restrictions on transfer of capital in and out of the country; and from several GCC countries, particularly Saudi Arabia. The sectors that have thus far benefited the most are industry, transport, and agribusiness. Indications are that the tourism sector also recently began to reap benefits from the economic reform and liberalization policies. While the Government plans to focus on the oil sector and large-scale public works, especially electricity generation, telecommunications, water and sewerage systems, and heavy industry, the private sector is encouraged to contribute to the country's development in practically all other economic areas. A significant acceleration in the pace of economic reform can be expected in the Syrian Arab Republic in 1994 and 1995, with the financial sector probably being in the forefront.[47]

C. Unemployment and inflation

1. *Unemployment*

The unemployment issue is becoming increasingly important for both the labour-sending and labour-receiving countries of the ESCWA region.

(a) *GCC countries*

The GCC countries are labour-receiving countries, with the expatriate labour force accounting for a major share of the total labour force. Expatriate labour has greatly contributed to economic development and

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[45] Ibid.

[46] *Al-Hayat*, 9 May 1993 (in Arabic), p. 11.

[47] Economist Intelligence Unit, *Country Report, Syria*, First quarter, 1994 (London), p. 8.

growth in these countries, while the sending countries benefited from substantial remittances.[48] A number of factors, including high population growth rates, a continuously growing supply of better educated and trained nationals, weakening external balances, and generally slow economic growth have combined to intensify the need for indigenization of the labour force through replacement of expatriate workers with qualified nationals whenever possible. Another employment issue that has attracted the attention of GCC Governments is the excessively high concentration of employed nationals in the public sector, which reaches 90 per cent in some countries. This may partly be explained by the relative unpopularity of private sector employment, where staff work longer hours and do not enjoy the same benefits and status that public sector staff do. Governments of some GCC countries, in an attempt to reduce their considerable wage bills, have taken measures to encourage the employment of nationals in the private sector.

In its attempt to attract foreign private investment to enhance economic growth and expand employment opportunities, Bahrain adopted an investment programme in 1993 which provides to new and existing foreign investors the following incentives: (a) no corporate tax on income, capital gains or estates; (b) total foreign ownership extended to on-shore companies, provided the company is industrial or is establishing its regional base for the sale of manufactured goods or services; (c) simplified incorporation procedures; (d) rapid registration; (e) land rent and power charge rebates for small and medium-size companies; and (f) a subsidy of BD 1,000 to BD 4,500 ($2,660 to $11,950) a year for each Bahraini employee to private companies which employ a certain percentage of nationals in their workforce.[49] Some companies have already indicated their intention to make use of this offer.

In Kuwait, it is estimated that over 90 per cent of all employed nationals are employed by the public sector, with a total wage bill of KD 1.16 billion ($3.88 billion), accounting for 29 per cent of all government expenditure.[50] This situation may not be sustainable, given the weakened government financial position and the expected rapid growth of the country's national labour force in the coming years.[51] The World Bank recommended that public sector employees be encouraged to transfer to the private sector, possibly by achieving greater uniformity of salaries and benefits in public and private sector employment.[52]

In Oman, the number of expatriates working in the private sector, which absorbs the overwhelming majority of foreign workers in the country, surged from 275,888 in 1990 to 421,132 in 1992, and further to over 450,000 in 1993, to represent an estimated 67 per cent of the total labour force. The influx of expatriate workers came mainly from India and Pakistan. In September 1993, the Omani Government issued decrees banning the employment of expatriate workers in jobs such as fishing, herding and making traditional Omani handicrafts. Expatriate workers are currently not allowed to work in certain fields including secretarial

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[48] Most of the combined total workers' remittances during the 1980s of Egypt ($32 billion), Jordan ($9.9 billion), the Syrian Arab Republic ($4 billion) and the Republic of Yemen ($11.8 billion), which exceeded $57 billion, were transferred from the GCC countries.

[49] *Middle East Economic Digest*, 20 August 1993, p. 2.

[50] Ibid., 25 February 1994, p. 9.

[51] Given that 45 per cent of Kuwait's national population are under the age of 15, the labour force is set to grow at an accelerated rate in the years to come.

[52] *Middle East Economic Digest*, 12 November 1993, p. 6.

work and tailoring. The reported objective of these measures was to encourage Omani nationals to work in traditional jobs and decrease dependence on expatriates. In its effort to reduce the number of foreign domestic servants working in Oman, the Government decreed that only expatriates earning RO 700 ($1,800) a month would be allowed to employ a housemaid.[53]

(b) Countries with more diversified economies

The countries with more diversified economies in the ESCWA region, with the exception of Iraq, are labour-sending countries. High population growth, the large numbers of returnees forced back to their home countries by the Gulf crisis, the indigenization of the labour force in the region's labour-receiving countries, declining employment opportunities outside the region, and limited financial resources have exacerbated the unemployment problem in recent years.

In Egypt, the labour force grew by 2.8 per cent during the fiscal year 1992/1993, reaching 15.57 million, while the number of employed workers increased by 2 per cent to 14 million. The fact that 1.57 million workers are unemployed indicates an unemployment rate of 10.1 per cent, compared with 9.2 per cent in 1991/1992.[54] For 1993, government estimates put Egypt's unemployment rate at around 12 per cent, while the World Bank estimated that the country's unemployment rate ranged between 15 and 17 per cent in that year.[55] Given the estimated annual increase of over 430,000 new job-seekers and the virtually negligible new employment opportunities in the public sector, the unemployment problem in Egypt may deteriorate further in the coming years, unless investment, and hence employment opportunities, increase sufficiently in the private sector. The Government is implementing employment adjustment and retraining programmes to assist unemployed workers and those who lose their jobs owing to privatization and reform programmes.[56]

High rates of economic growth in 1992 and 1993, and the significant success achieved in reducing external and internal imbalances, contributed to reducing unemployment in Jordan from 18 per cent in 1991 to an official estimate of about 11 per cent in 1993.[57] Other estimates, however, put the unemployment rate at 15 per cent. The employment situation in 1993 has probably also improved in both Lebanon and the Syrian Arab Republic owing to the increased economic activity in both economies. In the Republic of Yemen, on the other hand, the unemployment rate has been officially estimated at 25 per cent, a reflection of deteriorating overall economic conditions.[58]

[53] Central Bank of Oman, *Annual Report, 1992*, p. 26.

[54] Central Bank of Egypt, *Annual Report, 1992/1993* (in Arabic), p. 12.

[55] *Al-Hayat*, 30 May 1994 (in Arabic), p. 10.

[56] World Bank, *Trends in Developing Economies, 1993*, p. 156.

[57] Economist Intelligence Unit, *Country Report, Jordan*, First quarter, 1994, p. 22.

[58] *Middle East Economic Digest*, 1 October 1993, p. 26.

2. *Inflation*

With the exception of Iraq and the Republic of Yemen, inflation in the region has been controlled (table 12).

(a) GCC countries

Inflation rates in the GCC countries varied in 1993 from a low and negative 1 per cent in Kuwait to a high of 4 per cent in the United Arab Emirates.

The inflation rate in Bahrain rose to 2 per cent in 1993 from 0.2 per cent in 1992, reflecting in part a strong surge in consumer demand and an expansion in bank lending activities.

In Kuwait, inflation is estimated to have dropped by 3 per cent in 1992 and 1 per cent in 1993. The traditional inflation vehicles, namely trade, construction and real estate, remained depressed. In addition, the considerable reduction in the country's population size, in the wake of the Gulf crisis, has reduced aggregate domestic demand. The new expatriate labour population, mostly Asians with low income and a high propensity to save, has also had little impact on demand.

In Oman the inflation rate dropped further from 1.4 per cent to 0.9 per cent. In Qatar, it remained unchanged at 3 per cent.

After registering a rate of 4 per cent in 1991, the highest in many years, inflation in Saudi Arabia declined by 0.1 per cent in 1992. This may be attributed to a large extent to the Government's reduction in March 1992 of public utility rates (water, electricity and telephone) and to the little or no increase in wages and salaries in that year.[59] The estimated inflation rate of 1 per cent in 1993 indicates that inflation remains firmly under control in Saudi Arabia.

In the United Arab Emirates, where the economy continues to benefit from the presence of a dynamic financial sector, monetary expansion, as reflected by the increase in banking assets, appears to have accelerated somewhat in 1993 compared with 1992.[60] The country's inflation rate is estimated to have increased slightly from 3.5 per cent in 1992 to 4 per cent in 1993, becoming the highest rate among the GCC countries.

(b) Countries with more diversified economies

In the more diversified economies of the region, inflation showed mixed signs, varying between 4.7 per cent and 12 per cent while registering an estimated 55 per cent in the region's least developed country.

In Egypt, despite continued monetary and fiscal discipline and a relatively stable Egyptian pound, inflation remained high, rising from 9.7 per cent in fiscal year 1991/1992 to 15 per cent in 1992/1993. This

[59] *The NCB Economist*, January 1994.

[60] *Journal of the Emirates Industrial Bank*, February 1994.

TABLE 12. ANNUAL RATES OF INFLATION* IN COUNTRIES IN THE ESCWA REGION, 1989-1993

(Percentage)

	1989	1990	1991	1992	1993
GCC countries					
Bahrain	1.5	0.9	0.8	-0.2	2.0
Kuwait	3.4	5.0	24.5	-3.0	-1.0
Oman	1.4	10.5	7.2	1.4	0.9
Qatar	3.3	3.0	4.4	3.0	3.0
Saudi Arabia	1.0	2.0	4.0	-0.1	1.0
United Arab Emirates	3.3	6.0	2.5	3.5	4.0
More diversified economies					
Egypt	21.3	16.8	19.8	13.6	12.0
Jordan	25.7	16.1	8.2	4.0	4.7
Lebanon	..	60.0	50.0	131.0	8.9
Syrian Arab Republic	11.4	19.4	7.7	9.5	11.8
Least developed country					
Republic of Yemen	15.2	34.2	45.2	55.0	55.0

Source: International Monetary Fund, *International Financial Statistics*, June 1994 and various national and international sources.

* Changes in the consumer price index.

may be attributed to a great extent to the reduction in government subsidies and the excessive liquidity prevailing in the economy which, in the absence of adequate investment outlets, boosted consumption and added inflationary pressures. Nevertheless, inflation appears to have subsided during the second half of 1993. Egypt's Central Bank is currently envisaging the issuing of three-year and five-year bonds as well as currency swaps with commercial banks in order to absorb excess liquidity. Moreover, since most of the commodity subsidies scheduled to be removed have already been substantially reduced and since only major commodities, such as bread and cooking oil, will continue to be subsidized, inflation, which reportedly dropped to 12 per cent for 1993 as a whole, was further reduced to a single digit in early 1994. It seems conceivable now that the Government will be able to meet the IMF target of lowering the inflation rate to 9.5 per cent in fiscal year 1993/1994 and 6 per cent in fiscal year 1994/1995.[61]

[61] Central Bank of Egypt, *Annual Report*, 1992/1993.

Box 2. Impact of sanctions on food prices in Iraq

The United Nations economic sanctions imposed on Iraq since August 1990 banned, among other things, crude oil exports and thereby deprived Iraq of its main foreign exchange source. Imports of basic goods, although exempted from the sanctions, have become increasingly expensive owing mainly to the drastic depreciation of the Iraqi dinar. Consequently, prices of basic foodstuffs soared during the period 1990-1993.

Food prices in Iraq, July 1990 and July 1993
(In Iraqi dinars per kilogram)

Commodity	1990	1993	Multiple increase
Flour	0.060	21.270	35
Rice	0.240	17.090	71
Vegetable oil	0.600	63.545	106
Cheese	1.600	64.725	40
Fish	5.000	56.920	11
Milk (small tin)	1.600	129.855	81
Lentils	0.400	29.055	73
Potatoes	0.500	12.145	24
Sugar	0.200	29.725	149
Tea	2.000	192.815	96
Meat	7.756	90.360	12
Eggs (tray)	3.600	80.010	12
Chicken	3.000	68.285	23

Source: FAO and World Food Programme, *A Report on Food Conditions in Iraq*, September 1993.

The Iraqi Government established a rationing system in September 1990 to provide the population with heavily subsidized basic foodstuffs. This system, however, furnishes only about one half of the average calorie intake before the imposition of sanctions; thus households are obliged to have recourse to the free market to supplement the rations. Continuous price hikes and collapse of real incomes have made many items beyond the reach of a large portion of the population despite a threefold salary and wage increase since the end of the Gulf war.

In Iraq, tight United Nations economic sanctions are crippling the economy, and consequently consumer prices have reached levels beyond the reach of the bulk of the population (see box 2). Although no official figures are available, inflation is roughly estimated at around 400 per cent annually. An indication of the extent of the runaway inflation may be seen in the rapidly depreciating value of the Iraqi currency. The Iraqi dinar, which is officially set at ID 0.310 to the dollar, continued its plunge in the free market and reached a low of almost ID 300 to the dollar by the end of 1993.

The implementation of prudent monetary and fiscal policies in the framework of the economic reform and adjustment programme, agreed upon with the IMF, has helped Jordan to curb expansion in both domestic liquidity and government expenditure, while the Central Bank continued to maintain ceilings on banking credit. As a result, inflation was a modest 4.7 per cent in 1993, up slightly from the 1992 level of 4 per cent.[62]

After registering 131 per cent in 1992, the inflation rate in Lebanon fell sharply to 8.9 per cent in 1993, its lowest level in 10 years. A further drop in 1994 is anticipated, with political stability gaining momentum and triggering a significant inflow of capital and a gradual strengthening of the Lebanese pound. The Lebanese currency continued to gain in value, appreciating by almost 30 per cent since 1992 to around LL 1,700 against the dollar.[63]

In the Syrian Arab Republic, inflation remains a cause of concern; the annual inflation rate rose from 9.5 per cent in 1992 to 11.8 per cent in 1993. An acceleration of economic activity, coupled with a reduction in subsidies, contributed to the rise in prices. However, in addition to the public sector pay freeze, gradual reforms in the financial sector and real positive interest rates should help siphon off excess liquidity, in the absence of an effective capital market, and consequently dampen the country's demand-pull inflation.

In the Republic of Yemen, political problems have prevented the Government from implementing urgently needed economic reforms. Subsequently, internal and external imbalances were exacerbated and the Yemeni rial continued to depreciate. The rial, which started 1993 at YRls 40 to the dollar in the free market, dropped to as low as YRls 78 to a dollar a year later.[64] Moreover, the continued heavy monetization of budget deficits aggravated the situation further and contributed to a surge in the country's inflation rate from 45 per cent in 1991 to an estimated 55 per cent in both 1992 and 1993.[65]

D. Economic prospects

Economic prospects of the ESCWA region in 1994 will be largely determined by developments in five major areas, namely the international oil market, economic sanctions against Iraq, economic and political relations among the countries of the region, privatization and economic liberalization policies, and the Middle East peace process.

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[62] *Central Bank of Jordan Monthly Statistical Bulletin*, February 1994.

[63] *Middle East Economic Monitor*, April 1994.

[64] *Petroleum Economist*, February 1994, p. 15.

[65] Arab Banking Corporation, *Economic and Financial Quarterly*, March 1994.

Indications are that the international oil market will remain soft in 1994, with oil prices not expected to depart significantly from their 1993 average. This factor will continue to affect negatively most countries of the region, although to different degrees. If the economic sanctions against Iraq are removed, economic activity may be expected to surge in Iraq, affecting positively other countries in the region, particularly Jordan. While, on the whole, progress in improving economic relations among ESCWA member countries may be expected to be limited, there should be a further strengthening of economic cooperation and coordination among the GCC countries. Privatization and economic liberalization are expected to gain momentum in 1994, with important and varying implications for employment, growth, productivity, inflation and government finances. Positive developments in the Middle East peace process should help improve economic and social development prospects, particularly in Palestine and neighbouring countries. The sectors that stand to benefit the most in the short run include construction and tourism.

III. DEVELOPMENTS IN THE ENERGY SECTOR

Oil markets remained depressed during 1993 as world crude oil demand dropped by 0.4 per cent compared with 1992, to reach 64.85 million barrels per day (m/b/d), the first decline in four years (table 13). Oil prices tumbled towards the end of the year to $12.88 per barrel, down from $16.7 per barrel in January. The sharpest decline in demand for crude oil was experienced by the former Soviet Union, precipitated by the continuous contraction in economic activity during the transitional period. After falling by an average of 1.39 m/b/d in 1992, crude oil demand declined further in 1993 by an average of 1.45 m/b/d. The prevailing economic recession in the major industrialized countries, with the exception of the United States, has also contributed to depressing demand. However, demand in the OECD countries as a whole remained almost unchanged in 1993 at 37.3 m/b/d, compared with 37.2 m/b/d in 1992. Crude oil demand contracted in the former Soviet Union by almost 17.6 per cent in 1993 and remained sluggish in the OECD countries, but it increased in China and the Pacific Rim[66] by 8.0 per cent and 7.2 per cent, respectively, owing to the high economic growth achieved by these countries and areas which boosted the demand for energy.

TABLE 13. WORLD CRUDE OIL DEMAND, 1991-1993

(Million barrels per day)

	1991	*1992*	*1993*
OECD	36.60	37.17	37.31
Former Soviet Union	8.29	6.90	5.55
Eastern Europe	1.03	0.96	1.02
China	2.43	2.63	2.84
OPEC	4.16	4.52	4.79
Pacific Rim[a]	2.92	3.34	3.58
Others	9.33	9.59	9.76
Total world	64.76	65.11	64.85

Source: *OPEC Bulletin*, February 1994, p. 38.

[a] Including Hong Kong, Philippines, Republic of Korea, Singapore, Taiwan Province of China and Thailand.

World demand for crude oil is expected to increase modestly in 1994 to about 65.5 m/b/d,[67] about 1 per cent over 1993 level. Strong demand is expected to continue in China (growth of 7.4 per cent), the Pacific Rim (growth of 7.0 per cent) and the OPEC countries (growth of 4.2 per cent). Moreover, world oil demand is expected to pick up when the economies in transition resume growth.

A. CRUDE OIL PRODUCTION

After stagnating in 1992 at 60.16 m/b/d, world crude oil production declined slightly in 1993 to 59.95 m/b/d (table 14), owing mainly to a depressed world oil demand and the continuing decline in crude oil production in the former Soviet Union. After dropping by 13.2 per cent in 1992, crude oil production in the former Soviet Union declined by another 13 per cent in 1993, mainly owing to technical and financial constraints, which put the cumulative drop over the 1990-1993 period at 35.5 per cent, from 11.43 m/b/d in 1990 to 7.83 m/b/d in 1993. The steep decline in crude oil production in the former Soviet Union reduced its share in total world crude output to about 13 per cent, down from 17.3 per cent in 1991. OPEC crude oil production averaged 24.7 m/b/d in 1993, up by 2.7 per cent from 24.05 m/b/d in 1992 (table 15). Among

[66] Includes Hong Kong, Philippines, Republic of Korea, Singapore, Taiwan Province of China and Thailand.

[67] *Arab Oil & Gas*, 1 February 1994, p. 29.

the major producers within OPEC, only the Islamic Republic of Iran, Kuwait and Venezuela managed to increase their average daily production in 1993 by 77.8 per cent, 6.2 per cent, and 1.6 per cent, respectively. As a percentage of world crude oil supplies, the share of OPEC increased from 38.3 per cent in 1991 to 41.2 per cent in 1993. This increase was achieved despite the continued absence of Iraq from the oil market owing to the United Nations economic sanctions. In Western Europe, oil production increased by an average of 5.3 per cent in 1993, mainly as a result of a 7.4 per cent increase and a 4.4 per cent increase in the production of Norway and the United Kingdom, respectively. This increased the share of Western Europe in world total oil production to around 7.5 per cent in 1993, from 7.1 per cent in 1992.[68] In North America, oil production declined in the United States by 2.4 per cent, but increased by 5.5 per cent in Canada, which put its share in world total output at about 16 per cent in 1992.[69]

TABLE 14. WORLD CRUDE OIL PRODUCTION, 1991-1993
(Million barrels per day)

	1991	*1992*	*1993*
OECD	13.88	14.07	14.20
Former Soviet Union	10.37	9.0	7.82
China	2.80	2.81	2.90
OPEC	23.01	24.05	24.70
Others	9.97	13.23	10.51
Total	60.03	60.16	59.95

Source: Economic and Social Commission for Western Asia, based on *OPEC Bulletin*, February 1994 and *Arab Oil & Gas*, 1 February 1994.

OPEC policy during 1993 continued to focus on defending the organization's market share, rather than the price target of $21 per barrel set in 1990, through supply management. This policy path reflected the financial constraints facing most of the OPEC members, and the failure to agree with non-OPEC oil producers, who control about 60 per cent of world oil production, on output levels that reflect a more favourable balance between supply and demand. Competition over market shares has also prevented OPEC members from agreeing among themselves to reduce output and redistribute quotas in line with the realities of the market. It is worth noting that lack of cooperation with non-OPEC members and a policy of focusing on defending shares could serve only to depress prices and accelerate the depletion of reserves.

B. CRUDE OIL PRODUCTION IN THE ESCWA MEMBER COUNTRIES

Crude oil production in the ESCWA region picked up by 3.9 per cent in 1993 to 15.54 m/b/d, from 14.954 m/b/d in 1992 (table 16), mainly as a result of the 77.8 per cent rise in Kuwait's output, which was exempted from the OPEC quota for most of 1993, to allow Kuwait to regain pre-Gulf crisis production capacity. However, the crude oil production of the remaining ESCWA oil producers that are OPEC members

[68] *Petroleum Economist*, February 1994, p. 3.

[69] Ibid.

declined in 1993 to keep within OPEC quotas. Crude oil production declined by 4.7 per cent in Qatar, 3.4 per cent in Saudi Arabia, and 2.8 per cent in the United Arab Emirates. In contrast, the rest of the ESCWA oil producers, with the exception of Bahrain, managed to increase their production in 1993, particularly the Syrian Arab Republic and the Republic of Yemen.

TABLE 15. OPEC CRUDE OIL PRODUCTION, 1991-1993

(Million barrels per day)

	1991	*1992*	*1993*
Algeria	0.800	0.780	0.756
Gabon	0.294	0.297	0.296
Indonesia	1.439	1.380	1.325
Iran, Islamic Republic of	3.323	3.434	3.647
Iraq	0.281	0.426	0.483
Kuwait	0.187	1.058	1.880
Libyan Arab Jamahiriya	1.493	1.485	1.375
Nigeria	1.869	1.891	1.90.
Qatar	0.386	0.423	0.403
Saudi Arabia	8.196	8.332	8.100
United Arab Emirates	2.389	2.266	2.190
Venezuela	2.334	2.287	2.323
Total	23.01	24.05	24.7

Source: Organization of Petroleum Exporting Countries, *OPEC Bulletin*, January 1993 and February 1994.

Crude oil production in the Syrian Arab Republic increased by 11.1 per cent in 1993, to an average of 576,000 b/d. Most of the increment came from fields in the Deir Al-Zor area. The government policy is to increase production to about 600,000 b/d in 1994 and to maintain this level for as long as possible, taking into consideration that proven oil reserves currently stand at about 1.7 billion barrels. In the Republic of Yemen, crude oil production averaged 224,000 b/d in 1993, up from 182,000 b/d in 1992, boosted by the completion of the oil facilities in the Marib fields, which added 25,000 b/d to total production while the rest came from the Masila fields. Oman's crude oil production averaged about 774,000 b/d in 1993, up from 742,000 b/d in 1992, and reaching about 800,000 b/d in November 1993. However, in December 1993 Oman announced a 5 per cent cut in its daily production, effective 1 January 1994, in support of OPEC efforts to restore stability in the oil market. Oman also tried, unsuccessfully, to convince other non-OPEC oil producers of the need to reduce output. In the rest of the region, Egypt maintained its 1992 average daily crude oil production of 870,000 b/d, while in Bahrain output declined by 2.5 per cent, to 40,000 b/d. Iraq continued to be prevented from exporting oil by the United Nations economic sanctions, with the exception of 50,000 barrels per day exported to Jordan in debt repayment.

C. OIL PRICES

Crude oil prices dropped sharply in 1993 to their lowest level in four years. The average OPEC basket price for seven crudes reached $16.3 per barrel, down by 11.3 per cent from its 1992 level of $18.4 per barrel, remaining $4.7 below the OPEC reference price of $21 per barrel. Depressed world demand, particularly in the major industrialized countries and the former Soviet Union, and the inability of OPEC to reach internal agreement on lower production ceilings for its members and external agreement with non-OPEC oil producers, were the main factors behind the tumbling prices in 1993. The sharpest decline occurred in the last quarter of 1993, when prices dropped to a low of \$12.88 per barrel in December, compared with \$16.71 per barrel in January and \$18.15 per barrel in March (table 17). The drop in oil prices in 1993 is estimated to have cost ESCWA oil producers about \$9 billion in lost revenues, the equivalent of the combined oil revenues of Egypt, Oman, Qatar, the Syrian Arab Republic and the Republic of Yemen, and almost equal to the 1993 oil revenues of Kuwait. Oil prices in December 1993 were at the same nominal level of December 1973, while in real terms they were about half that much.[70]

Oil prices continued their downward trend during the first quarter of 1994, averaging about \$13.3 per barrel, or 7.6 per cent lower than during the last quarter of 1993. Oil prices will remain closely linked with OPEC production policies and its ability to manage supply, the level of economic growth in the world economy and the level of cooperation between OPEC and non-OPEC oil producers. However, if the current situation persists for the rest of 1994 and oil prices continue to fall, it will have serious implications on the overall level of economic activity in the ESCWA region, particularly in the oil-producing members.

TABLE 16. OIL PRODUCTION IN THE ESCWA MEMBER COUNTRIES, 1990 AND 1992-1993

(Million barrels per day)

	1990	*1992*	*1993*
Bahrain[a]	0.042	0.041	0.040
Egypt	0.870	0.870	0.870
Iraq	2.077	0.426	0.483
Kuwait[b]	1.341	1.052	1.882
Oman	0.660	0.742	0.774
Qatar	0.396	0.423	0.403
Saudi Arabia[b]	6.704	8.332	8.100
Syrian Arab Republic	0.398	0.520	0.576
United Arab Emirates	2.297	2.266	2.190
Republic of Yemen	0.197	0.182	0.224
Total	14.982	14.954	15.540

Source: *Middle East Economic Survey*, 10 January and 7 February 1994; *Arab Oil & Gas*, 1 February 1994.

[a] Not including share from Abu Safa oilfield.

[b] Including share from the Neutral Zone.

D. OIL REVENUES IN THE ESCWA REGION

Under the influence of unfavourable price and demand trends, oil revenues of the ESCWA region dropped by 8.2 per cent, from \$73.3 billion in 1992 to \$78.9 billion in 1992 (table 18). Only Kuwait, the Syrian Arab Republic and the Republic of Yemen recorded higher oil revenues by 46.8 per cent, 8.5 per cent,

[70] *Petroleum Intelligence Weekly*, 3 January 1994, p. 1.

and 5.2 per cent, respectively, as they managed to increase output and exports to compensate for declining prices. The drop in oil revenues in the other oil-exporting countries of the region ranged from 18.6 per cent in Qatar and 15.9 per cent in Saudi Arabia to 8.3 per cent in Egypt and 2 per cent in the United Arab Emirates, reflecting both lower production and prices.

In 1993 the earnings of the region's oil-exporting countries, approximately $73.3 billion, were about 40 per cent of their 1980 level of $181 billion in nominal terms. The erosion in oil revenues occurred while the prices of imported manufacturing goods kept rising, hence contributing to the deterioration of the region's terms of trade. Moreover, the declining trend in oil revenues prompted the majority of the oil-exporting countries to pursue contractionary fiscal policies to control budget deficits.

TABLE 17. AVERAGE PRICE OF THE OPEC BASKET OF SEVEN CRUDES, 1991-1993.

(United States dollars per barrel)

	1991	*1992*	*1993*
January	22.38	16.71	16.71
February	17.55	16.89	17.66
March	17.19	16.61	18.15
April	17.38	17.69	18.12
May	17.78	18.70	17.89
June	17.22	20.18	17.11
July	18.20	19.80	15.96
August	18.47	19.16	15.90
September	19.19	19.40	15.24
October	20.42	19.55	15.75
November	19.79	18.73	14.47
December	17.15	17.69	12.88
Average for the year	18.66	18.41	16.33

Source: *Arab Oil & Gas*, various issues; and *Middle East Economic Survey*, various issues.

E. PROVEN OIL RESERVES IN THE ESCWA REGION

Total proven oil reserves of the ESCWA region were estimated at about 76.3 billion barrels at the end of 1993, slightly below their 1992 level, accounting for 74.1 per cent and 57.7 per cent of OPEC and total world reserves, respectively (table 19). Reserves increased in Oman and Saudi Arabia by 4.4 per cent and 0.5 per cent, respectively, and declined by 30 per cent in Bahrain and by 1.9 per cent in both Qatar and the United Arab Emirates.

Reserves remained unchanged in Egypt, Iraq, Kuwait, the Syrian Arab Republic and the Republic of Yemen. The sharp drop in Bahrain's proven reserves can be attributed to the revaluation of its reserves, which were reported at 100 million barrels for the last few years. Among the ESCWA member countries, Bahrain is facing problems in making new discoveries to replenish reserves; in the absence of new discoveries, the country will be the first in the region to have its reserves fully depleted.

Proven oil reserves can sustain the region's 1993 oil production level for another 101.3 years, compared with 82.6 years for OPEC countries as a group, and 42.2 years for the world as a whole. However, the overall figure conceals large intercountry differences ranging from 4.8 years for Bahrain, 8.1 years for the

Syrian Arab Republic, to 88.3 years, 122.7 years and 138.3 years for Saudi Arabia, the United Arab Emirates and Kuwait, respectively (table 20).

The average proven reserves/production ratio in the ESCWA region is very high compared with the United States (9.4 years), the former Soviet Union (20 years), the United Kingdom (6.6 years) and Norway (11.3 years). This highlights the importance of the region as a long-term oil supplier, particularly if current price trends persist, which will cut down capital investment and discourage exploration and exploitation in relatively high-cost producing areas. According to the International Energy Agency estimates, the Middle East and Venezuela will supply about 50 per cent of the world's oil by the year 2010.[71]

TABLE 18. OIL REVENUES IN THE ESCWA REGION, 1991-1993

(Billions of United States dollars)

	1991	1992	1993
Bahrain	0.815	0.766	0.854
Egypt	1.2	1.2	1.1
Kuwait[a]	0.430	6.2	9.1
Oman	3.2	3.3	3.04
Qatar	2.4	3.2	2.6
Saudi Arabia[a]	43.3	47.6	40.1
Syrian Arab Republic	1.7	1.75	1.90
United Arab Emirates	11.7	14.5	14.2
Republic of Yemen	0.45	0.38	0.40
Total ESCWA	68.195	78.896	73.294

Source: Economic and Social Commission for Western Asia, based on national and international sources.

[a] Including share in Neutral Zone.

F. OIL REFINING

The oil refining capacity of the ESCWA region stood at 4.19 m/b/d in 1993, slightly up from 4.14 m/b/d in 1992, while the number of refineries declined from 40 in 1991 to 39 owing to the loss of two refineries in Kuwait as a result of the Gulf crisis (table 21).

The world oil refining industry has recently become more profitable, after many years of restructuring to avoid losses. Low oil prices have been a major factor in the industry's recovery. Refining in the ESCWA region is geared to domestic markets as well as the international market. Countries with substantial oil reserves, such as Kuwait and Saudi Arabia, have invested heavily in refineries to produce for export. In recent years, additional investments have been made in some of these refineries to enable them to produce different mixes of products to meet demand in the international market. Kuwait's exports of petroleum products to Asian markets were interrupted when its refineries sustained heavy damage during the Gulf war and have not fully recovered. Other countries with more modest oil reserves, such as Egypt and the Syrian Arab Republic, produce refined products for domestic consumption.

[71] *Middle East Economic Survey*, 10 May 1993.

A number of projects to build new refineries or expand existing ones are either under way or in the planning stage. Egypt is considering expanding its refining capacity to meet expected future demand. Currently, Egypt's refineries are producing at full capacity and this barely covers domestic demand. The industry has recently completed a 10-year expansion programme and the Egyptian General Petroleum Company (EGPC) envisages further expansions costing $1.2 billion during the next few years.[72] The Government has begun encouraging private sector refinery projects to produce for domestic consumption as well as for export. Egypt recently agreed to build a petroleum product pipeline to the Libyan Arab Jamahiriya and is exploring further possibilities with other neighbouring countries.

The expansion of Saudi Arabia's refinery in Yanbu by 130,000 b/d is expected to be completed in 1995, and to bring its capacity to 300,000 b/d.[73] There are plans in the United Arab Emirates to build a new refinery in Dubai with a capacity of 150,000 b/d.[74] There are also plans to expand the capacity of the refinery in Ruwais by 160,000 b/d which upon completion will more than double its output. Further plans in the region include the upgrading and expansion of the Aden refinery

TABLE 19. ESCWA REGION PROVEN OIL RESERVES, 1992-1993

(Million barrels)

	1992	*1993*
Bahrain	100	69
Egypt	6 300	6 300
Iraq	100 000	100 000
Kuwait	96 500	96 500.0
Oman	4 500	4 700
Qatar	38 000	3 729.0
Saudi Arabia	2 600 000	261 200
Syrian Arab Republic	1 700	1 700
United Arab Emirates	100 000	98 100
Republic of Yemen	4 000	4 000
Total	576 900	576 298
Total OPEC	772 190	772 131
Total world	997 700	999 123.7
ESCWA/world (percentage)	57.7	57.7
ESCWA/OPEC (percentage)	74.7	74.1
OPEC/world (percentage)	77.4	77.3

Source: *Arab Oil & Gas*, 1 February 1994, pp. 46-48.

72 *Petroleum Economist*, January 1993, p. 34.

73 Ibid., September 1993, p. 5.

74 Ibid., p. 7.

in the Republic of Yemen to add 70,000 b/d to existing capacity.[75] The country also plans to build a new refinery in Mukalla with a capacity of 100,000 b/d.

Lebanon recently announced that it was not cost-effective to repair the Zahrani refinery, located near Sidon, which was damaged during the civil war.[76] The refinery has produced small amounts of petroleum products on a test-run basis but its equipment is obsolete. The refinery in Tripoli also sustained damage during the war, and the repairs and expansion are expected to cost $800 million. Lebanon is currently arranging with Eastern European refineries to produce petroleum products on a contractual basis.

TABLE 20. ESCWA REGION PROVEN OIL RESERVES/PRODUCTION RATIO, 1993

	Proven oil reserves *(Million barrels)*	Oil production 1993 *(Million barrels)*	Proven oil reserves *(Production years)*
Bahrain	69.6	14.6	4.8
Egypt	6 300	324.9	19.4
Iraq	100 000	176.3	567.2
Kuwait	96 500	697.6	138.3
Oman	4 700	282.5	16.6
Qatar	3 729	147.1	25.4
Saudi Arabia	261 200	2 956.5	88.3
Syrian Arab Republic	1 700	210.2	8.1
United Arab Emirates	98 100	799.4	122.7
Republic of Yemen	4 000	81.8	48.9
Total ESCWA	576.3	5 690.9	101.3
Total OPEC	772.1	9 344	82.6
Total world	999.1	23 652	42.2

Source: *Arab Oil & Gas*, 1 February 1994, pp. 46-48.

Other developments in the ESCWA region's refining industry during 1993 include the reorganization of Saudi Arabia's refining industry, as part of the overall restructuring of the petroleum sector which began a few years ago. The Saudi Arabian Marketing and Refining Company (SAMAREC) was taken over by the Arabian American Oil Company (ARAMCO) during 1993 in a move which created the world's largest oil and refining company.[77] The merger was part of the refinery expansion programme in Saudi Arabia which is expected to result in the production of additional petroleum products including unleaded gasoline.

[75] Ibid., p. 5.

[76] *Jordan Times*, 1-2 July 1993, p. 7.

[77] Ibid., 17-18 June 1993, pp 7-8.

TABLE 21. NUMBER OF REFINERIES AND REFINING CAPACITY IN THE ESCWA REGION, 1991-1993

(Barrels per day)

	1991		*1992*		*1993*	
Country	No.	Capacity	No.	Capacity	No.	Capacity
Bahrain	1	243 000	1	243 000	1	250 000
Egypt	8	523 153	8	532 153	8	532 153
Iraq	8	318 500	8	318 500	8	347 500
Jordan	1	100 000	1	100 000	1	100 000
Kuwait	4	819 000	2	368 000	3	642 000
Lebanon	2	37 500	2	37 500	2	37 500
Oman	1	80 000	1	80 000	1	76 000
Qatar	1	60 000	1	60 000	1	57 500
Saudi Arabia	8	1 862 500	8	1 862 500	8	1 614 000
Syrian Arab Republic	2	237 394	2	237 394	2	242 140
United Arab Emirates	2	192 500	2	192 500	2	192 500
Republic of Yemen	2	114 500	2	114 500	2	120 000
Total ESCWA	40	4 588 047	38	4 146 047	39	4 193 293

Source: *Oil & Gas Journal*, December 1993.

G. OTHER ENERGY SOURCES

1. *Natural gas*

Although the development of natural gas resources in the ESCWA region has been largely aimed at providing energy for domestic markets, recent efforts have focused more on export-oriented projects. Owing to the significant transport costs associated with exporting gas, including major capital expenditure, gas has been regarded mainly as a domestic energy source. However, gas is now traded more widely in the international markets and gas networks are under development, albeit usually on a regional basis. Europe, for instance, has a well-developed gas grid and gas is traded widely within the region. Europe is considered one potential market for gas discovered during the past decade in the ESCWA region. Several Asian countries have contracted to purchase gas from the region, mainly from the GCC countries. Efforts aimed at developing gas resources in the ESCWA region are now focused on serving international as well as domestic markets, depending on the individual country's reserves and domestic energy needs.

Overall gas reserves in the ESCWA region have been increasing throughout the 1980s and 1990s owing to reassessment of reserves and new discoveries. These reserves increased from 20,730 billion cubic metres (BCM) in 1990 to 24,619 BCM in 1993 (table 22), or by 18.9 per cent, to account for over 17 per cent of world reserves.

The marketed production of natural gas in the ESCWA region increased by 23.9 per cent during the period 1990-1992, reaching 107.8 BCM in 1992 (table 23). This compares favourably with the increase in world output by 2.5 per cent during the same period and represents serious efforts on the part of the ESCWA countries to reduce flaring and to utilize gas reserves efficiently. Gas production increased significantly in Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, the Syrian Arab Republic and the United Arab Emirates during 1990-1992.

In most ESCWA countries, the use of natural gas is encouraged as a means of conserving oil and reducing consumption of petroleum products, thus allowing greater amounts of domestically produced oil and oil products to be exported. Egypt has been following such a policy for a number of years and has developed a gas grid in Cairo, as well as other transportation infrastructure to facilitate the use of gas within the country. Egypt's marketed production increased by a modest 4 per cent between 1990 and 1992. The country is currently upgrading and expanding its gas-distribution network, which is now about 2,000 kilometres long, and is increasing its reliance on gas for the generation of electricity.[78] Egypt continues to undertake exploration activities specifically for gas, and some experts expect reserves to more than double in the coming years. Recently, gas and condensates were discovered offshore in the Nile Delta area.[79] Egypt has been rapidly developing discovered gas reserves and now has 11 productive gas fields, with others under development. In addition, the country has plans to utilize gas in the refining and petrochemical industries.

Jordan's gas reserves in the Risha area, which currently represent the only economically feasible hydrocarbon source of energy within its boundaries, were developed for domestic consumption. Overall demand for energy has increased considerably during the early 1990s and has been partly met by utilizing natural gas for the generation of electricity. In 1993, additional gas was discovered close to the original Risha field near the Iraqi border. Currently Jordan is expanding processing facilities at the Risha field.[80]

Kuwait's marketed production of natural gas has increased dramatically as gas facilities have been repaired following the Gulf war. All of Kuwait's gas is associated with oil, and output usually depends on oil production levels. Prior to the Gulf crisis, Kuwait imported natural gas from Iraq, via pipeline, for domestic use. After the war, large amounts of gas were flared as Kuwait quickly restored its oil-exporting capacity.

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[78] *Petroleum Economist*, October 1993, p. 10.

[79] Ibid.

[80] *Jordan Times*, 26 May 1993, p. 3.

TABLE 22. NATURAL GAS RESERVES IN THE ESCWA REGION, 1990-1993
(Billion cubic metres)

Country	*1990*	*1991*	*1992*	*1993*	*% change 1991-1993*	*R/P[a] ratio*
Bahrain	177	170	167	168	-1.18	20.4
Egypt	351	351	436	438	24.79	51.9
Iraq	2 690	2 690	3 100	3115	15.80	1 557.5
Jordan	11	3	28	6	100.0	200.0
Kuwait	1 546	1 373	1 485	1 490	8.52	634.0
Oman	204	280	550	569	103.21	149.7
Qatar	4 621	4 587	7 079	7 113	55.07	592.8
Saudi Arabia	5 249	5 226	5 250	5 273	0.90	159.8
Syrian Arab Republic	156	181	200	199	9.94	39.8
United Arab Emirates	5 555	5 644	5 795	5 821	3.14	176.4
Republic of Yemen	198	198	429	427	115.66	176.4
Total ESCWA reserves	20 730	20 704	24 519	24 619	18.91	154
Total world reserves	119 400	123 973	145 919	142 721	15.12	6.7
ESCWA region as % of world total	17	16.7	17.4	17.2		

Source: *Petroleum Economist*, August 1993, p. 8; and *Oil & Gas Journal*, 27 December 1993, p. 44.

[a] 1993 reserves divided by 1992 marketed production.

Marketed production of natural gas in the Syrian Arab Republic increased significantly between 1990 and 1992, reflecting the country's efforts to utilize the reserves discovered in the 1980s. In 1992, marketed production reached 5 BCM and could attain over 7.5 BCM if development of known reserves continues.[81] Current projects include expansion of gas processing plants, gas lines and the development of non-associated fields in the Palmyra region. In addition, a number of industrial projects and electricity-generating plants are expected to begin operation by 1996. Gas is currently piped to industrial facilities in the Homs and Hama

[81] *Arab Oil & Gas*, 16 June 1993, p. 26.

TABLE 23. MARKETED PRODUCTION OF NATURAL GAS IN THE ESCWA REGION, 1990-1992

(Million cubic metres)

Country	1990	1991	1992	Percentage change 1990-1992
Bahrain	6 170	6 600	8 251	33.73
Egypt	8 110	9 080	8 444	4.12
Iraq	4 180	1 100	2 000	-52.15
Jordan	156	210	30	-80.77
Kuwait	5 230	500	2 350	-55.07
Oman	2 800	3 500	3 800	35.71
Qatar	6 720	9 300	12 000	78.57
Saudi Arabia	30 500	32 000	33 000	8.20
Syrian Arab Republic	1 070	4 320	5 000	367.29
United Arab Emirates	22 100	25 940	33 000	49.32
Total ESCWA	87 036	92 550	107 875	23.94
Total world	2 071 025	2 119 190	2 123 650	2.54
ESCWA region/world (percentage)	4.1	4.4	5.1	

Sources: *Arab Oil & Gas Directory, 1993*; Economic and Social Commission for Western Asia, *Survey and Assessment of Energy-related Activities in the ESCWA Region 1992* (E/ESCWA/NR/1993/10), p. 20; and *Oil and Energy Trends*, 18 February 1994, p. 27.

areas.

The Republic of Yemen's natural gas reserves have more than doubled since 1991 and by 1993 reached 427 BCM (table 22). In early 1994, the country announced that its reserves had reached 500 BCM.[82] The Republic of Yemen is exploiting its natural gas resources to satisfy domestic energy needs. The start-up of the Asa'ad Al-Kamil gas processing plant in 1992 enabled the country to meet domestic demand for liquefied

[82] *Jordan Times*, 16 February 1994, p. 7.

petroleum gas (LPG) which amounted to 192,500 tons in 1991.[83] The Government is also planning to utilize natural gas in the generation of electricity. Exploration efforts continue with the participation of regional and international companies and expectations are that additional gas reserves will be discovered. Because some of the country's gas is associated with oil, oil production in these fields has been halted during the past few years pending the construction of gas-processing facilities.

Production of gas for export purposes is the strategy followed by the ESCWA member countries with large reserves and relatively small domestic markets. Oman, Qatar, Saudi Arabia and the United Arab Emirates either export gas or are currently developing their export facilities. Oman is an example of an ESCWA member country involved in developing its recently discovered gas for export purposes. Oman's natural gas reserves have more than doubled during the past two years as a result of intensive exploration efforts. These reserves now total 569 BCM as shown in table 22. Marketed production also increased from 2,800 million cubic metres (MCM) in 1990 to 3,800 MCM in 1992, or by over 35 per cent. In the past, gas was used to satisfy domestic energy needs, and was piped to the major cities of Muscat and Sohar. A study of the feasibility of exporting liquefied natural gas (LNG) to southern Europe is under way and, if implemented, could begin in 1999.[84] Italy has expressed interest in this scheme. Oman also plans to export gas to India via a $4 billion - $5 billion pipeline and deliveries are expected to begin in 1996. Oman also agreed to export gas to India for use in its petrochemical and fertilizer industries. In addition, a $9 billion LNG project is under way in Oman to produce LNG for export.[85]

Development of Qatar's North Field for export purposes continued during 1993. The significant increase in marketed natural gas in Qatar since 1990 reflects the development activity under way since the late 1980s. Marketed production of natural gas in Qatar has increased by over 78 per cent since 1990. The export-oriented phase of the North Field Development project currently under way includes building pipelines, liquefaction and shore facilities. Qatar possesses over 20 per cent of the ESCWA region's natural gas reserves, most of it located in the North Field.

Saudi Arabia's marketed production of natural gas increased modestly during the early 1990s, as shown in table 23, and reserves have remained largely unchanged. Gas is used as a feedstock in Saudi Arabia's petrochemical industry, as well as for domestic consumption. LPG is exported to Japan on a regular basis.

The United Arab Emirates exports some of its substantial gas reserves. Marketed production has increased by almost 50 per cent since 1990, though much of this gas is consumed locally. Abu Dhabi and Sharjah are the main producers of gas, and the recent discovery of additional reserves in Sharjah led to plans for the rapid implementation of development projects.[86] Industry and electricity-generating plants are switching to natural gas as an energy source throughout the country because of its cost-effectiveness and environment-friendliness. LNG from the United Arab Emirates is exported to Japan as well, and there are

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[83] *Petroleum Economist*, March 1993, p. 15.

[84] Ibid., August 1993, p. 40.

[85] *Petroleum Economist*, April 1993, p. 25.

[86] *Jordan Times*, 14 February 1994, p. 7.

plans to expand LNG facilities during 1993 in response to Japan's commitment to double its purchases over the next 25 years.[87] Thailand has also expressed interest in purchasing LNG from the United Arab Emirates.

2. *Electricity*

Demand for electricity in the ESCWA region has followed the worldwide trend of increasing at a higher rate than overall energy demand during the past few years. The annual growth rate in many ESCWA member countries is at or near 10 per cent and is expected to continue into the next century. Table 24 shows installed capacity during 1993 and expected capacity needs by the year 2000.

Satisfying the growing demand for electricity has been a challenge for many ESCWA member countries. Acute problems in meeting demand have occurred in Iraq, Lebanon, the Syrian Arab Republic and the Republic of Yemen. Most other ESCWA member countries are consuming almost as much electricity as can be produced at existing installed capacity levels. Iraq has made considerable progress in restoring installed capacity damaged during the Gulf war. The installed capacity shown in table 24 is actually pre-war capacity, of which over 75 per cent is reported to have been restored since the end of the war. Lebanon is also working to restore installed capacity damaged during the civil war. Current operating levels are considerably below installed capacity because of damaged facilities. Generating plants are currently under repair and Lebanon plans to build two new plants in the northern and southern parts of the country. Privately operated generators, though less efficient, currently provide a significant portion of the electricity consumed.

The Syrian Arab Republic has experienced electricity shortages during the past few years as demand surpassed supply and problems in generation occurred, related in part to low water levels on the Euphrates River where hydroelectric plants are located. However, work is under way on the construction of a number of new facilities, both gas-fired and hydroelectric, to provide electricity to industry and households starting as early as 1994. The Republic of Yemen also has plans for gas-fired electricity plants to be built near gas fields discovered during the past 10 years. The construction of a 60-MW gas-fired plant is under consideration as a temporary measure to meet the growing demand in Sana'a.

In other ESCWA member countries, plans are being made to expand electricity-generating capacity to satisfy the expected rising future demand. As mentioned above, Egypt has plans to increase generating capacity by relying on the private sector and using more gas-fired facilities. Jordan also utilizes its modest gas reserves for the production of electricity. It plans to double the capacity of its oil-fired plant in Aqaba. Throughout the GCC countries plans have been formulated, and work is under way to increase generating capacity significantly. Saudi Arabia, for instance, awarded two contracts in 1993 which will add 900 MW to total installed capacity. In addition, nine additional projects, mostly to expand existing facilities, are planned and will be put up for open bidding during 1994. Saudi Arabia plans to add 7,500 MW to its total installed capacity as indicated in table 24. These projects will cost over $12 billion. Bahrain is relying in part on the private sector to satisfy additional demand by constructing a 500 MW plant. Other projects are planned or under way in other Gulf countries, including Oman, Qatar and the United Arab Emirates.

[87] *Petroleum Economist*, December 1993, p. 22.

Causes for recent and expected increases in demand for electricity throughout the region include changes in living styles, increases in population and the relatively low prices charged for electricity. In most countries of the region, electricity is subsidized by the Government. Some countries, such as Egypt and Jordan, are addressing this problem by gradually increasing prices to households and industrial users. Jordan increased electricity prices during 1993 along with those of other energy products, though low income consumers, consuming very low levels of electricity, were not affected.[88] The higher prices were expected to generate JD 14 million and help alleviate the losses incurred by the Jordanian Electricity Authority. Electricity prices in the GCC countries are generally very low and in some countries consumers are provided with electricity at no cost.

TABLE 24. CURRENT INSTALLED CAPACITY AND EXPECTED CAPACITY REQUIRED BY THE YEAR 2000 IN THE ESCWA REGION

(MW)

Country	Installed generating capacity	Additional capacity required by 2000	Projected cost of expansion *(Millions of US dollars)*
Bahrain	950	225	845
Egypt	13 000	6 000	2 000
Iraq	9 552	..	12 000*
Jordan	928	320	300
Kuwait	5 000	3 000	2 000
Lebanon	1 300	1 500	1 500
Oman	1 250	1 000	400
Qatar	1 284	1 140	800
Saudi Arabia	17 049	10 000	12 500
Syrian Arab Republic	1 900	2 500	1 300
United Arab Emirates	4 250	3 250	900
Yemen	715	485	500
Total	57 188	29 420	35 045

Source: *Middle East Economic Digest*, 20 August 1993, p. 7.

* This figure is the United Nations estimate of the amount needed to restore Iraq's generating capacity to pre-war levels.

There are plans to interconnect electricity grids in the region. There are sometimes exchanges of electricity between Jordan, Lebanon and the Syrian Arab Republic. Work is under way to connect the electricity grids of Jordan and Egypt. A regional interconnection between Egypt, Iraq, Jordan, the Syrian Arab Republic and Turkey was agreed upon during 1993.[89] The interconnection will cost $220 million, to be financed by the Arab Fund for Economic and Social

[88] *Jordan Times*, 10-11 June 1993, p. 1.

[89] *Jordan Times*, 8 June 1993, p. 3.

Development. It is expected to be completed by 1998. There are also plans to connect grids in the GCC countries, but they were interrupted by the Gulf war.

3. *Renewable sources of energy*

Although renewable sources of energy are not a major source of energy in the ESCWA region, some countries do use solar energy, wind energy and biogas, and many pilot and demonstration projects are under way. There is the potential for a greater use of these sources in the region owing to the high degree of solar radiation and wind in some areas. Resources for use in biogas digesters are readily available in rural areas.

Solar energy is used to heat water in residences throughout the region, especially in Egypt, Jordan and the Syrian Arab Republic. Egypt has more than 50,000 solar water-heating systems in use and hopes to have 1.3 million systems by 2005, while Jordan and the Syrian Arab Republic have more than 100,000 units and 4,000 units, respectively, in operation.[90] Solar energy is also used in Egypt in the industrial and agricultural sectors, in the textile industry and for drying crops. In addition, solar water pumps are used in rural areas in some countries.

There are also pilot and experimental projects designed to test the feasibility of other applications of solar energy technology in the region. Such solar-powered facilities exist in Egypt, Jordan, Iraq and Saudi Arabia.

Wind energy is also used in the ESCWA region but on a small scale. There are pilot projects in Egypt and Jordan utilizing wind energy to pump water, produce ice, desalinate water, irrigate farmland and produce electricity. Data regarding the potential for wind energy use are compiled regularly throughout the region.

Biogas is used in about 200 rural and remote areas in Egypt to produce energy for cooking. The Syrian Arab Republic and the Republic of Yemen have also undertaken pilot projects to utilize this energy source where appropriate.

4. *Outlook*

The outlook for the development of non-oil energy resources in the ESCWA region is generally positive. Natural gas has been exploited at an increasing rate to satisfy domestic demand in both the household and industrial sectors. This trend is expected to continue, especially since new reserves have been discovered recently. In addition, ESCWA member countries with the capacity to produce more gas than needed domestically are initiating projects which will enable them to export gas to markets in Asia and perhaps to Europe. This trend is also expected to continue as the international facilities to transport gas improve.

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[90] Economic and Social Commission for Western Asia, *Report to the Commission on Progress Made in the Implementation of the Nairobi Programme of Action in the ESCWA Region* (E/ESCWA/ENR/1992/21), December 1992, chap. II, sect. A.

The demand for electricity has been growing throughout the region. Most countries of the region either have projects planned or under way to meet the growing demand in the near future. In some ESCWA member countries, the need for additional electricity generation facilities is acute, particularly since they suffered power shortages during 1993. Natural gas is increasingly being used to fuel electricity-generating plants in the region. Efforts to interconnect national grids continued during 1993.

The use of renewable energy resources is still limited. Solar-powered water heating systems are commercially available and used in some ESCWA countries. Other solar as well as wind and biogas systems are in the pilot or experimental project stage in many countries in the region. Renewable energy technologies, other than solar water heaters, may be appropriate for use in rural and remote areas of the region.

IV. DEVELOPMENTS IN INTERNATIONAL TRADE AND PAYMENTS

Since the ESCWA region is mainly an oil-exporting region, its external sector, especially exports, is highly sensitive to exogenous factors, mainly changes in world economic activity and in the level of oil prices. Such factors often eclipse regional and domestic factors.

Following the collapse in oil prices in 1985, recovery in the region's exports had to wait until 1990, when their value rose to $103.7 billion as a result of the increase in world demand for oil and in oil prices associated with the Gulf crisis. In 1991, as world demand for oil declined and prices went back to their pre-crisis level, the region's total exports dropped to $89.8 billion with the withdrawal of both Iraq and Kuwait from the oil market. But as Kuwait recovered a large part of its pre-war production and export capacity, and all other GCC countries, apart from Bahrain, increased their exports, the value of exports from the region rose by about $10 billion to $99.1 billion in 1992, despite the sanctions on Iraq and the decline in other ESCWA member countries' exports.

In 1992, aggregate imports into the region amounted to $87.1 billion, their highest level since 1985, propelled by reconstruction activity in Kuwait, buoyant economic conditions in other GCC countries, especially Saudi Arabia, the restructuring programmes in Egypt and Jordan with their attendant gradual liberalization of imports, the high level of public investments in the Syrian Arab Republic which has been generating higher demand for imports of capital goods and equipment, and the beginning of reconstruction in Lebanon.

Despite the sharp decline in the region's trade surplus in 1992, the current account deficit dropped by half, as the deficits in both the services account and in unrequited transfers fell sharply.

Tentative and preliminary data for 1993 indicate a decline in the region's total exports despite the recovery of Kuwait's oil exports. The explanation is to be found mainly in lower oil prices, the average of which declined from $18.4 per barrel in 1992 to $16.3 per barrel in 1993, and the slump in world oil demand. Export performance by other ESCWA member countries is not expected to differ significantly from 1992. Imports are also expected to be lower, mainly because of the decline in imports of most GCC countries.[91] The liberalization of trade in other ESCWA member countries is not expected to generate a higher level of imports than in 1992.

A. Overall trade performance

1. Exports

The aggregate dollar value of the ESCWA region's exports (excluding Iraq) increased by 10.3 per cent in 1992 to $99.1 billion. This was a significant improvement over 1991, when exports declined by 12.4 per cent, but still short of the level ($103.7 billion) attained in 1990, which was the highest since 1983 (see table 25 and annex table 1 in part one of the present report). The improvement was entirely contributed by the GCC countries as their total exports rose by 12 per cent, from around $81 billion to $90.7 billion. Apart from Bahrain, where the value of exports dropped by 5 per cent, exports of the other GCC countries recorded increases. However, the rate of increase in the exports of Kuwait was exceptional as the country recovered

[91] A number of foreign companies reported significant declines in demand by these countries.

TABLE 25. ESCWA REGION: AVERAGE ANNUAL VARIATIONS IN EXPORT AND IMPORT VALUES

*(Percentage)**

	Exports (f.o.b.)					*Imports (c.i.f.)*				
	1985-1988	1988-1989	1989-1990	1990-1991	1991-1992	1985-1988	1988-1989	1989-1990	1990-1991	1991-1992
ESCWA region	-5.3	30.5	15.8	-12.4	10.3	-0.3	-0.02	3.6	6.4	16.8
Major oil exporters[a]	-6.0	29.7	16.2	-13.6	12.0	-1.4	4.6	-0.6	7.4	17.8
Iraq	1.0	32.1	-34.9	..	..	-2.1	7.4	-5.4	..	..
GCC countries	-7.3	29.2	27.4	-3.8	12.0	-1.3	4.2	5.2	19.2	17.8
Bahrain	-5.9	17.4	32.7	-9.4	-5.0	-5.8	20.9	18.4	9.4	1.6
Kuwait	-9.5	47.8	-39.4	-92.4	1067.1	-2.5	4.3	-37.8	94.2	18.5
Oman	-13.1	20.4	32.6	-6.5	11.4	-11.3	2.4	18.9	19.1	18.0
Qatar	-4.8	24.7	40.0	6.4	6.9	3.6	4.7	16.9	11.0	1.3
Saudi Arabia	-4.8	19.5	56.6	9.9	4.0	-2.7	-2.9	13.8	13.8	16.3
United Arab Emirates	-6.0	41.6	26.7	-8.0	4.3	9.2	17.5	11.9	13.2	28.0
Other ESCWA countries	3.8	39.3	12.6	-0.3	-5.3	3.0	-12.7	17.2	3.6	14.0
Egypt	4.9	21.0	0.7	40.1	-15.1	16.4	-14.1	23.8	-15.6	7.8
Jordan	9.5	6.0	-3.2	6.5	7.8	0.7	-23.4	22.0	-3.5	29.7
Lebanon	16.2	-23.1	2.5	-1.2	14.1	5.2	-6.0	13.9	45.4	11.5
Syrian Arab Republic	-6.3	123.7	35.0	-22.6	-1.6	-17.5	-6.0	20.5	24.7	10.8
Including the region's least developed country:										
Republic of Yemen	9.4	38.2	-6.8	-28.8	-6.1	-4.2	-2.4	-18.6	25.6	27.8
a. former Yemen Arab Republic	63.5	37.7	-16.5	..		-5.3	1.2	-14.8	..	..
b. former Democratic Yemen	-36.5	39.5	48.7	..	..	-1.6	-10.4	-27.6	..	..

Source: Economic and Social Commission for Western Asia, compiled from national and international sources.

* Compound rates of growth, based on terminal years.

[a] GCC countries plus Iraq.

a large part of its pre-Gulf crisis oil production level,[92] with the value of total exports increasing more than tenfold, from $0.5 billion to $6.7 billion. The rate of increase in the remaining four GCC countries ranged between 11.4 per cent in Oman and 4 per cent in Saudi Arabia. The increase recorded by the latter was for the third year running as the quantity of oil exports continued to rise to make up for the entire absence of Iraq and the partial absence of Kuwait from the world oil market. Saudi Arabia's increase in oil exports more than made up for the decline in its non-oil exports from $4.1 billion in 1991 to $3.2 billion in 1992.[93]

Other ESCWA member countries, including the region's least developed country (the Republic of Yemen), recorded a decline of 5.3 per cent, with the aggregate dollar value of their exports dropping from $8.9 billion to $8.4 billion. This reflected mainly a 15.1 per cent drop in Egypt's exports, following a rise of 40.1 per cent in 1991, and declines to a lesser extent in the Republic of Yemen (6.1 per cent) and the Syrian Arab Republic (1.6 per cent). In contrast, both Lebanon and Jordan recorded increases of 14.1 per cent and 7.8 per cent, respectively.

Two factors contributed to the drop in Egypt's exports: the decline in cotton exports, as 20 countries are reported to have refused to enter into contracts to buy Egyptian cotton in 1992,[94] and the decline in oil exports. The lower Syrian exports resulted from the decline in oil and cotton prices. The latter dropped from $1.7 to only $0.98 per kilogram, thus offsetting the positive effects of higher output and productivity.[95] Jordan's exports recorded another increase, rising from $1.1 billion to $1.2 billion, having declined by 3.2 per cent in 1990. The increase resulted from higher domestic exports and re-exports. Among the former, the increase in the value of exports of consumer and capital goods by $55.1 million and $5.3 million, respectively, more than compensated for the decline in exports of raw materials by $25.4 million. The increment in exports ($23.6 million) also resulted from the increase in both consumer and capital goods, while re-exports of raw materials declined.[96]

The exports of the region's least developed country, the Republic of Yemen, continued their declining trend which started in 1990 following the peak of 1989. After exports declined by 7 per cent, from $763 million in 1989 to $711 million in 1990, a further and sharp drop of 28.8 per cent was recorded in 1991. This brought the country's total exports down to $506 million. In 1992, total exports declined further by 6.1 per cent to $475 million.

2. *Imports*

The region's total imports, excluding Iraq, increased significantly in 1992 compared with 1991, with their dollar value rising (by 16.8 per cent) from $74.6 billion to $87.1 billion to record their highest level

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[92] Kuwait's production of crude oil rose from an average of 0.193 m/b/d in 1991 to 1.1 m/b/d in 1992, or 44 per cent of its pre-crisis capacity (*Al-Hayat*, 4 April 1994 [in Arabic]).

[93] OPEC, *Annual Statistical Bulletin, 1992*, tables 4 and 5, pp. 5-6.

[94] *Al-Hayat*, 10 May and 29 August 1993 (in Arabic).

[95] Ibid., 2 March 1993.

[96] Central Bank of Jordan, *Monthly Statistical Bulletin*, vol. 29, No. 12, December 1993, table 36, p. 58.

since 1985 (table 25 and annex table 1). All ESCWA member countries participated in the increase, but it was the GCC countries which were responsible for the largest increase; their imports rose from $55.4 billion to $65.2 billion.

The boom in private sector activity continued to generate strong demand for imports in the GCC countries. Apart from Bahrain and Qatar, where imports grew only marginally, by 1.6 per cent in the former and 1.3 per cent in the latter, imports of the remaining four ESCWA member States recorded a sharp expansion. The United Arab Emirates recorded the largest expansion, with 28 per cent, more than double the previous year's rate of 13.2 per cent. The imports of Kuwait rose by 18.5 per cent following the sharp rise of 94.2 per cent in 1991 to meet reconstruction requirements and reconstitute depleted stocks. Consequently, the country's imports exceeded the pre-invasion level and recorded $7.5 billion, the highest level since 1985. Oman also increased its imports by 18 per cent, and their value rose from $3.2 billion to $3.8 billion. Saudi Arabia's imports rose by 16.3 per cent, having increased by 13.8 per cent in 1990 and again in 1991. Consequently, Saudi Arabia continued to dominate the region's import trade, accounting for 36.6 per cent of the total, while its exports and imports accounted for 44.5 per cent of the region's total trade, followed by the United Arab Emirates with a 20 per cent share.

The other ESCWA member countries, as a group, increased their imports from $19.2 billion in 1991 to $21.9 billion in 1992, or by 14 per cent. Jordan achieved the highest rate of expansion, 29.7 per cent, following a decline of 3.5 per cent in the year before, and total imports rose from $2.5 billion to $3.3 billion. This reflected, in part, the implementation of the economic reform programme agreed upon with the International Monetary Fund which required the liberalization of imports, including reducing tariff levels. In Lebanon, as the reconstruction and rehabilitation efforts picked up momentum and the situation became more stable, imports recorded another increase for the fourth year running; however, the rate of increase in 1992 (11.5 per cent) was only one fourth that of the year before (45.4 per cent). Consequently, total imports increased from $3.7 billion to $4.2 billion. The Syrian Arab Republic increased its imports for the third year running, but the rate of increase dropped from an average of 22.6 per cent in 1990-1991 to 10.8 per cent in 1992, and total imports rose from $3.1 billion to $3.5 billion. This has been attributed to the economic boom which the Syrian economy has been experiencing since the implementation of investment Law No.10/1991 and the large public investments in telephone, communications and sewage systems which increased the demand for imports of capital goods.[97] In Egypt, after a decline of 15.6 per cent in 1991, imports rose by 7.8 per cent in 1992 and their dollar value increased from $7.8 billion to $8.4 billion. The lifting of restrictions on imports of 94 items in October 1992, as part of the requirements of the IMF economic reform and restructuring programme, helped to bring about the increase.[98]

The region's least developed country, the Republic of Yemen, recorded a relatively large increase in imports for the second year running, from $2 billion in 1991 to $2.6 billion in 1992, an increase of 30 per cent.

[97] *Al-Hayat*, 2 March 1993 (in Arabic).

[98] Ibid., 31 October 1992.

3. *Export/import ratios*

The region's ability to finance imports from export proceeds, as reflected in the export/import ratio, declined further in 1992. The ratio dropped in terms of current imports from 1.44 in 1990 to 1.21 in 1991 and further to 1.14 in 1992 (table 26). This decline reflected faster growth in imports relative to exports. In terms of 1989 imports, the ratio dropped from 1.53 in 1990 (its highest level since 1985), to 1.33 in 1991 before recovering to 1.47 in 1992. Both the GCC countries and other ESCWA member countries contributed to these developments, though the decline in the 1992 ratio was much higher in the latter (15.2 per cent) than in the former (4.8 per cent).[99] The GCC countries' export/import ratio declined, in terms of current imports, from 1.46 to 1.39 but increased in terms of 1989 imports from 1.83 to 2.05. In other ESCWA member countries it dropped, in terms of both current and 1989 imports, from 0.46 to 0.39 and from 0.56 to 0.53, respectively.

B. Direction of trade[100]

1. *Aggregate trade*

In 1993, as in 1992, no significant changes were apparent in the overall distribution of exports from the region. The developed market economies maintained their lead as the region's major export outlet; however, having peaked in 1991 at 54 per cent, their share declined in both 1992 and 1993 to 53.6 per cent and 48.5 per cent, respectively (table 27). Other developing countries, whose share has been on the rise since 1990, consolidated their position further in 1993, absorbing 26.8 per cent of the region's exports, compared with an average of 23 per cent in 1991-1992. Intraregional exports, after having peaked at an average of 11.6 per cent in 1988-1989, dropped to 10.4 per cent in 1990 and further to 9 per cent in 1991 as a result of the situation which prevailed in the wake of the Gulf crisis and war. In 1992, the share of intraregional exports was back at its 1990 level, 10.4 per cent, but then dropped slightly to 10.1 per cent in 1993. Because of the political and economic problems confronting the countries in transition (former centrally planned economies including Eastern Europe and the former Soviet Union), their importance as markets for the region continued to decline. After recording its highest level (2.9 per cent) in 1989 and 1990, their share in the total declined in the following years and reached 0.8 per cent in 1993. The share of China in the region's exports, though still very small, has been rising. It rose from only 0.1 per cent in 1985 to 0.6 per cent and 0.7 per cent in 1991 and 1992 respectively, but fell to 0.5 per cent in 1993.

At a more disaggregated level, Japan—which became the region's main export partner (mainly oil) in 1990, with a share of 20.2 per cent—consolidated its position further in 1991 and 1992, absorbing about 23 per cent of all exports; its share, however, fell back to 20.3 per cent in 1993 because of the economic recession. The European Communities came next, though their share declined from 18.7 per cent in 1992 to 17.2 per cent in 1993. The share of the United States also dropped, from 11.9 per cent in 1992 to 11 per

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[99] That was because both exports and imports of the GCC countries increased, although the latter increased at a higher rate than the former. In other ESCWA member countries, however, exports declined by 5.3 per cent while imports increased by 14 per cent.

[100] The data used in this section are derived from statistics reported by the International Monetary Fund, in its *Direction of Trade Statistics Yearbook, 1993*, and *Direction of Trade Statistics*, December 1993. The data may differ in some significant respects from data used in other sections and derived from national and international sources. Moreover, data for 1993 are partial and preliminary.

TABLE 26. EXPORT/IMPORT RATIOS, 1989-1992

(In terms of current and 1989 imports)

	1989	*1990*	*1991*	*1992*
ESCWA region				
Current imports	1.31	1.44	1.21	1.14
1989 imports	1.31	1.54	1.33	1.47
GCC countries				
Current imports	1.50	1.84	1.47	1.39
1989 imports	1.50	1.26	1.84	2.06
Other ESCWA member countries [a]				
Current imports	0.50	0.49	0.47	0.39
1989 imports	0.50	0.57	0.57	0.54

Source: See part one, annex table 1, of the present *Survey*.

[a] Non-oil diversified economies plus the region's least developed country, the Republic of Yemen.

cent following a peak of 15 per cent in 1990. Among developing regions, Asia (excluding ESCWA member countries) continued to take the lead because of the increasing reliance on oil from the Gulf to feed its booming economies. Its share, aside from an interruption in 1989, rose steadily from 15.7 per cent in 1985 to 19.1 per cent in 1992 and to 22.6 per cent in 1993.

Exports to other developing regions continued to be minimal, with minor changes since 1985, apart from Latin America, the share of which declined sharply between 1985 (5.1 per cent) and 1992 (1.9 per cent), as the region went through a severe recession following the debt crisis.

As in the case of exports, no significant changes were evident in the overall geographical distribution of the region's imports. Developed market economies remained the region's main supplier although their share dropped slightly, from 63.6 per cent in 1992 to 62 per cent in 1993. More complete data for 1993 might show a lower share as many American, European and Japanese companies reported declines in their exports to the region, especially to the Gulf States after the peak of the immediate post Gulf-war boom. The other main groups of suppliers increased their share in the imports of the region. Other developing countries (mainly Asian countries excluding ESCWA member countries) have been assuming greater importance as suppliers to the region. Their share increased from an average of 13.3 per cent in 1988-1990 to 15.3 per cent in 1991 and 17.3 per cent in 1993 (the highest since 1985). Intraregional imports remained depressed and

TABLE 27. ESCWA REGION: DIRECTION OF TRADE, SELECTED YEARS

(Percentage share)

	Exports (f.o.b.)							Imports (c.i.f.)						
	1985	1988	1989	1990	1991	1992	1993	1985	1988	1989	1990	1991	1992	1993
ESCWA region	*7.7*	*11.7*	*11.4*	*10.4*	*9.0*	*10.4*	*10.1*	*8.6*	*9.2*	*10.4*	*10.4*	*7.7*	*6.0*	*6.9*
Other developing countries	*23.1*	*23.9*	*21.7*	*22.8*	*23.0*	*23.0*	*26.8*	*11.6*	*14.1*	*13.0*	*12.6*	*15.3*	*14.6*	*17.3*
Asia (excluding ESCWA region)	15.7	17.6	16.2	17.3	18.9	19.1	22.6	8.3	11.2	10.2	10.0	13.1	12.2	14.7
Africa (excluding North Africa)	1.6	1.5	1.4	1.7	1.6	1.5	1.6	0.6	0.6	0.5	0.7	0.7	0.5	1.8
North Africa (excluding Egypt)	0.6	0.9	0.7	0.8	0.7	0.7	0.7	0.5	0.3	0.3	0.4	0.3	0.3	0.5
Latin America	5.1	3.8	3.4	3.0	1.8	1.7	1.9	2.1	2.0	2.1	1.5	1.2	1.6	0.3
Developed market economies	*55.0*	*49.9*	*50.8*	*52.0*	*54.0*	*53.6*	*48.5*	*61.5*	*56.9*	*57.5*	*57.8*	*60.7*	*63.6*	*62.0*
European Communities	26.5	19.8	18.6	16.8	18.3	18.7	17.2	35.0	33.1	33.4	31.6	34.0	35.2	34.8
United States of America	4.3	12.1	14.1	15.0	12.4	11.9	11.0	11.0	12.3	13.6	11.5	15.9	16.8	16.0
Japan	24.2	18.1	18.1	20.2	23.3	23.0	20.3	15.5	11.5	10.6	14.7	10.8	11.6	11.2
Former centrally planned economies	*1.8*	*1.9*	*2.5*	*2.4*	*1.5*	*1.5*	*0.8*	*3.7*	*3.8*	*2.6*	*1.9*	*1.4*	*1.2*	*1.5*
Eastern Europe and former Soviet Union	1.8	1.9	2.5	2.4	1.5	1.5	0.8	3.7	3.8	2.6	1.9	1.4	1.2	1.5
China	0.1	0.5	0.4	0.3	0.6	0.7	0.5	1.1	1.7	1.8	2.0	1.5	1.7	2.0
Rest of world	13.2	12.8	13.2	12.1	11.9	10.8	13.3	13.5	14.2	14.5	15.3	13.4	12.9	10.3
World	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: See part one, annex tables 2 and 3, in the present *Survey*.

Notes: Data for 1993 are for January-October only as available in international sources. Details may not add up to totals because of rounding.

their share much below the 1989-1990 average of 10.4 per cent. The share of the former centrally planned economies (Eastern Europe and the former Soviet Union), which started to decline since 1989 as a result of the economic and financial difficulties associated with the transition process, reached its lowest level in 1992 of 1.2 per cent, but recovered somewhat, rising to 1.5 per cent in 1993.

Among developed market economies, the European Community continued to take the lead with a share of close to 34.8 per cent. The United States continued to consolidate the position it achieved after the Gulf war when its share in total imports increased from 11.5 per cent in 1990 to 15.9 per cent in 1991 and then to 16.8 per cent in 1992, before it declined slightly to 16 per cent in 1993. The appreciation of the yen seems to have negatively affected imports from Japan, whose share dropped from 14.7 per cent in 1990 to 10.8 per cent in 1991 before partially recovering to 11.6 per cent and 11.2 per cent in 1992 and 1993, respectively.

Among other developing countries, Asian countries (excluding ESCWA member countries) have been supplying a rising share of the region's imports. Their share increased from an average of 8.3 per cent in 1988-1990 to 13.1 per cent in 1991 and to 14.7 per cent in 1993. The share of African countries (excluding North Africa), which averaged around 0.6 per cent in 1989-1992, trebled to 1.8 per cent in 1993. The North African countries maintained a minimal share not exceeding 0.5 per cent, while the share of Latin American countries continued to fall and reached its lowest level (0.3 per cent) in 1993, compared with 1.6 per cent in 1992.

2. *Intraregional trade*

Following its decline to 9 per cent in 1991, the share of intraregional exports in total exports rose to 10.4 per cent in 1992 and was 10 per cent in 1993, but remained lower than the pre-Gulf crisis average of 11.2 per cent (table 28). The decline in the relative importance of intraregional exports in some GCC countries, namely Oman, Qatar and the United Arab Emirates, exceeded the small improvements recorded by Saudi Arabia and Bahrain; consequently the share of intraregional exports in the total exports of the group (excluding Kuwait) declined from 10 per cent to 9.5 per cent. In the other ESCWA member countries (excluding the Republic of Yemen owing to lack of data) the share of intraregional exports rose from 14.3 per cent to 15.1 per cent. The improvement was mainly achieved by the Syrian Arab Republic, where the share of intraregional exports increased from about 20 per cent to 25.5 per cent, compared with only 3.4 per cent in 1985 and an average of 14.3 per cent during the period 1988-1990. Lebanon also achieved a slight improvement in its already significant share, from 51.4 per cent to 52.9 per cent, while the share of intraregional exports dropped slightly in both Egypt and Jordan.

Intraregional imports increased from 6 per cent of the total in 1992 to 6.9 per cent in 1993, but remained much lower than the immediate pre-Gulf crisis period average of more than 10 per cent. Both the GCC countries (excluding Kuwait and Oman owing to lack of data) and other ESCWA member countries contributed to the overall increase. The share of intraregional imports in the former group rose from 6.5 per cent to 7.2 per cent, and in the latter from 4.3 per cent to 6.2 per cent. The increase, in the case of the GCC countries, reflected the shares of Bahrain, which rose from 35.3 per cent to 46.8 per cent, and Saudi Arabia, which rose from 2.8 per cent to 3.1 per cent, whereas the United Arab Emirates experienced a decline, from 8.5 per cent to 6.8 per cent. The share of other ESCWA member countries (excluding the Republic of Yemen) rose from 4.3 per cent to 6.2 per cent. All members of the group participated in the increase except

TABLE 28. ESCWA REGION: SHARE OF INTRAREGIONAL TRADE IN TOTAL TRADE, 1985 AND 1988-1993

(Percentage)

	Exports (f.o.b.)							Imports (c.i.f.)						
	1985	1988	1989	1990	1991	1992	1993[a]	1985	1988	1989	1990	1991	1992	1993[a]
ESCWA region	*7.7*	*11.7*	*11.4*	*10.4*	*9.0*	*10.4*	*10.0*	*8.6*	*9.2*	*10.4*	*10.4*	*7.7*	*6.0*	*6.9*
Major oil exporters[b]	7.2	11.1	10.9	9.9	8.4	10.0	9.5	8.5	9.5	10.8	10.7	7.1	6.5	7.2
Iraq	2.6	5.2	4.4	44.8	88.2	..	..	5.8	7.7	8.9	8.0	..	..	..
GCC countries	*7.8*	*12.1*	*12.1*	*10.5*	*8.1*	*10.0*	*9.5*	*9.1*	*9.9*	*10.8*	*10.8*	*7.0*	*6.5*	*7.2*
Bahrain	26.8	26.8	26.7	20.2	18.7	21.6	25.1	48.9	48.9	48.8	45.4	43.9	35.3	46.8
Kuwait	10.2	7.4	6.5	5.9	10.2	..	..	5.2	13.3	12.7	13.2	0.6	..	..
Oman	0.00	57.3	67.0	61.3	36.6	33.7	33.3	22.9	23.3	28.0	26.7	21.9	21.1	..
Qatar	3.1	9.8	9.0	6.5	6.1	6.5	6.4	5.5	9.4	11.2	11.9	10.3	12.8	12.7
Saudi Arabia	8.1	8.4	8.8	9.2	5.8	7.3	7.8	3.3	4.1	4.6	3.8	2.4	2.8	3.1
United Arab Emirates	6.1	6.2	5.3	4.1	3.5	8.3	5.4	8.5	6.6	7.7	8.0	5.4	8.5	6.8
Other ESCWA member countries	*15.5*	*18.2*	*16.1*	*15.7*	*14.8*	*14.3*	*14.5*	*9.1*	*8.4*	*9.1*	*9.5*	*9.6*	*4.3*	*6.2*
Egypt	4.5	8.5	8.7	6.4	6.8	5.3	5.1	2.2	2.0	1.6	1.4	2.9	1.4	1.5
Jordan	48.2	33.6	34.9	40.2	24.8	18.0	12.4	25.4	25.1	27.5	25.1	20.0	8.4[c]	6.9[c]
Lebanon	63.5	55.9	51.1	48.3	42.9	51.4	53.0	7.8	7.2	12.1	16.6	14.7	12.8	22.0
Syrian Arab Republic	3.4	11.0	14.8	17.0	19.9	19.9	24.4	3.7	4.1	4.7	4.9	3.8	3.4	4.5
including the region's least developed country:														
Republic of Yemen	10.9	6.9	4.2	2.8	6.0	..	..	17.3	17.9	17.0	20.4	20.1	..	..
a. former Democratic Yemen	2.6	9.6	6.3	3.3	6.5	..	..	29.2	11.0	20.2	25.1	35.3	..	..
b. former Yemen Arab Republic	43.0	6.0	3.7	2.8	5.9	..	..	10.6	21.3	15.0	18.2	15.3	..	..

Source: See part one, annex tables 2 and 3, in the present *Survey*.

Note: Details may not add up to totals because of rounding.

[a] Data for 1993 are for January-October only as available in international sources.

[b] GCC countries plus Iraq.

[c] The calculations exclude the imports of Jordan from Iraq of oil and oil products which amounted to $427 million in 1992 and $403 million in the first 11 months of 1993 (see Central Bank of Jordan, *Monthly Statistical Bulletin*, various issues).

for Jordan, where the share of intraregional imports dropped from 8.4 per cent to 6.9 per cent, compared with 20 per cent in 1991 and an average of 25.9 per cent in 1988-1990.[101] In the case of Lebanon, intraregional imports rose from 12.8 per cent to 22 per cent of the total; in the Syrian Arab Republic from 3.4 per cent to 4.5 per cent; and in Egypt slightly to 1.5 per cent.

The participation of ESCWA member States in intraregional trade in 1993 followed the pattern of previous years, which has been dominated by the major oil exporters with a share of over four fifths of intraregional export (table 29). This share, however, has fallen since the mid-1980s, from 87.6 per cent in 1985 to an average of 86.4 per cent in 1988-1990 and 83.7 per cent in 1991-1992. The GCC countries increased their participation from 80 per cent in 1992 to 83.2 per cent in 1993 (excluding Kuwait). Saudi Arabia's contribution rose from 35.1 per cent to 37.8 per cent, while the participation of other GCC countries remained the same, or changed only a little. The participation of other ESCWA member countries (excluding the Republic of Yemen) increased slightly, from 16.3 per cent to 16.8 per cent compared with 16.5 per cent in 1991 and an average of 13.6 per cent in 1988-1990. The entire increase, however, was accounted for by the Syrian Arab Republic.

The dominant position of the major oil exporters, mainly the GCC countries, is also evident in intraregional imports. After the drop reported in 1991 to 70.2 per cent (from 80.2 per cent in 1989 and 76.2 per cent in 1990) as a result of a sharp decline in Iraq's participation because of the Gulf crisis, the share of the major oil exports (excluding Iraq) rose to 74.1 per cent in 1992 and 75.1 per cent in 1993. All GCC countries (excluding Kuwait and Oman owing to lack of data) participated in the increase; however, the largest expansion, from 23 per cent to 31.9 per cent, was reported for Bahrain.

The share of other ESCWA member countries (excluding the Republic of Yemen) declined slightly, from 25.9 per cent in 1992 to 24.9 per cent in 1993 (table 29), on account of the reported decline in Jordan's share from 8.1 per cent to 3.5 per cent. The share of Lebanon rose from 7.5 per cent to 15.5 per cent and small improvements were recorded in the case of Egypt and the Syrian Arab Republic.

This picture, dominated as it is by major oil exporters, will continue as long as oil remains the main tradeable good in the region and re-exports remain important, especially in the trade of the GCC States.

The general weakness of trade links that has characterized intraregional trade relations was more evident in 1992. In virtually all ESCWA member countries, at least three fourths of intraregional exports were concentrated in the first three trading partners, and in two countries only one trading partner was involved (table 30).

The weighted average of the share of the first, second and third leading trading partners in intraregional exports increased significantly between 1989 and 1992, rising from 57.1 per cent to 63.2 per cent, from 74.3 per cent to 80 per cent, and from 82.3 per cent to 90.6 per cent, respectively.

These developments reflect mainly changes in the geographic pattern of intraregional trade following the Gulf crisis. In two instances, namely Iraq and the Republic of Yemen, exports to the region went to one

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[101] It should be noted that the figures reported by the International Monetary Fund for 1991 and 1992 exclude Jordan's imports of oil and oil products from Iraq which amounted to $427 million in 1992 and $403 million in the first 11 months of 1993 (see table 28).

TABLE 29. ESCWA REGION: PARTICIPATION IN INTRAREGIONAL TRADE, 1985 AND 1988-1993

(Percentage)

	Exports (f.o.b.)							Imports (c.i.f.)						
	1985	1988	1989	1990	1991	1992	1993[a]	1985	1988	1989	1990	1991	1992	1993[a]
Major oil exporters [b]	*87.6*	*86.8*	*86.3*	*86.2*	*83.5*	*83.8*	*83.2*	*75.7*	*76.5*	*80.2*	*76.2*	*70.2*	*74.1*	*75.1*
Iraq	4.4	6.1	5.5	4.4	2.9	3.7	..	10.1	11.2	14.6	10.4	1.8	1.4	..
GCC countries	*83.2*	*80.7*	*80.8*	*81.8*	*80.6*	*80.0*	*83.2*	*65.6*	*65.3*	*65.7*	*65.8*	*68.4*	*72.8*	*75.1*
Bahrain	12.4	7.7	7.4	5.2	6.5	6.3	6.9	25.4	20.2	20.0	22.7	27.3	23.0	31.9
Kuwait	18.1	7.5	7.2	4.3	0.5	0.1	..	5.3	12.9	11.3	7.0	0.4	0.7	..
Oman	..	28.2	29.6	25.2	29.1	23.8	23.4	11.9	7.9	8.8	9.5	11.3	14.6	..
Qatar	1.9	2.5	2.3	1.9	2.2	2.0	2.0	1.0	1.8	2.1	2.6	3.0	2.9	3.6
Saudi Arabia	36.8	24.3	24.8	36.5	33.0	35.1	37.8	13.0	13.7	13.4	11.9	12.9	13.4	17.0
United Arab Emirates	14.0	10.5	9.4	8.7	9.4	12.7	13.1	9.1	8.7	10.3	12.0	13.5	18.2	22.5
Other ESCWA member countries	*12.4*	*13.2*	*13.7*	*13.8*	*16.5*	*16.3*	*16.8*	*24.3*	*23.5*	*19.8*	*23.8*	*29.8*	*25.9*	*24.9*
Egypt	1.4	2.2	2.2	1.5	2.9	2.7	2.6	2.0	2.7	1.7	1.7	3.7	2.7	3.2
Jordan	5.4	4.2	3.9	3.3	2.4	3.3	1.9	11.4	10.9	8.2	8.5	7.8	8.1[c]	3.5[c]
Lebanon	4.2	4.3	2.5	2.1	2.3	2.9	3.0	2.6	2.7	3.8	5.6	8.6	7.5	15.5
Syrian Arab Republic	0.8	1.8	4.5	6.4	8.1	7.0	9.3	2.3	1.4	1.4	1.5	1.7	1.8	2.7
including the region's least developed country														
Republic of Yemen	0.6	0.7	0.5	0.4	0.8	0.4	..	5.8	5.8	4.8	6.5	8.0	5.8	..
a. former Democratic Yemen	0.1	0.2	0.1	0.1	0.1	0.4	..	3.6	1.2	2.2	2.6	3.3	3.6	..
b. former Yemen Arab Republic	0.5	0.5	0.4	0.3	0.7	0.1	..	2.2	4.6	2.6	3.9	4.7	2.3	..
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Compiled by the ESCWA secretariat on the basis of data given in the International Monetary Fund, *Direction of Trade Statistics Yearbook, 1993*.

Note: Details may not add up to total because of rounding.

[a] Data for 1993 are for January-October only as available in international sources.

[b] GCC countries plus Iraq.

[c] The calculations exclude the imports of Jordan from Iraq of oil and products which amounted to $427 million in 1992, and $403 million in the first 11 months of 1993 (see Central Bank of Jordan, *Monthly Statistical Bulletin*, various issues).

TABLE 30. ESCWA REGION: CUMULATIVE SHARE OF LEADING INTRAREGIONAL TRADING PARTNERS* IN 1992 COMPARED WITH 1989

	Exports trading partner						Imports trading partner					
	1989			1992			1989			1992		
	First	*Second*	*Third*	*First*	*Second*	*Third*	*First*	*Second*	*Third*	*First*	*Second*	*Third*
Bahrain	71.2	81.9	85.8	71.4	86.4	92.0	96.6	98.7	99.3	95.2	97.1	98.3
Egypt	33.9	61.9	73.9	44.4	62.1	75.0	36.9	57.2	74.6	69.7	79.0	85.5
Iraq	62.7	82.7	90.6	100.0			37.9	58.6	74.6	100.0		
Jordan	54.7	75.6	82.6	31.6	61.0	72.8	63.5	73.7	82.9	67.0	75.9	84.4
Kuwait	54.3	71.4	76.7	57.1	85.7	100.0	35.1	49.8	62.0	98.2	100.0	
Lebanon	35.1	58.5	77.9	40.4	60.0	73.4	53.6	70.6	78.4	79.4	84.6	92.7
Oman	72.8	86.4	90.1	93.3	96.8	98.5	86.5	93.7	95.7	89.6	96.0	98.4
Qatar	39.3	68.6	89.0	60.1	86.3	91.1	42.1	69.4	76.5	34.3	67.1	78.0
Saudi Arabia	46.2	64.3	74.9	43.1	67.6	90.3	14.6	28.5	41.8	22.0	40.9	55.9
Syrian Arab Republic	40.3	70.4	81.8	58.5	82.0	88.4	38.3	75.1	86.2	28.6	56.9	83.2
United Arab Emirates	53.2	66.8	76.4	71.2	87.1	92.6	40.3	53.4	66.4	68.5	79.5	89.3
Yemen	55.5	85.4	94.6	35.43	66.84	77.9	69.8	79.6	87.3	35.0	69.1	78.4
Democratic Yemen	49.6	79.1	90.6	100.0			47.0	65.6	77.6	53.5	76.6	91.0
Region (weighted average)[a]	57.1	74.3	82.3	63.2	80.0	90.6	54.4	70.0	75.6	69.5	80.1	87.2

Source: ESCWA secretariat compilations based on data given in International Monetary Fund, *Direction of Trade Statistics Yearbook 1992* and *Direction of Trade*, December 1993.

* Calculated as the cumulative sum of each country's cumulative trade with its first, second and third trading partners respectively, divided by total intraregional trade of the countries listed in the table.

country, and more than 90 per cent of Oman's exports went to its leading market in the region.

The increase in the degree of geographical concentration was also evident in intraregional imports. The cumulative share of the first, second and third partners increased between 1989 and 1992 from 54.4 per cent to 69.6 per cent, from 70 per cent to 80.1 per cent, and from 75.6 per cent to 87.2 per cent, respectively. Nine out of the 12 ESCWA member countries for which data were available experienced more concentration in their intraregional imports, notably Iraq and Kuwait, but also Egypt, Lebanon, Qatar and the United Arab Emirates.

C. Balance of payments developments

The combined current account balance of the region (excluding Iraq, Lebanon, Qatar, the Republic of Yemen and the United Arab Emirates for lack of data) recorded a deficit of $19.6 billion in 1992—a considerable improvement in relative terms compared with the $37.8 billion deficit recorded in the previous year. The improvement was achieved despite the sharp deterioration in the trade surplus, from $20.3 billion to $7.7 billion, as a result of the sharp curtailment of the deficits in services, from $31 billion to $19 billion, and in unrequited transfers, from $27.1 billion to $8.3 billion.

The drop in the overall trade surplus by almost two thirds resulted from the faster increase in GCC imports relative to exports, and the decline in other ESCWA member countries' exports compared with a large increase in their imports. The improvement in the deficit in services and unrequited transfers resulted from the settlement of most of the financial obligations of the GCC countries (mainly Saudi Arabia and Kuwait) in connection with the Gulf war and payments to repatriated workers.

The deficit in the current account was entirely met by net capital inflows of $29.5 billion in 1992, compared with $28.9 billion in 1991. The negative and large "errors and omissions" entry offset more than one third of the net capital inflows, leaving a negligible overall surplus. The positive change in reserves amounting to $3 billion, compared with $2.2 billion in 1991, resulted mainly from "exceptional financing" in the amount of $2.9 billion.

The GCC countries continued to dominate the region's external transactions. The drop in these countries' current account deficit by around 50 per cent, from $40.8 billion in 1991 to $21.7 billion in 1992, largely explains the improvement in the region's overall current account situation. The improvement in the GCC countries' current account resulted from a decline in their deficit on services from $32.1 billion to $19 billion, and that of unrequited transfers from $35.7 billion to $17.4 billion. These improvements were more than enough to offset the decline in the trade surplus from $27.1 billion to $14.8 billion, which reflected essentially the deterioration of the trade surplus of Saudi Arabia from $22.1 billion to $13 billion. Kuwait's deficit of $5.8 billion the year before was replaced by a small surplus.

Improvement in the services account deficit of the GCC group was mainly due to Saudi Arabia, where the deficit fell from $27.6 billion to $18.2 billion; with regard to unrequited transfers, the improvement was due to lower deficits in both Kuwait ($8 billion) and Saudi Arabia ($6 billion).

Net capital inflow to GCC countries amounted to $28.7 billion, which was less than 1991 by $5.2 billion. Net capital inflow exceeded the current account deficit by $7 billion. However, because of the large

TABLE 31. SUMMARY OF BALANCE OF PAYMENTS FLOWS, 1985 AND 1988-1992*

(Millions of United States dollars)

	1985	*1988*	*1989*	*1990*	*1991*	*1992*
Trade balance (f.o.b.)	**13 712**	**2 666**	**17 013**	**32 932**	**20 311**	**7 688**
GCC countries	24 306	12 700	23 646	39 888	27 074	14 810
Non-oil diversified economies	-8 942	-8 658	-5 516	-5 777	-5 986	-7 122
Least developed member country	-1 652	-1 376	-1 117	-1 179	-777	..
Services (net)	**-15 081**	**-1 867**	**-6 541**	**-15 519**	**-30 999**	**-18 921**
GCC countries	-13 309	-1 935	-5 890	-15 713	-32 135	-19 038
Non-oil diversified economies	-1 596	484	-208	658	1 379	117
Least developed member country	-176	-417	-443	-464	-243	..
Balance on goods and services	**-1 369**	**800**	**10 472**	**17 413**	**-10 688**	**-11 233**
GCC countries	10 997	10 766	17 756	24 175	-5 061	-4 228
Non-oil diversified economies	-10 538	-8 174	-5 724	-5 119	-4 607	-7 005
Least developed member country	-1 828	-1 792	-1 560	-1 643	-1 020	..
Net unrequited transfers	**-2 795**	**-3 700**	**-6 565**	**-9 515**	**-27 064**	**-8 331**
GCC countries	-11 260	-11 077	-13 102	-17 790	-35 703	-17 437
Non-oil diversified economies	7 155	6 684	5 971	7 016	7 718	9 106
Least developed member country	1 310	693	566	1 259	921	..
Balance on current account	**-4 163**	**-2 900**	**3 907**	**7 898**	**-37 752**	**-19 564**
GCC countries	-263	-312	4 654	6 385	-40 764	-21 663
Non-oil diversified economies	-3 382	-1 490	247	1 897	3 111	2 101
Least developed member country	-518	-1 098	-994	-384	-99	..
Net capital flows	**11 668**	**142**	**-2 624**	**-12 175**	**28 901**	**29 494**
GCC countries	8 924	-2 417	-3 525	-1 203	31 505	28 715
Non-oil diversified economies	2 418	1 767	-13	-11 337	-2 872	779
Least developed member country	326	792	914	365	268	..

TABLE 31. *(continued)*

	1985	*1988*	*1989*	*1990*	*1991*	*1992*
Errors and omissions	-7 132	-1 368	-1 285	-39	2 126	-9 814
GCC countries	-7 728	-1 167	-1 826	-414	1 107	-10 761
Non-oil diversified economies	538	-205	485	358	1 056	947
Least developed member country	58	4	56	17	-37	..
Overall balance	372	-4 127	-2	-4 316	-6 725	119
GCC countries	933	-3 896	-697	4 768	-8 152	-3 708
Non-oil diversified economies	-427	72	719	-9 082	1 295	3 827
Least developed member country	-134	-303	-24	-2	132	..
Counterpart items, exceptional financing and others	363	65	156	12 781	4 485	2 889
GCC countries	0.0	0.0	0.0	0.0	0.0	0.0
Non-oil diversified economies	350	7	139	12 781	4 485	2 889
Least developed member country	13	58	17	0.0	0.0	..
Total change in reserves	-735	4 062	-154	-8 464	2 240	-3 008
GCC countries	-933	3 896	697	-4 768	8 152	3 708
Non-oil diversified economies	77	-79	-824	-3 698	-5 780	-6 716
Least developed member country	121	245	7	2	-132	..

Source: Compilations by the ESCWA secretariat, based on data given in national and international sources.

Notes: Details may not add up to totals because of rounding.
0.0 = Nil or negligible.
.. = Data not available.

[a] Excluding Iraq and Lebanon for all years, and Qatar, the Republic of Yemen and the United Arab Emirates for 1992, owing to lack of data.

($10.8 billion) and negative errors and omissions entry, the overall balance showed a deficit of $3.7 billion. This was reflected in a corresponding fall in reserves, the brunt of which was borne by Saudi Arabia, where reserves fell by $5.7 billion; in contrast, those of Kuwait increased by $1.9 billion (see annex table 4, part one of the present *Survey*).

Non-oil diversified economies (excluding Lebanon and the Republic of Yemen owing to lack of data) also contributed to the decline in the region's trade surplus as their overall trade deficit increased from around $6 billion to $7.1 billion. Jordan was the main contributor, as its deficit rose by around $0.7 billion while the surplus of the Syrian Arab Republic dropped from $1.1 billion to $0.2 billion. The group also recorded a sharp decline in their surplus on the services account, from $1.4 billion to only $0.1 billion, reflecting mainly the deterioration in Egypt's earnings from tourism and other private services, the increase in its deficit from other investment income, and a slight increase in Jordan's deficit.

The increase in the group's net earnings from unrequited transfers by $1.4 billion was mainly contributed by Egypt ($1.6 billion), and to a much lesser extent by the Syrian Arab Republic; between them they offset the decline in transfers to Jordan. The group achieved an overall balance of payments surplus of $3.8 billion, which together with a positive "exceptional financing" entry of $2.9 billion produced a positive change in their reserves amounting to $6.7 billion, of which $6.2 billion accrued to Egypt, while Jordan and the Syrian Arab Republic added $0.3 billion and $0.1 billion, respectively.

D. International reserves

The region's international reserves (excluding Iraq, the Syrian Arab Republic and the Republic of Yemen owing to lack of data) rose from $36.4 billion in 1991 to $37.9 billion in 1992, and further to $39.9 billion in 1993, despite the exclusion of Oman and incomplete data on Qatar and the United Arab Emirates (annex table 5, part one of the present *Survey*). The improvement was mainly attributed to a rise of $2.1 billion in the reserves of Egypt, and by $1.3 billion in those of Lebanon. The remaining countries for which data were available recorded stable or lower reserves in 1993, except Saudi Arabia whose reserves showed an increase of $1.5 billion. It should be noted that the narrowing in the level of overall reserves held by the GCC countries and the other ESCWA member countries continued in 1993. The gap in reserves, which was of the order of more than 9 to 1 in 1985, began to narrow in 1988 and the process accelerated after the Gulf crisis as the GCC countries started to draw down their reserves to meet the crisis-related obligations, while Egypt and the Syrian Arab Republic benefited from transfers. The improvement in the cases of Egypt and Lebanon may also be linked closely to the stabilization and economic reform policies pursued by the two countries.

TABLE 32. ESCWA REGION: RESERVES/IMPORTS RATIOS, 1989-1992*

(1989 imports and current imports)

	1989	*1990*	*1991*	*1992*
ESCWA region				
1989 imports	6.32	5.57	6.46	6.74
Current imports	6.32	5.21	5.86	5.23
GCC countries				
1989 imports	7.57	4.00	6.78	5.74
Current imports	7.57	5.83	5.41	3.39
Other ESCWA countries[a]				
1989 imports	5.90	6.69	8.69	12.80
Current imports	5.90	5.71	7.16	9.30

Source: Compilations of ESCWA, based on data given in national and international sources.

* Number of months covered by available reserves.

[a] Including the region's least developed country, the Republic of Yemen.

The increase in the region's international reserves in 1992, however, was less than the increase in total imports; consequently, the region's ability to provide for imports, as indicated by the reserves/imports ratio, dropped in terms of current imports from 5.9 months in 1991 to 5.2 months in 1992 (table 32). Although the reserves/imports ratio of the GCC countries recorded a further decline, that of the other ESCWA member countries showed a marked improvement, rising in terms of current imports from 7.2 to 9.3, and from 8.7 to 12.8 in terms of 1989 imports.

V. FINANCIAL AND MONETARY DEVELOPMENTS

A. FISCAL DEVELOPMENTS

The impact of the Gulf crisis on fiscal developments in the ESCWA region continued in 1993 to be reflected in significant budget deficits in most ESCWA countries, particularly the GCC countries, necessitating major revisions in public spending priorities and entailing significant cuts in expenditure. Some of these countries have also been considering a broad-based review of economic policies, including an examination of the subsidies system and the potential for introducing taxes in the non-oil sector. Drawing on foreign reserves, and resorting to domestic and external borrowing, to finance budget deficits and investment projects remained as significant as in the past few years.

While the GCC countries were able to resort to such instruments for financing budget deficits and investment projects, other ESCWA member countries, particularly Egypt, Jordan and Lebanon, resorted to instruments for mobilizing domestic revenues such as improving tax collection methods and introducing new taxes. Other means resorted to included reducing subsidies and granting lower raises in public sector wages and salaries.

Banks in the ESCWA region continued in 1993 to suffer from a mounting burden of non-performing loans, most of which were contracted during the 1980s. These loans, estimated at around $25 billion at the end of 1993, constituted close to 35 per cent of total bank lending, around 9 per cent of total bank assets and five times the combined profit of banks in the ESCWA region.

Stock markets in the ESCWA region are increasingly being recognized as a prerequisite for economic and financial development, especially in those countries where the dominant role of the State in economic activity has been on the wane. The opening up of the economy to market forces in a number of ESCWA member countries has given closely held companies the opportunity to raise funds from non-traditional sources, thus paving the way for financial institutions to diversify their lending and investment portfolios. In spite of the surge in stock market activity during the last few years, stock markets in the region remained pre-emerging markets, particularly in terms of the volume of foreign direct investments being attracted. Foreign direct investments channelled to the ESCWA region through the stock markets were only 1.4 per cent ($800 million) of the total foreign direct investments ($56 billion) by developed countries in other developing regions.

1. *GCC countries*

Fiscal developments in the GCC countries in 1993 were still affected by the ramifications of the Gulf crisis and war, with some of these countries either drawing on their foreign resources or borrowing from domestic and international financial markets to finance budget deficits. The drop in oil revenues added to the budget burdens of these countries, especially Saudi Arabia, Kuwait and Oman, as reflected in the significant increases in the 1993 projected budget deficits. The expectation of continued pressure on oil prices in 1994 has prompted most of the GCC countries to consider significant cuts in public expenditure. Saudi Arabia is planning a cut of 19 per cent, mostly subsidies, through lower purchases of cereals that account for most of the budget subsidies. Other measures aimed at reducing budget deficits included increased efforts concerning the introduction of a taxation system in some countries, as well as privatization of public sector enterprises in others. Kuwait is considering a new system of fees, duties and stamps and a more realistic pricing system for public goods and services, as well as privatization of the telecommunications services and the electricity power station in Shuiaba.

Following is a summary of fiscal developments in selected GCC countries.

(a) Kuwait

The 1993/1994 government budget projects revenues at KD 2,713.7 million ($9,121.6 million), of which KD 271.4 million are allocated to the so-called Reserve Fund for Future Generations (RFFG), as per Law No. 106 of 1976[102] (table 33).

Budgeted expenditure is set at KD 3,937 million ($13,233.4 million), i.e. slightly below the 1992/1993 allocations of KD 4,000 million. The 1993/1994 budget deficit, including the allocation for the RFFG, is projected at KD 1,223 million ($4,112 million), down by around KD 441 million from the deficit in fiscal year 1992/1993. The lower deficit reflects the expected rise in oil revenues rather than a decrease in expenditure.[103] Oil revenues are projected to increase by around 21 per cent over 1992/1993 budget levels to account for 89 per cent of total revenues. Oil revenues have come to dominate budget revenues in the last few years, owing to the significant draw-down on foreign reserves, whose returns, though not appearing in the budget, were almost equal to oil revenues in the three years preceding the Gulf crisis.

However, the published Kuwaiti budget does not reflect the real picture of the State's finances, since the figures include neither the Government's revenues from foreign investments, nor the off-budget defence expenditure. It should be noted in this regard that, out of the so-called defence reinforcement budget totalling KD 3,500 million ($11,764 million) and approved in March 1993 by the Kuwaiti Parliament to be spent over 12 years, KD 1,200 million ($4,033.6 million) were already spent or committed in 1993.

(b) Oman

Oman's budget for 1994 projects expenditure of RO 2,033 million ($5,279.7 million) was down by around 3.7 per cent from 1993 (RO 2,111.5 million). With revenues budgeted at RO 1,732.1 million ($4,498.2 million), up by 3.6 per cent from 1993 (RO 1,671.5 million), the resulting deficit will amount to RO 301 million ($782 million), or RO 75 million below 1993 and RO 277 million below 1992 (table 34).

The size of the deficit is considered small, compared with the deficits of other GCC countries. It is expected to be financed through domestic and external borrowing as well as drawing on the country's reserves. Indeed, the draw on reserves is planned to amount to RO 221 million in fiscal year 1994, down by RO 71 million from 1993, but still up by RO 72 million on 1992, when the budget deficit was at its highest during the last five years, amounting to RO 578 million ($1,501 million). Further, the Government's development bond programme, introduced in 1991 as a vehicle for budget deficit financing, has been highly successful owing to the attractive interest rates offered. The programme raised around RO 262 million ($680 million) during the last three years and is set to raise RO 42 million in fiscal year 1994.

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[102] Law No. 106 of 1976 stipulates that 10 per cent of oil revenues be allocated to the Reserve Fund for Future Generations.

[103] The rise in oil revenues is expected to result from a significant increase in Kuwait's oil production quota beyond the one set for Kuwait by OPEC, rather than from an increase in oil prices.

Expenditure has been cut across the board in the 1994 budget in an attempt to compensate for expected lower oil prices and contain the deficit, with most of the cuts being made in capital expenditure and expenditure of civil ministries. Although the allocation for defence and security is set to drop from RO 630 in 1993 to RO 612 million in 1994, its share in total expenditure remained almost the same as in previous years, namely around 30 per cent. The only budget item to show an increase in 1994 is expenditure on Petroleum Development Oman, apart from the account for loan repayments which is set to increase from minus RO 1.8 million to RO 15.5 million.

TABLE 33. KUWAIT: BUDGET, 1991/1992 - 1993/1994

(Millions of Kuwaiti dinars)

	1991/1992	*1992/1993*	*1993/1994*
Revenues	870.0	2 218.0	2 713.7
Oil revenues	700.1	2 000.3	2 419.8
Expenditure	6 219.0	4 000.0	3 937.0
Deficit	(5 349.0)	(1 782.0)	(1 223.3)

Source: National Bank of Kuwait, *Economic and Financial Quarterly*, I, 1994.

( ) = Deficit.

(c) Saudi Arabia

The Saudi Arabian budget for 1994 indicates a zero-deficit with both revenues and expenditure set at SRIs 160 billion ($42.7 billion), reflecting a cut of around 19 per cent in expenditure and a drop of around 6 per cent in revenues, relative to 1993 (table 35). The cut in expenditure was received positively by Saudi Arabian financial circles, in that it helped stabilize the currency market and stem speculation against the Saudi Arabian riyal. Following the announcement of the budget on 1 January 1994, the riyal interest rate for short-term money fell to 4 and 5/8 per cent, down from 6 and 3/8 per cent before the announcement.

The cut in expenditure has been most pronounced in allocations for municipalities and water by around 25 per cent below 1993 (SRIs 7 billion) and in freezing spending on new projects and limiting project spending to the completion of projects under construction. It reflects a cautious fiscal policy indicating limits on expenditure in line with available financial resources which will not add to the budgetary burden.

The 1993 budget, with an estimated SRIs 28 billion ($8 billion) deficit, forced the Saudi Arabian Government to postpone the completion of a number of projects, delay payment for others, negotiate spreading payments with foreign arms suppliers and reduce subsidies, especially to the agricultural sector, by cutting purchases of cereals which account for a significant portion of total budget subsidies. However, the 1994 budget indicates that subsidies in the form of interest-free loans to agricultural, industrial and real estate ventures will continue. To this end, development bonds amounting to SRIs 7.9 billion ($2.1 billion) will be issued.

The projected share of non-oil revenues in total revenues in the 1994 budget (25 per cent) is lower than it was in the three years preceding the Gulf crisis, when it averaged around 34 per cent. Oil revenues are

TABLE 34. OMAN: BUDGET, 1989-1994

(Millions of rials Omani)

	1989	1990	1991	1992	1993	1994
	Actual				Budget	
Revenues	*1 349.0*	*1 858.7*	*1 570.4*	*1 628.0*	*1 671.5*	*1 732.1*
Oil	1 129.5	1 588.3	1 289.5	1 276.1	1 363.0	1 380.4
Current	215.4	264.8	279.9	315.0	302.0	318.5
Capital	4.1	5.6	6.0	6.5	6.5	33.2[a]
Expenditure	*1 644.7*	*1 869.8*	*1 853.4*	*2 239.9*	*2 111.5*	*2 033.0*
Current	*1 361.1*	*1 570.1*	*1 463.0*	*1 738.5*	*1 617.5*	*1 585.9*
Defence and security	600.6	742.3	643.3	777.8	630.3	612.0
Civil ministries	600.0	600.0	674.1	780.0	793.2	765.7
Interest on loans	94.5	92.4	69.4	99.0	106.0	114.0
Petroleum Development Oman	66.0	75.4	67.2	82.0	88.3	94.2
Capital	*270.3*	*285.8*	*391.7*	*471.0*	*495.8*	*431.0*
Net lending and equity participation	13.3	13.9	-1.3	30.1	-1.8	15.5
Deficit	*(295.7)*	*(11.1)*	*(283.0)*	*(578.0)*	*(375.0)*	*(301.0)*
Financing	*295.7*	*(109.0)*	*94.2*	*195.1*	*375.0*	*300.9*
Net aid	6.2	-21.7	-1.3	-6.0	0.0	10.9
Net loans received	34.6	-147.3	4.9	-23.0	0.0	21.0
Drawing on reserves	254.9	0.0	50.0	149.0	292.0	221.0
Government development bonds	..	..	40.6	138.3	83.1	48.0
Changing government accounts	*0.0*	*(180.1)*	*(188.8)*	*(383.4)*	*0.0*	*0.0*

Source: *Middle East Economic Survey*, 6 September 1993 and 7 February 1994.

[a] Including capital recoveries of RO 26.7 million.

( ) = Deficit.

TABLE 35. SAUDI ARABIA: BUDGET, 1988-1994*

(Billions of Saudi Arabian riyals)

	1988		*1989*		*1990*		*1991*	*1992*	*1993*	*1994*
	B	A	B	A	B	A	B	B	B	B
Revenues	105	85	116	115	118	155	118	151	169	160
of which: non-oil		36		39		37	..	..	..	40
Expenditure	141	135	141	150	143	210	143	181	197	160
Deficit	(36)	(50)	(25)	(35)	(25)	(65)	(25)	(30)	(28)	0

Source: *Middle East Economic Survey*, 11 January 1993 and 10 January 1994.

Notes: A = actual; B = budget; ( ) = deficit.

* No budget was issued for 1991. The budget for 1990 was rolled over into 1991.

projected to constitute between 75 and 80 per cent ($32 billion - $34 billion) of total revenues in 1994, on the assumption of an average oil price of between $13.5 and $14.5 per barrel.

Based on the significant increase in private investment spending in 1993, the Saudi Arabian Government expects the private sector to continue playing a major role in economic activity. Actually, the Government anticipates that higher investment spending by the private sector will compensate for the cut in budget expenditure. The planned interest-free loans by government lending institutions to private sector agricultural, industrial and real estate ventures are supportive in this respect.

However, increased government borrowing from local banks during the last few years, and the expected borrowing in fiscal year 1994 to finance the budget deficit, could affect the capacity of the banks to lend to the private sector for financing investment spending, thus reducing its ability to offset the impact of the cut in budget expenditure.

2. *Other ESCWA member countries*

In the more diversified economies, fiscal developments in 1993 were characterized by significant intercountry differences. While in Jordan and Lebanon the estimated 1993 deficits reflected lower spending and higher revenues than previously projected, resulting in lower than projected deficits, the estimated 1993

BOX 3. LEBANON: RECENT MONETARY AND FISCAL DEVELOPMENTS

The estimated actual budget of Lebanon for 1993 shows that expenditure was lower by around 8 per cent than budgeted, and revenues higher by over 5 per cent, resulting in a deficit lower by around 20 per cent than budgeted, equivalent to 43 per cent of expenditure rather than the budgeted 50 per cent. The increase in revenues resulted from improved tax collection. It did not involve any rise in taxation rates or the introduction of new taxes. The budgeted expenditure of LL 4,080 billion ($2.4 million) in 1994 represents a 30 per cent increase over estimated actual expenditure of LL 3,150 billion ($1.9 billion) in 1993, and the budgeted deficit of LL 1,835 billion ($1.1 billion) an increase of 35 per cent over the estimated actual deficit in 1993. The 1994 budget, approved by the Lebanese Parliament in early 1994, reflects a continuation of the policies begun in 1993, aimed at financial and monetary stability.

It is the first time in many years that the budget has been submitted to the Parliament and approved within the constitutional period. The budget comprises all items of government expenditure, including those which have been assigned "off-budget" status in the past. The only exception is project spending, which is to be financed from external sources.

Lebanon: budget, 1993-1994
(Billions of Lebanese pounds)

	1993	1993	1994
	Budget	Actual	Budget
Expenditure	3 400	3 150	4 080
Revenues	1 700	1 792	2 245
Deficit	(1 700)	(1 358)	(1 835)

Source: *Middle East Economic Survey*, 24 January 1994.

Notes: Exchange rate: $1 = LL 1,707; ( ) = deficit.

The Central Bank's foreign currency reserves were around $1.9 billion at the end of 1993, up by around $500 million over 1992. Gold reserves of the Central Bank stood at 9.3 million ounces (around $3.5 billion), a figure unchanged since the early 1970s. The exchange rate of the Lebanese pound remained stable, improving slightly during most of 1993, with the Central Bank's efforts focusing on preventing appreciation of the Lebanese pound rather than supporting it.

In an attempt to improve the business climate, the Government prepared new tax and customs legislation. Plans have also been initiated concerning the reduction of the overall public service payroll and streamlining of government decision-making procedures. The removal of public sector bottlenecks and restrictions on private sector economic activity has been made a government priority.

The new customs legislation aims at raising the exchange rate, on the basis of which customs duties are assessed, from $1 = LL 800 to the current market rate, although the duties themselves will be halved so that the duties levied on imports will remain almost unchanged. The benefit of the new customs legislation lies in its

Box 3. *(continued)*

flexibility and simplicity, the latter being reflected in the reduction of the customs rates, from the current 73 to only 9 rates.

The new tax legislation, which entered into force in early 1994, aims at reducing the maximum tax rate for companies and individuals from 29 per cent to 10 per cent. Further, the tax on company dividends will be cut to 5 per cent from 10 per cent.

As concerns the planned reduction in the overall public service payroll, a new law passed by the Parliament in late 1993 will allow the Government to make any public service employee redundant after the expiry of a 60-day period, during which the employee will be offered early retirement. The Government's objective until the year 2000 is to reduce the number of public service employees by 25,000, in order to abandon the system of "big government." The Government currently employs around 33,000 civil servants, 29,000 teachers and 50,000 workers in the various defence and security agencies.

In 1993 the Lebanese banking system showed significant signs of recovery from the effects of the civil war. Total assets of the commercial banks in the period January - November 1993 increased from LL 14,634 billion ($7,962 million) to LL 18,184 billion ($10600 million), with the increase in terms of United States dollars partly reflecting improvement in the exchange rate of the Lebanese pound, from $1 = LL 1,838 in January 1993 to $1 = LL 1,715 in November 1993.

The improvement in economic activity in Lebanon in 1993 was reflected in an overall expansion in the activities of the banking system, with commercial bank lending to the private sector increasing from LL 5,135 billion in 1992 to LL 6,293 billion during the first 11 months of 1993, and deposits of the sector with the banks jumping from LL 10,968 billion in 1992 to LL 14,364 billion over the same period. However, the share of foreign currency in commercial bank lending to the private sector, and in its deposits, has also increased, from 90 per cent and 68 per cent in 1992 to 92 per cent and 70 per cent between January and November 1993.

The expansion in activities of the Lebanese banks did not remain limited to the domestic market. Net foreign assets of the banks increased from $2,219 million at the end of 1992 to $3,124 million by November 1993. Actually, the success of the Lebanese banks in managing and underwriting the issue of SOLIDERE, the company that will develop Beirut's commercial district, totalling $926 million, indicates the increased capability of these banks in carrying out commercial operations on an international scale.

In early 1994 (February), the bank prime lending rate was cut from 26 per cent to 22 per cent, reflecting increased confidence in the economic recovery of Lebanon. The rate was cut from 60 per cent to 27 per cent in October 1992 and to 26 per cent in February 1993. The cut in early 1994 is expected to boost dealing in the Lebanese pound and reduce the dollarization of the economy. Interest rates on bank deposits are currently 8 per cent for demand savings accounts, 16 per cent for fixed savings accounts and 17 per cent for fixed savings accounts from six months to one year.

deficit for the Republic of Yemen turned out to be more than double that projected. The 1993 budgets of most countries in the group were intended to be deflationary, reflecting an intention to reduce budget deficits in the light of the reduced availability of financial resources, particularly from the GCC countries. Most countries in this group continued in 1993 to make efforts to improve fiscal management and to seek alternative means to finance their budget deficits by increasing budget revenues, or by reducing expenditure through reduction in subsidies and other transfers, and/or payments for servicing domestic as well as external debt, with the former being made through lowering the domestic interest rate, and the latter through rescheduling or forgiveness of debt.

Following is a summary of fiscal developments in selected countries of this group.

(a) Egypt

Egypt's budget for fiscal year 1993/1994 envisages a 4.4 per cent increase in total expenditure over 1992/1993. However, the latter turned out to be around 17 per cent (LE 10,720 million) higher than actual expenditure of LE 51,813 million (table 36). Total revenues for fiscal year 1993/1994 are set at LE 56,330 million, up by around 5.5 per cent (LE 2,941 million) over budgeted revenues and around 21 per cent (LE 9,829 million) higher than preliminary actual revenues in fiscal year 1992/1993. The anticipated improvement in revenues is attributed to a significant rise in tax revenues which were around 43 per cent (LE 8,161 million) higher than budgeted in fiscal year 1992/1993. The decline in expenditure from the projected LE 62,533 million to an actual LE 51,813 million in fiscal year 1992/1993 resulted from significant cuts in both current and capital expenditure, with the former decreasing from LE 47,389 million to LE 40,886 million, and the latter from LE 16,740 million to LE 10,927 million.

The budget deficit in fiscal year 1993/1994 is set at around 2 per cent below that in fiscal year 1992/1993, but in reality is 69 per cent higher than the actual deficit of that year. Deficit financing will continue to rely heavily on domestic sources (borrowing), especially savings as well as the sale of government bonds and treasury bills and notes, which are budgeted to contribute around 60 per cent. However, while the 1992/1993 budget projected foreign sources (external borrowing) of deficit financing at LE 2,600 million, their actual amount was only LE 64 million, owing mainly to the significant decline in the deficit, namely from a budgeted LE 9,144 million to an actual LE 5,312 million, thus making external borrowing no longer necessary. The budgeted LE 2,563 million of external borrowing needed in fiscal year 1993/1994 is not likely to pose a problem in the international lending markets in the light of the improved credit risk of Egypt as reflected in its high reserves/imports coverage (reserves/imports ratio),[104] estimated at around 11 months at the end of 1993.

The main features of Egypt's 1993/1994 budget are:

- The 4.4 per cent increase in total expenditure is expected to result mainly from a 10 per cent rise in public sector wages and salaries, and a 19 per cent rise in expenditure on defence and security.

[104] The minimum number of months of reserve/imports coverage considered acceptable by the international lending markets is 2.5 months.

TABLE 36. EGYPT: BUDGET, 1989/1990 - 1993/1994

(Millions of Egyptian pounds)

	1989/1990	1990/1991	1991/1992	1992/1993		1993/1994
		Actual		Budget	Preliminary actual	Budget
Total expenditure	*36 393*	*45 510*	*247 563*	*62 533*	*51 813*	*65 313*
Current expenditure	*22 446*	*29 679*	*36 198*	*47 389*	*40 886*	*46 863*
of which:						
Salaries	6 064	7 118	8 029	9 980	9 771	11 600
Subsidies	4 140	5 566	7 237	3 880	3 952	3 641
Public debt interest (domestic)	2 969	4 176	6 359	12 852	9 295	11 700
Public debt interest (external)	687	2 870	3 151	5 271	3 994	4 850
Capital expenditure	*13 947*	*15 831*	*11 365*	*16 740*	*10 927*	*18 450*
Total revenues	*21 876*	*28 559*	*41 406*	*53 389*	*46 501*	*56 330*
Current revenues	*17 047*	*25 608*	*37 834*	*47 389*	*43 503*	*49 280*
of which :						
Tax revenues	11 743	15 503	24 286	19 141	27 302	21 007
Oil revenues	782	3 236	3 715	4 330	4 626	4 753
Suez Canal revenues	447	1 361	3 015	3 116	3 013	3 091
Central Bank revenues	553	1 792	1 556	4 443	968	..
Capital revenues	*4 829*	*2 951*	*3 572*	*6 000*	*2 998*	*7 050*
Deficit	*(14 517)*	*(16 951)*	*(6 157)*	*(9 144)*	*(5 312)*	*(8 983)*
Deficit financing						
Domestic borrowing	11 269	3 439	4 374	6 544	5 248	6 420
External borrowing	3 243	13 512	1 783	2 600	64	2 563

Source: For fiscal years 1989/1990 - 1992/1993, Central Bank of Egypt, Annual Reports 1991/1992 and 1992/1993. For fiscal year 1993/1994, *Middle East Economic Survey*, 24 May 1993, 24 January 1994 and 23 May 1994.

( ) = Deficit.

- In compliance with the IMF-sponsored economic reform and structural adjustment programme, subsidies are set to drop from LE 3,880 million to LE 3,641 million.

- Servicing both external and domestic public debt is set to decline significantly, with the former resulting from rescheduling and forgiveness of significant parts of the debt, and the latter from a drop in domestic interest rates. However, the significant amount of budgeted domestic debt interest payments in fiscal year 1993/1994 (LE 11,700 million), though around 9 per cent below fiscal year 1992/1993, reflects the substantial volume of public domestic debt, estimated at around LE 110 billion ($33 billion) at the end of 1993.

- Tax revenues are set to increase by around LE 2 billion. However, the increase is expected to be much higher in the light of the experience in fiscal year 1992/1993, when actual tax revenues (LE 27,302 million) were 42.6 per cent (LE 8,161 million) higher than previously budgeted (LE 19,141 million), following improvements in tax collection methods and the introduction of the 10 per cent sales tax to replace the consumption tax.

- Oil and Suez Canal revenues are budgeted at almost the same level as in fiscal year 1992/1993.

- Capital revenues are planned to increase by 17.5 per cent over their budgeted level in fiscal year 1992/1993, a reflection of the facilitating of the process of privatization in public sector enterprises.

(b) Jordan

During the past few years, the Government of Jordan has been projecting budget deficits incorporating envisaged external aid and/or rescheduling of significant parts of its external debt, with the former contributing directly to increasing revenues and the latter to reducing debt service payments. In reality, Jordan's budget deficits have been higher than originally envisaged.

The 1994 budget does not deviate from this trend. Indeed, the projected zero-deficit in that budget (table 37) is based on the assumption that either foreign financial resources for financing the account concerning "settlement of loans and obligations", estimated at around JD 300 million, will be fully realized, or that the account concerning payment of interest on the external debt will be rescheduled. Consequently, the budget deficit in fiscal year 1994 would range between JD-zero and JD 300, depending on which of the two assumptions will be realized.

With the Jordanian economy growing at a high rate,[105] domestic revenues are assumed to increase by around 13 per cent over the revised estimate for fiscal year 1993, thus confirming the trend that emerged in recent years, of domestic revenues covering all of current expenditure, in addition to a significant part of capital expenditure. The contribution of domestic revenues to the financing of capital expenditure, excluding the expenditure account for settlement of loans and obligations, is planned at around 56 per cent, with the

[105] GDP growth rate was around 11 per cent in 1992 and 6 per cent in 1993. The anticipated annual growth rate for the period 1994-1997 is around 5 per cent.

TABLE 37. JORDAN: BUDGET, 1989 - 1994

(Millions of Jordanian dinars)

	1989	1990	1991	1992	1993	1994
		Actual			Preliminary actual	Budget
Total expenditure	*1 102.3*	*1 120.1*	*1 234.2*	*1 348.8*	*1 623.1*	*1 487.0*
Current expenditure	*749.7*	*841.4*	*904.0*	*929.5*	*1 049.2*	*1 128.4*
of which :						
Wages and salaries	159.0	165.4	186.5	240.3	272.4	335.1
Public debt interest (domestic)	45.5	45.8	39.2	32.4	30.8	..
Public debt interest (external)	92.4	129.5	141.0	123.4	125.0	..
Subsidies[a]	148.0	193.2	190.1	176.1	219.9	..
Defence and security	251.5	254.7	269.7	272.8	299.6	344.5
Capital expenditure	*352.6*	*278.7*	*330.3*	*419.2*	*573.9*	*358.6*[b]
of which :						
Land, buildings and construction	169.8	131.9	113.3	138.9	177.8	..
Settlement of loans and obligations	109.7	87.4	134.7	171.0	281.2	..
Total revenues	*855.5*	*938.1*	*1 112.0*	*1 358.7*	*1 368.3*	*1 487.0*
Domestic revenues	*565.4*	*744.0*	*828.8*	*1 168.9*	*1 176.3*	*1 330.0*
of which:						
Tax revenues	273.9	383.9	401.5	639.3	649.5	..
Non-tax revenues	291.5	360.1	427.3	529.6	526.8	..
External revenues (aid and grants)	290.1	194.1	283.2	189.8	192.0	156.0
Deficit	(246.8)	(182.0)	(122.2)	9.9	(254.8)	0.0
Deficit financing						
Domestic borrowing	22.3	14.4	(7.1)	(51.2)	(35.7)	..
External borrowing	96.0	129.7	211.4	208.6	9.3	..
Net deficit	(128.5)	(37.9)	82.1	167.3	(281.2)	..
	..	..	..	..	..	..
	..	..	..	..	..	..

Source: Central Bank of Jordan, *Monthly Statistical Bulletin* (various issues); and Economist Intelligence Unit, *Country Report, Jordan*, first quarter, 1994.

Note: (   ) = deficit.

[a] Including subsidies for compensation and pension.

[b] Excluding settlement of loans and obligations, amounting to around JD 300 million.

rest coming from external sources, either in the form of aid and grants or borrowing.

With capital expenditure acting as a "swing" account and, therefore, invariably underspent, the contribution of domestic revenues is expected to be higher than planned. Actually, the aim of the Government is to have domestic revenues cover both current and capital expenditure in a few years time, provided that current economic growth rates and higher tax revenues, following the introduction of the 10 per cent sales tax in early 1994, are sustained. Domestic budget revenues averaged around 80 per cent of total budget revenues, and around 72 per cent of total budget expenditure during the past five years.

Current expenditure in fiscal year 1994 is projected to increase by around 7 per cent (JD 79 million), or by almost half the increase in domestic revenues of around 13 per cent (JD 154 million). This assumes a freeze in public sector wages and salaries. However, following a recent Government decision (May 1994) for a pay increase of 10 per cent for Government employees, current expenditure is expected to be higher than budgeted, with a consequent budget deficit.

(c) Syrian Arab Republic

The 1994 balanced budget of the Syrian Arab Republic foresees a 17 per cent increase in expenditure over 1993 (table 38). The increase is close to the domestic rate of inflation, estimated at 15 per cent in 1993. The increase in expenditure reflects the confidence of the Government in its ability to mobilize the resources needed to cover expenditure. Indeed, tax revenues in 1994 are set to increase by around 61 per cent (LS 17,911 million) compared with 1993, to around 33 per cent of total revenues, compared with 24 per cent in 1993. Furthermore, exceptional financing through external and domestic borrowing is budgeted at LS 37,000 million, up by around 9 per cent from 1993, around six times its level in 1992, when exceptional financing was practically limited to external sources, amounting to LS 5,607 million ($467 million).

The published 1994 budget of the Syrian Arab Republic does not show grants and concessional loans, which together with exceptional financing usually reflect the financing gap (i.e., the budget deficit). However, with grants and concessional loans expected to remain at almost the same level as in 1993 (LS 9,000 million), the financing gap in fiscal year 1994 could amount to LS 46 billion ($3.8 billion), or 32 per cent of the budget, representing an improvement of around 3 per cent over 1993.

The substantial receipts from these sources, in addition to the anticipated tax receipts, explain the significant budgetary growth in fiscal years 1993 and 1994. Furthermore, the substantial budgeted increase in domestic borrowing in both fiscal years as compared with fiscal year 1992, with its zero-domestic borrowing, reflects a logical development, not only from a budgetary perspective, but because significant amounts of private sector funds have been repatriated to the country, following the issuance of Investment Law No. 10 in 1991, which offers attractive incentives and non-commercial risk guarantees. However, the funds are seen as being the underlying reason behind the relatively high rates of inflation in the country. In the absence of a financial market that could channel funds to productive investment, government borrowing to cover the budget deficit has become essential to siphon off excess liquidity.

TABLE 38. SYRIAN ARAB REPUBLIC: BUDGET, 1989 - 1994

(Millions of Syrian pounds)

	1989	1990	1991	1992	1993	1994
	Estimates				Budget	
Expenditure	*57 413*	*67 497*	*84 691*	*93 042*	*123 018*	*144 000*
Government services	40 399	48 216	64 121	63 330	71 827	..
of which:						
Defence and security	18 212	23 561	32 677	27 121	27 869	..
National debt	4 246	3 788	7 381	8 237	9 373	..
Education	4 920	5 669	5 924	7 594	8 765	..
Agriculture, forests and fishery	6 268	7 067	7 913	10 193	12 230	..
Industry	2 659	4 022	3 719	6 638	14 138	..
Infrastructure	7 342	6 677	6 668	8 805	20 768	..
Other expenditures	1 605	1 515	1 418	1 533	1 850	..
Revenues	*57 000*	*67 494*	*84 691*	*93 042*	*123 018*	*144 000*
Taxes and duties	18 125	22 123	27 720	29 048	29 489	47 400
Services and property	2 157	2 666	3 454	4 858	5 658	..
Miscellaneous revenues	18 884	18 464	26 762	36 816	35 197	..
of which:						
Grants and concessional loans	3 342	2 310	10 304	13 904	9 000	..
Surplus on public sector enterprises	11 081	13 065	13 078	16 127	18 504	..
Exceptional financing	6 791	11 176	13 678	5 834	34 170	..
of which:						
External borrowing	2 847	3277	4 360	5 607	22 868	24 500
Domestic borrowing	103	7709	9 156	..	11 026	12 500

Source: For 1989-1992, *Review of Developments and Trends in the Monetary and Financial Sectors in the ESCWA Region* (E/ESCWA/DPD/1993/8); for 1993, *Middle East Economic Survey*, 19 July 1993; for 1994, *The Jordan Times* (daily), 9 June 1994.

B. Banking

Banks in the ESCWA region continued to face pressure in 1993 to maintain the internationally accepted capital adequacy ratio of at least 8 per cent. Most banks have raised their capital to conform to the ratio, either through their own resources (profit and reserves) or through placing equities on the market.

The position of banks in ESCWA member countries with regard to the international financial markets has been affected, on the one hand, by difficulties arising from developments in the markets themselves and, on the other hand, by the Gulf crisis and war. Apart from a limited number of banks with significant international links and activities, most banks in the ESCWA region have reduced their international engagements, focusing instead on their home markets.

Actually, the switch from international to domestic banking has been evident for some time. Banks in the ESCWA region, especially those in the GCC countries with long involvement in international lending (syndication) and commodity trade, were encouraged by Governments, as early as 1988, to increase their participation in financing national development, following the drop in available government financial resources. This was meant to increase bank lending to the private sector and parastatal companies, and to purchase government debt instruments, such as development bonds and treasury bills and notes. Indeed, the combined share of private and public sector loans and government debt instruments in the consolidated balance sheet of ESCWA commercial banks is estimated to have increased from around 55 per cent in 1992 to 68 per cent in 1993.

However, the main impetus to focus on the domestic market has been a change in the perceptions and financial needs of the Governments of ESCWA member States, which, on the one hand, wanted to strengthen the role of the private sector in economic development, and, on the other hand, turned to the banks to contribute to financing the budget deficit.

Banks in the ESCWA region continued in 1993 to suffer under the mounting burden of non-performing loans, most of which were contracted during the 1980s. These loans, estimated to be around $25 billion at the end of 1993, constituted close to 35 per cent of total bank lending, 9 per cent of total bank assets and five times the combined profit of banks in the region.

1. Kuwait

Most Kuwaiti banks[106] were able in 1993 to maintain their 1992 profit levels, despite having had to repay the interest-free funds deposited with them by the Central Bank of Kuwait (CBK) to overcome liquidity problems resulting from the Gulf crisis. All banks, except the National Bank of Kuwait, which is the biggest bank in the country, continued in 1993 to contend with continuing illiquidity in the interbank market and a lack of new lending opportunities. Indeed, figures of the CBK show that domestic credit dropped markedly in 1993, compared with 1992, with claims on the Government falling from KD 5,345 million ($17,639

[106] Excluding specialized banks (Real Estate Bank, Savings and Credit Bank, Industrial Bank and Kuwait Finance House [Islamic Bank]).

million) to KD 4,184 million ($15,886 million), and claims on the private sector[107] falling from KD 1,322 million ($4,363 million) to KD 1,031 million ($3,402 million) (table 39). Claims on the Government comprise holdings of treasury bills, amounting to KD 1,481 million in 1993, up by 55 per cent from 1992 (KD 954 million), and of acquisition of bonds and debt purchase bonds, amounting to KD 3,332 million, down by 24 per cent from 1992 (KD 4,392 million).[108]

Table 39 indicates that Kuwaiti banks have not fully recovered from the impact of the Gulf crisis. The total of the banks' equity (own funds)—which in 1992 amounted to KD 826 million, or KD 261 million below its level of KD 1,087.5 million at the end of the year preceding the Gulf crisis (1989)—increased marginally in 1993, by KD 10 million. While total assets of the banks were on the rise prior to the Gulf crisis, reaching KD 11,135 million at the end of July 1990, they dropped to KD 8,413 million in 1991, KD 8,358 million in 1992 and further to KD 7,839 million in 1993.

Private sector deposits none the less increased from KD 4,955 million in 1992 to KD 5,283 million in 1993, with time and savings deposits accounting for nearly 39 per cent of this increase. The increase in both private sector deposits with banks and claims of banks on the private sector indicates improvement in bank performance and rising confidence of the private sector in banks as deposit trustees and sources of lending. Another positive development in the Kuwaiti banking market during 1993 was the significant cut in the discount rate by the CBK, from 7.5 per cent to 6.25 per cent. The cut is considered to have closed the gap between the cost of funds to the banks and the interest rate the banks receive on the Government's debt bonds which constitute a significant portion of their assets. A further positive banking development in 1993 was the easing by the CBK of restrictions on interbank lending, in both local and foreign currency.

However, the most important development benefiting banks, and the economy as a whole, was the passing by the Kuwaiti National Assembly of the KD 5,869 million ($20 billion) debt settlement programme, setting out terms under which debtors can discharge their liabilities, arising mainly from the Suk Al-Manakh crisis in 1982. The programme enables the Government to redeem the debt bonds issued to the banks in 1992 to improve their liquidity, allowing them to deploy funds at higher interest rates in the market. The programme "gives debtors two options: a write-off of parts of what they owe to the banks, followed by the repayment of the balance within two years of the start of the scheme on 1 April 1994; or repayment of the whole amount, interest free, over twelve years".[109] The programme is expected to have a positive impact on banking activities in Kuwait, improving transparency in financial reporting (financial disclosure) of bank customers (individuals as well as companies), on the one hand, and increasing demand for credit as business confidence improves, on the other hand.

[107] Including claims on specialized banks and financial institutions, constituting 43 per cent of total claims in 1992, and 17 per cent in 1993, as against credit facilities to the rest of the private sector (individuals and companies), which increased from 57 per cent of the total in 1992 to 83 per cent in 1993.

[108] Central Bank of Kuwait, *Monthly Monetary Review*, December 1993.

[109] *Middle East Economic Survey*, 6 September 1993, p. B4.

TABLE 39. KUWAIT: CONSOLIDATED BALANCE SHEET OF BANKS,* 1988-1993

(Millions of Kuwaiti dinars)

	1988	1989	July 1990	1991	1992	1993
Assets						
Cash	25.5	23.0	28.9	28.4	33.5	36.4
Balance with Central Bank	16.6	15.4	2.2	5.2	13.4	11.6
Claims on Government	718.5	1 186.3	1 356.6	5 207.6	5 345.3	4 813.5
Foreign assets	2 476.4	2 839.0	2 823.5	1 747.5	1 341.9	1 463.5
Claims on private sector[a]	5 659.2	5 471.8	5 537.5	1 127.1	1 321.9	1 030.7
Other assets	1 505.8	1 436.5	1 386.6	297.4	301.6	483.3
Total assets	*10 402.0*	*10 972.0*	*11 135.3*	*8 413.2*	*8 357.6*	*7 839.0*
Liabilities						
Private sector deposits[b]	4 755.0	4 958.8	5 140.0	4 930.2	4 955.0	5 282.8
Government deposits	93.6	111.7	116.1	76.0	64.7	3.4
Foreign liabilities	1 261.9	1 479.6	1 538.4	351.3	561.9	509.5
Own funds (equity)	1 049.5	1 087.5	1 087.5	786.1	826.1	836.4
Other liabilities	3 242.0	3 334.4	3 253.3	2 269.6	1 949.9	1 206.9
Total liabilities	*10 402.0*	*10 972.0*	*11 135.3*	*8 413.2*	*8 357.6*	*7 839.0*

Source: Central Bank of Kuwait, *Quarterly Statistical Bulletin*, October-December, 1993; and *Monthly Monetary Review*, December 1993.

Note: Data include the outcome of purchased Kuwaiti debtors' debts against issuing debt purchase bonds from December 1991.

* Excluding specialized banks.

[a] Including claims on specialized banks and financial institutions.

[b] Consisting of demand deposits, time and savings deposits, private deposits in foreign currency, and certificates of deposit.

2. *Saudi Arabia*

Assets of Saudi Arabian banks grew significantly in 1993, with most banks recording higher profits than in 1992 (table 40). Buoyed by an active private sector and profitable government development bonds, most banks performed exceptionally well during the last two years, with aggregate profits increasing by around 14 per cent in 1992 and 26 per cent in 1993, in spite of the reduced availability of the private sector's financial resources caused by delays in government payments for contractors. Consequently, Saudi Arabian banks were paying higher wholesale deposit rates in 1993, leading to an increase in interbank interest rates

Box 4. Bahrain: The deposit protection scheme

The Bahrain Monetary Agency (Central Bank) introduced in late 1993 a deposit protection scheme to provide compensation for depositors in the event of a local commercial bank being put up for liquidation. The scheme applies to all banks incorporated in Bahrain, including Islamic banks. In the event of a bank being liquidated, a depositor will be entitled to 75 per cent of the combined total of deposits or to BD 15,000 ($39,788), whichever is less. The total amount of compensation paid out in a single calendar year may not exceed BD 25 million ($66 million). However, amounts carried over from the preceding year and those available for the following year, could be added to the amount available in the current year.

The scheme does not apply to deposits from the following sources:

- The Government of Bahrain or governmental agencies;
- Other banks;
- The parent, subsidiaries, associates or affiliates of the bank under liquidation;
- Directors and managers of the bank and shareholders of more than 5 per cent of the bank equity;
- Depositors of unascertained identity.

The scheme will be funded by the local banks. If a bank is put up for liquidation, the other banks will contribute a *pro rata* amount to the size of their deposits. The scheme will be administered by a Deposit Protection Board, consisting of two representatives of the Bahrain Monetary Agency, four representatives of the banks, one representative of the Ministry of Finance, one representative of the National Economy and one representative of the Ministry of Justice and Islamic Affairs, as well as a representative of the Bahrain Chamber of Commerce and the liquidator of the bank.

Source: *Middle East Economic Survey*, 6 December 1993.

to a level competitive with the yield on government development bonds.

However, the liquidity of Saudi Arabian banks remained high in 1993, owing to the fact that the banks maintain substantial deposits abroad that could be repatriated to cover domestic banking needs. The drop in the share of deposits held with banks abroad in total assets from 44.4 per cent in 1990 to 22.8 per cent in 1992, and further to 20.7 per cent at the end of the third quarter in 1993,[110] indicates that significant amounts of bank deposits abroad were repatriated during the last few years.

The expansion in the role of the private sector in economic activity in Saudi Arabia during the last two years resulted in a significant rise in private sector bank credit (loans), namely from SRls 66,033 million ($17,609 million) in 1992 to SRls 76,717 million ($20,458 million) in 1993. Table 40 shows that the increase in private sector credit was not matched by an increase in private sector deposits. The increase in

[110] *Middle East Economic Survey*, 21 March 1994.

TABLE 40. SAUDI ARABIA: BANK RESULTS, 1992-1993

(Millions of Saudi Arabian riyals)

	Year	Equity	Assets	Customs deposits	Loans	Net profit
Riyadh Bank	1993	6 916	52 355	26 849	17 025	922
	1992	6 316	50 022	27 654	14 790	746
Saudi American Bank	1993	3 243	39 786	28 155	13 097	942
	1992	2 448	38 278	27 395	11 601	910
Arab National Bank	1993	2 405	32 408	16 774	11 428	495
	1992	2 246	28 649	17 143	10 354	385
Al-Rahji Banking and Investment Corporation	1993	3 807	28 600	20 920	..	802
	1992	3 531	26 526	18 431	..	645
Saudi British Bank	1993	2 500	22 768	15 871	8 098	403
	1992	1 272	20 704	14 205	6 909	268
Saudi French Bank	1993	2 434	25 469	16 184	10 828	337
	1992	2 330	22 961	16 572	9 457	200
Saudi Cairo Bank	1993	4 589	15 553	10 711	6 395	214
	1992	1 500	13 443	9 801	5 024	134
Saudi Hollandi Bank	1993	1 173	15 101	8 439	5 471	180
	1992	997	13 523	8 481	4 698	134
United Saudi Commercial Bank	1993	1 086	10 439	6 164	4 375	265
	1992	822	9 209	5 307	3 200	209
Total	1993	22 412	248 669	150 067	76 717	4620
	1992	18 867	228 571	144 989	66 033	3672

Source: *EUROMONEY*, May 1994; *THE BANKER*, April 1994; and *Middle East Economic Digest*, 11 March 1994.

Note: Exchange rate: US$1 = Srls 3.75.

loans to the private sector and the Government (through government development bonds and treasury bills and notes) was covered by repatriating parts of bank foreign deposits.

The relatively low growth of private sector deposits with Saudi Arabian banks in 1993 is attributed to speculation against the Saudi Arabian riyal, which raised the possibility of a depreciation of the riyal and consequently reduced the flow of private sector (non-bank) funds into the country and to the private sector, switching portions of local currency deposits into foreign currency deposits.

The Saudi Arabian domestic deposit market experienced a number of changes during the second half of 1993, particularly in respect of the attitude of big depositors (major private sector companies and parastatal organizations) which started to give more attention to returns on their deposits. These so-called "warehouse depositors" in Saudi Arabia do not build strong relations with any bank: they place their funds with the bank that gives the best offer. Recently, they started paying more attention to the maturity structure of their deposits. The aim is to ensure that the deposits fall due shortly before the bank publishes its quarterly financial report, thus giving them an additional leverage in negotiating prices, especially since it would be difficult for the bank to afford losing a big part of its deposits shortly before publishing its report. Consequently, Saudi Arabian banks started in early 1994 to make greater use of foreign interbank lines based on their foreign currency deposits abroad, particularly since these lines are not subject to the reserve requirements of the Saudi Arabian Monetary Agency.

During the last two years, there has been a significant restructuring of the assets of Saudi Arabian banks. Deposits with banks abroad have fallen significantly, as mentioned above. The deposits have been redeployed partly to extend credit to the private sector, and partly in investments in securities, especially government development bonds and treasury bills and notes. Investment in securities amounted to close to one third of the aggregate assets of the banks indicated in table 40, except the Al-Rahji Banking and Investment Corporation, which, as it is an Islamic organization, does not deal with securities.

3. *Egypt*

The Egyptian banking sector was affected less than other sectors by the economic problems Egypt faced in 1993. The banks have been the main beneficiary of the successful reform of the exchange and interest rate system. The drop in lending opportunities was offset by a surge in earnings from government treasury bills and bonds and, for a number of banks, from rendering advisory services concerning privatization.

With the foreign exchange reserves of the Central Bank of Egypt increasing steadily over the last few years, to more than $16 billion at the end of the third quarter of 1993, the Central Bank has been able to float the exchange rate of the Egyptian pound, which since early 1993 has remained stable at around $1 = LE 3.33. Both the convertibility of the pound and the higher interest rate set on pound deposits, compared with the dollar interest rate and the domestic inflation rate, have contributed to a significant inflow of foreign currencies into the country, increasing their share in total commercial bank deposits by around 12 per cent to over 40 per cent during the first nine months of 1993. In addition, the high interest rate on pound deposits led depositors to convert part of their foreign currency deposits into pound deposits.

Total deposits in the Egyptian banking system were LE 118 billion ($35 billion) at the end of 1993, with more than 60 per cent of deposits held in Egyptian pounds. The deposit level was around 17 per cent higher than in 1992 (table 41). However, with the interest rate starting to fall in early 1994, the increase in pound deposits is likely to slow down during the year.

In 1993 Egypt was planning the introduction of new rules and regulations for the efficient functioning and control of the banking system. The major issues considered were: the establishment at the Central Bank of files on management profiles; organizational structures and performance records of banks incorporated or licensed in Egypt; regular reporting to the Central Bank on financial conditions and changes in management and organizational structure; increasing the paid-up capital of foreign banks to LE 50 million ($15.15 million) as a precondition for licensing them to deal in local currency; increasing the capital of the Central Bank to LE 100 million ($30.3 million); and limiting the Central Bank contribution to budget deficit financing to 10 per cent of average budget revenues during the three preceding years.

4. Jordan

Private sector deposits with commercial banks increased by 12 per cent to JD 3,518.5 million ($5,277.8 million) in 1993, indicating a significant rise in public awareness and interest, an issue on which the banking sector has been working during the last few years by improving customer-related services and continued automation of banking transfers and operations.

Foreign assets dropped from the equivalent of JD 2,324.8 million in 1992 to JD 2,161.6 million in 1993. However, this was almost balanced by the drop in banks' foreign liabilities from the equivalent of JD 1,596.5 million in 1992 to JD 1,417.9 million in 1993 (table 42).

To meet the internationally accepted capital/adequacy ratio of at least 8 per cent, the Central Bank of Jordan (CBJ) asked the commercial banks to raise their capital to a minimum of JD 10 million ($15 million). Most Jordanian banks have done so, but the capital/adequacy ratio of the banking sector as a whole—7.3 per cent—was still below 8 per cent in 1993.

Following the significant rise in commercial bank credit facilities to JD 2,576 million in 1993, up by around 18 per cent from 1992 (JD 2,185.3 million), the CBJ sought to exempt lending by commercial banks for industrial investment purposes from the ceiling of JD 400 million imposed by the International Monetary Fund on commercial bank credit within the economic structural adjustment programme.

The dollar-denominated certificates of deposit (CDs) with a maturity of one, two and three years and a face value of $100,000, introduced by the CBJ in early 1993 to attract an inflow of foreign currencies into the country and create additional investment outlets for foreign currencies held in Jordan, are considered to have been successful. Figures of the CBJ[111] indicate that the value of CDs sold in 1993 amounted to around $345 million. The CDs are considered part of the obligatory 35 per cent foreign currency reserves of commercial banks with the CBJ.

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[111] Central Bank of Jordan, *Monthly Statistical Bulletin*, February 1994.

TABLE 41. EGYPT: CONSOLIDATED BALANCE SHEET OF COMMERCIAL BANKS, 1988-1993
(Millions of Egyptian pounds)

	1988	1989	1990	1991	1992	1993
Assets						
Cash	721	840	600	1 192	1 259	2 002
Securities and investments:	6 794	7 627	8 136	16 386	33 578	43 846
Treasury bills	..	..	..	3 086	11 628	21 050
Other government securities	5 944	6 071	6 197	11 168	19 442	19 315
Balances with banks in Egypt[a]	12 678	14 960	17 699	26 919	26 230	26 753
Balances with banks abroad	10 159	12 755	16 108	24 303	29 887	25 559
Loans and discounts	23 673	27 001	33 952	43 436	40 424	49 618
Other assets	5 638	7 434	9 948	7 894	7 910	11 198
Total assets	*59 663*	*70 617*	*86 443*	*120 130*	*139 288*	*158 976*
Liabilities						
Total deposits	41 087	48 871	59 629	81 648	99 152	117 618
Obligations to banks in Egypt	3 636	3 965	5 867	8 869	8 141	9 980
Obligations to banks abroad	4 306	4 895	6 108	8 296	6 812	2 932
Provisions	2 512	3 295	3 972	4 735	6 244	8 496
Long-term loans	258	191	205	212	274	262
Other liabilities	6 453	7 616	8 371	10 877	12 799	13 329
Capital and reserves	1 411	1 784	2 291	5 493	5 866	6 359
Total liabilities	*59 663*	*70 617*	*86 443*	*120 130*	*139 288*	*158 976*

Source: Central Bank of Egypt, *Annual Report*, 1992/1993.

[a] Including balance with the Central Bank.

In late 1993, the CBJ continued easing controls on the transfer of foreign currency for personal need and re-export credits. The move is seen as a further step in the direction of liberalizing foreign currency transfers and consolidating confidence in the Jordanian dinar which has been stabilized at around $1 = JD 0.69-0.70 for over three years. The ceiling for the transfer has been raised from JD 20,000 ($28,400) to JD 35,000 ($49,710). Other measures in this context included abolishing guarantees on re-export, controls on

TABLE 42. JORDAN: CONSOLIDATED BALANCE SHEET OF COMMERCIAL BANKS,* 1989-1993

(Millions of Jordanian dinars)

	1989	1990	1991	1992	1993
Assets					
Cash and balances with Central Bank	256.4	216.6	629.3	737.3	816.2
Balances with local banks	258.6	227.2	166.4	137.8	115.1
Foreign assets	832.3	1 045.7	2 007.0	2 324.8	2 161.6
(including claims on private sector non-resident)					
Bonds	198.2	191.1	189.1	155.9	179.6
Treasury bills	170.8	197.7	235.0	234.0	171.9
Credit facilities	1 703.5	1 824.1	1 945.5	2 185.3	2 576.0
Domestic investments	52.2	71.1	76.7	90.8	136.2
Other assets	308.3	316.5	350.1	445.2	595.6
Total assets	*3 780.3*	*4 090.0*	*5 599.1*	*6 311.1*	*6 752.2*
Liabilities					
Demand deposits	425.4	413.8	583.9	685.8	780.0
Savings and time deposits	1 638.5	1 673.0	2 079.9	2 448.8	2 738.5
Foreign liabilities	504.9	459.8	1 260.4	1 596.5	1 417.9
Government deposits	161.1	168.8	212.4	91.5	112.4
Local banks deposits	172.5	178.4	155.8	115.3	80.7
Borrowing from:	221.2	449.2	408.7	423.1	414.3
Central Bank	213.1	441.9	401.1	423.1	413.6
Banks and financial institutions	8.1	7.3	7.6	0.0	0.7
Capital, reserves and provisions	280.8	312.4	348.6	348.5	492.0
Other liabilities	375.9	434.6	549.4	601.6	716.4
Total liabilities	*3 780.3*	*4 090.0*	*5 599.1*	*6 311.1*	*6 752.2*

Source: Central Bank of Jordan, *Monthly Statistical Bulletin*, January 1994.

* Including investment banks and the Housing Bank, but excluding all other specialized banks.

non-resident foreign currency accounts and allowing loans in foreign currency for transshipment goods.

C. STOCK MARKETS

There is increasing recognition that stock markets in the ESCWA region[112] are a prerequisite for financial and economic development, especially in countries where the dominant role of the State in economic activity has been on the wane and privatization has been gaining ground. The opening up of the economy to market forces in a number of ESCWA member countries has given closely-held companies the opportunity to raise funds from non-traditional sources, thus paving the way for financial institutions to diversify their lending and investment portfolios.

ESCWA stock markets have experienced a surge in their activities during the past few years. The value of traded shares amounted to around $7.623 billion in 1993, up by around 31 per cent from 1992 and 65 per cent from 1991; their number rose to around 680 million, up by around 7 per cent and 19 per cent, respectively.

In spite of the surge in activities, ESCWA stock markets, with the exception of the Jordanian stock market (the Amman Financial Market),[113] are still considered "pre-emerging" markets, especially in terms of the volume of foreign direct investment (FDI) they attract. Indeed, the share of ESCWA stock markets in developed countries FDI in the stock markets of developing countries was very small in 1993, amounting to only $800 million, or 1.4 per cent of the total ($56 billion), with around $560 million invested in the Egyptian stock market and $70 million in the Amman Financial Market.

Two main reasons are suggested to explain this development: instability in the region and thus higher investment risk; and an ambivalent attitude towards foreign investment. The failure to establish appropriate legal codes and organizational and institutional infrastructures for stock markets has posed additional constraints.

By emerging market standards, ESCWA stock markets are considered small. While the ratio of shareholders' equity of quoted companies to GDP amounted to around 30 per cent in developing countries, and to over 65 per cent in developed countries, it was less than 7 per cent in the region in 1993. In terms of the ratio of stock market capitalization to GDP, the ratio for ESCWA stock markets was even lower, amounting to around 4 per cent, compared with 35 per cent for other developing countries and 95 per cent for developed countries.[114]

However, a number of ESCWA stock markets, especially in the GCC countries, have started opening up to foreign investors and have initiated linkages with each other as well as with foreign stock markets. A

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112 These are the stock markets of Bahrain, Egypt, Jordan, Kuwait, Oman and Saudi Arabia.

113 Owing to the improved level of activity and standards at the Jordanian Stock Market, the International Finance Corporation of the World Bank has ranked it as an emerging stock market among 20 other markets in developing countries in 1993 (International Finance Corporation, *Emerging Markets*, February 1994).

114 ESCWA calculation based on International Finance Corporation, *Emerging Markets*, February 1994.

recently established GCC Stock Markets Committee is considering a plan to link GCC stock markets with each other through mutual listing of trading institutions, establishing joint investment funds, brokerage houses and settlement centres. The opening up to foreign investors has been initiated by Bahrain, Egypt, Jordan and Oman, with financial institutions in these countries establishing joint funds with foreign investors to invest in the stock markets, and with the easing of regulations on the entry of foreign investors into the markets.

Common to all stock markets in ESCWA countries is the fact that the State is a significant shareholder in many of the largest quoted companies, thus limiting the number of shares that could actually be traded in the market. The dominance of the stock markets by a small number of large investors, and the limitation put on the owners of quoted companies not to take more than 10 to 15 per cent of the shares offered for trade, are additional constraints. Furthermore, the slow pace of privatization in some countries, such as Egypt and Jordan, caused, among other things, by the difficulty in offering shares in loss-making public sector companies proposed for privatization, reduced the liquidity of the stock markets in both countries, with only around 18 and 20 per cent of the shares of quoted companies on these stock markets being traded.

The following is a summary of stock market developments in a number of ESCWA member countries.

1. Egypt

The number of listed companies on the Cairo Stock Exchange (CSE) was 630 at the end of 1993, with a market capitalization of slightly over $2.5 billion. However, with only around 110 companies being quoted, the market capitalization drops to around $1 billion. Although the number of traded shares on the CSE increased to around 40 million in 1993, up by around 25 per cent from 1992, the value of these shares remained almost the same, resulting in a lower price/earnings ratio (P/E),[115] estimated to have been around 8 per cent, down by around 2 per cent from 1992. The reason behind this development is seen in the insufficient liquidity of the stock exchange, caused by the slow pace of privatization which resulted, among other things, partly from the difficulty to place shares (i.e., to quote companies) of loss-making public sector companies on the stock exchange, and partly from the stock exchange regulations concerning the entry of foreign investors. Indeed, 90 of the 314 public sector companies proposed for privatization, and thus for share offering to the public on the CSE, are considered loss-making companies, with a debt totalling around $16 billion, compared with their aggregate capital of less than $9 billion.[116] Furthermore, despite the opening up of Egypt to foreign investors, their investment on the CSE remained limited to a small number of companies.

Another reason for the insufficient liquidity of the CSE is the high return on government treasury bills of around 15 per cent, attracting much of the investment funds at the expense of investment in shares on the stock exchange where the return is significantly lower.

The limitation put on foreign ownership in public sector companies proposed for privatization has been a major reason for the Egyptian Government to shift its preferred method of selling companies to public stock

[115] P/E is defined as the ratio of estimated earnings from a company's share to the price paid for it. A high P/E ratio means that the market values a company's earnings highly, either because they are expected to continue growing, or for other reasons, such as an expected takeover.

[116] *Middle East Economic Survey*, 14 March 1994.

flotations, which are open to Egyptians only, and not up for bidding, which makes the participation of foreign investors possible. Another important reason for moving to public stock flotations is that the tender process resulted in low prices of shares and thus in government receipts. The privatization process as a whole has been subject to considerable delays. Only a few of the public sector companies, considered for sale in the first phase of privatization, have in fact been sold. Part of the reason for this development is that many of these public sector companies are hotels and tourism ventures which have become less attractive to the private sector as a result of the unfavourable developments that beset the tourist industry.

Moreover, the CSE is seen as still lacking an appropriate legal framework, especially in terms of tax and corporate laws. The absence of a system of financial disclosure that meets international auditing standards is an additional shortcoming. The Egyptian Government, however, is planning to modernize the trading system at the CSE, and introduce new legislation to regulate activities. A new securities (financial instruments) law proposes that shares will be free of stamps duty and that dividends will be tax-exempt. Furthermore, listed companies that raise over 50 per cent of their capital from the public will receive a corporate tax break. The intention of the proposed legislation is to encourage foreign investments on the CSE, in that repatriation of funds will be free, subject only to restrictions on the size of shareholding in strategic industries. The new legislation also proposes giving stocks and shares tax parity with bank deposits and treasury bills and notes.

2. *Jordan*

The Jordanian stock market (the Amman Financial Market or AFM) has been considered as the most developed stock market in the region.[117] The AFM lists 115 companies with a total market capitalization of around \$4.8 billion, almost equivalent to the Jordanian GDP in 1993.

During the second half of 1993, and the first few months of 1994, trading activity on the AFM slowed down, with only around 30 per cent of the shares outstanding being traded. However, the AFM recorded a significant rise in share issues in 1993, amounting to around \$320 million, up by around \$250 million from 1992, with \$130 million being shares of new companies. This took place despite the strict regulations by the Government-controlled Issuance Committee, which not only undertakes thorough research of applicants and prospects, but also sets the issue date and the premium to be allowed in the primary market. The formula of the Committee, which weighs book against market value, is considered an instrument for underpricing shares and hence an obstacle to companies trying to raise additional funds and make higher profits in the secondary market.

The relatively low ratio of shares traded to shares outstanding in the AFM is attributed, on the one hand, to the substantial Government share portfolio, particularly in the tourism, minerals and industrial sectors, of which a significant portion is not offered for trading, and, on the other hand, to the AFM regulations that forbid company owners from taking up more than 10 per cent of the new shares offered by their companies, thus discouraging many of them, who are reluctant to dilute their shareholdings, from issuing new shares.

[117] See International Finance Corporation, *Emerging Markets*, February 1994.

The encouraging development of the AFM during the last few years, as reflected in the improved level of activities and dealing standards, increased the interest of foreign investors in the market, bringing foreign ownership to around 15 per cent of total equities of quoted companies. The Jordanian Government is planning to deregulate gradually the market to attract additional foreign investments. The planned privatization of a number of public sector companies, including the national airline (Royal Jordanian), the Telecommunication Corporation and the cement and phosphate companies is expected to improve the liquidity of the AFM and, consequently, expand its activity.

Following revision of the Foreign Investment Law in October 1993, emerging market funds, in addition to major international financial institutions, were permitted to invest in the AFM, that is, to buy shares of quoted companies. Actually, the surge in activities in the AFM during the last few years was a major factor in the increased interest of foreign investors in the market. After a drop in the trade volume of around 14 per cent in 1990 in the wake of the Gulf crisis, the market picked up, surging by around 24 per cent in 1992 and 23 per cent in 1993. The share prices in the AFM are a reflection of the economic conditions of the country. The GDP increase by around 11 per cent in 1992 and 6 per cent in 1993 was reflected in a rise in the P/E ratio to around 22 per cent in 1993, up by around 7.4 per cent from 1992 and 11.1 per cent from 1991.

3. *Kuwait*

The Kuwaiti Stock Market (KSM), which was the most developed in the ESCWA region before the Gulf crisis, with a market capitalization of over $10 billion, reopened in September 1992. The number of companies listed in the market reached 42 at the end of the third quarter of 1993, compared with 52 before the Gulf crisis. The value of shares traded in the fourth quarter of 1992 amounted to KD 115 million ($380 million), down by 38 per cent from the corresponding level in the year preceding the Gulf crisis. However, the KSM witnessed a marked activity during the first three quarters of 1993, with the value of shares traded in the third quarter amounting to around KD 318 million ($1,050 million), up by around 117 per cent from the preceding quarter and 180 per cent from the last quarter of 1992. The volume of trading in shares also increased markedly during the same period, with the number of shares traded reaching 1,271 million during the third quarter of 1993, up from 562 million in the preceding quarter and 297 million in the fourth quarter of 1992.

Actually, the rise in the activities of the KSM was more pronounced in the number of the so-called settled trade transactions (STT).[118] These numbered 13,000 in the second quarter of 1993 and were more than double the corresponding level before the Gulf crisis; their number increased further to 24,000 in the third quarter.

The return to normalcy in KSM activities is attributed, on the one hand, to the improvement in the financial position of quoted companies, and on the other hand, to the positive reaction of the market to the State purchase of certain debts of the private sector and the soft methods followed in their collection.

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[118] These are transactions finalized through the clearing window (office) of the Kuwaiti Stock Market.

4. *Saudi Arabia*

By the standards of the region, the Saudi Arabian Stock Market (SSM)[119] is the largest in terms of market capitalization, amounting to around $65 billion in 1993, compared with $4.8 billion for the Jordanian Stock Market (the Amman Financial Market), the second largest in the region. The SSM has grown steadily since the early 1980s, with the number of listed companies increasing from 37 with an aggregate paid-up capital of around $2.7 billion in 1980, to 78 in 1992 and 89 in 1993, with paid-up capital of $17.5 billion and $18.9 billion, respectively. However, of the listed companies in 1993, only 66 companies were quoted, half of which were services companies.

The SSM is characterized by a low level of trading in terms of the ratio of the value of traded shares to market capitalization. For example, in 1992, when the value of traded shares was highest ($3.7 billion), the market capitalization ratio amounted to around 6 per cent only. The low level of the ratio is attributed partly to the structure of shares' ownership and partly to the market regulation. Since the Saudi Arabian Government is a major shareholder (41 per cent of total equity of listed companies) and since it does not trade its holdings, and with share trading being confined to local banks that can only buy or sell on orders from their customers, the activity of the SSM remained limited to trading in private sector shares (around 55 per cent of total equity of listed companies) which only Saudi Arabian citizens can acquire. In reality, however, the ratio has been lower than 6 per cent, given the significant concentration of ownership of a major portion of private sector shares, thus leaving only part of the shares for trading, with many of them being traded more than once. In 1993, the ratio is estimated to have been around 5 per cent, compared with over 45 per cent in Jordan and 28 per cent in Egypt.

> "The movement of share prices in the Kingdom has generally reflected economic conditions in the country. Share prices fell in 1983 to 1986, following the drop in the Government's oil revenues and the corresponding decline in economic activity recorded during that period. Prices rose by around 59 per cent from 1987 to 1989, offsetting the 54 per cent loss of the preceding four years. Stock market activities slumped during the Gulf crisis but were quick to recover after the end of the war."[120]

During the Gulf crisis, the stock market index dropped by 10 per cent, but rose steadily in 1991 and most of 1992, as a result of higher profits of quoted companies and repatriation of private sector funds from abroad (attracted by high domestic returns, compared with international interest rates), amounting to close to $37 billion in 1991 and $13.8 billion in 1992.[121] The stock market index was highest in early 1992 when it stood at 233.82, up by over 41 points from its level at end-1991.[122] However, the high flotation of new shares, especially by local banks to increase their capital to conform with the recommended capital adequacy ratio of at least 8 per cent required by the Bank for International Settlements, led to a fall in the stock market index to around 185 at the end of 1992. This was about 50 points below its level early in the

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[119] The Saudi Arabian Stock Market is still an informal market, having no trading floor.

[120] The Saudi National Commercial Bank, *The NCB Economist*, vol. 3, No. 7, October 1993, p. 3.

[121] Henry Azzam, *Al-Hayat* (in Arabic), 21 May 1994.

[122] *Middle East Economic Digest*, 26 November 1993.

year. Since then, the index has fluctuated narrowly around 180.

By international standards, the depth of the SSM, the ratio of the value of shares traded to total market value of shares outstanding, is not satisfactory. The ratio was less than 5 per cent during most of the 1980s, increasing to around 6 per cent in 1991 and 8 per cent in 1992. The ratio dropped to close to 7.8 per cent in 1993. The reasons for the unsatisfactory depth of the SSM are attributed to the significant portion of shares held by the Government and the limited number of private sector investors, with most of the shares not available for trading.

The Saudi Arabian Monetary Agency (SAMA) is the regulatory authority supervising the stock market. SAMA issued a decree in 1985 ruling that trading in shares can only be carried out by local banks. In 1985, SAMA also initiated the establishment of a Saudi Shares Registration Company to be owned by local banks. A new computerized trading system, the Electronic Securities Information System, replacing the hitherto used telephone and telex trading system, was established in 1990 to facilitate the transfer of share ownership through the Saudi Shares Registration Company.

D. Conclusions

The 1993 and 1994 budgets of ESCWA member countries reflect a major revision in the priorities of public expenditure. Significant cuts in public expenditure have been made by a number of ESCWA member countries, notably Oman and Saudi Arabia, aimed at reducing the budget deficits. However, the instruments used to reduce these deficits differed. While some countries postponed initiating projects and encouraged the private sector to carry out investment activities, previously considered the domain of the public sector, others resorted to a reduction of subsidies and holding down increases in public sector wages and salaries. Sources of financing budget deficits in the GCC countries in 1993 remained almost the same as in the last few years, namely drawing on foreign reserves as well as external and domestic borrowing, with the latter being increasingly made either through public sector agencies or through government direct borrowing by the issuance of development bonds and treasury bills and notes. Sources of financing budget deficits in other ESCWA member countries were mostly taxes, and to a lesser extent, foreign aid.

Most banks in the ESCWA region continued to face pressure in 1993 to maintain the internationally required capital adequacy ratio of at least 8 per cent. To achieve this target, a number of banks, notably in Egypt, Jordan and Lebanon, raised their capital through their own resources (profit and reserves); other banks, particularly in the GCC countries, raised capital through placing equities (shares) on the market. The impact of the Gulf crisis on banks in ESCWA member countries, especially GCC countries, and the difficulties faced by the banks in coping with recent developments in the international banking markets forced these banks to reduce their international commitments and focus instead on the domestic market.

As pre-emerging markets with low levels of activity and inadequate dealing standards, stock markets in ESCWA member countries have not been able to attract significant amounts of foreign direct investment into the region. Limiting trade in these markets to the citizens of the home country constituted a major obstacle for regional cooperation, particularly in investment finance, in that it hindered the smooth flow of capital between ESCWA member countries, as well as the establishment of regional market makers for the placement and marketing of issues and securities of regional projects. However, stock markets in the GCC countries, notably Bahrain and Oman, started in late 1993 to open up to citizens of other GCC countries, though activities were limited to issues of non-strategic industries.

VI. THE AGRICULTURAL SECTOR

In 1993, agriculture contributed around 12 per cent to the aggregate GDP of the ESCWA region and employed close to one third of its labour force (table 43). According to preliminary estimates by the Food and Agriculture Organization of the United Nations (FAO), the overall agricultural and food production indices increased in 1993 by 2.6 per cent and 3.0 per cent, respectively, while the per capita agricultural production index declined by 0.3 per cent and that of food production increased by 0.1 per cent (table 44).

A. PRODUCTION

1. *Cereals*

While world cereals output is estimated to have dropped from 1,964 million tons in 1992 to 1,888 million tons in 1993, the total cereal output of the ESCWA region is estimated to have increased by 5.7 per cent to 29.3 million tons. Wheat production registered an increase of 4.7 per cent and reached 13.7 million tons. The increase in the production of cereals reflected mainly expansion in the area planted, improvement in pricing policies in some countries, and good weather conditions in most ESCWA member countries. The self-sufficiency ratio in cereals for the ESCWA region as a whole rose from an average of 51.1 per cent during the period 1989-1991 to 55.4 per cent during the period 1990-1992, and that of wheat from 47.6 per cent to 53.8 per cent during the same interval.[123]

During the period 1980 to 1992, Egypt's cereal production represented about 53.5 per cent of the total production in the ESCWA region, while its annual imports averaged 7.8 million tons, or 36.4 per cent of the region's total cereal imports. The self-sufficiency ratio in cereals averaged 64.3 per cent during the same period. In the GCC countries, cereal production averaged 4.5 million tons, or about 17.5 per cent of the total, while annual imports averaged 7.2 million tons, or 31.8 per cent of cereal imports in the region. The self-sufficiency ratio in this group of countries was 44.8 per cent. In the more diversified economies, excluding Egypt, production of cereals averaged 6.8 million tons, representing 26.4 per cent of total cereal production in the region, while imports averaged 5.95 million tons, or 26.3 per cent of total ESCWA imports; the self-sufficiency ratio was 53.6 per cent for the same period.

2. *Vegetables and fruits*

The region's vegetable production in 1993 is estimated to have reached 18.9 million tons, representing an increase of about 3.5 per cent over 1992. The increase is mainly due to the expansion in the use of greenhouses and the adoption and use of new technologies in irrigation and production. Fruit production registered a moderate increase of 1.7 per cent and reached 10.66 million tons.[124]

3. *Livestock and fish*

The livestock production index rose by 4.1 per cent in 1993. Livestock production depends heavily on imported inputs, and a shortage of animal feed remains the most significant problem facing livestock production in the region. Red meat and poultry meat recorded growth rates of 5.9 per cent and 10.4 per cent,

[123] FAO; *Printout of AGROSTAT*, 1993.

[124] Ibid.

TABLE 43. AGRICULTURAL PRODUCTION, POPULATION, EMPLOYMENT, CULTIVATED AND IRRIGATED AREAS IN THE ESCWA REGION

	Agricultural production (1992)		Agricultural population (1993)		Rural population (1993)		Agricultural employment (1993)		Cultivated area (1992)		Irrigated area (1992)	
Country	Value (Millions of US$)	% of GDP	Thousands	% of total	Thousands	% of total	Thousands	% of total labour	Thousands of ha	% of land area	Thousands of ha	% of cultivated area
Egypt	5 278.5	17.0	21 871	39.0	31 229	55.7	6 119	39.0	3 100	3.1	3 040	48.0
Bahrain	40.2	0.9	8	1.5	90	16.4	3	1.4	3	2.9	1	33.3
Iraq	19 850.0	28.1	3 657	18.4	5 270	26.5	1 041	18.4	5 450	12.5	2 550	46.8
Jordan	300.4	6.3	230	4.9	1 406	29.9	58	4.9	402	5.6	63	15.7
Kuwait	76.1	0.4	-	-	64	3.5	-	-	5	0.3	2	40.0
Lebanon	336.2	8.8	216	7.4	406	14.0	69	7.4	306	29.9	86	28.1
Oman	477.1	4.2	629	37.1	1 489	87.7	169	37.2	61	0.3	58	95.1
Qatar	66.5	0.9	-	-	42	9.0	-	-	6	0.5	2	33.3
Saudi Arabia	7 369.8	6.2	6 005	36.5	3 430	20.8	1 877	36.6	1 346	1.5	940	69.8
Syrian Arab Republic	3 736.9	29.7	3 091	22.5	6 685	48.6	768	22.5	5 688.5	30.6	879	15.5
United Arab Emirates	569.6	1.7	36	2.1	291	16.9	18	2.1	52.6	0.5	32.9	70.2
Yemen	1 962.9	19.9	7 034	54.2	8 861	68.3	1 679	53.7	1 610	3.0	312	19.4
GCC countries	8 594.3	5.2	6 678	29.4	5 406	23.8	2 067	31.1	1 473.6	1.2	1 035.9	70.3
More diversified economies,[a] excluding Egypt	24 233.5	26.4	7 194	17.4	13 767	33.3	1 936	17.3	11 846.5	16.4	3 578	30.2
ESCWA region	40 064.2	12.1	42 777	32.2	59 263	44.5	11 801	32.2	18 030.1	4.0	7 965.9	44.2

Sources: Economic and Social Commission for Western Asia, *National Accounts Studies of the ESCWA Region, Bulletin No. 13*, December 1993; Egypt, Ministry of Agriculture, 1993; Syrian Arab Republic, Ministry of Agriculture, 1993; GCC secretariat: *Agricultural Development in GCC Countries*, Riyadh, 1992; and FAO, *Printout of AGROSTAT*, 1993.

[a] Including Iraq, Jordan, Lebanon and the Syrian Arab Republic.

TABLE 44. GROWTH RATES OF OVERALL AGRICULTURAL AND FOOD PRODUCTION INDEX NUMBERS IN THE ESCWA REGION, 1980-1993 AND 1992-1993

Country	Agricultural production				Food production				Crops production		Livestock production	
	Total		Per capita		Total		Per capita		Total		Total	
	1980-1993	1992-1993	1980-1993	1992-1993	1980-1993	1992-1993	1980-1993	1992-1993	1980-1993	1992-1993	1980-1993	1992-1993
Egypt	3.4	2.6	0.9	0.4	4.1	2.8	1.6	0.6	3.5	2.4	3.6	3.3
Iraq	1.4	7.3	(1.8)	4.0	1.5	7.4	(1.8)	4.0	2.6	4.2	(1.0)	14.7
Jordan	4.5	(5.6)	0.4	(9.1)	4.7	(6.0)	0.5	(9.1)	4.8	(10.4)	8.4	1.4
Lebanon	4.0	3.8	3.4	1.6	4.2	3.8	3.7	1.5	4.7	5.5	2.0	2.2
Saudi Arabia	18.9	(0.5)	14.0	(3.9)	19.1	(0.5)	14.2	(3.9)	16.8	(2.0)	8.6	3.1
Syrian Arab Republic	1.4	4.8	(2.2)	1.1	1.2	5.8	(2.3)	2.1	1.6	6.1	1.2	3.4
Republic of Yemen	1.7	1.2	(1.8)	(2.3)	1.6	1.1	1.9	(2.3)	0.5	0.4	3.1	1.2
ESCWA region	3.1	2.6	0.01	(0.3)	3.4	3.0	0.4	0.1	3.3	1.0	3.8	4.1
World	2.0	(0.8)	0.2	(2.5)	2.0	(0.8)	0.3	(2.5)	1.8	(1.4)	2.2	0.6

Source: FAO, *Printout of AGROSTAT*, 1993.

Note: Figures between brackets are negative.

respectively, with total production estimated at 2.1 million tons of red meat and 0.969 million tons of poultry meat. Milk production is estimated to have increased by 2.5 per cent to 5.5 million tons. Egg production increased by 3.3 per cent and totalled 564,000 tons.[125] These developments can be attributed to an increase in the number of large investments in production of meat and eggs.

The ESCWA region has a large potential for fish production, with coastlines suitable for fish reproduction. The fish catch in the region totalled 673,700 tons in 1991,[126] against a total consumption of 805,000 tons, yielding a self-sufficiency ratio of about 84 per cent in the region as a whole.

B. TRADE IN AGRICULTURE AND FOOD PRODUCTS

The value of agricultural trade (exports plus imports) in the ESCWA region was estimated in 1992 at about $18 billion, representing 9.6 per cent of total trade in that year. The value of agricultural imports was estimated at $15.4 billion, and that of agricultural exports at $2.6 billion, representing only 17.6 per cent and 2.6 per cent of total ESCWA trade, respectively (table 45).

The value of intraregional trade in agricultural commodities in 1992 was estimated at 9.1 per cent of total trade in the ESCWA region.[127] Whereas intraregional trade in agricultural commodities represented 10.6 per cent of total agricultural trade, intraregional exports accounted for 32.4 per cent of total agricultural exports, and intraregional imports for 7 per cent. Live animals, vegetables and fruits have been the main commodities traded among ESCWA member countries. The limited intraregional trade is mainly due to trade barriers such as high tariff rates, quotas, instability of agricultural production and exports, inability to compete with producers from outside the region, whether in terms of prices or quality, and shortages in trade services related to information and transportation.

The value of food imports of the ESCWA region was estimated at $12.6 billion, one third of which consisted of cereals. The value of food exports, particularly vegetables, fruits and cereals, was estimated at $2 billion, equivalent to only 15.9 per cent of the expenditure for food imports.

The food gap (excluding fish) in the ESCWA region increased by 13.3 per cent in 1992 to $10.6 billion. In the GCC countries, the gap was estimated at $6 billion in 1992, representing 56.6 per cent of the total food gap in the ESCWA region. Since the GCC countries have only 17.1 per cent of the population of the ESCWA region, their per capita food gap reached $270.00. In the more diversified economies (excluding Egypt), which have 31 per cent of the region's population, the food gap in 1992 was estimated at $2.1 billion, or about one fifth of the region's total, and the per capita gap at $52.60. In Egypt, despite the fact that the population represented 42.3 per cent of the total population of the region, the food gap amounted to $1.7 billion, or 16.4 per cent of the total for the region, and the per capita food gap amounted to $32.00.

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[125] Ibid.

[126] FAO, *Fishery Statistics - Catches and Landings*, vol. 72, 1991 (Rome, 1993).

[127] Economic and Social Commission for Western Asia, التجارة البينية للسلع الزراعية في منطقة غربي آسيا [Trade in agricultural commodities among ESCWA countries] (E/ESCWA/AGR/1993/17).

TABLE 45. AGRICULTURAL AND FOOD TRADE, FOOD GAP AND SELF-SUFFICIENCY RATIOS IN CEREALS AND WHEAT IN THE ESCWA REGION

Country	Agricultural trade 1992 (millions of US$)		Percentage of total trade		Food trade, 1992 (millions of US$)		Food gap, 1992		Per capita food gap (US$)		Self-sufficiency ratio, 1990-1992 (percentage)	
	Imports	Exports	Imports	Exports	Imports	Exports	Value (millions of US$)	Growth rate (%) 1991-1992	1992	1991	Cereals	Wheat
Egypt	2 624.4	401.2	31.6	13.2	2 041.4	299.6	1 741.8	2.0	31.8	31.8	64.3	41.8
Bahrain	286.4	0.8	6.9	0.0	299.1	0.4	228.7	2.1	429.1	420.3	0.0	0.0
Iraq	1 071.5	21.9	59.5	2.2	925.0	19.0	906.0	83.2	47.0	26.5	59.5	46.9
Jordan	733.4	186.9	22.5	15.3	631.5	155.8	475.7	(2.3)	104.6	111.0	7.9	10.6
Kuwait	637.2	6.2	8.5	0.1	547.4	3.3	544.1	102.4	276.2	128.9	0.5	0.0
Lebanon	1 027.7	147.6	21.8	25.7	665.6	132.2	533.4	4.5	187.9	183.3	11.8	12.4
Oman	528.7	71.7	14.0	1.3	418.3	48.5	369.8	(2.5)	225.9	240.1	1.5	0.8
Qatar	303.7	15.2	17.5	0.5	265.0	11.6	253.4	3.6	780.1	556.1	3.1	0.0
Saudi Arabia	4 750.6	532.4	14.8	1.1	4 069.3	457.2	3 612.1	12.7	226.9	208.2	50.4	145.4
Syrian Arab Republic	710.6	663.6	21.4	21.3	568.2	380.6	187.6	1.8	14.1	14.4	67.2	65.0
United Arab Emirates	1 792.3	534.2	12.2	2.3	1 461.1	470.5	990.6	(1.6)	593.3	739.9	2.6	3.5
Yemen	884.6	51.3	42.1	9.0	785.1	21.6	763.5	17.7	60.9	53.6	28.5	8.7
GCC countries	8 298.9	1 160.5	13.0	1.3	6 990.2	991.5	5 998.7	12.7	270.4	245.9	44.8	125.3
More diversified economies, excluding Egypt	3 543.2	1020.0	27.1	17.3	2 790.3	687.6	2102.7	25.5	52.6	43.3	53.6	50.5
ESCWA region	15 351.1	2 633.0	17.6	2.6	12 607.0	2 000.3	10 606.7	13.3	81.9	74.3	55.4	53.8

Source: Calculated from: *FAO, Printout of AGROSTAT*, 1993.

Note: Figures between brackets are negative.

C. Agricultural policies

Agricultural policies in most countries in the region continued to move towards liberalization of the sector by eliminating subsidies and adjusting prices to reflect supply and demand situations. Economic reform and structural adjustment programmes under way in Egypt and Jordan gave the private sector a leading role in agricultural development. Some liberalization of the agricultural sector was also noticeable in the Syrian Arab Republic. While some countries removed, or are in the process of removing, agricultural subsidies (as in Egypt and Jordan), others continued to (a) subsidize agricultural inputs (as in the GCC countries and, to a certain extent, in the Syrian Arab Republic); or (b) provide direct price support to selected commodities (such as wheat in Saudi Arabia, Lebanon and Jordan), and free water for irrigation (as is the case in Egypt and some other countries), or through the direct purchase of farmers' produce at predetermined prices (as in the Syrian Arab Republic).

D. Developments in individual ESCWA members in 1993

1. *Bahrain*

Agriculture is a minor activity in Bahrain in terms of its contribution to GDP and employment. Only 3,000 hectares (ha) of agricultural land is available, one third of which is irrigated from ground- and desalinated water sources. The value of agricultural production in 1992 was estimated at $40.2 million, representing only 1 per cent of GDP. Agricultural labour is estimated at 3,000, or 1.4 per cent of the total labour force.

The agricultural sector is largely supported by direct and indirect government subsidies of farm inputs and marketing of produce. The major agricultural products are fruits (mainly dates) and vegetables. Production in 1993 reached 23,000 tons of fruits and 11,000 tons of vegetables. In the livestock sector, Bahrain produced 13,000 tons of red meat, 4,000 tons of poultry meat, 3,000 tons of eggs, and 19,000 tons of milk. Fish production was about 7,600 tons in 1991, covering 95 per cent of local consumption. Most of the agricultural and food requirements of the country are imported. The total food gap was estimated at $228.7 million in 1992 and the per capita food gap at $429.00.[128]

2. *Egypt*

According to the Ministry of Agriculture, about 3.15 million ha were cultivated in 1993, of which about 98 per cent was irrigated. The overall agricultural production index increased by 2.6 per cent, and that of food by 2.8 per cent, compared with 1992. Cereal production increased by 0.6 per cent in 1993 to 14.7 million tons (including 4.8 million tons of wheat, 5.3 million tons of maize and 4.2 million tons of rice).

Egypt's self-sufficiency in cereals rose from an average of 60.8 per cent in 1989-1991 to 64.3 per cent in 1990-1992, and in wheat from 37.7 per cent to 42.8 per cent over the same period. Imports of wheat and

[128] GCC secretariat, التنمية الزراعية في دول مجلس التعاون لدول الخليج العربية [Agricultural Development in GCC Countries], second edition, 1992.

wheat flour during the period July 1993 to June 1994 are expected to decrease by 0.5 million tons to 5.5 million tons. Imports of maize are expected to decrease by 0.3 million tons to around 1.3 million tons. Exports of rice, which totalled about 130,000 tons in 1992, are expected to increase as a result of higher output.

Production of vegetables is estimated to have increased in 1993 by 3.3 per cent to 9.7 million tons, while fruit production was slightly (0.6 per cent) higher at 4.8 million tons. Exports of vegetables and fruits faced some problems as the private sector was not yet ready to take over from public entities the marketing of agricultural products following the implementation of economic reforms.

The livestock production index rose by 2.3 per cent in 1993. Red meat and poultry meat registered growth rates of 2.6 per cent and 5 per cent, respectively. Egg production increased by only 0.4 per cent and milk by 2.2 per cent compared with 1992.

Cotton production in 1993 is estimated at 400,000 tons, representing an increase of 12 per cent over 1992, owing to a larger area planted and improved productivity. Cotton exports for the period August 1993 to July 1994 are expected to total around 50,000 tons, valued at $220 million, as compared with $90 million the previous year. Cotton marketing is to be liberalized through the reopening of the Mina al-Basal Cotton Exchange in Alexandria in September 1994.

The value of agricultural imports in 1992 was estimated to be $2.6 billion, representing 31.6 per cent of total imports, while the value of agricultural exports was only $401.2 million, or 13.2 per cent of exports. Food imports were estimated at $2 billion (47.8 per cent of which were cereals), while food exports reached $300 million. The overall food gap increased by 2 per cent in 1992 to $1,472 million, while the per capita food gap was estimated at $32.00.

In the context of the ongoing economic reform, the agricultural policy of the Government focuses on: (a) removing government intervention in setting farm output prices, area and procurement quotas for all crops, with the exception of cotton and sugar cane, and removing farm-input subsidies; (b) removing government restrictions on the private sector in importing and exporting agricultural commodities; and (c) increasing the farm-gate price for cotton and sugar cane to gradually reach equivalent world prices.[129]

Egypt's strategy for agricultural development in the 1990s aims at: (a) ensuring optimum allocation and utilization of agricultural resources; (b) better utilization of the country's comparative advantage to promote exports and contribute to overall food security; and (c) creation of new opportunities for employment in rural areas.

3. *Iraq*

The Government of Iraq has been exerting efforts to mitigate the adverse effects of the United Nations economic sanctions on the agricultural sector, which contributed 28 per cent to GDP in 1991. Iraq has a large agricultural area (about 5.45 million ha), of which 46.8 per cent is irrigated. Although the country

[129] Egypt, "Symposium on Implications of Economic Reform for Food and Agricultural Development in Egypt", sponsored jointly by the International Food Policy Research Institute (IFPRI) and the Ministry of Agriculture and Land Reclamation, Cairo, 28-29 November 1993.

possesses vast agricultural resources and potential, the agricultural labour force represents only 18.3 per cent of the total labour force.

As part of its efforts to overcome the problems confronting agriculture, the Government of Iraq has, over the last three years, given farmers access to credit at low interest rates as well as fertilizers and other inputs. As a result, the overall agricultural and food production indices rose by 7.3 per cent and 7.4 per cent, respectively, in 1993 compared with 1992. Cereal production increased by 9.5 per cent to 3.25 million tons, with output of wheat estimated at 1.2 million tons, or 18 per cent above the 1992 level. Self-sufficiency ratios in cereals and wheat were estimated at 59.6 per cent and 46.9 per cent, respectively, for the period 1990 to 1992.

As a result of an increase in planted area, production of vegetables rose by 3.7 per cent to 2.7 million tons. Fruit production (mainly dates) was estimated at 1.6 million tons in 1993, but date palms suffered from heavy pest infestation. Although a significant increase (14.7 per cent) in livestock production was registered in 1993, production was still below the high levels of the 1980s owing to shortages in animal feed and veterinary medicine.

The value of agricultural imports in 1992 was estimated at $1.07 billion, representing 59.5 per cent of total imports, while agricultural exports totalled only $21.9 million, resulting in an overall food gap of $906 million, and a per capita gap of $47.00 in 1992, compared to $134.30 in 1980. The figure for 1992, it should be noted, was depressed by the reduced level of imports as a result of the sanctions.

According to an FAO/World Food Programme (WFP) report,[130] Iraq's 1993/1994 requirements for imported basic foodstuffs were estimated at 5.4 million tons, valued at $2.5 billion.

4. *Jordan*

According to FAO and the Jordanian Ministry of Agriculture, the cultivated area is estimated at 400,000 ha, of which around 15 per cent is irrigated. In 1993, the agricultural sector registered negative growth. The overall agricultural and food production indices decreased by 5.6 per cent and 6.0 per cent, respectively, compared with 1992, as a result of unfavourable weather conditions. The Jordanian agricultural sector was adversely affected by drought in the early growing season and excessive rains just before the harvest, which have seriously affected crops and livestock output in several governorates. The 1992/1993 cereal production (including lentils) is estimated at 80,000 tons (around 40 per cent below the 1988-1992 average) compared with a record harvest of 231,000 tons in 1991/1992. Poor pastures owing to drought and a shortage of animal feed affected the livestock sector.

The self-sufficiency ratios in cereals and wheat were estimated at 7.9 per cent and 10.6 per cent, respectively, during 1990-1992. Requirements for imported wheat and coarse grains in the period July 1993 to June 1994 are estimated at 575,000 tons and 645,000 tons, respectively, and imports of rice are expected to reach about 82,000 tons.

[130] FAO/WFP, Crop and Food Supply Assessment Mission to Iraq, July 1993.

Production of vegetables was estimated at 814,000 tons in 1993, representing an increase of 1 per cent over 1992. Fruit production was estimated at 220,000 tons, representing a 1.2 per cent decline from 1992.

The value of agricultural imports in 1992 was estimated at $920.3 million, representing 20.6 per cent of total imports, while agricultural exports amounted to $186 million, or 15.3 per cent of total exports. The overall food gap in 1992 was $155.8 million, 2.3 per cent lower than in 1991, and the per capita food gap was estimated at $104.60.

5. *Kuwait*

Agriculture is a minor sector of the Kuwaiti economy, contributing only 0.4 per cent of GDP in 1992 ($76 million). Most of the population are engaged in non-agricultural activities and live in urban areas. Kuwait has about 5,000 ha of agricultural land, of which about 2,000 ha is irrigated, mainly with desalinated water.[131]

The agricultural sector is supported by direct and indirect government subsidies. In 1993, Kuwait produced 89,000 tons of vegetables, 27,000 tons of red meat, 11,000 tons of poultry meat, 4,000 tons of eggs, and about 26,000 tons of milk. Most of the agricultural and food commodities consumed are imported. The overall food gap was estimated at $544 million in 1992 and the per capita gap at $276.00.

6. *Lebanon*

The agricultural sector contributed about 8.8 per cent to Lebanon's GDP in 1992. In 1993, both the overall agricultural and food production indices increased by 3.8 per cent. However, cereal production dropped by 2.6 per cent to 75,000 tons. Self-sufficiency ratio in cereals was estimated at 12 per cent in 1990-1992. Fruit production in 1993 increased by 6.3 per cent to 1 million tons, while production of vegetables was estimated at 811,000 tons, representing an increase of 8.7 per cent over 1992. Poultry meat production increased by 1.8 per cent to around 56,000 tons, and egg production by 1.7 per cent to 61,000 tons. Milk production was estimated at 132,000 tons, representing an increase of 3.4 per cent over the previous year.

Agricultural exports accounted for a significant share of Lebanese exports. In 1992, they amounted to $147.6 million, or 25.7 per cent of total exports, while the value of agricultural imports was $1,027.7 million, representing 21.8 per cent of total imports. Food exports were equivalent to 20 per cent of food imports, and the value of the overall food gap in 1992 was $533.4 million, up by 4.5 per cent over 1991.

The Lebanese Ministry of Agriculture has prepared a general framework for a new agricultural policy[132] in the context of a three-year plan (1993-1995) aimed at removing the negative features which emerged during the 1980s. In this respect, it was decided to continue wheat price support in 1993 and to

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[131] GCC secretariat, التنمية الزراعية في دول مجلس التعاون لدول الخليج العربية [Agricultural Development in GCC Countries], second edition, 1992.

[132] Lebanon, Ministry of Agriculture, *The Major Concepts of the Agricultural Policy for Development of the Agricultural Sector*, 1993.

permit the private sector to import wheat and wheat flour. The price of locally produced wheat is expected to increase from the equivalent of $87.00/ton to $135.00/ton. The efforts of the Government in the coming years will focus on land reclamation, expansion of the irrigated area, construction of agricultural roads, afforestation and establishment of green areas, increased fish production, rehabilitation of agricultural extension services and the scientific research programme, establishment of agricultural cooperatives and rehabilitation of agricultural credit.[133]

7. *Oman*

The agricultural sector contributed about 4.2 per cent to Oman's GDP in 1992. The Omani population is essentially rural (about 87.7 per cent out of a total population estimated at 1.7 million in 1993), and about 37 per cent of the labour force is engaged in agriculture and fisheries. The cultivated area is estimated at 61,000 ha, 95 per cent of which is irrigated with ground- and desalinated water sources.

The main agricultural products in Oman are fruits (especially dates and citrus fruit) and vegetables. Production in 1993 was estimated at 202,000 tons of fruit and 67,000 tons of vegetables, representing an increase of 2.5 per cent over 1992. Cereal production represents only a small portion of total requirements, with a self-sufficiency ratio of 1.5 per cent during 1990-1992.

Oman is considered the largest producer and exporter of fish among the GCC countries. It has a coast 1,700 kilometres long and suitable for fish reproduction. Efforts were made by the Government to encourage and increase the fish catch by providing credit facilities and training for fishermen. The total fish catch in 1992 was estimated at 112,300 tons, representing more than 43 per cent of total catch of the GCC countries. Exports of fish amounted to 29,500 tons, 49 per cent of which went to other GCC countries.[134]

8. *Palestine*

The total Arab population in the occupied Palestinian territories was estimated at 1.92 million in 1992, of which around 63.6 per cent live in the West Bank. Agriculture contributed 20.6 per cent to GDP in 1991. In 1993, and according to FAO figures, cereal production, which is centred mainly in the West Bank, was estimated at 45,000 tons, and production of potatoes and tomatoes in both the West Bank and the Gaza Strip at 415,000 tons and 105,500 tons, respectively. Olive production (mainly in the West Bank) was estimated at 100,000 tons, and citrus production (mainly in the Gaza Strip) at 108,000 tons.

9. *Qatar*

Over 90 per cent of the population of Qatar live in urban areas, and most of the labour force is employed in non-agricultural activities. In 1992, agriculture generated less than 1 per cent of GDP. Scarcity of water resources has limited the actual cultivated area to about 6,000 ha irrigated from ground-, desalinated

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[133] Lebanon, Ministry of Agriculture, *The Agricultural Three-Year Plan*, 1993 (in Arabic).

[134] Oman, Development Council, General Secretariat, *Statistical Year Book 1992*, Muscat, July 1993.

and treated sewage water. The Government supports the agricultural sector through direct subsidies on production and marketing.

Vegetables and fruits are the main crops produced in Qatar. Vegetable production in 1993 was estimated at 42,000 tons, mainly in greenhouses, and fruit production (mainly dates) totalled about 15,000 tons. Cereal production constituted only 1.5 per cent of total consumption. Livestock production was estimated at 10,000 tons of red meat, 4,000 tons of poultry meat, 36,000 tons of eggs and 22,000 tons of milk. Fish production totalled 8,140 tons in 1991, and the country was nearly self-sufficient (94 per cent) in fish.

Qatar depends heavily on food imports. The value of agricultural imports totalled $303.7 million in 1992, representing 17.5 per cent of total imports, while the value of agricultural exports was only $15.2 million, representing 0.5 per cent of total exports (mainly oil). The overall food gap was $253.4 million in 1992, and the per capita gap, estimated at $780.00 in 1992, was the highest in the ESCWA region.

10. *Saudi Arabia*

According to the GCC secretariat, the cultivated area in Saudi Arabia is 1.35 million ha,[135] in addition to more than 10,000 ha of pasture and 817 ha of forest.[136] Almost 70 per cent of the cultivated area, or 940,000 ha, is irrigated from ground- and treated sewage water. The Government has continued its efforts to develop water resources. So far, it has constructed 184 dams with a capacity estimated at 482 million cubic metres and around 25 stations for desalination of sea water that produce about 700 million gallons daily.

Agriculture contributed 6.2 per cent to GDP in 1992. The overall agricultural production index is estimated to have declined by 0.5 per cent in 1993. Cereal production was estimated at 4.8 million tons, representing a marginal (0.2 per cent) rise over 1992. Wheat production, which constitutes 87.6 per cent of total cereal production, declined to 3.75 million tons (7.5 per cent below the 1992 level), in line with the new government policy to reduce the wheat-planted area in favour of barley. Production of barley in 1993 was estimated at 750,000 tons, an increase of 300,000 tons over 1992 but sufficient to cover only 15 per cent of total feed consumption requirements. Exports of wheat during the period July 1993 to June 1994 are expected to reach around 2 million tons, while barley imports are estimated to remain at the 1992 level of 4.5 million tons.

Production of vegetables and fruits in 1992 was estimated at 2.43 million tons and 922,000 tons (of which dates constitute about 60.2 per cent), respectively. The livestock production index increased by 3.1 per cent. Saudi Arabia is the largest producer of poultry meat in the ESCWA region, with a total output of 318,000 tons in 1993, or one third of the region's output.

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[135] GCC secretariat, *Economic Development in GCC Countries, 1992*, Riyadh.

[136] Saudi Arabia, Ministry of Agriculture and Water (unpublished data), 1993.

The development of agriculture in Saudi Arabia owes much to heavy government support policies, including: (a) distribution of up to 200 ha to farmers free of charge provided the recipient cultivates 50 per cent of the donated land for five years; (b) interest-free long-term loans to farmers; (c) development of the infrastructure; (d) development of water resources through desalinization of sea water and reuse of treated sewage water; and (e) investment in food industry projects, and support for private sector investment in agriculture.[137]

11. *Syrian Arab Republic*

The total cultivated area in the Syrian Arab Republic was estimated in 1993 at 5.7 million ha,[138] most of which is rain-fed. In 1993, the agricultural sector contributed 30 per cent to GDP, and the overall agricultural and food production indices rose by 4.8 per cent and 5.8 per cent, respectively. Cereal production increased by 30 per cent to a new record of 5.68 million tons, including 3.75 million tons of wheat, as a result of a larger area planted and favourable weather conditions. The self-sufficiency ratio in cereals rose from 59.9 per cent during 1989-1991 to 67.2 per cent in 1990-1992. Wheat imports in the period July 1993 to June 1994 are expected to reach around 150,000 tons, which will be more than compensated for by an expected 400,000 tons of barley exports. Production of vegetables and fruits rose by 2.7 per cent and 2.9 per cent (to 1.8 million and 1.5 million tons, respectively) over 1992. Cotton production increased from 531,200 tons in 1991/1992 to 667,100 tons in 1992/1993 owing to expansion in the area planted and to improved yields. Cotton exports are expected to reach around 150,000 tons in 1993/1994, valued at $350 million.[139]

In 1992, the Syrian Arab Republic had an agricultural trade deficit of only $47 million, the lowest in the ESCWA region. The value of agricultural imports was about $710.6 million, while the value of exports amounted to $663.6 million. Food exports financed 67 per cent of food imports, and the value of the overall food gap reached $187.6 million, with a per capita gap of only $14.10, the lowest of any ESCWA member country.

Agricultural policy in the Syrian Arab Republic focuses on the following: (a) increasing private sector investment in agriculture via Investment Law No. 10 of 1991; (b) adopting a flexible pricing policy according to the importance of crops in food security. Some crops, such as wheat, barley, lentils, cotton, sugar beet and sunflower seeds, are marketed by the public sector, and their prices are determined by the Government on the basis of production cost. The prices of other crops are under government supervision through committees in the governorates; (c) removing subsidies on some farm inputs, particularly seeds and pesticides, and reducing the subsidy on other inputs, such as fertilizers, fuel and irrigation water; and (d) liberalizing foreign trade by removing restrictions on the private sector.[140]

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[137] Saudi Arabia, Ministry of Agriculture and Water, 1993.

[138] Syrian Arab Republic, Ministry of Agriculture (unpublished data), 1993.

[139] *Al Alam Al Youm* (in Arabic) (London),16 February 1994.

[140] See Syrian Arab Republic, Ministry of Agriculture and Agrarian Reform, 1993 and Central Bureau of Statistics, "Brief report on economic and social indicators in Syria for the period 1970-1992" (in Arabic).

12. *United Arab Emirates*

Agriculture in the United Arab Emirates contributed 1.7 per cent to GDP in 1992. The country has 52,600 ha of agricultural land, 70 per cent of which is irrigated by groundwater. Vegetables and fruits are the main agricultural products. Production of vegetables was estimated at 385,000 tons in 1993 and fruit production (mainly dates and some citrus fruit) at 238,000 tons.

Re-export is a main feature of agricultural trade in the United Arab Emirates. According to the Ministry of Agriculture and Fisheries, the value of agricultural imports in 1992 was $1,985.4 million, representing 13.5 per cent of total imports, while the value of agricultural re-exports was $492.7 million, representing one quarter of imports. The share of re-exports is high for some commodities, such as fish, cereals, vegetables, fruits, sugar, coffee and condiments.[141]

13. *Yemen*

The cultivated area in Yemen was estimated at 1.61 million ha in 1993, mostly rain-fed. The overall agricultural production index increased by 1.2 per cent in 1993. Cereal production was estimated at 830,000 tons, representing a slight rise over 1992, and self-sufficiency in cereals was 28.5 per cent in 1990-1992. Vegetable and fruit production increased by 5 per cent in 1993 to 574,000 tons and 335,000 tons, respectively.

The value of agricultural imports in 1992 was $884.6 million, representing an increase of 15.5 per cent compared with 1991, while the value of agricultural exports was $51.3 million, 9.8 per cent below the 1991 level. The value of food exports covered only 2.7 per cent of the food import bill, and the overall food gap reached $763.5 million.

E. CHALLENGES FACING AGRICULTURAL DEVELOPMENT IN THE ESCWA REGION

Four main challenges facing agricultural development in the ESCWA region may be identified. First, rapid population growth, coupled with limited agricultural resources, is considered to be the main challenge facing not only agricultural development but also overall economic development in the region. Population growth exceeds food production, causing the food gap to widen, aggravating unemployment and increasing rural-urban migration.

The second challenge is the overuse of water in agriculture. The ESCWA region faces a critical and complicated water-supply situation. Expanding the area under irrigation could be difficult, and the main challenge is the efficient use of water in irrigation and adoption of policies to ensure good management and avoid over-exploitation.

[141] United Arab Emirates, Ministry of Agriculture and Fisheries, *Annual Statistical Bulletin of Agriculture and Fisheries, 1992*, December 1993.

The third challenge is the widening food gap. The recent GATT agreement (see box 5) is expected to lead to an increase in the cost of imported foodstuffs as a result of reduced production support and export subsidies. Considering that more than half of the region's food requirements are imported, this would aggravate balance of payments difficulties.

The fourth challenge is to overcome obstacles to cooperation and coordination of agricultural policies among ESCWA member countries.

Box 5. THE GATT AGREEMENT

The Uruguay Round of multilateral trade negotiations was concluded on 15 December 1993, after seven years of negotiations, and signed by 117 GATT members on 16 April 1994 in Morocco. The agreement, which will enter into effect in 1995, includes measures aimed at liberalizing trade and increasing world trade flows. The measures pertaining to trade in agricultural products may be summarized as follows:

(a) Market access will be enhanced by replacing non-tariff border measures with tariffs, and reducing tariffs on agricultural products by an average of 36 per cent in the case of developed countries and by 24 per cent for developing countries. These reductions are to be made over a 6-year period in developed countries and a 10-year period in developing countries, that is, by the year 2005;

(b) Domestic agricultural support will be reduced by 20 per cent for developed countries and by 13.3 per cent for developing countries during the implementation period;

(c) Direct export subsidies of agricultural products will be reduced to 35 per cent below the 1986-1990 base period level over the six-year implementation period and subsidized exports will be reduced simultaneously by 21 per cent.

The ESCWA region is heavily dependent on food imports, which constitute more than 50 per cent of its total food requirements. As a result of reduced production support and export subsidies, world food prices are expected to rise and lead to an increase in the cost of imports. This will be translated into a larger food gap in the region and financial difficulties for food-importing ESCWA member countries, especially non-oil countries.

The reduction of tariff rates may also affect public revenues and lead to an increase in budget deficits. This would be partly offset by the reduction in government support to farmers in the form of subsidies. Reduction of production support may be expected to lead to a rise in the prices of local agricultural products. Agricultural exports of some of the ESCWA member countries, now heavily subsidized, will be affected as their competitiveness in world markets will be weakened.

On the positive side, the GATT agreement may spur developing countries to improve agricultural production both quantitatively and qualitatively.

VII. WATER ISSUES AND POLICIES

A. WATER ISSUES

The ESCWA region covers around 5 million square kilometres, 97 per cent of which is desert and the rest arid and semi-arid zones. The water situation in the ESCWA region is critical. Water resources, both conventional and non-conventional, were estimated at 152.8 billion cubic metres (BCM) in 1991 (table 46), with wide discrepancies among member countries: 63.9 BCM in Egypt and 43.5 BCM in Iraq but only 0.241 BCM in Bahrain and 0.199 BCM in Qatar. Population growth and development needs have precipitated serious problems of water scarcity and pollution. In several countries of the region, renewable freshwater resources are forecast to cover only basic human needs in the next century.

Depletion of non-renewable water resources owing to overpumping, degradation of water quality and increasing salinity, are also serious and common problems in the region. Therefore, in order to achieve water security, it is important to identify the technical and economic elements of water conservation, development and management in the region. The identification of these elements must include water resource production systems, technological availability, educational programmes and incentives, evaluation of the technical components of various water conservation measures and proper water resource development and management. This should be integrated into an overall evaluation of interrelated variables such as water pricing, tax incentives for adopting water-saving technologies, and educational and training programmes in addition to institutional restrictions. The choice of an appropriate level for the optimal utilization of the limited water resources depends on the goals and strategies of the Government of each member country. Optimization and efficiency of water use are important elements in the choice and adoption of new technologies or the improvement of existing ones.

Major surface and groundwater resources in the region are shared between countries within and outside the region. The most significant river basins are the Nile, the Euphrates/Tigris and the Jordan, all of which involve contentious riparian issues. An agreement exists with respect to the Nile between Egypt and the Sudan. Large aquifers are shared by countries in the Arabian Peninsula, Iraq, the Syrian Arab Republic and Jordan. To close the gap in water demand, many countries in the region are now relying heavily on non-conventional water resources such as desalination and treated water. However, the desalination of brackish and sea water and the treatment of sewage water often involve high cost. Desalination is widely used in the GCC countries, mainly to compensate for the deficit in water sources for domestic purposes. The GCC countries account for 49.5 per cent of the world desalination installed capacity of 15.58 million cubic metres (MCM) per day (table 47).

Inadequate cooperation and coordination at the regional and interregional levels in the field of shared water resources represents a major problem. Cooperation and coordination in managing the shared surface and groundwater basins would help to achieve sustainable development in the region and to ensure rational development, utilization and conservation of water resources.

Some countries have made significant efforts to improve the management of their water resources. However, these countries are still far from achieving integrated management of these resources. Some ESCWA member countries have taken steps towards unifying and centralizing their national institutional arrangements, while in others water issues continue to be dealt with in various independent water-related institutions.

Water legislation in most countries in the region is generally complicated and outdated. This has resulted in the fragmentation of administrative responsibilities. With growing water scarcity, coherent

TABLE 46. WATER RESOURCES IN THE ESCWA REGION, 1991

(Million cubic metres)

	1	2	3	4	5 (1+2)	6	7 (5+6)	8
Country	Surface water	Groundwater	Desalinated water	Treated effluent	Conventional	Non-conventional	Total	Projected potential
Bahrain	..	220	63	8	220	71	291	414
Egypt	55 500	3 500	..	4 900	59 000	4 900	63 900	70 100
Iraq[a]	41 500	2 000	..	..	43 500	..	43 500	..
Jordan	492	418	..	37	910	37	947	1 198
Kuwait	..	217	356	80	217	436	654	794
Lebanon	2 200	600	..	..	2 800	..	2 800	2 850
Oman	929	729	41	25	1 658	66	1 724	1 744
Occupied Palestinian territories	..	710	..	..	710		710	1 050[b]
Qatar	..	112	67	20	112	87	199	386
Saudi Arabia	3 208	2 338	903	257	5 546	1 160	6 706	7 080
Syrian Arab Republic[a]	22 100	4 540	..	177	26 640	177	26 817	..
United Arab Emirates	194	1 768	340	62	1 962	402	2 364	..
Republic of Yemen[c]	1 005	1 260	..	..	2 265	..	2 265	5 200

Sources: Economic and Social Commission for Western Asia, *Progress Achieved in the Implementation of the Mar del Plata Action Plan in the ESCWA Region* (E/ESCWA/ENR/1992/5, updated); *Water Resources Database in the ESCWA Region* (E/ESCWA/ENR/1992/6); and national papers submitted to the Fifth Meeting of the Permanent Arab Committee on the International Hydrological Programme (IHP), Cairo, 9-11 November 1992.

[a] The flows of the Tigris and Euphrates rivers will be reduced by upstream abstraction in Turkey.
[b] Including the share of the occupied Palestinian territories in surface water.
[c] Only base flows appear in Yemen's surface water resources.

TABLE 47. INSTALLED CAPACITY OF DESALINATION UNITS WORLDWIDE AND IN GCC MEMBER COUNTRIES (MID-1993)

	MSF m³/d	%	Ro m³/d	%	MED m³/d	%	ED m³/d	%	VC m³/d	%	Others m³/d	%	Total m³/d	%
Worldwide	7 994 244	513.0	5 080 207	32.6	882 254	4.7	727 940	4.7	583 270	4.3	221 534	1.4	15 582 443	100
GCC countries														
Saudi Arabia	2 678 135	33.5	954 009	18.8	16 456	1.8	95 638	13	49 578	8.5	7 213		3 800 029	24
		70.5		25.1		0.4		2.5		1.3		0.2		100
United Arab Emirates	1 503 745	18.8	93 692	1.8	8 266	0.9	5 102	0.7	41 552	7.1	2 800	1.2	1 655 157	10.5
		90.9		5.7		0.5		0.3		2.5		0.1		100
Kuwait	1 350 514	16.9	51 783	1.0	4 904	0.7	4 493	0.6	150		1 766	0.7	1 413 610	8.9
		95.6		3.7		0.35		0.3				0.1		100
Qatar	386 025	4.8	4 715	0.1	3 642	0.5	896	0.1	1 994	0.3	917	0.4	398 189	2.6
		97.0		1.2		0.9		0.2		0.5		0.2		100
Bahrain	160 820	2.0	119 343	2.3	1 175	0.1	13 914	1.9	2 589	0.4			297 841	2.5
		54.0		40.1		0.4		4.6		0.9				100
Oman	134 645	1.7	19 336	0.4	4 200	0.5	719	0.1	1 504	0.3	177	0.1	160 581	1
		83.9		12.0		2.6		0.5		0.9		0.1		100
Total (GCC countries)	6 213 884	77.7	1 242 878	24.4	3 843	4.5	119 762	16.4	97 367	16.6	12 873	5.5	7 725 407	49.5
		80.4		16.1		0.5		1.6		1.2		0.2		100

Source: Economic and Social Commission for Western Asia and World Health Organization, Eastern Mediterranean Regional Office, Centre for Environmental Health Activities, "Water desalination: the experience of GCC countries", a paper presented at the Regional Symposium on Water Use and Conservation, Amman, 28 November-2 December 1993.

Notes: For each country, the percentage given on the first line denotes the share of the world total; the percentage on the second line represents the share of different types of water resources.

legislation becomes increasingly necessary if the high cost of ad hoc approaches to water allocation and control is to be avoided. Enforcement of rights and standards will remain critical to resource management, and the need to strengthen administrative efficiency is clear. As regards institutional arrangements, most ESCWA member countries have established specialized environment ministries or departments whose functions would have a positive impact on water institutions for the achievement of environmentally sound development.

Training and human resource development in the water sector must be given adequate attention. Training should include conventional techniques as well as the application of new technologies. The establishment of a regional training network to harmonize curricula, fields of specialization, training and educational facilities would simplify the enhancement of skilled manpower capabilities in the region.

B. WATER RESOURCE PLANNING AND UTILIZATION IN SELECTED ESCWA MEMBER COUNTRIES

1. *Egypt*

The Nile constitutes the dominant source of water in Egypt, providing 53.5 BCM or 83.6 per cent of the total water resources available to the country, which were estimated at 64 BCM in 1992.[142] The largest user of water in Egypt is agriculture, which consumed about 49.7 BCM in 1990, while domestic household consumption accounted for 3.1 BCM and the industrial sector for 4.6 BCM.[143] Finland has approved assistance worth $15 million towards the expansion of a water-pumping station at Ramadan City to boost output to 207,000 m^3 per day, of which 170,000 m^3 per day will be purified for consumption as drinking water, and the rest will be used for irrigation.[144]

Agriculture in Egypt depends heavily on the Nile for irrigation. Only 4 per cent of the country's total land area is arable, but the whole of its agricultural area is irrigated.[145] One million feddans[146] of desert have been reclaimed over the past two decades. Yet the cultivated area has remained more or less constant as agricultural land has been lost to urbanization under the pressure of population growth.[147]

The strategy for utilizing potential groundwater resources in the Nile Delta and Valley, the eastern and western deserts and the Sinai peninsula is mainly designed: (a) to provide potable water; (b) to irrigate newly reclaimed land along the peripheries of the Nile Delta and Valley; and (c) to improve the efficiency of agricultural production and existing irrigation networks.

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[142] Sarwat Fahmy, "Water Resources Planning in Egypt: Issues Ahead to the Year 2020", *Proceedings of the Ad Hoc Expert Group Meeting on Water Security in the ESCWA Region* (Damascus, 13-16 November 1989), p. 205.

[143] "Policy and water plan in Egypt: prospects by the year 2000" (in Arabic), a country paper submitted to the Fifth Meeting of the Permanent Arab Committee on the International Hydrological Programme, Cairo, 9-11 November 1992.

[144] *Middle East Economic Digest* (MEED), 24 July 1992, vol. 36, No. 29, p. 10.

[145] *Economist Intelligence Unit*, "Egypt: Country Profile 1989-1990", pp. 22.

[146] One feddan equals 4,200.8 m^2.

[147] *Economist Intelligence Unit*, "Egypt: Country Profile 1989-1990", p. 23.

Treated sewage and industrial wastewater currently amount to about 1,400 MCM/year and are expected to reach 2,200 MCM/year by the year 2000. Drainage water reuse is likely to be available at a rate of about 3,470 MCM/year during the period 1987-1992 and could reach 6,500 MCM/year by 2000.

2. *GCC countries*

The GCC countries are generally considered as world leaders in non-conventional water resource production, particularly in desalinating sea water and/or brackish groundwater. Substantial progress has been made in desalination techniques, in improving skilled manpower capabilities to maintain and operate desalination plants, and in progressively reducing the cost of desalination per unit volume of water produced. In addition, reuse of treated sewage effluent is widely practised in the Gulf countries for restricted irrigation or public gardening.

Non-conventional water resource production has contributed substantially to the ability to meet domestic, industrial and, to a certain extent, irrigation needs in the GCC countries. Water resources (primarily groundwater) in some member countries are no longer potable, and excessive deterioration of water quality as well as sea water intrusion into the coastal aquifers have even precluded the irrigation of certain crops that tolerate saline water. Treated sewage effluent has helped maintain agricultural production in some areas of the GCC countries. Generally, the concerned authorities have considered, *inter alia*, the following for water planning purposes: (a) construction of additional desalination plants to meet the growing water demand; (b) promotion of surface water impoundings to make use of flash floods for storage and/or artificial groundwater recharge; (c) enhancement of wastewater reuse for restricted agriculture; (d) implementation of groundwater exploration, management and conservation projects; and (e) modernization of irrigation schemes together with efficient operation, maintenance and development of conventional or traditional schemes.

(a) *Bahrain*

Bahrain embarked on a long-term water resource development policy to produce distilled sea water and blend it with brackish groundwater to bring the quality up to acceptable drinking water standards. Production of desalinated water increased from 5 MCM in 1975 to 63 MCM in 1991 and is planned to reach 125 MCM by 1998.

A team of national experts has recently prepared a work plan for water sector development to be implemented in three phases. The first phase, comprising diagnostic studies, will include collection and revision of previous studies and data, water resource assessment and potential water use for various sectors, water demand and projections, and the establishment of a water resource database. The second phase (preventive and control measures) will include studies related to water problems and the formulation of alternative strategies to overcome prevailing problems by using simulation modelling techniques. The third phase (operational phase) will include the implementation of the formulated master plan and a follow-up of the execution of proposed projects in coordination with the concerned authorities, coupled with an evaluation of the impact of these projects, as well as the continuous revision and updating of the master water plan.

(b) *Oman*

Available water resources (mostly conventional) in Oman were estimated in 1991 at 1.7 BCM, accounting for 1.1 per cent of the ESCWA region's total. A National Water Resource Master Plan was completed by the end of 1991. Its aims were: (a) to strengthen the institutional and legal framework in order to provide for effective management of water resources in the interest of the country's long-term development; (b) to give priority to domestic and industrial water supplies by using desalinated sea water despite its high cost; (c) to manage domestic water demand and improve the efficiency of agricultural water use; (d) to restrict agricultural development in line with available resources and reduce agricultural activities where resources are presently over-exploited; (e) to control development of non-renewable water resources; and (f) to augment resources wherever possible.

(c) *Saudi Arabia*

Water resources in Saudi Arabia were estimated at 6.7 BCM in 1991, representing about 4.4 per cent of the ESCWA region's total water resources. Around 20 per cent of the country's water resources come from non-conventional sources, mainly desalinated water. Water demand is expected to increase from 8.7 BCM in 1990 to 14.6 BCM in the year 2000 (table 48).

(d) *United Arab Emirates*

Available water resources were estimated at 2.36 BCM in 1991, with 0.4 BCM coming from non-conventional sources. The installed capacity of desalinated water in the country is estimated at 1.66 MCM per day, representing about 21.6 per cent of the GCC total of 7.7 BCM per day.

3. *Jordan*

Most of the industrial and municipal water supply systems in Jordan depend on groundwater and springs. Excessive quantities of water are being pumped from several aquifers, and water resources are being depleted. However, the distribution of water resources does not correspond to demand, particularly in densely populated urban areas. The Water Authority of Jordan (WAJ), under pressure to meet increasing municipal and industrial water requirements, has constructed a complex conveyance system. The feasibility of constructing pipelines linking the entire water system in northern Jordan to permit integrated resource management is under study.

Surface water resources originate from the Yarmouk and Zarqa rivers, providing most of the irrigation water for the Jordan Valley. Surface water consumption is currently estimated at 336 MCM. Plans have been implemented to utilize desert flash-flood water by means of small dams for aquifer recharge, local irrigation and livestock. The main potential for further surface water development rests in the construction of new water storage facilities on the Yarmouk river (Al-Wahdah dam) and in the Jordan Valley (Karameh dam) and rift side wadis (Kufranja and Yabis dams). The extent of Jordan's experience in the planning and utilization of surface water may be illustrated by the fact that irrigated agricultural areas have developed and expanded from a few scattered and seasonally irrigated farms in the 1950s to about 550,000 dunums in 1988, of which 320,000 are in the Jordan Valley and 230,000 in the highlands.

Jordan has also begun to develop rainwater harvesting practices. Desert pools have been rehabilitated or constructed, and flood-water containment has been initiated. Artificial groundwater recharge using flood water was undertaken at different sites in the country.

Groundwater sources close to population centres in Jordan have been extensively exploited for municipal and industrial purposes, most of which are beyond the limits of reliable aquifer yields. Replenishable groundwater is presently being used for municipal, industrial and agricultural purposes. It is estimated that 354 MCM of this water is currently being utilized in different locations in Jordan, resulting in the depletion of the country's main aquifers at an annual rate of more than 100 MCM.

Brackish groundwater is abundant in Jordan, particularly in the Rift Valley and desert areas. Currently, three brackish-water-well fields are being explored: the Adasiya well field (25 MCM); the Hisban well field (10 MCM); and the Ghor Safi (7 MCM), where water could be pumped and then diluted in the King Abdullah Canal to increase the volume of surface water for irrigation purposes.

The construction of sewerage facilities has increased rapidly since 1984. With the establishment of the Water Authority of Jordan, 11 treatment plants were constructed and another 22 plants are planned to service urban and rural areas. Sewerage networks served 84 per cent of the population in 1990 and are expected to reach 88 per cent by 2015. It is estimated that the production of treated effluent, which can be used for irrigation, will reach 116 MCM by the year 2005 and 165 MCM by 2015. Experimental irrigation using treated effluent has been applied in some areas of Jordan.

4. *Yemen*

Available information indicates that groundwater resources have been heavily over-exploited, in most cases to an extent exceeding the economic pumping depth.

The Government has already initiated corrective action. It is considering a new water law providing for the licensing of new wells and for more orderly arrangements for water abstraction. Moreover, to improve the institutional framework for water resource development and management, a proposal to integrate various water-related functions under one public entity has been under serious consideration.

A major project funded by UNDP was implemented during 1988-1992 to develop a master water plan for Yemen. The project generated a substantial amount of information in support of planning for water resource management, including legal and institutional issues, analysis of present and future water requirements, status and future development of the water supply and sanitation, and an assessment of present and future environmental issues. The studies carried out under the project confirmed the existence of a water crisis in the country.

Water levels have already fallen below the economic pumping levels in many basins of the country. In addition, the fragmented nature of responsibility in the water sector, together with the absence of an appropriate legislative and policy framework, has aggravated the water crisis. It is imperative that the

TABLE 48. PROJECTION OF WATER DEMAND IN THE ESCWA REGION

		Water use and demand projections (MCM)							
		Agriculture		Domestic		Industrial		Total	
Country	Population[a] (million)	1990	2000	1990	2000	1990	2000	1990	2000
Bahrain	0.50	220.00	265.00	80.00	125.00	8.0	10.00	308.0	400.00
Egypt	52.69	49 700.00	51 900.00	10 400.00	Domestic and industrial		10 700.00	60 100.00	70 609.00
Iraq	18.92	40 000.00	39 400.00	9 420.00	Domestic and industrial		14 430.00	49 420.00	53 830.00
Jordan	4.01	613.00	1 088.00	178.00	359.00	42.00	101.00	833.00	1 548.00
Kuwait	2.14	00	00	00	00	00	00	00	00
Lebanon	2.70	700.00	1 700.00	252.00	450.00	50.00	150.00	1 002.00	2 300.00
Oman	1.55	1 151.00	00	80.00	00	00	00	1 231.00	00
Palestine	00	155.00	300.00	00	200.00	00	20.00	00	520.00
Qatar	0.49	109.00	139.00	87.00	Domestic and industrial		147.00	196.00	286.00
Saudi Arabia	14.87	00	13 750.00	750.00	1 261.00	100.00	315.00	8 670.00	14 627.00
Syrian Arab Republic	12.12	2 180.00	24 766.00	466.00	983.00	117.0	403.00	7 763.00	26 152.0
United Arab Emirates	1.59	1 570.00	00	416.00	582.00	184.00	00	2 170.00	00
Yemen	11.28	2 700.00	3 328.00	168.00	553.00	81.00	90.00	2 899.00	3 971.0
Total	122.86								

Source: Based on sources in table 46 and direct consultations with government authorities during missions to member States.

[a] United Nstions, *Monthly Bulletin of Statistics* (ST/ESA/STAT/SER.Q/244), vol. XLVII, No. 4, New York, April 1993, pp 1-6.

concerned government authorities take measures to achieve equilibrium between net water consumption and renewable water availability. In addition, the country needs to gear its efforts towards the formulation and implementation of a water management plan for water resource conservation and optimal water allocation among the various users.

C. PROSPECTS

In general, significant progress in water resource management, development and conservation has been achieved during the last decade in the region. However, additional efforts are needed to achieve efficient water sector planning and water resource management at the national and regional levels. Major areas of concern that have to be addressed during the 1990s in the ESCWA region include: (a) focusing on issues of shared water resources, including cooperation in the development and utilization of surface and groundwater resources; (b) enhancing activities pertaining to the establishment of a comprehensive water sector database at the national and regional levels; (c) enhancing public awareness by promoting incentives for people to abide by water legislation, as water use policies cannot be implemented unless they are supported by appropriate legislation; (d) promoting the application of new technologies in major areas of concern to augment available water resources in the ESCWA region through: (i) the use of non-conventional energy resources to desalinate brackish groundwater in the non-oil-producing countries and research to reduce the cost of desalination in the GCC countries; (ii) the use of treated sewage and industrial waste, which has become an important element in augmenting national water supplies; (iii) the improvement of water use efficiency in irrigation and the reuse of the resultant drainage water as this offers good potential for augmenting water resources in the region; (iv) the rehabilitation of water supply networks and water storage facilities to prevent considerable water loss from dams, water supply networks or conventional irrigation projects; and (e) assigning priority to projects relating to better management of sea water intrusion as most of the major coastal aquifers in the region are endangered, particularly in the Gulf countries.

VIII. THE MANUFACTURING SECTOR

A. Structure

Manufacturing activity in the ESCWA region is dominated by large-scale and capital-intensive public sector industries. Chemicals, non-metallic mineral products and basic metal industries accounted for slightly less than two thirds of the overall manufacturing value-added in the early 1990s. Most of these industries were established during the 1980s, when most countries were directing their development efforts largely towards establishing an industrial base and accelerating the industrialization process.

While there are wide variations among the countries in the region with regard to the structures of their manufacturing sectors, broad similarities can be observed when these countries are grouped. In the GCC countries, manufacturing activity is concentrated in oil-related industries, whereas in the more diversified economies it is more diffused, with concentration on food, textiles and chemical industries. In Yemen, the region's least developed country, light industries such as food, beverages and tobacco dominate manufacturing activity.

In most countries in the region, fabricated metal products comprise mainly assembly plants and industrial services. In the more diversified economies, an important component of this branch is industrial services and maintenance. This sector has reportedly witnessed notable progress in these countries in the last 10 years, including scattered efforts for the development of tools and spare parts. This has helped to establish, though on a limited scale, the production of modest low quality spare parts and tools in the public and private sectors, with appreciable development of human capabilities in design and reverse engineering.

In Lebanon, the prolonged civil war and political instability as well as the increased cost of imports, owing mainly to the sharp depreciation of the Lebanese pound, prevented manufacturers from replacing and modernizing their machinery, leading to increased efforts to improve maintenance services. In the Syrian Arab Republic, the development of this sector emerged as a result of the increasing need for spare parts and components under conditions of foreign currency shortages and import controls.

Despite the dominance of heavy industry in the region's manufacturing activity, development of light industries, particularly food, textiles and clothing, has been expanding. In the GCC countries, this expansion has been largely undertaken by the private sector in response to increased incentives from Governments. With the development of their infrastructure and industrial base and the commissioning of several primary industries, downstream and import-substitution industries have been growing relatively fast in the GCC countries in recent years in response to efforts at industrial integration. This has contributed to the emergence of small- and medium-scale private industries in the form of joint ventures with foreign partners. While expansion in these industries aims primarily at meeting local demand, their full potential could be realized when the unification of the GCC market is achieved. In the countries with more diversified economies, the food and textile industries have been regaining their traditional importance, particularly in Egypt and the Syrian Arab Republic, as a result of increased demand and the trend towards economic liberalization.

The contribution of the manufacturing sector to overall economic activity in the ESCWA region has remained relatively low; its share of GDP declined from 10.3 per cent in 1989 to 8.9 per cent in 1991 (table 49). This is largely due to the devastating effects of the Gulf war on the industrial sector in both Iraq and Kuwait.

TABLE 49. CONTRIBUTION OF THE MANUFACTURING SECTOR TO GDP IN ESCWA MEMBER COUNTRIES, 1989-1991

(Percentage share)

Country	1989	1990	1991
GCC countries	9.76	8.47	8.20
GCC countries (excluding Kuwait)	8.98	8.10	8.26
Bahrain	17.80	17.22	16.53
Kuwait	14.37	12.05	7.15
Oman	4.24	3.70	4.28
Qatar	14.11	14.07	12.85
Saudi Arabia	8.87	8.05	8.24
United Arab Emirates	8.57	7.46	7.76
More diversified economies	10.93	10.75	9.66
More diversified economies (excluding Iraq)	10.47	9.64	9.31
Egypt	16.59	18.40	18.97
Iraq	11.59	13.41	11.18
Jordan	12.08	13.13	13.12
Lebanon	12.64	12.64	12.64
Syrian Arab Republic	7.48	5.89	5.42
ESCWA region	10.34	9.52	8.85
ESCWA region (excluding Iraq and Kuwait)	9.56	8.72	8.69

Source: Economic and Social Commission for Western Asia, based on data compiled from national and international sources.

B. GROWTH

The manufacturing sector in Western Asia continues to be constrained by the diminutive domestic market, contraction in overall demand, loss of traditional markets and increased difficulties in gaining access to new markets, owing to the current world economic recession and protectionist measures against manufactured products, particularly petrochemicals.

Most countries in the region, including Jordan, Kuwait, Saudi Arabia, the United Arab Emirates and, to a lesser extent, Lebanon and Iraq, reported that the manufacturing sector continued to recover from the consequences of the Gulf crisis. Additional efforts in GCC countries to promote privatization in the manufacturing sector are beginning to bear fruit. In addition, considerable progress was achieved in the rehabilitation of the manufacturing sector in Kuwait and, to a lesser extent, Iraq.

1. *GCC countries*

While allocations of capital expenditure have been generally cautious in recent years, major public projects, such as Saudi Arabia's petrochemical expansion projects, Qatar's North Field Gas Project and the aluminium projects in Bahrain and Dubai, continued to be implemented as planned.

Growth in manufacturing activity in the GCC countries, excluding Kuwait, slowed from an annual rate of 8.8 per cent in 1989 to about 6 per cent in 1991 (table 50). Over the same interval, the contribution of manufacturing to GDP declined from about 9 per cent to 8.3 per cent (or from 9.8 per cent to 8.2 per cent, if Kuwait is included).

Manufacturing growth in this subregion benefited from the increase in public and private sector investments and from higher domestic demand. In Saudi Arabia, this was due to increased private sector investments, particularly in light industries. In the United Arab Emirates, expansion in private sector manufacturing activity, and private sector involvement in a wide range of small-scale light industries and processing plants, with the stimulus provided by initial public sector investments, were the main factors behind the growth achieved in this sector.

While the significant expansion in light industries in most GCC countries has greatly contributed to the growth of this sector, expansion of the manufacturing sector continued to be restrained by fierce competition in world petrochemical markets.

2. *More diversified economies*

There are indications of growth in the manufacturing sector in the more diversified economies, partly as a result of economic liberalization policies in the last few years. The sector benefited from expansion in other commodity-producing sectors that was stimulated by increased demand for consumer goods and by improved agricultural harvests. However, manufacturing growth during 1989-1991 was restrained by the loss or weakening of major export markets, namely in the GCC, Iraq and Eastern Europe.

The Gulf crisis has reactivated the discussion on diversification of production, exports and export markets. Traditionally, a large part of exports by the more diversified economies was directed at the Gulf countries and/or to Eastern European countries and consisted largely of light manufactures and agricultural products. Part of the difficulties of accessing the markets of the industrialized countries, particularly the European Communities, is the need to meet international standards and other quality specifications: this market is especially important to exporters of manufacturing products in the region owing to its proximity and large absorptive capacity. Some countries in the region have started to pay more attention to this need, but greater awareness and application are still needed.

TABLE 50. GROWTH* OF THE MANUFACTURING SECTOR IN ESCWA MEMBER COUNTRIES, 1989-1991

(Percentage)

Country	1989	1990	1991
GCC countries	12.53	-0.88	-3.42
GCC countries (excluding Kuwait)	8.75	9.35	5.92
Bahrain	1.91	5.38	4.51
Kuwait	28.91	-38.30	-64.00
Oman	11.74	10.21	11.38
Qatar	6.22	13.41	-17.46
Saudi Arabia	10.53	9.90	9.10
United Arab Emirates	5.75	6.92	4.53
More diversified economies	9.65	-0.23	-15.59
More diversified economies (excluding Iraq)	9.05	15.22	4.33
Egypt	1.27	28.64	6.06
Iraq	10.38	-19.00	-50.00
Jordan	31.62	15.76	7.68
Lebanon	-1.13	-8.77	9.70
Syrian Arab Republic	15.86	4.86	1.14
ESCWA region	11.01	-0.54	-9.76
ESCWA region (excluding Iraq and Kuwait)	8.88	11.87	5.22

Source: Economic and Social Commission for Western Asia, based on data compiled from national and international sources.

* At current prices in purchasers values, except for Jordan (at producers values), and Iraq and Egypt (at factor cost).

The manufacturing value added of this subgroup, excluding Iraq, decelerated, growing by slightly more than 4 per cent in 1991 (table 50), compared with 9 per cent in 1989 and 15 per cent in 1990. The deceleration in 1991 came largely as a result of a substantial decline in manufacturing output in Iraq, and a considerable slow-down in Egypt, Jordan and the Syrian Arab Republic. In contrast, the trend in manufacturing value added was reversed in Lebanon, which recorded a marked expansion in 1991 owing to the end of fighting and the ensuing stability.

In Yemen, unification coincided with (a) a change in economic policy perception in favour of liberalizing the economy; (b) the outbreak of the Gulf crisis; and (c) the shrinking of aid flows. The depressed economic situation in the country in recent years has been aggravated by the outbreak of fighting, which has adversely affected performance in the manufacturing sector.

C. Industrial investment policies

Policies for the promotion and regulation of manufacturing activities are basically defined in investment promotion laws and regulations in most countries of the ESCWA region. Almost all countries with more diversified economies have promulgated such laws and related executive regulations, while of the GCC countries, Oman, Qatar and Saudi Arabia have done so. In the remaining GCC countries, investment in manufacturing activities is regulated by industrial and commercial laws.

In countries where the public sector still accounts for an important part of manufacturing activity, such as Egypt and the Syrian Arab Republic, new investment promotion laws and general procedures and guidelines for their implementation have been introduced. In Egypt, Law No. 230 was passed in 1989,[148] and in the Syrian Arab Republic Law No. 10 was passed in 1991,[149] with the aim of promoting an expansion in private manufacturing activity. Furthermore, a new investment law was expected to be passed in Egypt by January 1994 unifying existing investment laws and equating all investors, whether public, private, Egyptian, Arab or foreign.

The new investment laws or amendments aim primarily at promoting deregulation and simplification of existing and complicated investment procedures that had restrained expansion of private manufacturing activity in the past instead of promoting it.

1. *Role of Government in manufacturing activity*

In the context of the economic reform taking place in the region, a new role for Government in industrial development is emerging. Governments are attempting to make a gradual transition from managing and monitoring manufacturing production and investment, to playing a supportive and promotional role *vis-à-vis* the private sector. This policy places emphasis on the role of the Government in providing an industrial infrastructure and incentives. In Egypt, the trend is to confine the role of the Government to promoting an investment climate commensurate with the needs of the private sector, while in the Syrian Arab Republic, the Government seems to favour coexistence of the industrial public, private and mixed sectors. Nevertheless, in both countries a large number of industries will remain with the public sector, including strategic industries such as iron and steel in Egypt, which require heavy investment, earn lower profits and thus do not attract private sector investment. Similarly, in the Syrian Arab Republic, basic heavy industries, such as petroleum refining, will remain under government control.

[148] Egypt, General Authority for Investment, Investment Law No. 230/1989.

[149] Syrian Arab Republic, Damascus Chamber of Commerce, "Law of Investment No. 10, 1991", Damascus.

2. *Licensing new manufacturing ventures*

In Egypt, Jordan and the Syrian Arab Republic, serious consideration is being given to simplifying procedures for investors in the manufacturing sector. For that purpose, Egypt established the General Authority for Investment (GAFI) and the Syrian Arab Republic created the High Council for Investment, both of which report directly to the Prime Minister's Office.

In the Syrian Arab Republic, the establishment of industrial projects is monitored through industrial licensing. However, the Ministry of Industry is now required to submit its evaluation of projects for final approval to the High Council for Investment.

3. *Liberalization of imports*

Industrial investors in Egypt and the Syrian Arab Republic are now allowed, subject to certain restrictions, to import production materials. In Egypt, investors no longer require approval for imports needed for projects. However, there is still a list of items which only the Government may import, though the list has been greatly and continuously reduced. In the Syrian Arab Republic, imports of machinery and other inputs are exempt from taxes, fees and customs duties, as long as they are financed by the investor's own foreign exchange resources. In this connection, exporters are now allowed to repatriate 75 per cent, instead of 50 per cent, of the value of exports. Licensing of imports, however, is still required and is granted on the condition that the balance of foreign currency transactions of the investor must be positive for one year. The importation of means of transportation for use in industrial production is permitted and exempt from customs duties.

4. *Repatriation of capital and profits*

The new investment laws in both Egypt and the Syrian Arab Republic provide for the repatriation of capital and profits. Repatriation of capital (selling of shares) during the first two years of a project in Egypt requires the approval of GAFI; the investor is allowed to sell shares in the stock market, but only after informing GAFI. Repatriation of profits can now be effected without delay.

In the Syrian Arab Republic, the investor is given the right to repatriate, after five years, the capital he has invested in the country. In case of emergency, after six months, the investor is allowed to repatriate invested capital in terms of machinery, equipment and inputs but not the balance already converted into Syrian pounds. According to Investment Law No. 10, annual profits from the investment of external funds may be transferred abroad.

5. *Investment guarantees*

In Egypt, Law No. 230 of 1989 stipulates guarantees to safeguard private investment in the country, including guarantees against nationalization, confiscation, seizure, requisition, blocking, custody, or sequestration of project assets and funds. It also provides guarantees against total or partial expropriation of property and real estate relating to investment projects, with the exception of expropriation deemed in the public interest or undertaken against fair compensation based on the market value of such property.[150]

In the Syrian Arab Republic, Law No. 10 accords the Syrian, Arab and foreign investor the right to guarantee his interest with the Inter-Arab Investment Guarantee Corporation, or any other establishment (including international guarantee corporations).

6. *Promotion of Arab and foreign investment*

Egyptian investment laws do not differentiate between Egyptian, Arab and foreign investors. Furthermore, Law No. 230 allows the conversion of debts into equity capital, with a bonus for the foreign investor. In the Syrian Arab Republic, as a transitional measure to attract expatriate entrepreneurs and to encourage foreign investment, the Government has intensified foreign trade negotiations and has succeeded in obtaining individual investment guarantee and promotion agreements with a number of industrialized countries, while agreements with other countries are pending. In Jordan, the Government is currently considering an amendment to the investment law with a view to easing some of the constraints on foreign investment.

In most GCC countries, the current trend is more towards financing industrial expansion through commercial, rather than concessional, credit. In this connection, policies regarding foreign investment in industry are receiving increased attention, in the hope of acquiring technology, managerial skills and guaranteed export markets in addition to enhancing confidence in the manufactured products and the economies of the GCC countries.

While many foreign investors recognize the investment prospects in the GCC countries, some are concerned about the requirement that investment in manufacturing take the form of joint ventures. Other concerns relate to the protection of technologies patented by foreign companies, complicated bureaucratic procedures and the various restrictions imposed on foreign personnel working in the region.

The GCC countries are reviewing the effectiveness of their policies and restrictions on foreign investment. In Saudi Arabia, the foreign investment law allows foreign investors 100 per cent ownership of a manufacturing project. In Bahrain, recent moves include a government decision to amend the country's agency legislation, breaking the monopoly enjoyed by commercial agents. The United Arab Emirates started to enforce the new trade mark law passed in January 1993, which protects genuine trade marks.[151]

D. OUTLOOK

Two major factors are expected to shape industrial development in the ESCWA region in the coming years: (a) progress in the ongoing economic reforms and liberalization in member countries; and (b) progress in the peace process.

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[150] Egypt, General Authority for Investment, "Privileges and Exemptions Granted by Investment Law No. 230/1989".

[151] *Economist Intelligence Unit,* "United Arab Emirates, Country Report No. 1, 1993", p. 16.

Despite progress achieved in economic liberalization, much remains to be done. In some ESCWA member countries, the regulatory environment remains a deterrent to the expansion of the manufacturing sector. Scarcity of foreign exchange will continue to be a major constraint on manufacturing growth in several countries, as manufacturing production requires substantial amounts of imported raw materials and equipment. The process of economic liberalization and reform is still in its early stages. In the Syrian Arab Republic, the public sector will continue to play a major role in the economy. Private manufacturing activities will continue to expand steadily but cautiously in an economy still dominated by the public sector. Most countries in the region will continue to face difficulties in exporting their industrial products, mainly owing to increased protectionist tendencies in major markets and fierce competition from other developing countries.

The political and economic consequences of peace and its short- and long-run ramifications remain to be assessed. However, these consequences can be expected to have considerable influence on future industrial development in the region. The impact may include peace dividends obtained as a consequence of macroeconomic development arising from domestic and foreign investment and from potential savings derived from lower military expenditure.

IX. TRANSPORT AND COMMUNICATIONS

A. GENERAL POLICY TRENDS AND ISSUES

The transport and communications sectors continued to suffer from the adverse effects of the political and economic conditions prevailing in the ESCWA region. Although modest growth was achieved in transport operations, the overall performance of the sector remained below pre-Gulf-crisis level, stemming essentially from reduced interregional and intraregional trade and service flows. To confront this situation, countries in the region have tried to design and implement transport policy responses in both the transport management and operation spheres.

War and civil strife inflicted severe damage on the infrastructure of several ESCWA member countries. Efforts under way for reconstruction and rehabilitation give due importance to the transport sector. For example, the first three-year priority rehabilitation programme in Lebanon foresees the allocation of public funds amounting to $3 billion for all sectors, of which the transport sector will receive about 20 per cent.

The development programme for the Palestinian national economy (1994-2000) estimates that the transport and communications infrastructure would need $1.5 billion, or 13 per cent of the total investment requirements. In Kuwait, the cost of rehabilitation and repair of ports and the airport infrastructure and facilities is estimated at $2 billion, whereas the restoration of the road transport fleet to its pre-Gulf-crisis level is estimated to cost over $5 billion. In Jordan, annual losses from interruption of inland transport, air traffic, civil aviation, Aqaba port activity and transit trade, all attributable to the Gulf crisis, have been estimated at $513 million.[152]

With the support of modern information technology, new transport marketing and promotion policies have been oriented towards better interaction between the production sectors, carriers and end-users, and transport links between production, distribution and consumption spheres are being further consolidated.

Another salient feature of the present transport scene in Western Asia is the establishment of free zones. The development of existing free zones and the creation of new ones, particularly in Bahrain, Jordan, Kuwait, Lebanon and the Syrian Arab Republic, have been given high priority. Although the multisectoral aspects of free zones must be taken into consideration, transport infrastructure and transport operations are priority components in the planning of free zones.

With respect to Arab intergovernmental cooperation in transport, two issues attracted increased attention in 1993: (a) the finalization of a Unified Arab Triptick (customs permit for the temporary importation of motor vehicles), and (b) round table discussions on restructuring of the railway sector in the Arab countries. The first area of concern included the drafting of an Arab Agreement on a Standard Customs Permit for the temporary importation of motor vehicles, which is expected to be developed and approved by the Arab countries at a later stage. The railway policy round table for the Middle Eastern and North African Arab countries, in an attempt to develop further regional and interregional cooperation, dealt with the following key issues: (a) economic growth and railway development; (b) improvement of financial performance; and (c) better management and resolution of institutional problems of railway systems.

Analysis of specific transport policy and planning topics has been one of the basic elements in the preparation of development plans and in continuous programming by various ESCWA member countries. Within this context, national transport studies and the establishment of transport databases were among the

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[152] ESCWA, *The impact of the Gulf crisis on the economies of Western Asia* (E/ESCWA/DPD/1992/11), p. 43.

top priorities. While in some countries, such as Jordan, road transport policy and institutions were considered main study areas, in other countries (particularly GCC countries) intermodal studies have received greater attention. Pricing and costing of transport services, physical transport planning and urban public transport topics have been the most important fields of concentration in Bahrain, Egypt, Oman and the United Arab Emirates.

B. Multimodal transport

Although multimodal transport has been increasing its share of the international transport market in the developed countries, it is still facing problems in the developing countries. The most pressing issues are regularity and organizational shortcomings rather than infrastructural problems.

Container traffic has multiplied, particularly in ports where efforts continued to develop container facilities. In 1993, some of the container terminals in the ESCWA region ranked high among the world's terminals. In the United Arab Emirates, for example, the twin ports of Dubai ranked 15th in traffic volume among the world's leading container ports. This represented a 13 per cent improvement over 1992, when Dubai ranked 17th among world container ports. A new computerized inventory control system and two additional gantry cranes have upgraded container operations and should contribute to a higher throughput.

Sharjah ports also increased their throughput in 1993. In the first six months the port of Khor Fakkan recorded a 42 per cent increase and Port Khalid a 100 per cent increase compared with 1992. Infrastructure development included 280 metres of berth extension and the procurement of handling equipment and quay trailers.

While infrastructure development continues in many ports in the ESCWA region and container traffic began to increase after the Gulf war, intermodal coordination remains poor for various reasons, including the lack of awareness of the potentials of multimodal transport.

In addition to the absence of a regulatory framework for multimodal transport development, there are infrastructural shortcomings. The land transport sector does not provide appropriate interface facilities and inland container terminals are almost non-existent in ESCWA member countries, with a few exceptions, such as the railway container terminal at Riyadh. The plan to establish an inland container terminal in Cairo is still at the conceptual stage.

Land transport problems are aggravated by problems at border crossings, where delays in administrative and customs formalities add to the already high cost of transport. As an important part of intermodal transport, this sector is directly linked to the European transport system, and there is increasing dependence on the multimodal chain. In this regard, the adoption of relevant agreements will facilitate the movement of traffic across national borders.

Computerization of a major part of the administrative and customs procedures is helping several countries in the region, particularly Jordan and Saudi Arabia, to speed traffic across border crossing points. The development of computerization at border crossings will facilitate the introduction of electronic data interchange along the intraregional transport corridors.

C. MARITIME TRANSPORT (SHIPPING AND PORTS)

The merchant fleet in the ESCWA region expanded by 10.6 per cent in 1992 to reach 11.45 million dead-weight tonnage (d.w.t.), mostly owing to an expansion in oil tankers (19.5 per cent). Oil tankers represented 56 per cent of fleet d.w.t. at the end of 1992 and general cargo vessels 25 per cent. Despite increasing demand in the ESCWA region for bulk carriers and container vessels, their share in the total remains low (only 6.8 per cent for bulk carriers and 4.6 per cent for container vessels).

Arab merchant fleets carry a very small portion of the substantial Arab maritime trade. The 22 members of the League of Arab States account for nearly 35 per cent of total world maritime trade, of which only 5 per cent is carried on their own fleets, the rest being transported by foreign vessels. A study by the Sharjah Chamber of Commerce and Industry reports that "foreign fleets are transporting nearly 95 per cent of Arab trade and Arab countries are paying around $18 billion in shipping fees annually. Most Arab trade goes by sea, the bulk of it being oil and gas exports, and imports of agricultural and industrial products".[153] The study emphasizes that economic and geopolitical factors should prompt Arab States to develop their own fleets. Arab countries are major exporters of strategic commodities such as oil, but "the Arab merchant fleet has been passing through a stage of weakness and regression at a time when shipping remains the main means of transport".[154]

1. *Fleet ownership in the ESCWA region*

Table 51 gives the distribution of the merchant fleet in the ESCWA region by vessel type and country at the end of 1992. Kuwait owned the largest fleet (33.5 per cent of the total), which had increased by 45 per cent over 1991, excluding 22 vessels reflagged during 1987 and 1990. Egypt owns the second largest fleet, accounting for 14.4 per cent of the total, with a minor increase (2.5 per cent) over 1991. Egypt, Iraq, Kuwait, Saudi Arabia and the United Arab Emirates were among the top six Arab fleet owners for vessels over 1,000 gross registered tons (grt) during the first quarter of 1993.

In early 1993, the Kuwait Oil Tanker Company (KOTC), the United Arab Shipping Company (UASC) and the Iraq Oil Tanker Company (IOTC) were the three largest Arab-flagged shipowners for vessels over 1,000 grt. The Kuwait-based UASC maintained its ranking of 17th among the world's top 20 container service operators in 1993. Its fleet is comprised of 51 ships and a total of 50,371 twenty-foot equivalent units (TEUs). UASC has announced plans to purchase up to 10 large new container ships with capacities of 3,000 to 4,000 TEUs each and which are likely to cost nearly $1 billion.

New ship orders from the Gulf countries are fast turning the 1990s into the decade of the Middle East ship investor. The National Shipping Company of Saudi Arabia (NSCSA) is bidding for the construction of five large ro-ro (roll on/roll off) container ships and a similar number of tankers. The growth in oil, gas and petrochemical exports from the region is the reason behind the new orders for oil tankers, chemical carriers and liquefied natural gas (LNG) carriers. While several orders are still pending finalization, close

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[153] *Jordan Times*, 10 October 1993.

[154] Ibid.

TABLE 51. MERCHANT FLEET IN THE ESCWA REGION AS AT 31 DECEMBER 1992*

Country	Total fleet	Oil tankers	Bulk carriers	General cargo	Container ships	Other types
	137 774	1 841	--	87 259	20 526	28 148
Bahrain	(179 705)	(1 295)	--	(136 481)	(20 352)	(21 577)
	1 172 118	165 910	343 079	487 152	--	175 977
Egypt	(1 644 761)	(288 550)	(565 499)	(677 341)	--	(113 371)
	910 891	719 563	--	70 587	--	120 741
Iraq	(1 567 484)	(1 351 708)	--	(103 251)	--	(112 525)
	61 266	50 490	--	9 888	--	888
Jordan	(113 557)	(97 286)	--	(16 271)	--	--
	2 259 779	1 705 979	--	215 944	85 594	252 262
Kuwait	(3 834 059)	(3 170 363)	--	(311 405)	(91 461)	(260 830)
	292 627	1 536	55 120	226 613	2 912	6 446
Lebanon	(451 506)	(2 431)	(92 561)	(346 854)	(3 030)	(6 630)
	20 424	--	--	13 328	--	7 096
Oman	(10 012)	--	--	(7 444)	--	(2 568)
	392 724	124 964	--	132 064	118 128	17 568
Qatar	(585 583)	(234 788)	--	(207 670)	(127 151)	(15 974)

TABLE 51. *(continued)*

Country	Total fleet	Oil tankers	Bulk carriers	General cargo	Container ships	Other types
	1 024 300	261 631	--	480 645	67 109	214 915
Saudi Arabia	(1 399 271)	(434 410)	--	(678 168)	(71 653)	(215 040)
	143 819	--	23 522	119 218	--	1 079
Syrian Arab Republic	(234 677)	--	(37 370)	(197 307)	--	--
	884 434	457 440	51 552	125 083	170 260	80 099
United Arab Emirates	(1 417 265)	(826 753)	(88 747)	(191 582)	(217 908)	(92 275)
	16 924	1 886	--	3 903	--	11 135
Yemen	(13 653)	(3 185)	--	(4 784)	--	(5 684)
	7 317 080	3 491 240	473 273	1 971 684	464 529	916 354
Total ESCWA region	(11 451 533)	(6 410 769)	(784 177)	(2 878 558)	(531 555)	(846 474)

Source: *Lloyd's Register of Shipping* "Statistical tables, 1992".

* For each country, the top figure indicates gross registered tons (grt) and the bottom figure indicates dead-weight tonnage (d.w.t.).

to \$4 billion has already been committed to new shipbuilding by Saudi Arabia and the United Arab Emirates since late 1991. Further orders worth up to \$3 billion were placed by Qatar and Saudi Arabia during 1993.[155]

The most recent investments are in new LNG carriers which will be required for the rapidly expanding LNG world trade that is expected to gain momentum from 1995 onward as regional projects come on stream.[156]

Middle East exports of LNG to the Asia-Pacific region are set to grow dramatically, from 2.5 million tons in 1992 to an estimated 26.3 million tons by 2010.

2. *Port developments*

Dubai's strategic position has extended beyond merely port operations and has led to a more sophisticated regional warehousing and distributing role. For example, the Jebel Ali Free Zone has become a regional distribution centre. According to the *Containerisation International Yearbook*, the Dubai Ports Authority (DPA), which controls Jebel Ali and Port Rashid, accounted for 1.48 million TEUs in 1992 owing to this new role, edging it into the No. 16 position in terms of container ports worldwide.[157]

Non-oil trade rose by 17 per cent to 36 billion UAE dirhams (\$9.8 billion) in the first seven months of 1993 and cargo handled by Dubai's two main ports of Jebel Ali and Port Rashid grew by 12 per cent to 13.7 million tons. International trade with Iraq is still subject to United Nations sanctions. The Iraqi port of Um Qasr on the Gulf has had limited use since August 1990. Jordan's Aqaba port still suffered from the effects of the United Nations embargo on Iraq. Cargo handled was down from 20.1 million tons in 1988 to 13.4 million tons in 1992. Transit cargo has also slumped from a record of 9.6 million tons in 1988 to just 2.1 million tons in 1992.[158] The Government of Bahrain is preparing a contract to construct the Hidd Port and to implement a free-zone project, which involves building a container port and an industrial and commercial free zone. Beirut port revenues rose 42 per cent in 1993 to 78 billion Lebanese pounds (\$46 million). The Government of Lebanon has plans to launch a \$140 million project to renovate the port facilities.

D. TELECOMMUNICATIONS

Development in telecommunications has occurred rapidly over the last decade, and the ESCWA member countries were no exception. As an example of development in the telecommunications sector, table 52 shows the rise in the number of telephone sets for selected ESCWA member countries. The

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[155] *Middle East Economic Digest* (MEED), Special report: "Shipping", 17 September 1993, vol. 37, No. 37, pp. 11-24.

[156] Ibid.

[157] *Containerisation International Yearbook*, June 1993.

[158] *Middle East Economic Digest* (MEED), Special report: "Shipping", 17 September 1993, vol. 37, No. 37, pp. 11-24.

connections increased by 223 per cent in the United Arab Emirates, over 900 per cent in Oman, 116 per cent in Qatar, 106 per cent in Bahrain and 65 per cent in the Syrian Arab Republic between 1981 and 1991.

Advanced information technology has been used in various areas of data transmission, including electronic data interchange, which is utilized by air transport companies, and in publishing, with leading publishers from the region now printing newspapers simultaneously in various cities around the world by means of satellite communications.

TABLE 52. TELEPHONE STATIONS (SETS) FOR SELECTED ESCWA MEMBER COUNTRIES 1981 AND 1991

Country	1981	1991
Bahrain	79 200	163 126
Oman	25 872	262 560
Qatar	67 500	145 796
Syrian Arab Republic	427 000	707 728
United Arab Emirates	240 170	777 179

Source: International Telecommunication Union (ITU), *Arab States Telecommunication Indicators, 1992*, Geneva, 1992.

ESCWA member countries with considerable shortages in communication systems (Lebanon, for example) benefited from satellite communications to bridge the supply/demand gap for telephone, facsimile and television transmission. Several countries, such as the United Arab Emirates, have introduced cellular telephones. Other countries are planning to introduce cellular telephones. Jordan recently called for tenders from the private sector to establish a cellular communications network.

The first generation of Arab satellites launched by the Arab Satellite Communications Organization (ARABSAT) provided the region with over 3,000 telephone channels in addition to television transmission and local communications channels. Plans are under way to launch the second generation of Arab satellites, which will accommodate more channels in the C range in addition to several KU channels. The channels are designed to allow the addition of small earth stations to meet the increasing public and private sector demand in the Arab region. Such small stations provide opportunities to facilitate the extension of communications to low-density and rural areas.

X. THE ENVIRONMENT: SITUATION AND POLICIES

A. THE GENERAL SITUATION

The environmental situation in the ESCWA region is generally characterized by continued degradation and excessive exploitation of limited resources. Economic, social and political issues confronting ESCWA member countries were often perceived as separate from the environment; consequently decision makers assigned low priority to environmental issues. However, there is now a keen interest to view the environment in its proper perspective as part of the endeavours to achieve sustainable development.

Environmental degradation in the region stems mainly from the misuse of natural resources. This problem often results from instability, inadequate public awareness and lack of regulations and policies. Population growth, poverty and migration are additional factors contributing to environmental degradation in the region.

The pollution and degradation emanating from certain sectors in the ESCWA region have reached disturbing levels. In the agricultural sector, for example, the use of pesticides and fertilizers has been excessive and the quantities applied have increased considerably in most ESCWA member countries.

The average annual use of fertilizers during 1987-1989 varied greatly from a high of 398 kilograms (kg) per hectare of cropped land in Saudi Arabia, 384 kg in Egypt and 333 kg in Bahrain to a low of 39 kg in Iraq, 30 kg in the former People's Democratic Republic of Yemen and only 6 kg in the former Yemen Arab Republic (table 53).

In Bahrain, most industrial waste is dumped into the sea, contributing to the risk of marine pollution. However, a comprehensive waste management system is under preparation, and interim steps are under way, including storing waste at specific sites, using special bags and treating liquid wastes before transporting them to specified disposal sites.

In Lebanon, serious environmental problems are manifested by sea water pollution owing to the dumping of liquid and solid wastes directly into the sea. The existing plant for treating solid waste currently has a daily capacity of 100 tons, compared with 700 tons before the Lebanese civil war, and approximately 3,800 tons of waste is generated daily. Uncontrolled and excessive extraction of underground water has caused salt water intrusion, resulting in the loss of major uncontaminated water supplies. Nature sites have been destroyed, and there has been excessive use of trees and natural sand in the construction of houses.

In Oman, coastal resources are receiving high recognition. The waters of the country have an international conservation value for a number of endangered species. The Omani coast still suffers from some oil spills despite the strenuous efforts to stop illegal discharges by tankers. The coastal waters and beaches are particularly vulnerable to oil pollution from normal tanker discharges because of the proximity of these discharges. Several committees have been established to address various environmental issues such as: radiation protection, wastewater management, hazardous wastes and toxic chemicals. The priorities for rural areas in Oman are water supply, sanitation, solid waste management and vector control. In order to enhance and encourage public participation, the Ministry of Regional Municipalities and Environment is conducting a nationwide public awareness programme. The Directorate-General of Environmental Affairs in Oman has recently established a computerized data bank on emissions released into the environment and a data bank for actual field measurements.

TABLE 53. USE OF FERTILIZERS IN THE ESCWA REGION, 1977-1979 AND 1987-1989

Country	Average annual use (kg/ha of cropped land)	
	1977-1979	1987-1989
Bahrain	--	333
Egypt	223	384
Iraq	13	39
Jordan	26	63
Kuwait	83	167
Lebanon	116	79
Oman	14	83
People's Democratic Republic of Yemen (former)	6	30
Qatar	67	200
Saudi Arabia	12	398
Syrian Arab Republic	20	46
United Arab Emirates	60	120
Yemen Arab Republic (former)	6	6

Source: The World Resources Institute, *A Guide to the Global Environment, 1992-1993* (Oxford University Press, 1992).

In the occupied Palestinian territories, serious environmental problems have been encountered. In Gaza, population pressure is considered among the highest in the world. Contamination of the environment with sewage and solid wastes, over-exploitation and contamination of water resources, and the lack of any environmental facilities have created a chaotic environmental situation. To contain the damage, UNRWA has established a Department of Environmental Affairs with a dual mandate: (a) comprehensive environmental planning to address long-term problems; and (b) the establishment of infrastructure and institutional development projects for both short- and medium-term needs.

In the Syrian Arab Republic, the main environmental problems are: (a) water pollution from sewage; (b) industrial and chemical disposal; (c) air pollution from both industrial and traffic sources; and (d) soil pollution from pesticides and uncontrolled use of fertilizers.

In contrast with developments in other ESCWA member countries, Saudi Arabia continues to prevent the pollution of beaches and the marine life habitat. Both of the Royal Commission for Jubail and Yanbu industrial complexes have won international recognition and awards for environmental protection and awareness.

B. POLICIES

A major challenge to sustainable development in the region is to change current perceptions about the relation between development and the environment and to integrate environmental concerns into social and economic policies. Meeting environmental challenges in the ESCWA region requires articulated national strategies that include setting priorities and deciding on appropriate action. Other requirements include policy commitment and legal mandates, strong linkages between national, regional and global efforts to implement Agenda 21, and continuing institutional capacity-building.

The policies regulating the environmental situation in the ESCWA region are varied but share common shortcomings. These include: (a) the absence of integrated environmental protection laws; (b) a multiplicity of responsible organizations in some countries; and (c) a lack of both human and financial resources to enforce existing legislation.

In Bahrain, the major environmental concerns may be summarized as follows: (a) monitoring and evaluation of pollution sources; (b) regulation of marine dredging and land reclamation activities; (c) conducting environmental impact assessments for industrial projects; (d) cooperation with regional and international organizations; (e) carrying out environmental awareness programmes; and (f) capacity-building in the field of environment. The main body in charge of environmental issues in the country is the Environment Protection Council (EPC), which was established in 1980. Its main activities include finalizing a plan of action to combat industrial accidents, preparing a national contingency plan for the control of oil spills and formulating a national action plan to reduce pollution generated by motor vehicles. As a follow-up to the United Nations Conference on Environment and Development, EPC has formed an Agenda 21 national steering committee of 21 members from different sectors to draft a plan of action for implementing the relevant sections of Agenda 21. Currently, there is no legislation in Bahrain that specifically addresses the issue of protecting the environment. In addition to the Public Health Act of 1975, legislation dealing indirectly with the protection of the environment has been included in more than 12 decrees and deals with various issues such as controlling the use of pesticides and garbage collection.

In Jordan, work commenced on the formulation of a National Environment Strategy as early as 1989. The strategy was officially approved by the Government in May 1991, making Jordan the first country in the region officially to adopt such a strategy. The strategy covers eight sectors and identifies for each of the available resources the means of its development and conservation, the causes of its depletion and the required future action. However, the country still does not have a comprehensive national law on environment. There are currently 17 laws in force that address environmental issues and cover areas ranging from quarries to antiquities. The existing laws and regulations pertaining to the environment and their amendments often overlap and cause confusion. There are also problems related to duplication and lack of coordination among official agencies responsible for the environment, despite the existence of a Department of Environment within the Ministry of Municipal and Rural Affairs and the Environment. To address these problems, a draft environment act has been prepared by Jordanian legislators and is being reviewed for approval. Its main objectives are to protect various elements of the environment and improve the management of the country's environment. Jordan has thus far signed 23 international conventions directly related to the environment.

In Lebanon, there is no specialized authority responsible for environmental issues. The Ministry of Environment was established in 1991, but until 1993 it had no staff. Several ministries handle various issues related to environmental protection, but there is little coordination between them.

In 1982, Oman enacted the Law for Conservation of the Environment and Prevention of Pollution, which established the Ministry of Regional Municipalities and Environment. A special committee on a national conservation strategy was established to address the problem of pollution in the context of sustainable development.

In Saudi Arabia, to protect the environment from the anticipated problems associated with rapid urban expansion, the Meteorology and Environmental Protection Agency (MEPA) was established in 1981 to oversee pollution control and environmental protection. The agency plays a major role in establishing environmental standards and specifications and in monitoring compliance with them. In recognition of the increasing need to integrate protection of the environment with development planning, the Environment Protection Coordinating Committee was established by a royal decree. Its main function is to integrate the activities of governmental bodies involved in environmental protection. Additional legislation is currently under consideration to strengthen the existing pollution prevention standards.

In the Syrian Arab Republic, environmental provisions are included in the functions of a number of ministries. The country has enacted more than 10 laws dealing with specific environmental matters ranging from the National Livestock Protection Law to the Hazardous Industries regulations. The most important act in this respect is the 1991 presidential decree establishing the General Commission for Environmental Affairs (GCEA) and the Supreme Council for Environmental Safety. The GCEA, which is headed by the Minister of State for Environmental Affairs, must coordinate with other ministries, the responsibilities of which include, among others, reviewing environmental problems; preparing laws, regulations and standards; and raising environmental awareness. The Supreme Council for Environmental Safety is a decision-making body whose functions include adopting general policies, plans, regulations and standards to control pollution and making decisions to prohibit or restrict activities that harm the environment. The Syrian Arab Republic has signed various international conventions, including the Convention on Biological Diversity and the Framework Convention on Climate Change.

In Yemen, several laws were drafted after the country's unification in 1990. Prior to that both the former People's Democratic Republic of Yemen and the former Yemen Arab Republic had enacted some environmental legislation as well as provisions included in other laws. Special emphasis was placed on enactment of marine environment legislation in the People's Democratic Republic of Yemen owing to the geographical characteristics of the area and its strategic location as a link between the Red Sea and the Arabian Sea. The country was also a party to five international conventions in addition to six international conventions that were pending ratification. In the former Yemen Arab Republic, there were about 12 legislative acts related to the environment. Most important was the Prime Minister's Decree No. 1 of 1978 on the establishment of the Environment Protection Council. After unification, five new laws were passed. The basic law on the protection of the environment contains 113 articles and takes into account previous legislation in both the People's Democratic Republic of Yemen and the Yemen Arab Republic. It established that the Environment Protection Council would be responsible for formulating national policy on the protection of the environment and combating pollution.

XI. SOCIAL DEVELOPMENTS

A. General situation

While the quality of life in the ESCWA region has continued to improve in general, rapid political, economic and social developments have tended to widen the gap between rich and poor in countries where the benefits of development were not evenly shared. The majority of the poor and the rural population continue to be deprived and marginalized in most countries in the region. The gap has been further aggravated by structural imbalances and income disparities among the countries in the region, between rural and urban populations, and across populations. Inequitable distribution of resources at the regional level, inadequate energy supply, water shortages, lack of food security and external debts in some countries in the region further aggravated the problem of poverty. In the field of social welfare, the poor have been suffering from the inequitable distribution of benefits and services, and from unemployment and increasing poverty. The Gulf crisis led to new social problems, such as the forced migration of a large number of people and high unemployment rates. In Jordan, for instance, the number of families living below the poverty line rose by 6.6 per cent in 1992 to 21.3 per cent of the total number of households in the country, up from 18.7 per cent in 1989. In Iraq, the increasing impoverishment of the majority of the population, and the Government's reduced ability to act as a welfare State owing to economic sanctions, have created new economic and social conditions.

In most countries in the region, particularly those with relatively low per capita income, an inequitable distribution of the social services network continues to be a major problem. There are significant disparities between rural and urban settlements in this respect. For instance, during 1988-1990, 70 per cent of the rural population in Yemen had no access to clean water, and 62 per cent had no access to medical services. In Egypt, 34 per cent of the population were living below the absolute poverty line and 66 per cent of the country's rural population had no access to sanitary services during 1980-1989, while in the Syrian Arab Republic 46 per cent of the rural population had no access to clean water during the period 1987-1990.

Social policy in the region needs reassessment with a view to addressing income inequalities and dealing with causes of poverty in both urban and rural areas. Rural-urban migration, which has contributed to urban poverty, needs to be curbed through appropriate measures, mobilizing community participation and local resources to improve living standards in rural communities and responding to the vital needs of the rural population for food, clothing, housing, education, health, recreation and, especially, employment. Due consideration should also be given to urban centres, with emphasis on urban slum areas and uncontrolled settlements.

B. Population and demographic situation

1. *Population size and growth*

The total population of the ESCWA region was estimated in mid-1992 at 138 million, representing approximately 2.5 per cent of world population. Population growth was estimated during the period 1985-1992 at an average annual rate of 2.6 per cent (table 54), exceeding that of the developing countries (2.2 per cent), and by far higher than the world average (1.8 per cent). However, the rate of population growth for Western Asia is expected to decline to 1.8 per cent by 2025.

Population dynamics reflect the various policy orientations. In countries with relatively low fertility rates and high life expectancy at birth such as Bahrain, Kuwait and Qatar, the high annual population growth

TABLE 54. POPULATION SIZE AND AVERAGE ANNUAL GROWTH RATES BY REGION

Region	Population size (in thousands)		Average annual growth rate 1985-1992 (percentage)
	1985	1992	
World total	4 854 547	5 522 417	1.8
Developing countries	3 681 577	4 294 229	2.2
Africa	554 508	691 437	3.2
Asia	2 842 450	3 259 499	2.0
ESCWA Region	114 758	138 158	2.6

Source: United Nations, Department of Economic and Social Information and Policy Analysis, *World Population Prospects, the 1992 Revision* (ST/ESA/SER.A/135) (New York, 1993).

rates are due to immigration. In other countries, such as Iraq, Jordan, Oman, Saudi Arabia and the Syrian Arab Republic, high fertility rates re-enforce the noticeable decline in mortality rates.

The rate of natural population increase is generally high in all countries of the region, except Lebanon, where the size of the population has also been adversely affected by high mortality and emigration rates during the years of the civil war (1975-1990).

The gender (males to females) ratio in the ESCWA region as a whole was 1.08 in 1992. In the Gulf countries, it ranged between 1.09 in Kuwait and 2.41 in Qatar. The high gender ratio in most of the Gulf countries reflects selectivity in favour of males with regard to immigrants (table 55).

2. *Fertility and mortality levels*

Estimates based on 1988 and 1992 population figures show that overall fertility rates in all countries in the ESCWA region remained stable, except for Bahrain, which experienced a sharp decline in its fertility rate, from 5.8 children per woman in 1988 to 3.9 in 1992.

In 1992, Lebanon exhibited the lowest fertility rate in the region (2.9 children per woman), followed by Bahrain and Egypt (3.9 and 4.2, respectively). In contrast, the Republic of Yemen and Oman maintained the highest fertility rates in the region (8.4 and 7.9 respectively), whereas other countries had fertility rates ranging from 4.8 to 6.7 children per woman (table 55).

The ESCWA region has been witnessing a rapid decrease in mortality rates, reflecting the improvement in health conditions. Thus, the crude death rate for the region as a whole reached 6.2 per 1,000 persons in 1992, whereas the overall infant mortality rate was estimated at 54.7 per 1,000 births (table 55).

TABLE 55. SELECTED DEMOGRAPHIC INDICATORS IN THE ESCWA MEMBER COUNTRIES, 1992

Country or area	Population size (in thousands) Sex			Percentage of population in ESCWA members	Gender ratio[a]	Crude birth rate (per thousand)	Crude death rate (per thousand)	Natural increase (per thousand)	Overall fertility rate (per woman)	Life expectancy at birth (years) Sex			Infant mortality rate (per thousand)
	M	F	T							M	F	T	
Bahrain	298	218	516	0.37	1.36	29.80	4.75	2.5	3.87	68.68	72.85	70.71	25.06
Egypt	31 594	29 441	61 035	44.18	1.07	30.60	6.32	2.4	4.17	65.04	69.26	67.10	59.03
Iraq	9 439	9 093	18 533	13.41	1.04	36.49	6.51	3	5.79	65.36	68.34	66.81	56.26
Jordan	2 047	1 931	3 978	2.88	1.06	37.85	5.15	3.3	5.87	64.36	69.94	67.17	33.76
Kuwait	587	540	1 128	0.82	1.09	39.91	2.43	3.7	5.58	74.29	78.11	76.15	16.36
Lebanon	1 725	1 700	3 425	2.48	1.02	25.15	4.75	2	2.94	72.54	77.94	75.17	28.00
Oman	953	790	1 743	1.26	1.21	61.30	4.45	5.7	7.87	69.81	72.65	71.20	24.16
Qatar	382	159	541	0.39	2.41	35.93	4.00	3.2	4.81	69.74	74.15	72.69	20.13
Saudi Arabia	9 335	7 378	16 713	12.10	1.27	42.72	4.63	3.8	6.69	68.88	72.31	69.74	23.62
Syrian Arab Republic	7 071	6 904	13 973	10.11	1.02	43.77	6.45	3.7	6.91	64.88	67.35	66.08	44.19
United Arab Emirates	954	552	1 505	1.09	1.73	39.10	4.30	3.5	6.71	69.57	73.81	71.64	23.40
West Bank and Gaza Strip	694	959	1 922	1.39	1.01	45.32	6.67	3.9	6.66	62.27	67.26	64.87	40.46
Republic of Yemen	6 530	6 615	13 145	9.52	1.00	48.56	14.22	3.4	8.41	53.29	55.47	54.36	114.83
ESCWA	71 879	66 279	138 158	100.00	1.08	35.47	6.20	2.9	5.18	65.60	68.51	67.02	54.67

Source: *Demographic and Related Socio-economic Data Sheets for Countries of the Economic and Social Commission for Western Asia, as Assessed in 1992* (United Nations publication, Sales No. 94.II.E.L.6) (ESCWA, Amman).

Notes. M = male; F = female; and T = total.

[a] Ratio of males to females.

The decrement in mortality rates varied among the ESCWA member countries. Kuwait recorded the lowest crude death rate and infant mortality rate in the region (2.4 and 16.4, respectively). Kuwait also registered the highest life expectancy rate at birth (76.2 years). In contrast, the Republic of Yemen had the highest crude death rate and infant mortality rate (14.2 and 114.9, respectively). The other Gulf countries and Jordan and Lebanon registered moderate crude death rates and infant mortality rates.

3. *Age structure*

Owing to the persistence of high fertility rates, ESCWA member countries have a very young age distribution. In 1992, 42 per cent of the population in the region belonged to the age groups under 15, compared with only 3.2 per cent for those above the age of 64 (table 56). At the country level, those under age 15 as a percentage of total population ranged between a high of 50.6 per cent in the Republic of Yemen to a low of 33.1 per cent in Lebanon.

4. *Urbanization and internal migration*

The ESCWA region is considered one of the highly urbanized regions in the world. In 1990, urban population represented 56 per cent of the total population compared with a world average of only 43 per cent. However, the overall figure conceals a high degree of discrepancy among member countries. While the urban/population ratio was estimated at 95.8 per cent in Kuwait, 89.9 per cent in Qatar and 83.8 per cent in Lebanon, it was 43.9 per cent in Egypt, 28.9 per cent in the Republic of Yemen and only 11 per cent in Oman (table 57).

5. *Population policies in the ESCWA region*

Policies with regard to the size of the population differ considerably among the countries in the region. Some countries, such as Egypt, advocate lower growth rates; others (such as Iraq and Saudi Arabia) would appear to be in favour of a larger population; still others do not seem to have an explicit population growth policy, possibly reflecting a satisfaction with current growth rates and population size. The issue, aside from the initial size of the population, is also closely related to the prevailing age structure, high dependency ratios, increased pressure on resources because of the growth in consumption and the need for more services, particularly education and health, as well as additional factors unrelated to economic and social considerations.

All countries in the ESCWA region recognize the unbalanced spatial distribution of their populations and the high level of rural-urban migration. The growing urbanization process and migration to the capitals and metropolitan areas have reached unprecedented proportions that are adversely affecting the standard of living and environmental conditions in these areas. To this end, most countries have included specific strategies in their development plans, policies and programmes to achieve a more balanced spatial distribution of their populations.

Policies on internal migration vary among ESCWA member countries. In 1991, Bahrain, Kuwait and the Republic of Yemen reported no changes in this area. Egypt, Iraq, Jordan, Lebanon, Oman, Qatar and the

TABLE 56. PERCENTAGE DISTRIBUTION OF POPULATION UNDER AGE 15 AND ABOVE AGE 64, 1992

Country/area	Under age 15	Above age 64
Bahrain	40.9	3.3
Egypt	38.8	3.6
Iraq	44.6	5.1
Jordan	41.3	2.5
Kuwait	47.1	2.3
Lebanon	33.1	4.5
Oman	41.0	3.3
Qatar	43.5	2.8
Saudi Arabia	49.0	2.9
Syrian Arab Republic	48.4	2.8
United Arab Emirates	48.1	3.1
West Bank and Gaza Strip	47.6	2.6
Republic of Yemen	50.6	3.6

Source: *Demographic and Related Socio-economic Data Sheets for Countries of the Economic and Social Commission for Western Asia, as Assessed in 1992* (United Nations publication, Sales No. 94.II.E.L.6) (ESCWA, Amman).

Syrian Arab Republic adopted policies to reverse current internal migration trends. In contrast, Saudi Arabia and the United Arab Emirates adopted policies aiming at accelerating internal migration.

C. INTEGRATING VULNERABLE GROUPS

1. *Children*

Children represent a large portion of total population in the region. In 1990 the percentage of children in the total population in 1990 ranged between 49.3 per cent in the Republic of Yemen, 47.5 per cent in the West Bank, 46.7 per cent in Oman, 35.6 per cent in Bahrain and 36.6 per cent in Kuwait (table 58). However, the proportion of children in the population is expected to decline by the year 1995 in all countries in the region, with the exception of Kuwait.

The last few decades witnessed significant improvements in the basic health conditions of children in the ESCWA region. Mortality of children under five decreased significantly, achieving a rate below 100 per 1,000 in all countries of the region, with the exception of the Republic of Yemen. However, in spite of the improvement in their basic health conditions, children continue to suffer from malnutrition in poor and war-torn communities of the region, particularly in Iraq, where the adverse impact of the Gulf crisis continues to affect children.

2. *Youth*

Estimates indicate that in 1990 youth, aged 15-24 years, represented 24.6 per cent of total population in Jordan, 22.4 per cent in Lebanon, 20.2 per cent in Iraq and 17.2 per cent in Saudi Arabia (table 58). However, projections for 1995 indicate that the youth population as a percentage of total population will increase in the GCC countries, but will decline in Iraq, Jordan and Lebanon.

The youth population accounts for a high share of the unemployed in the region. Education in the region is geared towards "prestigious" occupations rather than technical and vocational training. This

TABLE 57. ESCWA REGION POPULATION IN URBAN AND RURAL AREAS: RATIOS AND RATES OF GROWTH, 1980 AND 1990

		Population ratios		Growth rates	
Country	Year	Rural %	Urban %	Rural %	Urban %
Bahrain	1980	19.6	80.4	3.6	5.2
	1990	17.1	82.9	1.8	3.5
Egypt	1980	56.2	43.8	2.2	2.6
	1990	56.1	43.9	2.4	2.4
Iraq	1980	34.5	65.5	1.1	4.6
	1990	28.2	71.8	1.2	4.2
Jordan	1980	40.1	59.9	0.2	4.0
	1990	32.0	68.0	0.9	4.0
Kuwait	1980	9.8	90.2	-3.7	7.7
	1990	4.2	95.8	-3.6	4.8
Lebanon	1980	26.6	73.4	-5.1	1.2
	1990	16.2	83.8	-4.6	1.7
Oman	1980	92.4	7.6	4.8	8.9
	1990	89.0	11.0	3.4	7.4
Qatar	1980	14.4	85.6	2.5	6.5
	1990	10.1	89.9		4.0
Saudi Arabia	1980	33.2	66.8	0.8	7.7
	1990	22.7	77.8	0.2	4.8
Syrian Arab Republic	1980	53.3	46.7	2.5	3.9
	1990	49.9	50.2	2.9	4.3
United Arab Emirates	1980	28.5	71.5	10.1	15.8
	1990	19.1	80.9	-0.7	4.3
Republic of Yemen	1980	79.8	20.2	2.3	7.4
	1990	71.1	28.9	2.4	7.0

Source: *StatisticalYearbook, 1990/91* (United Nations publication, Sales No. E/F.93.XVII.1) (United Nations, New York), table 12.

TABLE 58. POPULATION ESTIMATES, BY AGE GROUPS, SIZE AND SEX, 1990 AND 1995

(In thousands)

Country/area	Year	Children (0-14)			Youth (15-24)			Elderly (60+)		
		No.	%	M/F	No.	%	M/F	No.	%	M/F
Bahrain	1990	179	35.6	1.03	78	15.5	1.00	21	4.2	1.20
	1995	204	35.3	1.03	85	14.7	1.07	22	3.8	1.00
Egypt	1990	20 629	39.3	1.06	9 688	18.5	1.07	3237	6.2	0.83
	1995	22 200	37.9	1.06	10 886	18.6	1.07	3782	6.5	0.84
Iraq	1990	7 996	44.2	1.05	3 649	20.2	1.04	812	4.5	0.90
	1995	9 286	43.8	1.05	4 217	19.9	1.05	980	4.6	0.90
Jordan	1990	1 506	42.7	1.05	865	24.6	1.09	155	4.4	1.28
	1995	1 886	41.3	1.03	1 054	23.1	1.05	188	4.1	1.14
Kuwait	1990	785	36.6	1.03	369	17.2	1.03	45	2.1	1.25
	1995	659	41.1	1.04	295	18.4	1.03	43	2.7	1.20
Lebanon	1990	958	35.0	1.03	615	22.4	1.02	223	8.1	0.88
	1995	1 036	34.2	1.04	604	19.9	1.02	250	8.3	0.86
Oman	1990	711	46.7	1.03	259	17.0	1.04	65	4.3	0.97
	1995	848	45.5	1.04	331	18.2	1.02	81	4.4	0.93
Palestine										
West Bank	1990	580	47.5	1.06	243	19.9	1.08	62	5.1	0.82
	1995	673	46.7	1.06	281	19.5	1.07	68	4.7	0.70
Gaza Strip	1990	318	49.4	1.06	126	19.6	1.10	27	4.2	0.69
	1995	369	48.0	1.05	153	19.9	1.07	32	4.2	0.78
Qatar	1990	126	29.5	1.05	49	11.5	1.23	11	2.6	3.00
	1995	145	29.6	1.01	61	12.4	1.14	17	3.5	2.75
Saudi Arabia	1990	6 386	42.9	1.04	2 552	17.2	1.09	620	4.2	1.00
	1995	7 392	42.0	1.04	3 241	18.4	1.06	762	4.3	1.05
Syrian Arab Republic	1990	5 964	48.2	1.03	2 465	20.0	1.05	544	4.4	0.97
	1995	7 038	47.6	1.03	2 915	19.7	1.03	641	4.3	0.92
United Arab Emirates	1990	486	30.6	1.05	207	13.0	1.42	51	3.2	1.83
	1995	515	28.9	1.04	278	15.6	1.19	76	4.3	2.36
Republic of Yemen	1990	5 801	49.6	1.05	2 371	20.3	1.06	467	4.0	0.85
	1995	6 850	49.3	1.05	2 772	19.9	1.06	537	3.9	0.82

Source: Economic and Social Commission for Western Asia, *Compendium of Social Statistics and Indicators, No. 3* (Amman, 1993).

M = male.
F = female.

situation has resulted in surplus labour in occupations that could not be absorbed within the national or regional labour market. Furthermore, with long durations of unemployment, young people face the danger of economic and social marginalization.

Although the youth population in the ESCWA region has benefited from social progress, particularly in the field of health and education, it remains vulnerable to disruptions from the rapid social transformation taking place in the region. Factors such as rapid population growth, rural migration to urban centres, armed conflicts and civil unrest, change of family structure, and conflicting values and cultural heritages, have left an adverse impact on youth in the ESCWA region, reflected in increasing crime rates, drug abuse and juvenile delinquency, particularly in urban slums.

3. *The elderly*

The proportion of the elderly in the total population is currently very low in all countries in the ESCWA region. It is estimated that persons aged 60 years and over will make up 5.2 per cent of the region's population in 1995, with Bahrain expected to have the lowest figure (3.1 per cent) and Lebanon the highest (8.0 per cent). However, the population aged over 60 is expected to increase to 8.4 per cent by the year 2025 (table 59).

The gender ratios of the elderly population differ from one country to another. Males in the Gulf countries outnumber females as a result of the large-scale immigration of males seeking employment. Conversely, in labour-sending countries, elderly women outnumber elderly men (table 7). Thus services provided by families and by the community to the elderly are affected by these differences in gender ratios. This is in addition to the fact that elderly women tend to be more economically dependent than elderly men. These trends are applicable to the economically active 60-64 and 65-plus age groups, as elderly men in the ESCWA region tend to remain more economically active compared with the world average, while the participation of elderly women in economic activity is very limited. Moreover, illiteracy rates among the older age groups of the population in the region, and especially among older women, are much higher than those among the young. Furthermore, the illiteracy rates for both elderly men and women are much higher in rural areas than in urban areas. In rural Egypt, for example, 80 per cent of elderly men and 95.8 per cent of elderly women are illiterate. Several countries of the region have launched major adult literacy programmes in order to redress the situation.

4. *The disabled*

Although the countries in the region have made substantial progress in channelling human and physical resources to prevent disability and care for the disabled, the majority of disabled persons, particularly in rural areas, are marginalized from the mainstream of development in most ESCWA member countries.

The traditional causes of impairment have been declining in relative importance owing to improved education and health care, whereas the magnitude of disability-related problems in the region has been increasing in size and scope recently because of armed conflicts, civil unrest and the suppression of the Palestinian people in the occupied territories.

TABLE 59. ESTIMATED AND PROJECTED DISTRIBUTION IN THE MAIN FUNCTIONAL AGE GROUPS OF THE TOTAL POPULATION OF THE ESCWA REGION, 1995, 2010 AND 2025

(Percentage of total population)

	1995					2010					2025				
	0-4	5-14	15-24	25-59	60+	0-4	5-14	15-24	25-59	60+	0-4	5-14	15-24	25-59	60+
World	11.7	20.3	17.8	40.7	9.5	9.7	19.0	17.5	43.2	10.6	8.2	16.3	16.3	45.3	14.2
ESCWA region	15.8	26.3	19.0	33.7	5.2	13.4	23.9	19.8	37.0	5.9	10.4	10.4	20.5	41.6	8.4
Bahrain	11.3	20.6	14.7	50.3	3.1	8.6	16.8	16.6	53.1	4.9	7.3	7.3	14.3	54.1	9.8
Democratic Yemen	18.5	27.1	19.1	30.6	4.7	15.7	27.1	20.3	32.1	4.8	11.6	11.6	22.7	39.0	5.8
Egypt	13.0	24.7	18.7	37.2	6.4	9.8	19.4	19.4	43.7	7.7	7.7	7.7	15.4	48.2	12.4
Iraq	17.5	27.8	19.9	30.3	4.5	14.8	25.9	20.3	33.8	5.2	11.5	11.5	22.2	39.7	6.7
Jordan	17.2	26.2	21.2	46.8	4.4	13.5	25.5	20.3	35.8	4.9	10.1	10.1	20.5	42.9	7.0
Kuwait	11.0	21.7	16.4	36.6	3.3	9.4	18.1	17.0	46.4	9.1	7.8	7.8	15.7	43.7	17.4
Lebanon	13.4	22.6	19.4	30.9	8.0	9.8	20.3	19.9	42.5	7.5	8.2	8.2	16.4	48.2	10.9
Oman	18.8	28.4	17.4	45.4	4.5	17.6	27.9	20.0	29.1	5.4	13.1	13.1	25.4	34.3	6.0
Qatar	12.9	22.8	14.6	32.4	4.3	12.8	21.1	17.3	39.3	9.5	12.0	12.0	21.5	36.8	12.2
Saudi Arabia	18.2	27.1	18.2	28.6	4.1	17.4	28.0	19.0	30.8	4.8	13.0	13.0	25.0	34.5	6.1
Syrian Arab Republic	18.6	29.1	19.6	28.6	4.1	15.1	27.0	21.0	32.9	4.0	10.8	10.8	21.8	40.4	6.2
United Arab Emirates	9.5	19.1	15.7	51.5	4.2	9.9	17.0	14.9	45.4	12.6	7.6	7.6	16.5	40.3	19.4
Yemen	20.4	3.2	25.7	25.7	3.7	17.6	28.6	21.1	29.6	3.1	13.2	13.2	25.8	36.0	3.9

Source: United Nations, *World Population Prospects 1990* (ST/ESA/SER.A/120) (New York, 1991).

In the ESCWA region, illiteracy rates are high among disabled persons, particularly disabled women, compared with able-bodied persons. The percentage of disabled persons who have completed their education (at any level from primary to higher education) is low. In the Syrian Arab Republic, for example, only 15.2 per cent of the disabled population completed their education, and only 0.2 per cent of the total disabled females in the country have university degrees.

As for employment, the participation of disabled persons in the labour force is very limited in the ESCWA region. Disabled persons, and particularly disabled women, are least integrated into formal employment.

XII. WOMEN AND DEVELOPMENT

A. BACKGROUND AND OVERVIEW

Three world conferences on women have been held by the United Nations during the past two decades. The World Conference of the International Women's Year was held in Mexico City in 1975. The Conference proclaimed the period from 1976 to 1985 the United Nations Decade for Women with the themes of Equality, Development and Peace. The World Conference of the United Nations Decade for Women: Equality, Development and Peace was held in Copenhagen in 1980. During that Conference, the subtheme of "Employment, health and education" was added to the World Plan of Action for the Implementation of the Objectives of the International Women's Year. At the same time, national, regional and international strategies were adopted for the advancement of women, focusing on full and equal participation of women in the development process. The World Conference to Review and Appraise the Achievements of the United Nations Decade for Women: Equality, Development and Peace was held in Nairobi in 1985 to identify obstacles faced during the Decade. The Conference adopted the Nairobi Forward-looking Strategies for the Advancement of Women for the period up to the year 2000. The Nairobi Forward-looking Strategies focus on eight areas of critical concern to women worldwide: (a) power-sharing; (b) national machinery and institutions for the advancement of women; (c) commitment to women's rights; (d) poverty; (e) economic participation; (f) access to education, health and employment; (g) violence against women; and (h) the effects of armed conflict on women. Special reference was made to women refugees, returnees, displaced women and women under occupation.

The Fourth World Conference on Women will be held in Beijing in September 1995. This Conference will review and appraise the advancement of women in the light of the Nairobi Forward-looking Strategies. The assessment of the situation of women will be based on quantifiable indicators identified by the Commission on the Status of Women using benchmark data from 1980, 1985, 1990 and the most recent year for which data are available. The Conference is to culminate in the adoption of a global Platform for Action focusing on the removal of all obstacles to the achievement of the goals set in the Nairobi Forward-looking Strategies, obstacles that hamper the advancement of women. The Platform for Action, in addition to the eight critical areas of the Nairobi Forward-looking Strategies, will focus on the role of women in protecting natural resources and the environment as well as the role of the mass media and communications networks in awareness-building and the advancement of women.

The following is an attempt to monitor and assess developments in the situation of women in the ESCWA region in such critical areas as (a) access to education and health; (b) participation in economic activity; and (c) employment. These issues are of concern to all women, but they differ in intensity from one region to another.

In assessing the progress achieved in advancing the status of women, a major impediment lies in the inadequacy of reliable and comparable quantifiable indicators.

Despite the paucity of indicators and the dearth of information on the situation of women in the ESCWA region, improvements are discernible, especially with respect to access to education, health and employment. Significant differences, however, remain among ESCWA member countries and within socio-economic classes regarding the participation of women in economic activity.

The family remains a central institution in Arab society, and women remain its nucleus as wives, sisters and mothers with the primary responsibility for raising children. The society, however, is becoming more and more "gender-sensitized" to the different roles and functions discharged by individuals. These individuals—men, women, children, young or aged—are increasingly being looked upon as partners in the development process.

Table 60 gives the structure of the female population and age groups in the ESCWA region. It is worth noting that the number of men exceeds the number of women by far in most Gulf countries. For instance, in 1990 there were 48 women for every 100 men in the United Arab Emirates; in other words, women constituted one third of the population. The corresponding figures in Qatar and Bahrain were 60 and 69, respectively. Data may be skewed, however, by the inclusion of non-nationals, which is biased in favour of males, and by the laxity in the registration of girls' births. By contrast, there were more women than men in Lebanon and Yemen in 1990. Another important consideration in estimating the magnitude of future participation of women (at a prime working age of 15 years and above) in economic activity is the predominance of youth. Data show that young women (under 15 years of age) constituted slightly less than half the female population in the ESCWA region, while aged women (60 years and above) did not represent more than 5 per cent. This implies that at least 40 per cent of the female population was potentially active in 1990. However, by the year 2000, more than half of the female population could be in the labour market and potentially active.

B. ACCESS TO EDUCATION

In 1985 the ESCWA member countries adopted a strategy to achieve education for all by the year 2000, as spelled out in the Strategy for the Development of Arab Women in Western Asia to the Year 2000.[159]

An important indicator of the importance accorded to education is its share of public expenditure; this reached 6.4 per cent of total regional GNP in 1990.[160] This high rate of investment in education largely explains the success in reducing illiteracy in the region—albeit with varying degrees and rates of speed. For instance, adult literacy rates (15 years and over) in Bahrain, Jordan, Kuwait, Lebanon, Qatar and the United Arab Emirates, which had ranged between 71 and 77 per cent of total population in 1985, improved to reach between 73 and 80 per cent in 1990.

The female literacy rate is an indicator of women's access to education. In 1990, new heights were reached when, on average, 70 per cent of women were literate in Bahrain, Jordan, Kuwait, Lebanon, Qatar and the United Arab Emirates. Specifically, between 1985 and 1990, female literacy rates rose from 62 to 70 per cent in Jordan, from 69 to 73 per cent in Lebanon, and from 63 to 67 per cent in Kuwait. At the same time, around 50 per cent of women were literate in Iraq and Saudi Arabia. This figure reached 90 per cent in the Syrian Arab Republic. In Egypt, Oman and Yemen, around one fourth (in Oman and Yemen) to one third (in Egypt) of women were literate. Between 1985 and 1990, female literacy rates improved from 20 to 27 per cent in Yemen, and from 12 to 26 per cent in Oman (table 61).

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[159] Economic Commission for Western Asia, *Strategy for the Development of Arab Women in Western Asia to the Year 2000* (adopted by the Regional Preparatory Meeting for the World Conference on the United Nations Decade for Women, Baghdad, Iraq, 3-6 December 1984).

[160] UNESCO, *World Education Report, 1993* (Paris, 1993).

TABLE 60. FEMALE POPULATION AND AGE GROUPS IN COUNTRIES IN THE ESCWA REGION

Country	Female population						Younger women and elderly women					
	Numbers (thousands)		Per 100 males		Percentage change per annum		Percentage under age 15		Percentage 60 years and over		60 & over per 100 male	
	1970	1990	1970	1990	1965-1970	1985-1990	1970	1990	1970	1990	1970	1990
GCC countries												
Bahrain	102	210	86	69	1.4	3.6	49	39	4	4	89	107
Kuwait	322	897	76	75	12.0	4.0	49	45	3	3	102	77
Oman	323	698	98	91	2.8	3.6	44	47	5	5	112	102
Qatar	39	138	55	60	7.6	4.6	50	46	4	3	82	47
Saudi Arabia	2 790	6 450	94	84	3.5	4.1	45	49	5	5	109	102
United Arab Emirates	84	518	61	48	7.0	4.1	44	46	6	3	111	55
Others												
Egypt	16 323	26 617	98	97	2.3	2.6	41	40	7	7	117	119
Iraq	4 597	9 278	97	96	3.2	3.5	46	46	4	5	110	110
Jordan	1 118	2 078	95	95	3.3	4.1	46	48	5	4	101	103
Lebanon	1 227	15 525	99	106	2.8	2.0	43	34	8	8	112	114
Syrian Arab Republic	3 049	6 176	95	98	3.3	3.7	48	48	6	4	101	108
Yemen	3 218	5 447	103	108	2.2	3.0	43	45	5	5	110	117

Source: United Nations, *The World's Women: Trends and Statistics, 1970-1990*, New York, 1991.

TABLE 61. ADULT (15 YEARS+) LITERACY RATES IN COUNTRIES IN THE ESCWA REGION, 1985 AND 1990
(Percentage of total)

Country	1985			1990		
	Total	Male	Female	Total	Male	Female
Bahrain	73	79	63	77	82	69
Egypt	45	60	30	48	63	34
Iraq	52	64	41	60	70	49
Jordan	74	86	62	80	89	70
Kuwait	71	75	63	73	77	67
Lebanon	77	..	69	80	88	73
Oman	30	47	12	..	..	26
Qatar	76	77	73	78	..	..
Saudi Arabia	58	69	43	62	73	48
Syrian Arab Republic	56[a]	74[a]	37[a]	93	96	90
United Arab Emirates[b]	73	74	72	78	80	77
Yemen	32	47	20	39	53	27

Source: ESCWA, *Compendium of Social Statistics and Indicators,* third issue (United Nations publication, Sales No. 94-II-L5).

[a] 1981 data.
[b] Provisional, based on primary sources.

School enrolment is an important indicator of future literacy rates and the commitment of the State and society to education in general. In 1960, only Lebanon had achieved near full primary school enrolment, (all boys and almost all girls of school age were enrolled in primary schools). Kuwait was next in achieving full primary school enrolment; in the remaining ESCWA member countries for which data covering 1960 were available, enrolment barely reached, on average, 50 per cent for boys and girls of primary school age. By 1980, however, the number of countries in the ESCWA region having reached almost full primary school enrolment had risen to include Bahrain, Jordan, Oman, Qatar, the Syrian Arab Republic and the United Arab Emirates.[161] As table 62 shows, only Yemen lags considerably behind the other ESCWA member countries

[161] UNICEF, *The Arab Child: Challenge for a Bright Future*, 1993 [hereinafter referred to as "*The Arab Child*"].

TABLE 62. FEMALE-MALE GAP IN EDUCATION
(Females as a percentage of males)

Country	Literacy rate			School enrolment: Primary		School enrolment: Secondary	School enrolment: Tertiary
	1970	1980	1992	1960	1990	1990	1990
Bahrain	..	67	84	..	100	100	122
Egypt	40	42	54	65	86	82	52
Iraq	36	66	70	38	88	63	64
Jordan	45	66	79	63	102	97	118
Kuwait	65	79	87	78	98	94[a]	129
Lebanon	66	73	83	94	90	103	..
Oman	..	23	26[b]	..	95	87	81
Qatar	..	93	94[b]	..	96	110	..
Saudi Arabia	13	26	66	..	82	84	82
Syrian Arab Republic	33	47	65[b]	44	90	73	71
United Arab Emirates	29	..	66[b]	..	100	113	..
Yemen	15	18	51	..	30	29	40

Source: UNDP, *Human Development Report* (1991 and 1994).

[a] 1988.
[b] 1990.

in this respect.[162]

There is a wide disparity in secondary school enrolment among ESCWA member countries. Enrolment ranges from a high of 85 per cent in Bahrain to a low of 31 per cent in Yemen. In several ESCWA member countries, secondary and tertiary school enrolment is higher than primary school enrolment, while in others the opposite is true.

[162] Data on enrolment rates may differ between UNICEF and UNDP sources; however, the same general trend is depicted in both sources.

Despite considerable improvement during the last three decades, the gender disparity in school enrolment persists. This gender gap, or female-male gap, is reflected by the number of girls enrolled per 100 boys. Table 62 shows clearly that there are wide disparities among the ESCWA member countries with regard to the extent of the gender gap. Fewer girls than boys are enrolled at all three levels of schooling, most notably in Yemen, where the female-male gap ranged from 70 per cent in primary and secondary education to 60 per cent in tertiary education in 1990, that is, only 30 girls per 100 boys in primary and secondary schools and only 40 girls per 100 boys enrolled at the tertiary level. At the same time, the gender gap in secondary and tertiary schools averaged 18 and 50 per cent respectively in Egypt, 40 per cent in Iraq, 30 per cent in the Syrian Arab Republic and 20 per cent in Oman and Saudi Arabia. The gender gap has narrowed significantly in the remaining ESCWA member countries with secondary school enrolment for girls almost equalling that of boys in Bahrain, Jordan and Kuwait, and even exceeding that of boys, as in the case of Lebanon, Qatar and the United Arab Emirates. In Bahrain, Jordan and Kuwait, more girls are enrolled at the tertiary level than boys. For example, for each 100 boys there were 129 girls enrolled at the tertiary level of schooling in Kuwait in 1990. It should also be noted that, until recently, girls in the Gulf countries used to pursue their secondary and higher education abroad.

Another indicator of gender disparity is the ratio of girls to the total number of students. Data for 1980 indicate that the gender disparity ratios were 36 per cent in Bahrain, around 30 per cent in Egypt and Iraq, and 23 per cent in Saudi Arabia. Between 1980 and 1985, the proportion of girls in the total number of students enrolled in secondary schools in the ESCWA region ranged between 30 and 46 per cent.[163]

In Saudi Arabia, there has been tremendous progress in access to education. In 1970, there were only 135,000 girls enrolled in schools. By 1992, this number had expanded to 1.3 million. The increase in school enrolment of girls in Saudi Arabia has been even more pronounced in higher education. While only 434 female students were enrolled in universities in 1970, by 1989 there were 53,000. However, the secondary school enrolment rate for Saudi Arabian girls was only 35 per cent in 1990 compared with 52 per cent for boys. In contrast, school enrolment rates in Qatar and the United Arab Emirates are higher for girls than for boys.[164]

As shown above, literacy rates for women are generally lower than those for men in the ESCWA member countries. Moreover, the gender gap is wider and more pronounced in rural than in urban areas, and there are wide disparities in school enrolment rates. This may be partially explained by the tendency in rural communities to prefer sending boys to school rather than girls, who are expected to help with household chores in preparation for early marriage.[165] In general, low enrolment of girls, especially in the Gulf countries, is largely due to social and traditional constraints. In the remaining ESCWA member countries, traditions combined with economic constraints, especially in rural and poor communities, may largely explain the gender gap in school enrolment. A case in point is Egypt, where adult literacy rates (15 years and over) were 49 per cent for rural men in 1986 compared with only 16 per cent for rural women.

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[163] UNESCO, *Statistical Yearbook, 1992* (Paris, 1992).

[164] *The Arab Child.*

[165] UNICEF, *The State of the World's Children, 1992* (New York, Oxford University Press, 1992).

C. ACCESS TO HEALTH SERVICES

Access to health services in the ESCWA region has improved significantly during the past three decades. This may be largely attributed to sustained efforts by Governments to improve health standards by providing better health care services and to greater awareness on the part of women of the importance of health and better nutrition in families. The market-oriented, oil-producing Gulf countries provide free welfare services such as education and health care for all citizens. Other ESCWA member countries pursued similar welfare policies.

In Kuwait, the Ministry of Health provides free health care services for nationals and non-nationals. These services are organized on the basis of population density and distribution and are provided at three levels: primary, secondary and tertiary.[166]

In Oman, the Directorate of Curative and Preventive Services oversees the Government's health policies, which are aimed at achieving, as rapidly as possible, a level of health care among the population in line with the Global Strategy for Health for All by the Year 2000, which is being implemented by the appropriate United Nations organizations and bodies. One of the objectives of the Third Five-Year Plan of Oman is to develop health services, specifically primary health care. Strengthening curative services in rural areas has been identified as a priority, especially in combating communicable and contagious diseases, providing immunization for children against the six target diseases (tetanus, diphtheria, smallpox, chickenpox, polio and typhoid) and expanding primary health care and national health manpower resources.[167] In order to reduce the maternal mortality rate, the Government of Oman adopted measures to encourage women to deliver in fully equipped hospitals instead of giving birth at home with the help of midwives, which is the traditionally accepted way.[168]

In Bahrain, the provision of free health services for the whole population was constitutionally established as early as 1973. To this end, Bahrain adopted primary health care as an official policy, an indication of its strong commitment to the Global Strategy.

In Saudi Arabia, the increase in budget allocations for health was translated into an expansion in health facilities and related services. The growth in the number of hospitals and infirmaries enabled the Government of Saudi Arabia to expand its reach and to provide comprehensive preventive and curative health services in all the regions of the Kingdom. By 1990, the Government of Saudi Arabia was able to attain the goal of 2.5 hospital beds per 1,000 persons, including mother and child care facilities. During the first half of the 1980s, the Government launched primary health care programmes in line with the recommendations of the World Health Organization. At the same time, primary, secondary and tertiary health care facilities were established and became operational. These health centres are equipped with state-of-the-art medical equipment and are staffed with a minimum of one qualified physician and one nurse, but they generally have

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[166] Kuwait, Ministry of Health, *Child Health Survey, 1992.*

[167] Oman, Ministry of Health, *Child Health Survey, 1992.*

[168] UNICEF, *Situation Analysis of Women and Children in the Sultanate of Oman* (Muscat, 1990).

more staff. Most of these health centres are also staffed with midwives, pharmacists, health inspectors and laboratory and X-ray technicians.[169]

Among the more meaningful and vital indicators of the standards of health for women in society, emphasis is being placed on fertility, maternal and infant mortality rates and life expectancy. Table 63 shows that in 1992, life expectancy at birth for women in the ESCWA region ranged from a high of 75 years in Kuwait to a low of 52 years in Yemen. Women in the Gulf countries have a generally higher life expectancy at birth than in the rest of the ESCWA member countries. In the Gulf countries, women have a life expectancy at birth ranging between 70 and 75 years. Women in the remaining ESCWA member countries enjoy a life expectancy at birth ranging between 61 years in Egypt and 68 years in Lebanon.

Life expectancy at birth for women in the region improved by an average of 10 to 12 years between 1970 and 1990. This may be largely attributed to the provision of wider and better health services at the State level and to better nutrition at the family level as a result of greater awareness and higher standards of living, especially in the Gulf countries in the wake of the oil boom of the 1970s. Compared with the Gulf countries, the improvement in life expectancy for women in Lebanon was minimal, rising by slightly over four years between 1970 and 1990.

The fertility rate in the ESCWA region remains one of the highest in the world, especially in Yemen, where it is not uncommon to have seven to eight children per family. Such high fertility rates as those recorded during the period 1970-1985 raised the average number of children per family for the ESCWA region as a whole. However, between 1985 and 1992, this average dropped to 5.2 children per childbearing mother; only in Bahrain, Lebanon and Kuwait did fertility rates decline to less than 4 children per childbearing woman.

Fertility rates differ from one country to another, depending upon a variety of social and cultural factors such as early marriage, lack of family-planning awareness, including contraception and child spacing, gender-preference, and a preference for large families, as is the case in rural areas. Moreover, there is generally a positive correlation between poverty and fertility rates, and between standards of health and life expectancy, on the one hand, and the country's level of development, on the other. There is an inverse relation between the level of education and the number of children. The principles of family planning, including the spacing of children *per se*, correlate positively with the level of education and the standard or quality of life.

Although women in Yemen have shown interest in and awareness of family planning, access to related services (contraception and advisory services) is limited to urban areas. Similarly, limited access to education in rural areas is reflected in an 80 per cent illiteracy rate for the whole rural population, which translates into poor health, higher birth rates, higher infant and maternal mortality rates and lower life expectancy. However, Yemen has committed itself to improving the health of women and infants and has adopted a national population strategy which represents the first integrated national plan for mother-child health (MCH) issues in the country. The strategy provides targets for MCH and population activities by the year 2000 and is to be implemented through a special action plan. In addition, the Government has pledged to reduce adult

[169] Saudi Arabia, Ministry of Health, *Saudi Maternal and Child Health Survey 1991* (Riyadh, 1993).

TABLE 63. INDICATORS OF MATERNAL HEALTH IN ESCWA MEMBER COUNTRIES

Country	Life expectancy at birth		Maternal mortality	Fertility rate
	1992 *(years)*	Change 1970-1990 *(years)*	1980-1991 *(per 100,000)*	1992 *(No. of children per mother)*
Bahrain	71.0	10.9	19	3.8
Egypt	60.9	11.0	300	4.2
Iraq	65.7	10.9	120	5.8
Jordan	67.3	14.6	48	5.8
Kuwait	74.6	8.6	6	3.8
Lebanon	68.1	4.2	..	3.2
Oman	69.1	11.9	..	6.8
Qatar	69.6	11.0	..	4.5
Saudi Arabia	73.3	13.9	41	6.5
Syrian Arab Republic	66.4	11.4	140	6.3
United Arab Emirates	70.8	12.1	..	4.6
Yemen	52.4[a]	10.6	800	7.3

Sources: UNDP, *Human Development Report 1994*; UNICEF, *The State of the World's Children, 1994* (New York, Oxford University Press, 1994); and ESCWA, *Compendium of Social Statistics and Indicators*, third issue, (United Nations publication, Sales No. 94-II-L5).

[a] 1990.

illiteracy, raising the marriage age of females from 15 to 18 years, and increasing the access of women to quality health services, particularly during pregnancy.

The reduction in fertility rates in certain ESCWA member countries may be largely attributed to the improved access of women to education, resulting in greater awareness of the need for active family-planning policies and related measures, as in the case of Bahrain, Lebanon and Kuwait, where the family averages less than four children. While high fertility rates in countries such as Egypt and Yemen need to be reduced, they may not be objectionable in countries such as Iraq and Saudi Arabia. High fertility rates are a cause of concern in densely populated countries such as Egypt and Yemen. For instance, in Yemen fertility rates ranged between 7 and 8 children per childbearing mother during the period 1970-1985. In addition to cultural and social factors, these high fertility rates are partially due to short intervals between births (averaging less than 24 months), which results in poor health for both mother and child.[170] In some countries in the region, girls marry at the early age of 15, which further complicates the problem owing to lack of maternal awareness and low educational level. In Egypt, efforts succeeded in reducing fertility to 4.2 children per mother in 1992.

Available data on maternal and infant mortality in the ESCWA region are sparse, unreliable and vary widely from country to country. Table 63 depicts Bahrain and Kuwait as having the lowest maternal mortality rates in the region, with 6 to 19 deaths per 100,000 cases of delivery during the period 1980-1991. The highest rates of maternal mortality were recorded in Egypt and Yemen: 300 and 800 deaths per 100,000 cases, respectively.

Infant mortality is directly related to the health and living conditions of mothers. This is exemplified in the cases of Bahrain and Kuwait, where the infant mortality rate in 1990 was less than 30 deaths per 1,000 infants. The comparable rate in both Iraq and Egypt was around 65 deaths per 1,000 infants.[171]

High maternal and infant mortality rates are largely due to poor health of children and to anaemia, especially in poor urban and rural areas. Frequent pregnancies combined with poor prenatal and maternal care keep maternal health poor and mortality rates high. For instance, the number of children born to illiterate women in the Syrian Arab Republic is 8.6, compared with 4.3 children born to those who have completed the primary level of education, and 3.2 children born to those having advanced beyond the primary level.[172]

D. Participation in economic activity

The contribution of women to economic activity has received insufficient recognition and remains largely underestimated. This affects their status and the real value of their contribution to national development. This is true for all sectors in the economy but more so in the informal sector, in rural agricultural areas and at home. Women, as housekeepers and mothers, make significant contributions to family and child care, care of the elderly, nutrition, health care and education, especially of youth. This contribution, however, continues to be largely unaccounted for and even unremunerated, and as such it is not reflected in national income. In rural areas, women are also active in agricultural production and cottage industries.

On the whole, the participation of women in the labour force in the ESCWA region has expanded by an average of 5 to 6 per cent per annum over the period 1980-1990. The highest growth rate was recorded in Jordan (7.7 per cent) and the lowest rates in Lebanon and Bahrain (3.4 and 3.6 per cent, respectively). During the period 1990-1993, women constituted, on average, less than 14 per cent of the total labour force in the ESCWA region. At the individual country level, the share was highest in Egypt (29 per cent), followed closely by Lebanon (27 per cent) and Kuwait (24 per cent), while in Jordan, Oman, Saudi Arabia,

[170] *The Arab Child.*

[171] ESCWA, *Compendium of Social Statistics and Indicators*, third issue (United Nations publication, Sales No. 94-II-L5).

[172] *The Arab Child*, p. 27.

Qatar and the United Arab Emirates women represented no more than one tenth of the total labour force (tables 64 and 65).

Although the participation of women in the labour market in the ESCWA region is still disappointing, considerable progress has been achieved during the last two decades. There has been a general decline in the participation of women in agriculture in favour of services and, to a much lesser extent, industry. In 1993, the proportion of women working in the agricultural sector was around one fourth of the total female labour force, with less than one tenth in the industrial sector, while the service sector employed, on average, one half of the female labour force. This may be attributed to several socio-economic and cultural factors, including the fast-changing economic environment in favour of services, the move towards privatization and the shift in traditional perceptions and customs which is luring women away from rural and agricultural areas.

The sectoral and occupational distribution of economically active women by occupation varies considerably among ESCWA member countries.

1. *Women in agriculture*

In 1993, almost one fourth of the total female labour force, representing one tenth of the total agricultural labour force (men and women), were working in the agricultural sector in the ESCWA region (table 65). This by itself represents a significant contribution to agricultural activity and output. However, the female labour force in the agricultural sector has been stagnant, or it has grown at a much slower pace than that of the labour force as a whole. In some countries it has even declined. While the proportion of women in the labour force grew, on average, by around 5 to 6 per cent per annum during the 1980s, women's participation in the agricultural sector generally stagnated or shrank. At the country level, growth in the number of Egyptian, Saudi Arabian, Syrian and Yemeni women working in agriculture was marginal. In Iraq, Jordan and Lebanon, fewer and fewer women were engaged in agriculture. This trend reflects not only the relatively slow growth of agriculture but the creation of employment opportunities in the industrial and service sectors (particularly the latter), both of which are expanding at a faster rate.

TABLE 64. PARTICIPATION OF WOMEN IN THE LABOUR FORCE IN THE COUNTRIES IN THE ESCWA REGION

Country	Labour force as a percentage of total population 1990-1992	Female labour force as a percentage of total labour force 1990-1992
Bahrain	45	18
Egypt	31	29
Iraq	24	6
Jordan	23	10
Kuwait	39	24
Lebanon	30	27
Oman	28	8
Qatar	42	7
Saudi Arabia	29	7
Syrian Arab Republic	28	18
United Arab Emirates	50	6
Yemen	25	13

Source: UNDP, *Human Development Report 1994* (New York, Oxford University Press, 1994).

TABLE 65. PARTICIPATION OF WOMEN IN THE AGRICULTURAL SECTOR IN ESCWA MEMBER COUNTRIES, 1993

	Labour force			Agricultural labour force			
	Total (1000)	Females (1000)	% of females in total	Total (1000)	Females (1000)	% of females	% of agricultural females
Country	(1)	(2)	(3)=(2)÷(1)	(4)	(5)	(6)=(5)÷(4)	(7)=(5)÷(2)
Bahrain	206	23	11.1	3	..	..	..
Egypt	15 647	1 639	10.5	6 119	209	3.4	12.8
Iraq	5 672	1 267	22.3	1 041	450	43.2	35.5
Jordan	1 190	130	10.9	58	1	1.7	0.8
Lebanon	929	258	27.8	69	27	39.1	10.5
Oman	454	40	8.8	169	5	2.9	12.5
Saudi Arabia	5 126	372	7.3	1 877	52	2.8	14.0
Syrian Arab Republic	3 414	625	18.3	768	244	31.8	39.0
United Arab Emirates	864	62	7.2	18	...	...	...
Yemen	3 124	417	13.3	1 679	190	11.3	45.6
ESCWA region	36 626	4 833	13.2	11 801	1 178	10.0	24.4

Growth rates of females in total and agricultural sector labour force in ESCWA member countries

	Females in total labour force			Females in agriculture labour force		
Country	1980-1990	1990-1992	1992-1993	1980-1990	1990-1992	1992-1993
Bahrain	3.6	2.2	0.0	0.0	0.0	0.0
Egypt	4.2	4.1	4.1	0.8	0.7	1.0
Iraq	5.2	5	5.1	-0.2	-0.3	-0.7
Jordan	7.7	4.2	3.9	-0.9	-1.7	-1.7
Lebanon	3.4	3.1	2.8	-1.6	-1.7	-3.6
Oman	5.7	5.7	5.3	2.9	0.0	0.0
Saudi Arabia	6.1	6.1	6.0	1.5	2.0	2.0
Syrian Arab Republic	5.4	5.6	5.8	1.4	3.1	2.5
United Arab Emirates	6.4	5.5	5.1	6.4	0.0	0.0
Yemen	4.4	4.7	4.8	3.4	3.4	3.8

Source: FAO, *Printout of AGROSTAT, 1993.*

2. *Women in industry*

The proportion of women in industry remains low in all developing countries,[173] particularly those in the ESCWA region. A number of factors work against greater participation of women in the industrial sector. These include lack of adequate skills and training, exploitative jobs for women in developing regions and the gradual mechanization of industry.

One useful gender-specific indicator of the participation of women in industry is the feminization rate, or the number of women per 100 men employed in the industrial sector. The feminization rates are highest in the more diversified economies, particularly Lebanon, Egypt and Jordan. This may be partially explained by the fact that the economies of these countries are among the more diversified ones in the region and are also less conservative as far as adherence to traditions and customs which have kept women out of the labour market.

The participation of women in industry is higher in the more diversified economies owing to the broader industrial base in these countries and the more technologically advanced industries such as electronics and pharmaceuticals. In contrast, the participation of women in industry in Yemen remains low. In the GCC countries, official data do not provide a breakdown of the participation of women in industry and focus instead on the national labour force and expatriates in the industrial sector without reference to gender.[174]

There is a positive correlation between the participation of women in the industrial sector and their level of education. The relation becomes stronger as the industrial sector expands and becomes more sophisticated. However, the participation of women in engineering, mining, construction and extractive industries remains limited largely owing to the exacting skill and strength requirements in these industries. Therefore, manpower planning and the type of education women pursue explain their limited participation in this sector. Indications are that women in the region still prefer to pursue an academic rather than a vocational education and literary rather than formal scientific training. This constitutes a major handicap for the employment of women in branches of the industrial sector requiring special skills and training. Work suitable for women in the industrial sector is limited to areas such as assembly lines where special skills and physical strength are not required. Women rarely occupy top managerial and decision-making positions. Women are burdened with their multiple roles in society, a burden made heavier by the absence of services (such as day-care centres) offered by employers.

3. *Women in services*

By the early 1990s, more than half of the female labour force in the ESCWA region was employed in the service sector. This heavy concentration of women in the service sector is unparalleled in other

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[173] *The World's Women: Trends and Statistics, 1970-1990* (United Nations publication, Sales No. E.90.XVII.3) [hereinafter referred to as "*The World's Women*"].

[174] ESCWA, "Women in industry" (E/ESCWA/SDD/94/1) (in Arabic); an English version will be issued.

developing countries in Asia, Latin America and the Caribbean.[175] In relative terms, gender-disaggregated data covering the various branches within the service sector (wholesale and retail trade; restaurants and hotels; transport, storage and communications; finance, insurance, real estate and business services; and community, social and personal services) indicate that women account for a significant portion of the economically active population in the service sector. During the late 1980s and early 1990s, women constituted on average around 15 per cent of the total number of men and women—including non-nationals—working in the service sector in the ESCWA member countries. Moreover, according to ILO data on labour statistics, the great majority of women in the service sector are concentrated in community, social and personal services.

At the country level, the highest participation of women in the service sector was in Kuwait, where women constituted about one fourth of the economically active population (15 years and above) and about one third of those working in the service sector in 1988. Kuwait was followed closely by Bahrain, where women represented 14 per cent of the economically active population and over 22 per cent of those working in the service sector. In Oman and Saudi Arabia, the low participation may be largely attributed to cultural and social factors which have kept women in the home, hence their lower participation in the female labour force on the whole.

In the other ESCWA member countries, however, the concentration of women in the service sector may be attributed to several factors related to conditions of work in the sector which contrast with the skill requirements in the industrial sector. The traditional socially accepted "female-labelled" jobs are teaching, nursing, clerical work, catering and social work. Part-time jobs are more available in the service sector, if they are available at all, in the ESCWA region. Such jobs may be more attractive to women in view of their multiple roles in society. This leads to the feminization of the service sector.

Data on women in the informal sector are scarce and unreliable. However, women in this sector are more active in view of the fact that work in this sector is often associated with simple technology and minimum skill and capital requirements. Most important, working in the informal sector does not require a fixed place or time for operation. These characteristics of the informal sector, including cottage industries and handicrafts, encourage women to work, though their contribution remains highly underestimated in national accounts.

In the formal sector of the economy, the participation of women is more complicated in view of their multiple functions of job-holder, housekeeper and child-rearer. This is further complicated by unfavourable working conditions for women, such as employers' insistence on their adherence to strict work schedules and rigid working hours.

E. SUMMARY AND CONCLUSIONS

The ESCWA member countries have achieved significant progress in social, economic and political development. Governments are focusing on policies to promote better health and education and a better overall quality of life for their people. Efforts are being exerted by all countries to integrate women into the process of development and encourage them to participate in public life. Although some progress has been

[175] *The World's Women.*

made in integrating women in the process of development, there is still much to be done in order to overcome the disparities between men and women in education, health, employment, political participation and legal awareness. Addressing these critical areas constitutes the essential elements of a forward-looking platform of action for the advancement of women in the ESCWA region.

Despite the political uncertainty characterizing the ESCWA region, positive change—albeit far below the targets of the Nairobi Forward-looking Strategies—is discernible in the areas of education, health, and employment. Female literacy rates reached new heights in 1990, ranging from 83 per cent in the former People's Democratic Republic of Yemen and an average of around 70 per cent in Bahrain, Jordan, Kuwait, Lebanon, Qatar and the United Arab Emirates to a low of 34 per cent in Egypt and 28 per cent in Yemen. The literacy gap between males and females has narrowed considerably owing to new policies such as "education for all" which encourage higher school enrolment rates for females. In addition, outlays on education as a percentage of total expenditure have increased substantially, reflecting the greater awareness by member countries of the importance of human development. However, the situation in rural areas remains critical.

Overall health indicators for women have also been improving, including maternal and infant mortality. Serious efforts by member Governments have been exerted to improve health standards. Policies and measures were adopted and enforced through the assistance of international specialized agencies to raise health standards. Most of the Gulf States and the managed economies (Egypt, Iraq, the Syrian Arab Republic and the former People's Democratic Republic of Yemen) pursue welfare policies and provide free health services to citizens. Public expenditure on preventive and curative health services as a percentage of total expenditure increased, as did the number of hospitals and the expenditure on acquisition of medical equipment and technology. This had a positive impact on the overall health situation and access to health facilities in the region, in particular, infant and maternal mortality, fertility and life expectancy which, for example, for women in the Gulf countries is between 72 and 75 years. Family planning has become more acceptable in the region as literacy rates and better health are positively correlated with lower birth rates.

Fast-changing economic conditions have helped to encourage wider participation of women in economic activity. This has been felt mostly in clerical work and services, the informal sector and, to a much lesser extent, industry. Participation of women in the service sector has expanded, averaging roughly more than half of the female labour force in the ESCWA region during the period 1990-1992. In agriculture, women have been participating actively but without much recognition, and their work has not been adequately accounted for in national output. The proportion of women working in agriculture has declined over the years in favour of the service sector. On average, more than one fourth of the women worked in agriculture. The participation of women in the agricultural sector is highest in Egypt, Iraq, the Syrian Arab Republic and Yemen. At the same time, the participation of women in industry remains relatively low, averaging less than of one fifth of an already small female labour force compared with the potentially economically active female population. The concentration of women is in the manufacturing sector—mainly in the food and textile industries. In this context, it should be noted that, as stated above, the data and indicators on women are sometimes contradictory, and that the paucity of reliable data and indicators on women remains one of the most important obstacles to objective and meaningful monitoring and assessment of the situation of women in the region.

ANNEX TABLES

Annex table 1. ESCWA region: overall trade flows, 1985 and 1988-1992
(Millions of United States dollars)

	Exports (f.o.b.)						Imports (c.i.f.)					
	1985	1988	1989	1990	1991	1992	1985	1988	1989	1990	1991	1992
Total ESCWA region	79951	67861	88594	103731	89864	99123	68292	67672	67664	72233	74566	87108
Major oil exporters [a]	74864	62179	80675	94817	80976	90705	51721	49560	51856	53711	55375	75425
Iraq	10731	11052	14600	9500	..	..	7619	7146	7675	7241	..	..
GCC countries	64133	51127	66075	85296	80976	90705	44102	42414	44181	46470	55375	65234
Bahrain	2897	2411	2831	3758	3404	3368	3107	2593	3134	3711	4061	4125
Kuwait	10479	7765	11476	6956	528	6690	6531	6046	6303	3923	6332	7505
Oman	4972	3268	3933	5215	4874	5428	3153	2202	2255	2681	3194	3769
Qatar	3541	1696	2115	2960	3150	3366	1139	1267	1326	1550	1720	1743
Saudi Arabia	27480	23737	28369	44417	48794	50760	23623	21784	21153	24069	27391	31864
United Arab Emirates	14764	12250	17351	21990	20226	21093	6549	8522	10010	11199	12677	16228
Other ESCWA member countries	5087	5682	7919	8914	8888	8418	16571	18112	15808	18522	19191	21874
Egypt	1838	2120	2565	2582	3617	3071	5495	8657	7434	9202	7754	8357
Jordan	790	1036	1098	1063	1132	1220	2732	2786	2133	2603	2512	3257
Lebanon	400	629	484	496	490	559	2066	2408	2263	2578	3748	4180
Syrian Arab Republic	1637	1345	3009	4062	3143	3093	3967	2231	2097	2526	3151	3490
Of which: the region's least developed country: (Republic of Yemen)	422	552	763	711	506	475	2311	2030	1981	1613	2026	2590
a. Yemen	108	472	650	543	_	_	1632	1384	1401	1193	_	_
b. Democratic Yemen	314	81	113	168	_	_	679	647	580	420	_	_

Source: United Nations, Economic and Social Commission for Western Asia (ESCWA), based on national and international sources.

a/ GCC countries plus Iraq.
.. = Not available.
_ = Not applicable owing to the unification of the two countries in May 1990.

Annex table 2. ESCWA region: geographical distribution of exports (f.o.b.), 1985 and 1988-1993 *

(percentage shares)

Year	ESCWA	Other developing regions: Total	Asia	America	Africa	North Africa	EC	USA	Japan	Eastern Europe and Former Soviet Union	China	Rest of World	World
							ESCWA region						
1985	7.7	23.1	15.7	5.1	1.6	0.6	25.6	4.3	24.2	1.8	0.1	13.2	100
1988	11.7	23.9	17.6	3.8	1.5	0.9	19.0	12.1	18.1	1.9	0.5	12.8	100
1989	11.4	21.7	16.2	3.4	1.4	0.7	18.6	14.1	18.1	2.5	0.4	13.2	100
1990	10.4	22.8	17.3	3.0	1.7	0.8	16.8	15.0	20.2	2.4	0.3	12.1	100
1991	9.0	23.0	18.9	1.8	1.6	0.7	18.3	12.4	23.3	1.5	0.6	11.9	100
1992	10.4	23.0	19.1	1.7	1.5	0.7	18.7	11.9	23.0	1.5	0.7	10.8	100
1993	10.1	26.8	22.6	1.9	1.6	0.7	17.2	11.0	20.3	0.8	0.5	13.3	100
							Major oil exporters						
1985	7.2	24.1	16.5	5.4	1.6	0.6	24.8	4.5	25.7	0.4	0.1	13.2	100
1988	11.1	25.0	18.3	4.2	1.6	0.9	18.0	12.7	19.5	0.6	0.5	12.6	100
1989	10.9	23.2	17.3	3.8	1.4	0.7	17.1	15.0	19.7	0.6	0.4	13.1	100
1990	9.9	24.3	18.5	3.3	1.8	0.7	15.3	15.9	22.1	0.7	0.3	11.5	100
1991	8.4	24.5	20.5	2.0	1.6	0.4	16.5	13.3	25.6	0.4	0.7	10.6	100
1992	10.0	24.2	20.3	1.9	1.6	0.4	15.8	12.7	25.3	0.1	0.7	11.2	100
1993	9.5	28.3	24.1	2.1	1.6	0.5	14.2	11.4	22.4	0.2	0.5	13.4	100
							Bahrain						
1985	26.8	28.4	19.9	0.0	8.5	0.0	1.4	9.7	11.8	0.0	0.2	21.7	100
1988	26.7	32.6	24.1	0.0	8.5	0.0	1.4	9.7	11.8	0.0	0.2	17.6	100
1989	26.8	28.4	19.9	0.0	8.5	0.0	1.4	9.7	11.8	0.0	0.2	21.7	100
1990	20.2	33.4	23.3	0.0	10.0	0.1	2.8	6.8	13.1	0.0	0.1	23.6	100
1991	18.7	38.6	28.6	0.0	9.9	0.1	4.3	2.9	12.9	0.0	0.0	22.6	100
1992	21.6	37.6	26.9	0.0	10.6	0.1	5.6	2.1	8.8	0.0	0.1	24.3	100
1993	21.7	34.9	23.6	0.0	10.5	0.3	5.2	2.8	9.8	0.0	0.1	25.5	100

Annex table 2 (*continued*)

Year	ESCWA	Other developing regions: Total	Asia	America	Africa	North Africa	EC	USA	Japan	Eastern Europe and Former Soviet Union	China	Rest of World	World
							Iraq						
1985	2.6	23.1	4.3	17.4	0.1	1.3	43.6	4.3	5.5	2.4	0.1	18.4	100
1988	5.2	20.2	4.3	13.5	0.1	2.3	28.8	15.0	7.8	2.2	0.1	20.7	100
1989	4.4	21.3	4.7	13.2	0.5	2.9	27.2	19.0	8.9	1.9	0.5	16.8	100
1990	4.8	19.3	6.6	10.2	0.6	1.9	24.2	28.3	7.8	2.2	0.6	12.8	100
1991	88.2	0.3	0.0	0.3	0.0	0.0	10.1	0.0	0.0	0.0	0.3	1.1	100
							Kuwait						
1985	10.2	29.8	27.6	0.0	1.6	0.6	30.2	1.8	18.0	0.0	0.1	9.7	100
1988	7.4	32.7	27.8	1.0	1.9	1.9	25.5	5.5	17.3	2.1	0.8	8.7	100
1989	6.5	32.7	27.8	2.3	1.8	0.8	23.6	8.6	19.2	1.4	0.5	7.5	100
1990	5.9	35.7	30.8	1.9	2.3	0.7	23.9	7.0	19.1	0.5	0.5	7.4	100
1991	10.2	11.1	11.1	0.0	0.0	0.0	55.0	8.3	12.3	0.0	0.0	3.1	100
1992	0.0	13.4	13.4	0.0	0.0	0.0	30.3	11.0	42.6	0.0	0.1	2.6	100
1993	0.0	8.1	8.0	0.0	0.1	0.0	10.1	43.2	37.1	0.0	0.2	1.3	100
							Oman						
1985	0.0	27.8	24.9	1.6	1.3	0.0	17.5	6.8	38.9	0.0	0.0	9.0	100
1988	57.3	19.7	18.2	0.0	1.4	0.1	11.5	4.6	0.9	0.0	0.0	6.0	100
1989	67.0	13.7	12.6	0.0	0.9	0.1	7.7	3.4	1.1	0.0	0.4	6.7	100
1990	61.3	16.1	11.8	0.0	4.1	0.2	10.3	3.7	2.1	0.0	0.0	6.5	100
1991	36.6	23.8	21.0	0.3	2.3	0.2	2.1	1.6	27.2	0.0	5.0	3.7	100
1992	33.7	29.3	26.5	0.3	2.5	0.0	2.3	2.5	23.8	0.0	5.4	3.0	100
1993	32.2	38.2	35.2	0.5	2.5	0.0	2.0	2.8	17.0	0.0	3.6	4.2	100

Annex table 2 (*continued*)

Year	ESCWA	Other developing regions: Total	Asia	America	Africa	North Africa	EC	USA	Japan	Eastern Europe and Former Soviet Union	China	Rest of World	World
							Qatar						
1985	3.1	15.6	8.5	6.6	0.5	0.0	43.2	0.2	33.3	0.0	0.2	4.4	100
1988	9.8	28.0	22.2	5.8	0.0	0.0	3.5	0.0	49.8	0.0	2.1	6.8	100
1989	9.0	21.7	15.7	5.9	0.1	0.0	4.7	2.1	56.1	0.0	1.6	4.8	100
1990	6.5	25.7	16.8	8.9	0.0	0.0	2.3	1.6	59.5	0.0	0.7	3.7	100
1991	6.1	22.6	17.0	5.6	0.0	0.0	2.3	0.9	61.4	0.0	2.3	4.3	100
1992	6.5	24.8	20.2	4.5	0.1	0.0	2.6	2.1	59.0	0.0	1.9	3.1	100
1993	6.3	30.0	24.6	5.2	0.1	0.0	2.5	2.0	54.6	0.0	0.6	4.0	100
							Saudi Arabia						
1985	8.1	27.7	20.8	4.4	1.6	0.9	22.6	5.5	30.0	0.1	0.0	6.0	100
1988	8.4	25.2	19.4	4.0	1.2	0.6	22.6	22.2	17.3	0.1	0.5	3.7	100
1989	8.8	22.0	18.2	2.4	1.1	0.3	19.7	26.3	17.8	0.3	0.4	4.7	100
1990	9.2	24.7	18.9	3.3	1.6	0.9	17.7	24.0	19.0	0.7	0.2	4.5	100
1991	5.8	25.5	20.9	2.7	1.3	0.6	23.6	21.4	17.7	0.6	0.2	5.2	100
1992	7.3	23.9	19.4	2.7	1.2	0.6	22.5	20.2	18.4	0.2	0.2	7.3	100
1993	8.1	29.2	24.2	3.0	1.3	0.7	22.3	15.8	16.3	0.2	0.2	7.9	100
							United Arab Emirates						
1985	6.1	13.6	6.9	4.8	1.9	0.0	13.6	4.0	34.8	0.0	0.0	27.9	100
1988	6.2	23.2	19.0	1.6	2.0	0.6	5.2	4.0	34.8	0.0	0.5	26.1	100
1989	5.3	22.4	19.1	1.7	1.6	0.1	8.3	3.8	31.1	0.0	0.3	28.8	100
1990	4.1	21.9	19.6	0.8	1.2	0.3	8.2	3.7	35.1	0.4	0.2	26.4	100
1991	3.5	21.9	19.4	1.0	1.3	0.3	8.5	2.9	39.4	0.0	0.3	23.5	100
1992	8.3	22.7	20.4	0.7	1.4	0.3	7.4	3.2	35.9	0.1	0.3	22.1	100
1993	5.6	25.6	23.0	0.9	1.4	0.3	5.5	2.8	31.3	0.3	0.4	28.5	100

Annex table 2 (*continued*)

Year	ESCWA	Other developing regions					EC	USA	Japan	Eastern Europe and Former Soviet Union	China	Rest of World	World
		Total	Asia	America	Africa	North Africa							
							Other ESCWA member countries						
1985	15.5	6.8	4.5	0.6	0.8	0.9	37.7	0.7	2.5	23.0	0.2	13.6	100
1988	18.2	12.0	9.8	0.1	1.1	1.0	29.5	5.6	3.8	15.4	0.8	14.7	100
1989	16.1	7.7	5.6	0.1	0.9	1.1	33.0	5.9	3.0	20.2	0.3	13.6	100
1990	15.7	7.8	5.2	0.0	1.0	1.6	31.9	6.7	1.8	19.5	0.4	16.2	100
1991	14.8	9.3	4.9	0.1	0.9	3.4	34.0	4.5	2.2	11.9	0.5	22.8	100
1992	14.3	12.2	7.8	0.2	1.1	3.1	45.3	5.1	1.2	13.8	0.3	7.8	100
1993	15.1	13.0	8.8	0.3	1.3	2.6	44.4	7.3	1.6	6.1	0.6	11.9	100
							Egypt						
1985	4.5	4.4	3.1	1.0	0.0	0.3	43.9	0.9	3.1	19.3	0.0	23.9	100
1988	8.5	9.7	8.1	0.3	0.3	1.0	37.1	6.3	4.7	16.2	0.1	17.4	100
1989	8.7	8.6	6.8	0.3	0.3	1.2	42.5	5.2	3.6	16.1	0.2	15.1	100
1990	6.4	4.7	1.1	0.0	0.8	2.8	15.4	8.6	2.7	19.1	0.2	42.9	100
1991	6.8	7.0	1.8	0.0	0.8	4.4	28.3	7.6	1.4	9.8	0.0	39.1	100
1992	5.3	14.2	9.1	0.3	1.1	3.7	54.8	8.7	1.7	8.8	0.0	6.5	100
1993	5.0	15.2	10.2	0.3	1.1	3.6	51.5	10.7	1.8	8.5	0.3	7.0	100
							Jordan						
1985	48.2	22.5	20.3	1.2	0.8	0.1	4.4	0.0	2.2	5.7	0.8	16.2	100
1988	33.6	27.5	23.5	0.3	2.8	0.9	6.8	0.3	1.5	3.6	4.0	22.7	100
1989	34.9	20.3	17.3	0.0	3.0	0.0	4.0	0.7	2.9	5.0	1.8	30.4	100
1990	40.2	43.9	37.2	0.2	5.1	6.4	3.6	0.6	2.1	2.6	2.6	4.4	100
1991	24.7	38.8	32.5	0.4	2.7	3.2	3.1	0.4	1.8	3.6	5.4	22.2	100
1992	18.0	38.9	34.6	0.6	3.5	0.2	8.8	1.8	2.3	3.9	2.5	23.8	100
1993	16.8	31.6	25.8	0.8	4.8	0.1	5.3	1.4	1.7	1.3	3.5	38.4	100

Year	ESCWA	Other developing regions: Total	Asia	America	Africa	North Africa	EC	USA	Japan	Eastern Europe and Former Soviet Union	China	Rest of World	World
							Lebanon						
1985	63.5	5.4	0.4	0.0	2.5	2.5	15.3	4.5	0.3	4.3	0.0	6.7	100
1988	55.9	3.9	0.8	0.1	2.3	0.7	19.9	6.1	0.5	0.5	0.0	13.2	100
1989	51.1	5.4	1.0	0.0	3.2	1.2	22.4	5.9	1.2	0.5	0.0	13.5	100
1990	48.3	4.9	1.9	0.1	2.1	0.8	23.2	4.5	0.8	1.4	0.0	16.9	100
1991	42.9	5.1	1.1	0.1	2.3	1.6	22.7	5.3	0.3	3.7	0.0	19.9	100
1992	51.4	6.6	1.2	0.1	3.9	1.4	19.2	4.9	0.4	3.2	0.0	14.3	100
1993	52.9	4.9	1.6	0.2	1.8	1.3	14.8	4.1	5.3	3.8	0.2	14.1	100
							Syrian Arab Republic						
1985	3.4	2.2	0.0	0.0	0.4	1.8	45.8	0.0	0.1	43.3	0.0	5.2	100
1988	11.0	2.3	0.1	0.0	0.2	2.0	33.8	1.7	0.0	39.6	0.1	11.5	100
1989	14.8	2.0	0.1	0.0	0.1	1.8	31.0	2.4	0.1	40.8	0.1	8.8	100
1990	17.0	1.8	0.1	0.0	0.0	1.7	41.4	1.0	0.1	33.0	0.0	5.8	100
1991	19.9	3.6	0.1	0.1	0.0	3.4	45.7	0.5	0.1	21.1	0.1	9.0	100
1992	19.9	3.6	0.3	0.1	0.0	3.2	45.7	1.1	0.2	24.6	0.0	4.9	100
1993	25.5	2.9	0.6	0.1	0.0	2.2	53.4	4.1	0.4	4.2	7.9	1.6	100
							The region's least developed country: Republic of Yemen						
1985	10.9	13.4	8.1	0.0	5.3	0.0	58.6	0.5	15.1	0.0	0.6	0.9	100
1988	6.9	21.5	19.8	0.0	1.7	0.0	38.0	16.4	12.8	0.0	0.0	4.4	100
1989	4.2	10.3	8.4	0.0	1.6	0.3	48.0	21.4	10.2	0.0	0.1	5.8	100
1990	2.8	9.7	8.1	0.0	1.4	0.2	52.7	22.9	5.1	0.0	0.1	6.6	100
1991	6.0	14.1	10.6	0.0	2.1	1.4	43.9	9.6	12.6	0.0	0.0	13.8	100

Annex table 2 (*continued*)

Year	ESCWA	Other developing regions: Total	Asia	America	Africa	North Africa	EC	USA	Japan	Eastern Europe and Former Soviet Union	China	Rest of World	World
							a. Democratic Yemen						
1985	2.6	15.7	9.1	0.0	6.5	0.0	66.3	0.4	13.9	0.0	0.7	0.4	100
1988	9.6	12.2	5.6	0.0	6.6	0.0	54.4	9.5	8.6	0.0	0.0	5.7	100
1989	6.3	12.3	3.2	0.0	9.1	0.0	61.2	0.4	12.5	0.0	0.5	6.8	100
1990	3.3	23.6	11.1	0.0	12.3	0.2	47.0	11.1	5.9	0.0	0.0	9.1	100
1991	6.5	43.7	4.3	0.0	25.1	14.3	0.0	0.0	0.0	0.0	0.0	49.8	100
							b. Yemen						
1985	43.0	4.6	4.2	0.0	0.4	0.0	28.7	0.9	19.6	0.0	0.1	3.1	100
1988	6.0	24.4	24.2	0.0	0.2	0.0	33.0	18.5	14.2	0.0	0.0	3.9	100
1989	3.7	10.0	9.5	0.0	0.1	0.4	45.3	25.7	9.7	0.0	0.0	5.6	100
1990	2.8	8.1	7.8	0.0	0.1	0.2	53.5	24.4	5.1	0.0	0.0	6.1	100
1991	5.9	11.6	11.1	0.0	0.1	0.4	47.6	10.4	13.7	0.0	0.0	10.8	100

Source: ESCWA secretariat compilations, based on data given in International Monetary Fund (IMF), Direction of Trade Statistics Yearbook 1993 and Direction of Trade Statistics monthly bulletin, March 1994 .

Notes: Definition of markets:

Eastern Europe: Bulgaria, Czechoslovakia, Hungary, Poland and Romania.

EC: European Communities comprises Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg,Netherlands,Portugal,Spain and the United Kingdom.

ESCWA: Economic and Social Commission for Western Asia comprises
Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Oman, Qatar, Republic of Yemen, Saudi Arabia,
The Syrian Arab Republic and the United Arab Emirates

Major oil exporters: Bahrain,Iraq,Kuwait,Oman,Qatar,Saudi Arabia and United Arab Emirates.

Other ESCWA member countries: Egypt, Jordan, Lebanon and the Syrian Arab Republic.

The region's least developed country: The Republic of Yemen came into being in may 1990 as a result of the unification of Democratic Yemen and Yemen.

Other developing regions: defined to include Asia (excluding ESCWA), Latin America, Africa (excluding North Africa) and North Africa (excluding Egypt).

Details may not add up to totals because of rounding.
0.0 = Nil or negligible.
..= Not available.
* = 1993 covers January to October only.

Annex table 3. ESCWA region: geographical distribution of imports (c.i.f.), 1985 and 1988-1993*

(*percentage shares*)

Year	ESCWA	Other developing regions					EC	USA	Japan	Eastern Europe and Former Soviet Union	China	Rest of World	World
		Total	Asia	America	Africa	North Africa							
							ESCWA region						
1985	8.6	11.6	8.3	2.1	0.6	0.5	35.0	11.0	15.5	3.7	1.1	13.5	100
1988	9.2	14.1	11.2	2.0	0.6	0.3	33.2	12.3	11.5	3.8	1.7	14.2	100
1989	10.4	13.0	10.2	2.1	0.5	0.3	33.4	13.6	10.6	2.6	1.8	14.5	100
1990	10.4	12.6	10.0	1.5	0.7	0.4	31.6	11.5	14.7	1.9	2.0	15.3	100
1991	7.7	15.3	13.1	1.2	0.7	0.3	34.0	15.9	10.8	1.4	1.5	13.4	100
1992	6.0	14.6	12.2	1.6	0.5	0.3	35.2	16.8	11.6	1.2	1.7	12.9	100
1993	6.9	17.3	14.7	1.8	0.5	0.3	34.8	16	11.2	1.5	2	10.3	100
							Major oil exporters						
1985	8.5	12.6	9.6	2.4	0.5	0.2	34.3	11.5	18.5	2.3	1.1	11.2	100
1988	9.5	15.5	12.6	2.0	0.5	0.3	31.4	13.2	13.5	2.1	1.9	12.9	100
1989	10.8	13.9	11.4	2.3	0.4	0.3	32.2	13.9	12.5	1.3	1.9	13.5	100
1990	10.8	14.3	11.8	1.6	0.6	0.4	32.6	13.5	12.9	0.8	2.1	13.0	100
1991	7.0	16.7	14.9	1.0	0.6	0.3	34.6	17.4	12.9	0.5	1.4	9.4	100
1992	6.5	16.1	13.9	1.4	0.5	0.3	35.2	17.1	14.1	0.4	1.7	8.9	100
1993	7.2	19	16.7	1.5	0.5	0.3	33	16.1	13.3	0.3	2.1	8.9	100
							Bahrain						
1985	48.9	6.3	5.8	0.4	0.1	0	21.1	7.4	9.9	0	0.4	6.0	100
1988	48.9	6.3	5.8	0.4	0.1	0	21.1	7.4	9.9	0	0.4	6.0	100
1989	48.8	6.3	5.8	0.4	0.1	0	21.1	7.4	9.9	0	0.4	6.1	100
1990	45.4	5.6	5.1	0.4	0.1	0	16.8	18.5	6.7	0	0.3	6.7	100
1991	43.9	7.1	6.6	0.4	0.1	0.1	22.4	13.8	4.6	0	0.3	7.9	100
1992	35.3	8.2	7.1	0.9	0.1	0.1	23.1	12.2	5.3	0	0.3	15.6	100
1993	46.8	9.6	8.1	1.2	0.1	0.3	18.6	12.6	5.9	0	0.9	5.6	100

Annex table 3. (continued)

Year	ESCWA	Other developing regions					EC	USA	Japan	Eastern Europe and Former Soviet Union	China	Rest of World	World
		Total	Asia	America	Africa	North Africa							
							Iraq						
1985	5.8	9.7	2.4	6.6	0.2	0.4	34.5	4.5	13.7	9.9	1.3	20.6	100
1988	7.7	7.6	3.2	3.9	0	0.5	32.9	13.5	4.8	8.1	0.9	24.5	100
1989	8.9	8.0	2.9	4.1	0	1.0	36.0	12.7	5.3	3.5	0.7	24.9	100
1990	8.0	9.4	4.5	3.6	0	1.3	41.8	10.7	4.5	2.7	0.6	22.3	100
1991	0	0	0	0	0	0	40.0	0	0	0	0	60.0	100
							Kuwait						
1985	5.2	14.0	12.8	1.0	0.1	0.1	33.0	8.8	27.1	0.8	1.6	9.5	100
1988	13.3	17.8	15.8	1.7	0.2	0.1	26.9	12.1	13.3	1.5	3.0	12.1	100
1989	12.7	8.5	6.7	1.5	0.3	0.1	29.4	13.0	12.7	1.4	3.4	18.9	100
1990	13.2	16.5	14.7	1.6	0.2	0	33.4	10.9	11.4	1.3	1.8	11.5	100
1991	0.6	7.0	7.0	0	0	0	24.8	34.8	12.4	0.1	0.5	19.8	100
1992	0	6.0	5.3	0.7	0	0	42.2	27.9	16.2	0	1.2	6.5	100
1993	0	3.9	3.9	0	0	0	39.6	23.6	24.2	0	2	6.8	100
							Oman						
1985	22.9	8.8	8.1	0.7	0	0	36.7	5.7	20.2	0	0.4	5.3	100
1988	23.3	12.0	11.0	0.9	0.1	0	31.6	8.8	16.8	0.1	0.4	7.0	100
1989	28.0	10.0	9.2	0.7	0.1	0	28.5	8.5	15.7	0.1	0.5	8.7	100
1990	26.7	10.2	9.4	0.4	0.4	0	27.4	9.2	16.7	0.1	0.4	9.3	100
1991	21.9	12.9	12.2	0.3	0.3	0	31.4	6.8	20.4	0	0.3	6.3	100
1992	21.1	13.9	13.3	0.3	0.3	0	31.9	7.1	20.3	0	0.2	5.5	100
1993	--	--	--	--	--	--	--	--	--	--	--	--	--

Annex table 3. (continued)

Year	ESCWA	Other developing regions: Total	Asia	America	Africa	North Africa	EC	USA	Japan	Eastern Europe and Former Soviet Union	China	Rest of World	World
							Qatar						
1985	5.5	11.3	9.4	1.8	0.1	0	43.3	6.5	18.2	0	0.5	14.7	100
1988	9.4	14.9	11.5	3.3	0.1	0	35.1	9.3	17.6	0	0.9	12.8	100
1989	11.2	15.0	11.7	3.1	0.2	0	37.6	8.8	18.8	0	1.0	7.6	100
1990	11.9	13.2	10.8	2.1	0.2	0	41.9	9.5	14.6	0	1.0	7.9	100
1991	10.3	13.0	10.8	1.9	0.2	0	44.2	8.7	12.4	0	0.4	11.0	100
1992	12.8	12.3	9.5	2.5	0.3	0	38.3	10.8	16.7	0	0.5	8.6	100
1993	12.7	11.8	9.6	2.1	0.2	0	45.1	8.7	13.4	0	0.7	7.6	100
							Saudi Arabia						
1985	3.3	14.5	11.7	1.7	0.9	0.1	35.2	17.0	19.0	0.6	0.9	9.5	100
1988	4.1	17.8	14.5	2.0	0.9	0.4	33.5	16.3	16.0	0.9	1.8	9.6	100
1989	4.6	15.4	12.9	1.6	0.6	0.3	32.8	18.2	14.2	0.9	1.9	12.0	100
1990	3.8	14.4	11.3	1.6	1.0	0.5	34.1	16.7	15.3	0.8	1.8	13.1	100
1991	2.4	15.3	12.8	1.3	0.8	0.5	38.5	20.9	12.4	0.8	1.2	8.5	100
1992	2.8	14.2	11.1	1.9	0.7	0.5	37.5	21.0	14.2	0.7	1.3	8.3	100
1993	3.1	16.5	13.1	2.2	0.7	0.5	35.3	20.2	12.9	0.5	1.6	9.7	100
							United Arab Emirates						
1985	8.5	14.5	12.9	1.0	0.5	0.1	35.2	11.0	20.0	0.4	1.8	8.6	100
1988	6.6	20.1	18.4	1.1	0.5	0.1	30.3	9.5	16.4	0.7	3.3	13.1	100
1989	7.7	22.6	21.0	1.1	0.4	0.1	31.1	9.7	15.0	1.1	2.9	9.9	100
1990	8.0	19.8	18.3	1.0	0.5	0	29.0	9.1	14.2	0.5	5.0	14.3	100
1991	5.4	26.1	24.9	0.7	0.4	0.1	31.3	10.0	14.8	0.3	2.8	9.3	100
1992	8.5	24.6	23.5	0.7	0.4	0	31.1	8.7	15.3	0.2	3.1	8.5	100
1993	6.8	28.8	27.7	0.7	0.4	0	29.8	9	13.2	0.2	3.3	8.8	100

Annex table 3. (continued)

Year	ESCWA	Other developing regions: Total	Asia	America	Africa	North Africa	EC	USA	Japan	Eastern Europe and Former Soviet Union	China	Rest of World	World
Other ESCWA member countries													
1985	9.1	8.1	4.2	1.4	0.7	1.8	37.7	9.3	5.6	8.2	1.1	20.9	100
1988	8.4	9.9	7.0	1.8	0.8	0.3	38.4	9.5	5.7	8.8	1.3	18.0	100
1989	9.1	8.9	6.4	1.5	1.0	0.2	37.3	12.3	4.0	7.0	1.4	20.0	100
1990	9.5	8.1	5.1	1.5	1.1	0.4	28.7	5.9	19.7	4.9	1.4	21.8	100
1991	9.6	11.0	7.3	2.1	1.1	0.5	32.3	11.1	4.1	4.4	1.8	25.7	100
1992	4.3	10.7	7.9	2.0	0.5	0.3	35.4	16.2	5.1	3.4	1.6	23.3	100
1993	6.2	13	9.5	2.4	0.7	0.4	39.2	15.7	5.7	4.3	1.8	14	100
Egypt													
1985	2.2	6.5	4.2	1.8	0.4	0.1	42.2	13.0	5.2	9.3	0.4	21.2	100
1988	2.0	9.7	6.5	2.5	0.5	0.1	40.8	11.9	5.0	9.2	0.7	20.7	100
1989	1.6	9.2	6.4	2.0	0.7	0.1	38.6	17.6	3.9	8.6	0.8	19.7	100
1990	1.4	4.6	2.0	1.8	0.6	0.3	22.7	2.0	37.2	5.0	1.0	26.1	100
1991	2.9	7.6	3.4	3.2	0.6	0.4	27.6	16.1	4.1	4.0	1.3	36.4	100
1992	1.4	8.1	5.8	1.7	0.3	0.3	31.4	22.4	4.2	2.4	1.3	28.8	100
1993	1.5	13.4	9.5	2.9	0.7	0.3	39.1	21.6	6.1	3.5	1.4	13.4	100
Jordan [a]													
1985	25.3	4.0	2.6	1.0	0.2	0.2	29.6	11.9	6.3	4.6	1.3	17.0	100
1988	25.1	8.7	6.4	1.3	0.6	0.4	29.7	12.1	4.7	5.4	1.7	12.6	100
1989	27.5	3.3	2.1	1.2	0	0	29.2	13.7	3.7	2.9	1.8	17.9	100
1990	25.1	10.6	7.5	1.3	1.5	0.3	28.6	17.3	3.1	3.3	1.4	10.6	100
1991	20.0	16.1	11.5	1.9	2.1	0.7	29.9	10.4	3.6	3.9	1.7	14.4	100
1992	8.4	21.6	16.4	3.0	2.1	0.1	35.1	8.9	6.2	3.9	2.5	13.4	100
1993	6.9	19.6	15.5	1.9	2.1	0.1	33.7	12.1	6	4.7	2.4	14.6	100

Annex table 3. (continued)

Year	ESCWA	Other developing regions: Total	Asia	America	Africa	North Africa	EC	USA	Japan	Eastern Europe and Former Soviet Union	China	Rest of World	World
							Lebanon						
1985	7.8	6.2	2.9	2.9	0.3	0.1	51.1	7.5	5.2	8.9	0.9	12.4	100
1988	7.2	13.0	10.4	2.2	0.3	0.1	46.2	5.6	3.6	9.8	1.3	13.3	100
1989	12.1	10.6	9.1	1.1	0.4	0.0	45.1	4.5	3.4	8.6	1.3	14.1	100
1990	16.6	12.4	10.5	1.0	0.6	0.2	40.7	4.2	3.8	8.7	1.2	12.4	100
1991	14.7	12.2	10.7	0.8	0.5	0.2	46.8	4.9	3.2	5.6	1.4	11.2	100
1992	12.8	13.0	10.9	1.5	0.3	0.2	45.6	8.4	3.7	1.7	1.7	13.1	100
1993	22	12	9.9	1.6	0.3	0.2	44.3	8.7	3.1	3	1.7	5.2	100
							Syrian Arab Republic						
1985	3.7	9.9	1.7	0.7	0.1	7.4	33.9	6.1	2.8	12.5	0.8	30.3	100
1988	4.1	3.5	1.3	1.1	0.1	1.0	36.2	6.4	11.2	16.9	1.3	20.4	100
1989	4.7	3.0	0.7	1.2	0.1	1.0	42.0	7.9	4.2	9.1	1.3	27.8	100
1990	4.9	5.4	1.7	1.9	0.5	1.3	40.4	10.7	3.3	6.7	1.3	27.3	100
1991	3.8	6.0	2.8	2.2	0.1	0.9	38.8	8.4	4.4	7.0	2.7	28.9	100
1992	3.4	9.4	5.8	2.8	0	0.8	40.9	5.1	9.1	8.7	2.3	21.1	100
1993	4.5	7.1	4.1	1.9	0	1.1	38.2	5.5	7.2	8.8	2.9	25.8	100
							The region's least developed country: Republic of Yemen						
1985	17.3	16.9	12.4	0.4	3.9	0.1	30.0	4.2	11.9	0.9	3.0	15.8	100
1988	17.9	15.6	11.4	0.1	4.1	0.1	34.1	4.0	6.0	1.6	3.4	17.4	100
1989	17.0	19.3	13.5	0.7	4.8	0.2	27.6	4.3	5.0	0.8	3.1	22.9	100
1990	20.4	16.9	12.0	0.6	4.1	0.3	27.5	5.1	4.2	0.7	3.4	21.8	100
1991	20.1	20.9	15.7	0.6	4.3	0.3	21.7	8.3	5.5	1.4	3.1	19.1	100

Annex table 3. (continued)

Year	ESCWA	Other developing regions					EC	USA	Japan	Eastern Europe and Former Soviet Union	China	Rest of World	World
		Total	Asia	America	Africa	North Africa							
							a. Democratic Yemen						
1985	29.2	16.6	11.2	0	5.4	0	29.4	1.4	5.9	0.5	4.2	12.8	100
1988	11.0	14.2	6.9	0	7.2	0.2	26.2	1.1	5.6	0	5.8	36.1	100
1989	20.2	16.8	9.1	0.4	7.4	0	19.6	1.1	4.2	0	3.1	35.0	100
1990	25.1	16.3	8.9	0.4	6.5	0.5	21.1	0.6	1.2	0	0.6	35.1	100
1991	35.3	15.5	4.9	0.5	9.4	0.7	0.6	0	0	3.3	0	45.3	100
							b. Yemen						
1985	10.6	17.0	13.1	0.7	3.2	--	30.3	5.7	15.3	1.1	2.3	17.7	100
1988	21.3	16.3	13.7	0.1	2.5	0.1	38.1	5.5	6.3	2.4	2.1	8.0	100
1989	15.0	20.8	16.3	0.9	3.3	0.4	32.6	6.3	5.5	1.4	3.1	15.3	100
1990	18.2	17.2	13.4	0.7	2.9	0.2	30.6	7.2	5.6	1.0	4.7	15.4	100
1991	15.3	22.5	19.0	0.7	2.7	0.2	28.2	10.8	7.2	0.9	4.0	11.0	100

Source: As in annex table 2.

* 1993 covers January to October only.

[a] The calculations exclude the imports of Jordan from Iraq of oil and oil products which amounted to $427 million in 1992 and $403 million in the first eleven months of 1993 (see: Central Bank of Jordan, *Monthly Statistical Bulletin*, various issues).

Annex table 4. ESCWA region: major balance of payments flows, 1985 and 1988-1992

(Millions of United States dollars)

	Trade balance	Services (net)	Balance on goods and services	Unrequited transfers (net)		Balance on current account	Capital flows (net)		Errors & ommiss-ions	Overall balance	Counterpart items, exceptional financing & others.			Total change in reserves a/
				Private	Official		Long Term	Short Term			Counterpart Items	Exceptional Financing	Others	
ESCWA region b/														
1985	13712	-15081	-1369	-2795		-4163	11668		-7132	372		363		-735
1988	2666	-1867	800	-3700		-2900	142		-1368	-4127		65		4062
1989	17013	-6541	10472	-6565		3907	-2624		-1285	-2		156		-154
1990	32932	-15519	17413	-9515		7898	-12175		-39	-4316		12781		-8464
1991	20311	-30999	-10688	-27064		-37752	28901		2126	-6725		4485		2240
1992	7688	-18921	-11233	-8331		-19564	29494		-9814	119		2889		-3008
GCC countries														
1985	24306	-13309	10997	-11260		-263	8924		-7728	933	0.0	0.0	0.0	-933
1988	12700	-1935	10766	-11077		-312	-2417		-1167	-3896	0.0	0.0	0.0	3896
1989	23646	-5890	17756	-13102		4654	-3525		-1826	-697	0.0	0.0	0.0	697
1990	39888	-15713	24175	-17790		6385	-1203		-414	4768	0.0	0.0	0.0	-4768
1991	27074	-32135	-5061	-35703		-40764	31505		1107	-8152	0.0	0.0	0.0	8152
1992	14810	-19038	-4228	-17437		-21663	28715		-10761	-3708	0.0	0.0	0.0	3708
Bahrain														
1985	101	52	153	-235	120	38	5	-452	766	357	0.0	0.0	0.0	-357
1988	101	-60	42	-193	368	216	205	-419	93	95	0.0	0.0	0.0	-95
1989	38	-45	-7	-199	102	-104	94	-359	180	-189	0.0	0.0	0.0	189
1990	421	-363	58	-272	459	245	-97	553	-132	569	0.0	0.0	0.0	-569
1991	-193	-342	-535	-303	102	-736	-58	-283	974	-103	0.0	0.0	0.0	103
1992	-313	-510	-823	-271	100	-993	-14	380	545	-82	0.0	0.0	0.0	82
Kuwait														
1985	5047	1676	6723	-1044	-529	5150	-712	-1623	-2271	544	0.0	0.0	0.0	-544
1988	2262	4085	6347	-1179	-140	5028	-620	-6150	-254	-1996	0.0	0.0	0.0	1996
1989	5871	5212	11083	-1283	-211	9589	-943	-6753	-638	1255	0.0	0.0	0.0	-1255
1990	3297	293	3590	0.0		3590	0.0	0.0	0.0	3590	0.0	0.0	0.0	-3590
1991	-5804	0.0	-5804	-10026		-15830	5500		0.0	-10330	0.0	0.0	0.0	10330
1992	85	979	1064	-870	-1067	-873	-174	14484	-11562	1875	0.0	0.0	0.0	-1875

Annex table 4. *(continued)*

	Trade balance	Services (net)	Balance on goods and services	Unrequited transfers (net) Private	Official	Balance on current account	Capital flows (net) Long Term	Short Term	Errors & ommiss-ions	Overall balance	Counterpart items, exceptional financing & others. Counterpart Items	Exceptional Financing	Others	Total change in reserves a/
Oman														
1985	1943	-1025	918	-907	-26	-15	309	149	-323	120	0.0	0.0	0.0	-120
1988	1235	-825	410	-762	42	-310	273	-52	-379	-468	0.0	0.0	0.0	468
1989	1917	-819	1098	-791	16	323	162	-139	-64	282	0.0	0.0	0.0	-282
1990	2969	-971	1998	-845	-57	1096	-249	-261	-282	304	0.0	0.0	0.0	-304
1991	1545	-1662	-117	0.0	0.0	-117	558		133	574	0.0	0.0	0.0	-574
1992	2047	-1285	762	-1118	-10	-366	152	120	256	163	0.0	0.0	0.0	-163
Qatar														
1985	1959	-1410	549	0.0	0.0	549	-648	0.0	0.0	-99	0.0	0.0	0.0	99
1988	943	-1204	-261	0.0	0.0	-261	-353	0.0	0.0	-614	0.0	0.0	0.0	614
1989	1361	-1373	-12	0.0	0.0	-12	-25	0.0	0.0	-37	0.0	0.0	0.0	37
1990	1835	-1602	233	0.0	0.0	233	-39	0.0	0.0	194	0.0	0.0	0.0	-194
1991	1430	-1332	98	-241		-143	0.0	0.0	0.0	-143	0.0	0.0	0.0	143
1992	..	..	..	..		..	..		..	..	..	..	..	..
Saudi Arabia														
1985	7029	-11513	-4484	-5199	-3249	-12932	8904	3319	0.0	-709	0.0	0.0	0.0	709
1988	4510	-2842	1668	-6510	-2499	-7341	2729	3092	0.0	-1520	0.0	0.0	0.0	1520
1989	9068	-7776	1292	-8264	-2200	-9172	-2075	7739	0.0	-3508	0.0	0.0	0.0	3508
1990	22806	-11070	11736	-11602	-4401	-4267	160	-1270	0.0	-5377	0.0	0.0	0.0	5377
1991	22096	-27599	-5503	-13746	-6489	-25738	26385	-597	0.0	50	0.0	0.0	0.0	-50
1992	12991	-18222	-5231	-12700	-1501	-19431	0.0	13767	0.0	-5664	0.0	0.0	0.0	5664
United Arab Emirates														
1985	8227	-1089	7138	0.0	-191	6947	-327	0.0	-5900	720	0.0	0.0	0.0	-720
1988	3649	-1089	2560	0.0	-204	2356	-1122	0.0	-627	627	0.0	0.0	0.0	-627
1989	5391	-1089	4302	0.0	-272	4030	-1226	0.0	-1304	1500	0.0	0.0	0.0	-1500
1990	8560	-2000	6560	0.0	-1072	5488	0.0	0.0	0.0	5488	0.0	0.0	0.0	-5488
1991	8000	-1200	6800	0.0	-5000	1800	0.0	0.0	0.0	1800	0.0	0.0	0.0	-1800
1992	..	..	..	..		..	..		..	..	--	--	--	..

Annex table 4. *(continued)*

	Trade balance	Services (net)	Balance on goods and services	Unrequited transfers (net) Private	Unrequited transfers (net) Official	Balance on current account	Capital flows (net) Long Term	Capital flows (net) Short Term	Errors & ommiss-ions	Overall balance	Counterpart items, exceptional financing & others. Counterpart Items	Exceptional Financing	Others	Total change in reserves a/
Other ESCWA member countries														
1985	-10594	-1772	-12366	8465		-3900	2744		596	-561		363		198
1988	-10034	68	-9966	7377		-2588	2559		-201	-231		65		166
1989	-6633	-651	-7302	6537		-747	901		541	695		156		-851
1990	-6956	194	-6762	8275		1513	-10972		375	-9084		12781		-3696
1991	-6763	1136	-5627	8639		3012	-2604		1019	1427		4485		-5912
1992	-7122	117	-7005	9106		2101	779		947	3827		2889		-6716
Egypt														
1985	-5214	-958	-6172	3216	791	-2165	1716	-335	585	-199	0.0	350	0.0	-151
1988	-6608	1125	-5483	3770	666	-1047	1486	-178	-362	-101	0.0	7	0.0	94
1989	-5934	452	-5482	3295	881	-1306	1748	-1387	414	-531	0.0	122	0.0	409
1990	-6699	1480	-5219	4284	1119	184	-9372	-1667	631	-10224	0.0	12781	0.0	-2556
1991	-5975	2444	-3531	4054	1380	1903	-1775	-2567	730	-1709	0.0	4485	0.0	-2776
1992	-5501	1237	-4264	6104	972	2812	-1085	917	716	3360	0.0	2889	0.0	-6249
Jordan														
1985	-1638	-209	-1847	846	740	-260	303	-55	-30	-43	0.0	0.0	0.0	43
1988	-1412	-233	-1645	800	552	-293	37	337	123	204	0.0	0.0	0.0	-204
1989	-774	-21	-795	565	613	383	185	-105	--	463	0.0	0.0	0.0	-463
1990	-1237	-36	-1273	570	588	-115	422	38	75	420	0.0	0.0	0.0	-420
1991	-1095	-96	-1191	1124	476	409	271	924	420	2024	0.0	0.0	0.0	-2024
1992	-1780	-154	-1934	781	386	-767	-10	1006	161	390	0.0	0.0	0.0	-390
Syrian Arab Republic														
1985	-2090	-429	-2519	350	1212	-957	-120	909	-17	-185	0.0	0.0	0.0	185
1988	-638	-408	-1046	360	536	-150	297	-212	34	-31	0.0	0.0	0.0	31
1989	1192	-639	553	395	222	1170	-472	18	71	787	0.0	17	0.0	-770
1990	2159	-786	1373	375	80	1828	-795	37	-348	722	0.0	0.0	0.0	-722
1991	1084	-969	115	450	234	799	-35	310	-94	980	0.0	0.0	0.0	-980
1992	159	-966	-807	550	313	56	173	-222	70	77	0.0	0.0	0.0	-77

Annex table 4. (*continued*)

	Trade balance	Services (net)	Balance on goods and services	Unrequited transfers (net)		Balance on current account	Capital flows (net)		Errors & ommiss-ions	Overall balance	Counterpart items, exceptional financing & others.			Total change in reserves a/
				Private	Official		Long Term	Short Term			Counterpart Items	Exceptional Financing	Others	
The region's least developed country: Republic of Yemen.														
1985	-1652	-176	-1828	1189	121	-518	176	150	58	-134	0.0	13	0.0	121
1988	-1376	-416	-1792	567	126	-1098	707	85	4	-303	0.0	58	0.0	245
1989	-1117	-443	-1560	414	152	-994	829	85	56	-24	0.0	17	0.0	7
1990	-1179	-464	-1643	1378	-119	-384	331	34	17	-2	0.0	0.0	0.0	2
1991	-777	-243	-1020	796	125	-99	268		-37	132	0.0	0.0	0.0	-132

Source: ESCWA secretariat compilations, based on data given in: International Monetary Fund (IMF), Balance of Payments Statistics Yearbook,vol. 44, part 2, 1993, and national sources.

a/ Excluding Iraq and Lebanon for all years, and Qatar, the Republic of Yemen and the United Arab Emirates for 1992 owing to lack of data.
b/ Minus means increase.
c/ Including the region's least developed country, the Republic of Yemen.

.. = Not available.
0.0 = Nil or negligible.

Annex table 5. ESCWA region: international reserves*

(Millions of United States dollars)

Country	1985	1988	1989	1990	1991	1992	1993
ESCWA region	41513.6	37972.8	35627.7	31363.7	36377.2	37929.9	39903.3
GCC countries	37470.2	30319.6	27862.2	22554.0	24932.0	21108.5	19825.5
Bahrain	1666.3	1258.3	1056.6	1241.5	1521.2	1405.1	1308.8
Kuwait	5580.4	2035.7	3210.5	1949.2	3520.5	5215.6	4320.3
Oman	1166.2	1122.5	1422.6	1740.7	1731.0	1677.2 a/	..
Qatar	487.4	516.0	574.9	672.6	709.2	724.8	703.3 a/
Saudi Arabia	25181.0	20769.0	16959.0	11897.0	11903.0	6156.0	7656.0
United Arab Emirates	3388.9	4618.1	4638.6	4765.0	5547.1	5893.8	5837.1 b/
Other ESCWA member countries	4043.4	7653.2	7765.5	8809.7	11445.2	16857.4	20077.8
Egypt	1370.0	2057.0	2199.0	3325.0	5980.0	11426.0	13520.0
Jordan	612.6	247.9	573.2	949.4	929.6	868.6	693.9
Lebanon	1463.2	4759.0	4635.0	4213.9	4535.6	4562.8	5863.9
Syrian Arab Republic	112.0	222.0	..	..	..	..	..
Republic of Yemen	485.5	367.3	358.3	321.4 c/	..	..	..

Source: International Monetary Fund (IMF), *International Financial Statistics*, August 1993 and June 1994.

* End of period data on gold (national valuation) and foreign exchange reserves holdings by monetary authorities; reserve position in the Fund plus Special Drawing Rights (SDRs), where applicable. The annual changes depicted in this table, however, may differ from those reported as "change in reserves" in the balance of payments due to differences in coverage.

a/ end of July.

b/ end of third quarter.

c/ end of first quarter.

.. = Not available.

PART TWO*

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Introduction

The importance of regional groupings and the current world trade situation

The world is currently witnessing three major economic phenomena: first, the globalization of the economy, particularly in the wake of the Uruguay Round of multilateral trade negotiations; second, the rise of regional blocs, including large ones some of which link continents or subcontinents; and third, the preservation of the regional identity of the units in the respective blocs.

In fact, as attention focused on concluding the multilateral trade talks, which were delayed by three years, the world witnessed the appearance of a number of regional and subregional groupings, foremost among which are the North American Free Trade Agreement (NAFTA) and the single European market. Developing countries also saw the emergence of numerous regional blocs and very few countries were left outside these regional or subregional formations. Meanwhile, many of these groupings undertook a review of their cooperation programmes, policies and strategies with a view primarily to promoting market integration practices aimed at the establishment of free trade areas, customs unions and common markets. The reviews also aimed at developing and diversifying production structures, building financial and monetary institutions, developing infrastructure and transborder communications, strengthening political cooperation and enhancing the institutional mechanisms of their economies.

What is noteworthy is that current integration trends, particularly in South-East Asia, South America and the Caribbean, have taken a path quite distinct from past practices. In many cases, integration has gone hand in hand with trade and investment liberalization *vis-à-vis* the outside world. Regional integration has become a prerequisite to integrating with and contributing to the global economy.

The General Assembly has stressed the importance of regional integration in activating world trade and enhancing the trade and development potential of developing countries. The eighth session of the United Nations Conference on Trade and Development (UNCTAD) considered regional integration a means and mechanism of consolidating trade liberalization measures in the world economy. It recommended to the developing countries that were not members of any regional groupings to join regional blocs as soon as they could to protect their interests and enhance their development prospects.

It is ironic that at a time characterized increasingly by the proliferation of regional and subregional groupings, globalization and dominance of large corporations, interest in Arab economic integration has weakened, and its course suffered a series of setbacks that have almost vitiated it. The Arab countries have been making unilateral efforts to forge ever-closer links with the advanced industrial countries at a cost surely detrimental to their own development in the long run.

The Arab countries have lagged behind and have failed to catch up with the accelerating pace of developments in the area of regional and subregional economic groupings and in world trade. Unless these countries act rapidly to equip themselves with a regional economic grouping that emphasizes their identity, ensures their interests and projects them before the world as a coherent group with identical interests and concerns, they will find themselves on the losing side when world trade is finally liberalized in the coming years and the world becomes one market in which goods and production factors move freely for the benefit of the developed countries. Furthermore, the prospects of peace between the Arabs and Israel and the formation of a Middle East common market may impose solutions and forms of integration that may not be in the interest of the ESCWA region should the present laxity and ill-preparedness continue.

The present study is prompted by the need to reactivate joint Arab action, especially following the setback it suffered in the wake of the Gulf crisis and war, and to urge the Arab countries that are members of ESCWA to be prepared for the rapidly evolving international and regional economic relations.

The study is composed of five chapters. The first chapter reviews Arab efforts to promote regional cooperation and intraregional trade. The second chapter considers the state of intraregional trade in goods, while the third chapter examines the reasons behind the faltering pace of this trade. The fourth chapter deals with the current regional and international challenges to joint Arab action and intraregional trade, including Arab-Israeli peace, the possible establishment of a Middle East common market, the liberalization of world trade following the completion of the Uruguay Round and the emergence of large economic blocs, especially the single European market. The fifth chapter deals with the mechanisms and ways and means needed for promoting intraregional trade of the ESCWA member countries.

XIII. JOINT ARAB ACTION IN THE PROMOTION OF REGIONAL ECONOMIC COOPERATION AND INTRAREGIONAL TRADE

Historically, joint Arab economic action for the past four and a half decades has been linked to the League of Arab States and has evolved within the framework of its Pact, conventions, resolutions, and institutional structures. However, economic concerns have not been given the same attention as political concerns by the Arab League. This is manifested by the modesty and general nature of economic objectives in the League Pact. Articles 2 and 4 of the Pact state that member States shall work closely together in accordance with the systems and economic and financial conditions prevailing in each of them. Such cooperation would cover the areas of trade, customs, currency, agriculture, industry and communications.

As a reaction to the limitations of the League, and the disparity between ability and ambition, which the Palestine war of 1948 revealed, member States began to explore means of developing common Arab action in the area of national and economic security which culminated in the signing of a Joint Defence Treaty which provided for the establishment of a Joint Defence Council and subsidiary committees and an Economic Council. The latter was mandated to submit to the Governments of member States proposals for the realization of the objectives of article 7 of the Treaty, namely: to ensure the security and welfare of people in the Arab countries and to raise their standard of living; to cooperate for the advancement of Arab economies; to exploit their natural resources and facilitate the exchange of their national agricultural and industrial products; and, generally, to organize and coordinate their economic activity and to conclude whatever special agreements are required to realize these objectives.

The Treaty listed areas for cooperation but made no reference to the objectives of integration and interdependence, nor to the objective of economic liberalization. The Treaty, moreover, did not define the ways and means for the realization of the modest aims provided for in article 7. Furthermore, the Economic Council does not, under the terms of the Treaty, enjoy the authority to submit proposals and is, in fact, crippled by the provisions governing voting in the League of Arab States whereby member States are bound only by what they approve. Yet, the Economic Council became the focus of economic activity and replaced the Council of the League of Arab States and the Standing Economic Committee in dealing with economic issues. In fact, it would seem that the Economic Council went beyond the objectives stipulated in the Pact and Treaty when it laid the stage-by-stage foundation for joint Arab action in a number of areas.

The 1950s was a period of economic cooperation, with the liberal philosophy dominating economic issues and relations, and during which the Council concentrated on trade liberalization. Its first achievement in the field of agreements was the conclusion of the Convention for Facilitating Trade and Regulating Transit among the Arab League member States, which was adopted by the League Council on 7 September 1953. Only six Arab countries acceded to this Convention, and fewer countries still ratified the five amendments which the Economic Council approved in the years 1954, 1956, 1957, 1959 and 1960. The Convention aimed to reduce import duties levied on goods of Arab origin in varying degrees, culminating in full exemption for some goods and preferential treatment for the rest. The Convention also sought to eliminate legal and administrative obstacles to ensure the free flow of goods. Advocates of this approach believed perhaps that spontaneous market forces and mechanisms were bound to bring about integration of production as a result of increased demand, and freer movement of goods which would in turn promote investment and expand the production base.

The basic problem in the Arab States, however, is the underdeveloped nature of production structures and the narrowness of the production base which tend to leave no surplus for trade. Yet, despite its shortcomings, the Convention contributed to promote trade, particularly among its signatories which at that time did not impose currency controls and other forms of non-tariff restrictions, especially since the preferential tariff treatment accorded by the Convention was superior to that provided for in bilateral agreements that preceded it. One drawback of the Convention was that it was confined to customs tariffs and did not deal with non-tariff or administrative levies. Furthermore, it excluded from its provisions those items subject to government monopolies and failed to limit the power of adhering States to prohibit the import or export of certain goods among themselves in order to protect their domestic economies. But more important, the Convention did not provide for its own evolution by, for example, allowing for raising the degree of preferential tariff treatment within a specified period or adding to the lists of goods enjoying such treatment. Furthermore, the customs tariff level was in some cases so low that the preferential treatment accorded had no perceptible impact on trade in the goods concerned. The emergence of bilateral agreements providing for larger preferences contributed to the decline in the importance of the Convention. Moreover, the emergence in a number of Arab countries of restrictive trade policies alongside public sector control of foreign trade compounded the impact of non-tariff restrictions in determining foreign trade patterns and its geographical distribution. Prompted by the same considerations, the Economic Council adopted in September 1953 the Convention for the Settlement of Payments on Current Transactions and the Transfer of Capital among States of the Arab League, which was ratified by six countries. This Convention remained, however, without impact.

On 25 January 1956, the Arab League Council approved an agreement to adopt a unified customs tariff which was ratified by six Arab countries. The agreement aimed at formulating common rules for standardizing customs terminology and for narrowing differences in customs tariffs to facilitate trade and organize the transit trade among Arab States.

The Council of the League of Arab States and the Economic Council pursued their search for ways of developing the institutional framework for intra-Arab trade through the preparation of studies for an Arab economic unity project. In 1957, the Economic Council decided to form a provisional Council for Arab Economic Unity and charged it with the task of expediting the study of the steps necessary for the realization of some of the objectives of Arab economic unity. However, the agreement did not enter into force until 30 April 1964. Only 13 Arab countries have acceded to it since, namely: Egypt, the Libyan Arab Jamahiriya, Mauritania, Somalia, Sudan, Iraq, Jordan, Kuwait, Palestine, Syrian Arab Republic, United Arab Emirates, and the former Democratic Yemen and Yemen.

The implementation of the agreement began on 13 August 1964 with the decision to establish the Arab Common Market, which in practical terms did not go beyond the creation of a free trade area through the gradual lifting of customs tariffs and administrative restrictions. On 1 January 1971, it was announced that the process had been completed for the four member States: Egypt, Iraq, Jordan and the Syrian Arab Republic. Democratic Yemen, the Libyan Arab Jamahiriya and Mauritania joined later. However, efforts by the Council to transform the free trade area into a customs union failed, as did attempts to bring in new members despite relaxation in the application of its rules. The impact of the market remained limited, however, because of the members' invocation of article 14 of the resolution allowing exemptions from the lifting or reduction of tariffs. The absence of a payment mechanism constituted a major obstacle to developing trade, especially as virtually all the countries concerned faced foreign exchange shortages.

The collective agreements concluded within the framework of the League of Arab States had one feature in common, namely the use of trade liberalization in varying degrees as a means of promoting and developing trade. However, these agreements did not give due weight to the development of the material basis of trade until the 1981 Convention for Facilitating and Promoting Trade between the Arab States. This

Convention, an initiative by the Economic and Social Council, was the first agreement to place trade in its proper perspective as a means of realizing developmental integration. The Convention was adopted by the Economic and Social Council in February 1981 and entered into force in November 1982. The Arab Trade Authority, consisting of the States that had ratified the Convention, assumed the powers of the Economic and Social Council in supervising the implementation of the Convention. It issued several decisions and recommendations to this end, such as the decision to exempt from tariffs agricultural, animal and mining products. The Authority also requested member countries to provide it with lists of goods which they considered should be given preferential tariff and non-tariff treatment, or which they felt should be protected from similar or substitute foreign goods. The supervisory function reverted to the Economic and Social Council after the number of signatories reached 14, or two thirds of the Arab League member States.

The Convention represented, in principle, a major step forward in the liberalization of intra-Arab trade in its stress on the importance of the link between trade liberalization and economic integration and, consequently, the need to link trade liberalization to coordination of production of Arab goods. However, article 5 of the Convention underlined the need to insulate intra-Arab trade exchanges from political vagaries.

The new Convention distinguishes between two groups of commodities with regard to the lifting of tariff and non-tariff restrictions. The first group of commodities, to be completely exempted from tariffs and taxes with a similar effect, as well as from non-tariff import restrictions, are: (1) agricultural and animal products in primary form or as processed for consumption purposes; (2) mineral and non-mineral raw materials, in primary form or for further processing; (3) semi-manufactured goods that are approved by the Arab League Economic and Social Council and which would form inputs into industrial goods; (4) goods produced by joint Arab ventures established within the framework of the League of Arab States or its specialized agencies; and (5) manufactured goods that are agreed upon and included in lists prepared by the Council.

The second group of goods is composed of those commodities that are subject to a gradual reduction in tariffs and taxes with a similar effect on the basis of lists approved by the Economic and Social Council. The cuts would be gradual over a limited period of time by the end of which all such levies would be terminated. The Convention grants preferential treatment to goods from countries the Council considers to be "least developed".

Article 14 of the Convention stipulates that the selection of commodities for gradual liberalization, and of the semi-manufactured or manufactured products for complete exemption, should be guided by one or more of the following criteria:

(a) The commodity should occupy a strategic place in the consumption pattern that satisfies people's needs.

(b) The commodity should be in high and continuous demand.

(c) The value of the output of the commodity should represent a sizeable share of the gross product in one of the countries parties to the Convention.

(d) The commodity should occupy an important position in the production network in one of the States party to the Convention.

(e) The expansion in trade in the commodity should contribute to the acquisition of technological capability and to the indigenization and development of appropriate technology.

(f) The commodity should be important for the development of one of the member countries and face strong discriminatory or restrictive measures in foreign markets.

(g) Growth in exchange of the commodity should contribute to national security in general, and military security in particular.

(h) Any other criteria decided by the Arab League Economic and Social Council.

It is worth noting that the new Convention contains a number of general principles enunciated for the first time. It provides for instance for the establishment of a tariff wall *vis-à-vis* the outside world. Yet it merely requires member States to apply in their relations with the outside world a number of rules that in effect involve a minimal degree of protection for Arab goods against non-Arab competing or substitute products. For the purposes of the Convention, goods are considered Arab when the added value accruing from their production in the member country exceeds 40 per cent of their final value. This requirement is reduced to 20 per cent as a minimum for Arab assembling industries. The Convention also assigns to the Arab Monetary Fund the task of formulating an appropriate payments system to facilitate the settlement of payments arising from trade.[176]

A. THE START OF TRADE NEGOTIATIONS

The Economic and Social Council, aware of the importance of intraregional trade liberalization and development, and wishing to put the Convention into effect, called for the first Arab Trade Conference in Riyadh in February 1987 to discuss ways and means of implementing the Convention for Facilitating and Promoting Trade among the Arab States. The Conference coincided with the forty-second session of the Council and its results were submitted to the Council which adopted them in resolution No. 1030. The resolution entrusted the General Secretariat of the League with the task of inviting the Arab States that had ratified the Convention to enter into negotiations on 15 April 1987 in accordance with articles 7 and 8 of the Convention.

The Trade Negotiations Committee began a series of rounds which culminated in the lifting of tariffs on 52 product groups. In January 1989, the Committee reached agreement on the exemption from tariffs and taxes for 16 industrial products. The Arab countries members of the Negotiations Committee as well as Arab development funds and finance banks were called upon to grant priority in their funding for the production and exchange of the liberalized items. The Council asked the Committee, in the above-mentioned resolution to further pursue efforts to achieve full liberalization on a second list of 36 commodities.[177]

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[176] Elias Ghantous, "Intra-Arab trade: promotional mechanisms and development requirements" in *Awarq iqtisadiya* (in Arabic), the Arab Federation of Chambers of Commerce, Agriculture and Industry in the Arab Countries, vol. IX, July 1990, pp. 65-71.

[177] "Joint Arab economic action". The Unified Arab Economic Report, 1989 (in Arabic), chap. eight, pp. 169-170.

B. League of Arab States bodies and organizations

Since the early 1950s, the League of Arab States has witnessed the creation of numerous United Nations-type functional and specialized organizations, bodies, organs, councils and unions. However, the absence of a legal framework and a common basis governing relations between the League and its specialized agencies contributed to duplication of efforts and exacerbated joint Arab economic action. To address this phenomenon, the League Council decided in 1974 to establish a Coordination Committee between the League and its specialized agencies and organizations. In October 1975, it formed a Committee of senior Arab experts to examine the status of these organizations and to explore how they could contribute to the effectiveness of joint Arab action. The Committee called for the amendment of article 8 of the Joint Defence Treaty and for transforming the Economic Council into an Economic and Social Council. Thus, in 1977, the Council came to include Arab Foreign Ministers in addition to Economic and Finance Ministers and was charged with new responsibilities involving planning, evaluation, coordination, supervision and guidance. It was also given the power to approve the establishment and size of organizations and their abolition on the recommendation of the League Coordination Committee, in addition to supervision of external economic policies and relations. The new mandates and orientation of the Council are perhaps best exemplified by the formulation of the strategy of Joint Arab Economic Action until the Year 2000, which was endorsed by the Arab Eleventh Summit, held in Amman in November 1980, as the comprehensive framework within which Pan-Arab organizations pursued their role and objectives as they related to security, development, economic liberalization and integration. The Council also considered the first Joint Arab Economic Action Five-Year Plan, based on the Strategy and linking sectoral plans which the specialized agencies helped to formulate.

In addition to the implementing Summit resolutions and carrying out the tasks assigned to it by the Summit and the responsibilities stipulated in the Pact, the Economic and Social Council carries out a number of specific functions which include the liberalization of Arab trade and the coordinating of this effort with development policies to move Arab joint economic action to the customs union phase and pave the way for an Arab common market allowing for freedom of movement of persons, capital and goods.

C. The phenomenon of Arab economic groupings

The phenomenon of Arab economic groupings goes back to 1981, the date of establishment of the Gulf Cooperation Council, which includes Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. This was followed in February 1989 by the Arab Cooperation Council, with Egypt, Iraq, Jordan and Yemen as members. At about the same time, the Arab Maghreb Union was established in accordance with article 9 of the Pact of the League of Arab States, which stipulates that member States which desire stronger and closer ties among them than those provided for in the Pact, may conclude whatever agreements they wish for the realization of that purpose.

The three Arab groupings listed above have the same basic objectives, which are to coordinate their efforts and to cooperate to bring about economic integration among their members and consolidate ties among their citizens by all possible means. The statutes of both the Gulf Cooperation Council and the Arab Maghreb Union state explicitly that the ultimate aim of coordination and integration is union. The agreement establishing the Arab Cooperation Council states that its objective is to work for a common market among its members as a first step towards an Arab common market and Arab economic unity. However, the Arab

Cooperation Council has been weakened by the Gulf crisis and war and its activities have come to a standstill. Egypt recently decided to withdraw from the Council.

D. GULF COOPERATION COUNCIL ACHIEVEMENTS IN THE FIELD OF TRADE

The framework for joint economic action within the Gulf Cooperation Council is provided by the Unified Economic Agreement which was signed in May 1981 and entered into force in March 1983. Implementation has followed several tracks all related directly or indirectly to facilitating trade. With regard to economic citizenship, steps have been taken to secure freedom of movement for goods and means of transport which are accorded national treatment. With regard to infrastructure, efforts have focused on ways and means of linking it in ways that reflect the interdependence of interests among the Council member States. A direct road link and missing links were identified. The secretariat of the GCC has accorded from the outset special attention to the unification of procedures, regulations and laws. In the field of trade, tariffs on agricultural and animal products, and on natural resources and industrial products of national origin, were abolished in 1989. Producers were also allowed to export directly to any member State without having to go through a local agent. Seagoing vessels owned by a member State or its citizens were given national treatment too. The Manama Economic Declaration, issued by the ninth session of the Supreme Council of the Gulf Cooperation Council in December 1988, underlined a number of guidelines including expediting the unification of tariff schedules with the outside world as a first step towards the creation of a Gulf Cooperation Council common market in accordance with the provisions of the Unified Economic Agreement and of the GCC Supreme Council resolutions.[178]

[178] Ibid., p. 168.

XIV. STATE OF INTRAREGIONAL TRADE

Chapter XIII reviewed joint Arab efforts to activate intraregional trade beginning with the establishment of the League of Arab States in 1945 up to the present. It is generally believed that, notwithstanding the provisions contained in collective and subregional agreements for the liberalization of trade in many commodities and the reduction of customs tariffs on others and for the commitment to abolish and reduce non-tariff restrictions, their impact was limited and marginal. In this chapter, an attempt will be made to give a quantitative assessment of this impact by reviewing developments in intraregional trade in the ESCWA region and its basic commodity components compared with developments in aggregate foreign trade. The review is organized under the following subheadings:

(a) Development of ESCWA intraregional exports compared with total exports;

(b) Development of ESCWA intraregional imports compared with total imports;

(c) Ratio of intraregional trade (exports + imports) to gross national product (GNP) compared with the ratio of total foreign trade to GNP of ESCWA member countries;

(d) Interdependence coefficients among ESCWA members economies compared with interdependence coefficients in the economies of other regional groupings;

(e) Leading three major commodity groups in ESCWA intraregional exports;

(f) Leading three major commodity groups in ESCWA intraregional imports;

(g) Number and type of major commodity groups in ESCWA intraregional exports according to their respective significance in individual country exports;

(h) Number and type of major commodity groups in ESCWA intraregional imports according to their respective significance in individual country imports;

(i) Major partners in ESCWA intraregional trade.

A. Development of ESCWA intraregional exports compared with total exports

In 1975, ESCWA intraregional commodity exports amounted to \$4 billion out of an exports total of \$87.5 billion. In 1980, following the second adjustment in world oil prices, total exports reached a record high of \$199.1 billion, while intraregional exports jumped to \$9.6 billion. ESCWA intraregional exports thus grew at an annual rate of 18.9 per cent during the period 1975-1980, a rate slightly higher than that of total exports (17.9 per cent). However, following the collapse of oil prices in 1985, the value of total exports dropped by more than half to \$78.7 billion, or by about 17 per cent a year, while intraregional exports fell by half this rate to a mere \$6 billion. In 1990, intraregional exports improved at twice the rate of total exports, rising to \$11.1 billion, representing an annual increase of some 13 per cent. Total exports rose to \$107 billion, or by 6.3 per cent annually. In 1991, under the impact of the fallout from the Gulf crisis and war, ESCWA intraregional exports fell much faster than total exports, the former to \$9 billion and the latter to \$100.4 billion. The drop could have been greater considering the exit of Iraq and Kuwait from the world oil market had it not been for the large increase in the oil exports of both Saudi Arabia and the United Arab Emirates, and for the rise in world oil prices, particularly during the first quarter of 1991. Intraregional trade was adversely affected by the economic embargo against Iraq, which had been a major market for Jordanian exports, and owing to the closure of Gulf markets to Jordanian and Yemeni products because of political tensions. In 1992, total exports improved slightly, rising by 1.6 per cent to about $102 billion, while intraregional exports rose by 17.4 per cent to reach $10.6 billion (see table 66).

Intraregional exports grew during the period 1975-1992 at a faster rate than total exports despite the direct adverse effects of the Gulf crisis and war. Intraregional exports rose from $4 billion in 1975 to $10.6 billion in 1992, or by two and a half times over the 17-year period. Over the same period, total exports grew by only about 16.6 per cent, from $87.5 billion to $102 billion, except for 1980 when the value of exports rose at an exceptional pace following the second major adjustment of world oil prices.

The growth in intraregional exports increased their share in the total exports of the region from 4.6 per cent in 1975 to 7.7 per cent in 1985 and then to 10.4 per cent in 1990. The drop in this share to 9 per cent in 1991 because of the Gulf war was recovered in 1992 (see table 67).

B. Development of ESCWA intraregional imports compared with total imports

In 1975, ESCWA intraregional imports amounted to $12.4 billion while total imports were $90.5 billion.[179] In 1980, when the level of imports into the region reached a record high of $205 billion, representing an annual growth rate of 17.8 per cent, the expansion in intraregional imports was much lower. These imports amounted to $21.3 billion, representing an annual increase of 11.5 per cent. In 1985, the collapse in world oil prices and the subsequent drop in the region's ability to pay for imports led to a sharp decrease in total imports, which fell to $70.6 billion, representing an annual decrease of 19.2 per cent. Intraregional imports dropped at a faster rate, 22.2 per cent, to reach $6.1 billion. In 1990, intraregional imports rose by $1.6 billion over the 1985 level, while total imports rose by $3 billion. However, the Gulf crisis and war led to a rise in Gulf Cooperation Council imports, in general, and Saudi Arabian and Kuwaiti imports from industrial countries in particular. In 1991 and 1992, the region's imports rose by 14 and 13.3 per cent to reach $83.9 billion and $95 billion, respectively. Intraregional imports dropped meanwhile by 15.6 per cent and 11.7 per cent to $6.5 billion and $5.7 billion, respectively (see table 68).

The changes noted above in total and intraregional imports during the period under review affected the ratio of the latter to the former. Intraregional imports amounted to 13.7 per cent of total imports in 1975 (the highest ratio recorded for the period), and then dropped gradually until they reached 5.5 per cent in 1985. That ratio rose to 10.4 per cent in 1990 but then dropped to 7.7 per cent in 1991 and to 6 per cent in 1992.

C. Ratio of intraregional trade (exports + imports) to GNP compared with the ratio of total foreign trade to GNP of ESCWA member countries

The importance of the foreign trade sector in a country can be measured by the ratio of total trade in goods and services to GNP. A high ratio would indicate heavy dependence on foreign markets for the

[179] In principle, the values of intraregional imports and exports should be equal. The difference, as obtained from the International Monetary Fund's *Direction of Trade Statistics Yearbook*, is perhaps due to inaccuracy in identifying source and date of recording, and the importance of re-exports in the trade of the Gulf countries.

TABLE 66. DEVELOPMENT OF INTRAREGIONAL AND TOTAL EXPORTS OF ESCWA MEMBER COUNTRIES, SELECTED YEARS IN THE PERIOD 1975-1992

(Millions of US dollars; percentage)

Year	Total exports	Intraregional exports	Annual rate of change in total exports	Annual rate of change in intraregional exports
1975	87 460	4 023	-	-
1980	199 060	9 554	17.4	18.9
1985	78 697	6 060	-16.9	-8.9
1990	107 016	11 130	6.3	12.9
1991	100 406	9 037	-6.2	-18.8
1992	101 985	10 606	1.6	17.4

Source: Compiled by the ESCWA secretariat from various issues of the International Monetary Fund's *Direction of Trade Statistics Yearbook.*

marketing of goods and services and for the acquisition of commodities and other consumer and investment needs, and consequently reflect the degree of sensitivity of the national economy to external influences such as world prices, economic prosperity in other countries, financial, economic and commercial policies of trading partners, the impact of economic agreements and groupings and political developments, while weakening the effectiveness of domestic policies on the national economy.

The countries in the ESCWA region, particularly the major oil-exporting States, are characterized by the huge size of their foreign trade. This stems from their heavy dependence on one export commodity—namely, oil and its derivatives—and on imports to meet most of their needs. Since intraregional trade is limited, other countries, particularly the advanced industrialized ones, assume prominence as trade partners (see tables 67 and 69). Consequently, the ratio of total trade to GNP of the countries in the region is much larger than the ratio of intraregional trade to GNP.

Table 70 gives the ratio of total trade and intraregional trade (in goods only because of the unavailability of data on intraregional trade in services) to the GNP of the countries in the region. The ratio of total trade to GNP amounted to 87.8 per cent in 1980, which was an exceptional year with the region's foreign trade reaching a record high. The ratio was much higher than the average in the Gulf Cooperation Council countries, where it amounted to 96.7 per cent, and far less (42.5 per cent) in other ESCWA member countries, namely Egypt, Jordan, the Syrian Arab Republic, and Yemen. At the country level, the ratio was highest in Bahrain, where it amounted to 240.2 per cent or two and one half times its GNP. It was 103.7 per cent in Saudi Arabia, 103.1 per cent in Oman and 78.7 per cent in Kuwait. In the other ESCWA member countries, the lowest ratio was in Egypt (32.1 per cent) and the highest in Jordan (74.8 per cent).

TABLE 67. GEOGRAPHICAL DISTRIBUTION OF ESCWA MEMBER COUNTRIES' EXPORTS
(Percentage)

Year	ESCWA region	Other developing countries	Industrialized developed countries*	Eastern Europe and the former Soviet Union	China	Rest of the world	World
1975	4.6	20.3	58.1	0.8	-	16.2	100
1980	4.8	19.1	62.4	1.0	0.2	12.5	100
1985	7.7	23.1	54.1	1.8	0.1	13.2	100
1990	10.4	22.8	52.0	2.4	0.3	12.1	100
1991	9.0	23.0	54.0	1.5	0.6	11.9	100
1992	10.4	23.0	53.6	1.5	0.7	10.8	100

Source: Compiled by the ESCWA secretariat from various issues of the International Monetary Fund's *Direction of Trade Statistics Yearbook.*

* Including the European Union countries, the United States of America and Japan.

With respect to intraregional trade, its ratio to total GNP of the ESCWA member countries was a mere 3.9 per cent in 1980. The ratio was higher than the average in the Gulf Cooperation Council countries (4.2 per cent), and less in the rest of the ESCWA member countries (3.1 per cent). At the country level, the ratio was highest in Bahrain (100.1 per cent) and lowest in Saudi Arabia (2.4 per cent). In the other Gulf States, the ratio varied between 7.9 per cent in Kuwait and 3.3 per cent in Qatar. In the other ESCWA member countries, the highest ratio was in Jordan (15.8 per cent) followed by Yemen (13.6 per cent). The lowest was in Egypt (0.54 per cent) followed by the Syrian Arab Republic (1.3 per cent). This indicates the insignificance of intraregional trade in relation to total economic activity in the ESCWA member countries, with the exception of Bahrain.

In 1989, total foreign trade of ESCWA member countries dropped by 44.4 per cent compared with 1980, while GNP dropped by a mere 2.2 per cent. As a result, the overall trade/GNP ratio dropped from 87 per cent to about 50 per cent. The ratio, however, remained higher in the Gulf Cooperation Council countries, where it amounted to 67.6 per cent, but was halved to about 20 per cent in the other ESCWA member countries, where GNP doubled in comparison with 1980 and foreign trade grew by 7.4 per cent only. At the individual country level, the ratio of foreign trade to GNP dropped in all the Gulf Cooperation Council countries without exception. Yet, it remained highest in Bahrain and the United Arab Emirates. In the other ESCWA member countries, the ratio dropped by half in Yemen (from 62.6 per cent in 1980 to 31.8 per cent in 1989) and by more than half in Egypt (from 32.1 per cent to 14.3 per cent), but rose in Jordan (from 74.8 per cent to 81 per cent).

TABLE 68. DEVELOPMENT OF INTRAREGIONAL AND TOTAL IMPORTS OF ESCWA REGION COUNTRIES, SELECTED YEARS IN THE PERIOD 1975-1992

(Millions of US dollars; percentage)

Year	Total imports	Intraregional imports	Annual rate of change in total imports	Annual rate of change in intraregional imports
1975	90 450	12 391	-	-
1980	204 980	21 317	17.8	11.5
1985	70 561	6 068	-19.2	-22.2
1990	73 569	7 651	0.8	4.7
1991	83 866	6 458	14.0	-15.6
1992	95 031	5 702	13.3	-11.7

Source: Compiled by the ESCWA secretariat from several issues of the International Monetary Fund's *Direction of Trade Statistics Yearbook.*

Whereas the ratio of total foreign trade of the region to GNP fell, that of intraregional trade to GNP rose from 3.9 per cent to 4.8 per cent. The increase was highest in the Gulf Cooperation Council States, where it increased by about two thirds, to 7 per cent of total GNP. In the other ESCWA member countries, the ratio dropped by more than half, from 3.1 per cent to 1.2 per cent. At the country level, Bahrain and Kuwait witnessed a drop in the relative importance of intraregional trade to GNP. However, the ratio increased in the other GCC countries, in particular Oman where it attained 45.9 per cent. The ratio decreased in all the other ESCWA member countries except the Syrian Arab Republic.

The above review leads to the following conclusions:

(a) The foreign trade sector accounts for a high share of GNP in the ESCWA region, particularly in the GCC States on account of the oil sector, which is essentially an export sector, and the huge size of their imports for consumption and investment purposes. This share is much lower in the other more diversified ESCWA economies except Jordan, where foreign trade represents a sizeable share of GNP, and in Lebanon though precise figures are not available.

(b) Intraregional trade has not attained 5 per cent of the aggregate GNP of the region. In 1980, when both GNP and foreign trade reached peak levels, intraregional trade represented no more than 3.9 per cent of GNP—a reflection of the poor response of intraregional trade to expansion in economic activity. Such a phenomenon may be interpreted at two levels: for the Gulf Cooperation Council countries, the industrialized countries serve as major export markets for their oil exports. The other ESCWA countries are either oil-exporting, self-sufficient or with limited needs for oil imports. In view of the consumption patterns prevailing in the Gulf States, the industrialized countries are also the main suppliers of imports to them. The countries of the region are not in a position to meet easily most of the Gulf States demand for imported

TABLE 69. GEOGRAPHICAL DISTRIBUTION OF ESCWA REGION IMPORTS
(Percentage)

Year	ESCWA region	Other developing countries	Developed industrialized countries	Eastern Europe and the former Soviet Union	China	Rest of the world	World
1975	13.7	10.0	58.5	4.6	-	13.2	100
1980	10.4	9.3	63.6	3.1	1.1	12.5	100
1985	8.5	11.6	61.5	3.7	1.1	13.5	100
1990	10.4	12.6	57.8	1.9	2.0	15.3	100
1991	7.7	15.3	60.7	1.4	1.5	12.9	100
1992	6.0	14.6	63.6	1.2	1.7	12.9	100

Source: Compiled by the ESCWA secretariat from several issues of the International Monetary Fund's *Direction of Trade Statistics Yearbook.*

goods.

The limited importance of intraregional trade in relation to GNP in the non-Gulf ESCWA member countries is due to the fact that most of them have adopted import-substitution policies and policies aimed at rationalizing imports and allocating their limited foreign exchange resources to import capital goods and basic agricultural commodities which the countries could not produce.

The interpretation given above would suggest that economic integration should combine the approaches of trade integration and developmental integration, as it cannot be left to market forces, or self-propelling factors, or time.

D. INTERDEPENDENCE COEFFICIENTS AMONG ESCWA MEMBERS ECONOMIES COMPARED WITH INTERDEPENDENCE COEFFICIENTS IN THE ECONOMIES OF OTHER REGIONAL GROUPINGS

Table 71 gives the coefficients of interdependence among the ESCWA members economies for selected years during the period 1970-1991. The coefficient of interdependence measures the extent to which the economies of the region depend on each other or, put differently, it measures the complementarity between production activities, a high coefficient indicating that the larger the expansion in these activities the greater the need to import from one another and, hence, the expansion of intra-trade. A specific formula is used for computing the coefficients that related intraregional exports and imports of the region to its gross national

TABLE 70. THE ESCWA REGION: SHARE OF TOTAL AND INTRAREGIONAL TRADE IN GNP AT CURRENT PRICES FOR THE YEARS 1980 AND 1989*

(In millions of US dollars)

	GNP		Total trade		Intraregional trade		Percentage of trade to GNP		Percentage of intraregional trade to GNP	
	1980	1989	1980	1989	1980	1989	1980	1989	1980	1989
Bahrain	2 948	3 321	7 082	5 965	2 950	2 108	240.23	179.61	100.05	63.46
Kuwait	33 534	32 357	26 385	17 779	1 259	912	78.61	54.95	3.75	2.82
Oman	5 313	7 346	5 480	6 188	398	3 370[a]	103.14	84.24	7.49	45.88
Qatar	7 829	6 488	7 158	3 441	262	356	91.43	53.04	3.34	5.49
Saudi Arabia	143 920	86 115	139 322	49 522	3 447	3 162	96.81	57.51	2.40	3.67
United Arab Emirates	29 616	27 513	30 716	27 361	1 100	1 443	103.71	99.45	3.71	5.24
Gulf Cooperation Council States	233 160	163 140	216 143	110 256	9 415	11 351	96.86	67.58	4.22	6.96
Egypt	24 616	69 818	7 906	9 999	132	236	32.12	14.32	0.54	0.34
Jordan	3 970	3 997	2 968	3 238	628	365	74.76	81.01	15.82	9.13
Syrian Arab Republic	13 062	18 609	6 232	5 106	163	402	47.71	27.44	1.25	2.16
Yemen Arab Republic	2 996	6 456	1 876	2 051	406	208	62.62	31.77	13.55	3.22
Other ESCWA countries	44 644	98 880	18 982	20 394	1 329	1 211	42.52	20.36	3.13	1.22
Total ESCWA countries	267 804	262 020	235 125	130 650	10 744	12 562	87.8	49.86	3.91	4.79

Source: Compiled by the ESCWA secretariat on the basis of information from various national and international sources.

* With the exception of Iraq, Lebanon and Democratic Yemen owing to lack of data.

[a] The ESCWA secretariat reserves judgement on this figure, which is too high. It was reproduced as recorded in international sources.

products.[180] The formula used in calculating the coefficient is as follows:

$$B_{ij} = \frac{2(X_{ij} + M_{ij})}{(Y_i + Y_j)}$$

where B_{ij}: Is the coefficient of interdependence between economy i and economy j

X_{ij}: Exports from country i to country j

M_{ij}: Imports to country i from country j

Y_i: Total national product of country i

Y_j: Total national product of country j

Calculations have not only revealed that the coefficients for the ESCWA member countries are low, but that they have also been falling. The coefficients for the years 1970, 1975, and 1980 have been estimated at 0.04, which means that every dollar of the GNP resulted in 4 cents of intraregional trade. In 1985 and 1991, the coefficient fell to 0.02. These results must be treated with caution, however, because of the lack of relevant data for all member countries for the years selected.

By dividing the ESCWA member countries into two groups, the Gulf Cooperation Council group and the group composed of other ESCWA member countries, it can be observed that the coefficients of interdependence for the former group were considerably lower than those among ESCWA member countries as a whole. The coefficient of interdependence between the Gulf Cooperation Council countries and the other ESCWA member countries was very low, being close to zero in 1991. Coefficients among the other ESCWA member countries dropped from 0.03 in 1970 to 0.02 in 1975, and then to 0.01 in 1991 (see table 71).

These results point to the weakness of developmental integration among the region's economies, where economic activities in one country are carried out in isolation from those in other countries. In other words, there is not enough complementarity to give rise to intra-trade commensurate with the expansion in economic activity.

A recent study, which calculated interdependence coefficients among the economies of the Association of South-East Asian Nations (ASEAN), the newly industrializing economies (NIEs) (a grouping that includes Malaysia, the Republic of Korea, Singapore, Hong Kong and Taiwan Province of China) and the countries of the European Union, revealed that the coefficients of interdependence among the ASEAN economies, relatively weak as they are, rose from 0.9 in 1980 to 1 in 1987 and to 2.1 in 1990. The coefficients between the NIEs economies were much higher and rose from 4.4 in 1980 to 5.6 in 1990. European Union

[180] Michiko Ikeda, "Strategic factors for economic growth in NIES [newly industrializing economies] and ASEAN [Association of South-East Asian Nations]", a paper submitted to the Conference on "Jordan Economy: Problems and Perspectives", held at Jordan University Strategic Centre, Amman, 15 June 1993.

TABLE 71. COEFFICIENTS OF INTERDEPENDENCE AMONG ESCWA MEMBERS ECONOMIES

Year	ESCWA region	Gulf Cooperation Council member States	Other ESCWA member States
ESCWA region			
1970	0.04		
1975	0.04		
1980	0.04		
1985	0.02		
1991	0.02		
Gulf Cooperation Council member States			
1970		0.02	0.01
1975		0.03	0.03
1980		0.04	0.01
1985		0.01	0.001
1991		0.01	0
Other ESCWA member States			
1970		0.01	0.03
1975		0.03	0.02
1980		0.01	0.01
1985		0.001	0.001
1991		0	0.01

Source: Compiled by the ESCWA secretariat from several issues of *International Financial Statistics* (International Monetary Fund) and from UNCTAD sources.

coefficients were very high, reaching 17.8 in 1980, dropping to 14.1 in 1987 and rising again to 16.2 in 1990.[181]

E. LEADING THREE MAJOR COMMODITY GROUPS IN ESCWA INTRAREGIONAL EXPORTS

The attempt to determine the first three leading export commodity groups, in terms of value and according to the Standard International Trade Classification (SITC), for selected years in the period 1970-1991, revealed that manufactured goods (SITC groups 6, 7, and 8) occupy first place in intraregional exports in 7 of the 11 countries reviewed. These seven countries are Bahrain, Kuwait, Oman, Qatar, Egypt, Lebanon and Jordan (see table 72). Fuel occupied first place in Saudi Arabia's exports, and foodstuffs in Syrian exports. In second place came foodstuffs and manufactured goods joined sometimes by chemicals. Third place was dominated by foodstuffs, tobacco and beverages, fuel, non-edible primary products, chemical products and manufactured goods.

All in all, and based on the number of times that a commodity group appeared (in terms of the number of countries and years) manufactured goods took the lead, with foodstuffs occupying both second and third position. The conclusion is that these two commodity groups are the ones most demanded in intraregional trade by both the oil economies and the more diversified economies.

F. LEADING THREE MAJOR COMMODITY GROUPS IN ESCWA INTRAREGIONAL IMPORTS

Table 72 shows that manufactured goods (SITC 6, 7 and 8) occupied the leading position in intraregional imports, for most countries in most years, followed by fuel. Foodstuffs occupied second position in all years in some countries, followed by manufactured goods. The third position was shared by more than one product group, particularly foodstuffs, chemicals, manufactured goods, beverages and tobacco. Judging by the frequency of occurrence in each of the three positions (in terms of years or countries), manufactured goods took the lead followed by foodstuffs in second and third positions. The conclusion is identical with that arrived at in connection with exports: manufactured goods and foodstuffs occupy a particularly important place in intraregional trade. This means that joint Arab action in the area of trade integration could, if accompanied by similar efforts to coordinate agricultural and industrial policies in the region, lead to an increase in the number of tradeable products in these categories and, consequently, to the expansion of intraregional trade.

G. NUMBER AND TYPE OF MAJOR COMMODITY GROUPS IN ESCWA INTRAREGIONAL EXPORTS ACCORDING TO THEIR RESPECTIVE SIGNIFICANCE IN INDIVIDUAL COUNTRY EXPORTS

In the preceding two sections, the three leading commodity groups in intraregional trade were identified. In this and the following section an attempt will be made to show the significance of commodity groups in intraregional trade compared with that in the total trade by country. Table 74 gives the number and type of commodity groups entering intraregional trade which account for more than 25 per cent of a country's total exports of the commodity group in question. Of the 10 countries considered, it appears that

[181] Ibid.

TABLE 72. THE ESCWA REGION:* LEADING THREE MAJOR COMMODITY GROUPS IN ESCWA INTRAREGIONAL EXPORTS, SELECTED YEARS**

Country	Commodity groups according to SITC		
	(1)	(2)	(3)
Bahrain			
1970	6+7+8	0	1
1975	6+7+8	3	0
1980	3	6+7+8	0
1985	6+7+8	5	0
1988	6+7+8	5	0
Kuwait			
1970	6+7+8	0	3
1975	6+7+8	3	0
1980	6+7+8	3	
1983	6+7+8	3	
1988	6+7+8	0	
Oman			
1980	6+7+8	0	
1985	6+7+8	0	
1990	6+7+8	0	
1991	6+7+8	0	0
Qatar			
1975	6+7+8	0	0
1990	6+7+8	5	
Saudi Arabia			
1975	3	6+7+8	0
1980	3	6+7+8	0
Iraq			5
1975	2	0	6+7+8
Egypt			
1970	6+7+8	0	5
1980	3	0	6+7+8
1985	0	6+7+8	3
1988	6+7+8	0	5
1991	6+7+8	0	5
1991	0	5	6+7+8
Jordan			
1970	0	6+7+8	1
1975	6+7+8	0	5
1980	6+7+8	0	5
1985	6+7+8	0	5
1990	5	6+7+8	0
1991	0	5	6+7+8
Lebanon			
1970	6+7+8	0	5
Syrian Arab Republic			
1975	6+7+8	2	0
1981	0	2	6+7+8
1985	0	6+7+8	2
1989	0	6+7+8	2
1990	0	3	6+7+8
Yemen Arab Republic			
1980	0	6+7+8	5

Source: See part two, statistical annex table I in the present *Survey*.

* Except for Democratic Yemen and the United Arab Emirates owing to lack of data.

** The Standard International Trade Classification (SITC) provides for 10 major commodity groups numbered 0 to 9. They are:
0 = All food items.
1 = Beverages and tobacco.
2 = Inedible crude materials, except fuel.
3 = Fuels.
4 = Animal and vegetable oil and fats.
5 = Chemical products.
6 = Manufactured products.
7 = Machinery and transport equipment.
8 = Miscellaneous manufactured articles.
9 = Commodities and transactions not classified elsewhere.

TABLE 73. THE ESCWA REGION:* LEADING THREE MAJOR COMMODITY GROUPS IN ESCWA INTRAREGIONAL IMPORTS, SELECTED YEARS**

Country	SITC commodity groups			Country	SITC commodity groups		
	(1)	(2)	(3)		(1)	(2)	(3)
Bahrain				*United Arab Emirates*			
1970	6+7+8	0	1	1980	3	6+7+8	0
1975	6+7+8	3	0	1985	3	0	6+7+8
1980	3	6+7+8	0	*Egypt*			
1985	6+7+8	5	0	1970	6+7+8	2	0
1988	6+7+8	5	0	*Iraq*			
Kuwait				1975	6+7+8	2	5
1970	6+7+8	0	5	1980	6+7+8	0	2
1975	0	5	6+7+8	1985	3	6+7+8	2
1980	0	6+7+8	2	1991	6+7+8	5	3
1988	6+7+8	0	5	1992	6+7+8	5	0
Oman				*Jordan*			
1980	6+7+8	0	1	1970	0	6+7+8	3
1985	6+7+8	0	2	1975	3	0	6+7+8
1990	6+7+8	0	3	1980	3	6+7+8	0
1991	6+7+8	0	5	1985	3	6+7+8	0
Qatar				1988	3	0	6+7+8
1975	6+7+8	0	5	1992	3	6+7+8	5
1991	6+7+8	5	3	*Lebanon*			
Saudi Arabia				1970	3	0	2
1970	6+7+8	0	5	*Syrian Arab Republic*			
1975	6+7+8	0	5	1975	3	6+7+8	0
1985	6+7+8	0	5	1985	3	0	5
1988	6+7+8	0	5	1989	5	0	6+7+8
1989	6+7+8	0	5	*Yemen Arab Republic*			
				1975	6+7+8	3	0
				1980	6+7+8	3	0

Source: See part two, statistical annex table I in the present *Survey*.

* Except for Democratic Yemen and the United Arab Emirates owing to lack of data.

** The Standard International Trade Classification (SITC) provides for 10 major commodity groups numbered 0 to 9. They are:
0 = All food items.
1 = Beverages and tobacco.
2 = Inedible crude materials, except fuel.
3 = Fuels.
4 = Animal and vegetable oil and fats.
5 = Chemical products.
6 = Manufactured products.
7 = Machinery and transport equipment.
8 = Miscellaneous manufactured articles.
9 = Commodities and transactions not classified elsewhere.

TABLE 74. NUMBER AND NATURE OF MAJOR COMMODITY GROUPS IN INTRA-ESCWA EXPORT TRADE ACCOUNTING FOR MORE THAN 25 PER CENT OF TOTAL INDIVIDUAL COUNTRY EXPORTS OF THE GROUPS

(Selected years)

Country	0	1	2	3	4	5	6	7	8	9	Number of commodity groups
Bahrain											
1970	*	*	*		*	*	*	*	*		8
1975	*	*			*	*	*	*	*	*	8
1980	*		*		*		*			*	5
1985	*	*			*		*	*	*	*	7
1988	*				*		*	*	*		5
Kuwait											
1970	*	*	*		*		*	*	*	*	8
1975	*	*	*		*		*	*	*	*	7
1980	*	*	*		*		*	*	*	*	8
1989	*	*	*				*	*	*	*	7
Oman											
1975										*	1
1980	*	*	*		*	*	*	*	*	*	9
1985	*	*	*	*	*	*	*	*	*		9
1988	*	*	*		*	*	*	*	*	*	9
1990	*	*	*	*	*	*	*	*	*	*	10
1991	*		*	*	*	*	*	*	*	*	9
Qatar											
1975	*	*	*		*		*	*	*		7
1991	*	*					*	*		*	5
Saudi Arabia											
1975	*	*	*		*	*	*	*			7
1980	*	*	*		*		*	*	*	*	8
Iraq											
1975		*	*				*	*	*		5

TABLE 74. *(continued)*

Country	0	1	2	3	4	5	6	7	8	9	Number of commodity groups
Egypt											
1970								*			1
1980	*					*		*			3
1985	*	*				*			*		4
1989	*								*	*	3
1991	*	*			*					*	4
Jordan											
1970	*	*		*	*	*	*	*	*		8
1975	*	*		*	*	*	*	*	*	*	9
1980	*	*			*	*	*	*	*	*	8
1985	*	*		*	*	*	*	*	*	*	9
1991	*	*		*	*						4
Lebanon											
1970	*			*							1
Syrian Arab Republic											
1975	*				*	*	*	*	*	*	7
1981	*					*					2
1985	*	*			*					*	4
1991	*							*		*	3

Source: See part two, statistical annex table II in the present *Survey*.

Oman and Jordan had the largest number of commodity groups in their intraregional exports. During the period 1980-1991, the number of major commodity groups traded intraregionally by Oman ranged between 9 and 10. In other words, more than 25 per cent of Omani exports of 9 to 10 major commodity groups went to other countries in the region. In Jordan, the number of such commodity groups varied between 8 and 9 in the period 1970-1985, but dropped to 4 in 1991 as a result of the shrinking of exports following the Gulf crisis. Kuwait occupied third place. In the years 1970, 1975, 1980 and 1989, the number of commodity groups exported to other countries in the region by Kuwait varied between 7 and 8. Bahrain followed with between 5 and 8 groups in the years 1970-1988. As for Saudi Arabia and Qatar, where information was available for two years only, the number of commodity groups ranged between 7 and 8 in the former, and 5 and 7 in the latter. In Egypt, the number of commodity groups entering intraregional exports, the value of which exceeded 25 per cent of the total exports of each group, varied between 1 and 4. In the Syrian Arab Republic the number of groups was between 2 and 4, except for 1975 when it was 7.

H. NUMBER AND TYPE OF MAJOR COMMODITY GROUPS IN ESCWA INTRAREGIONAL IMPORTS ACCORDING TO THEIR RESPECTIVE SIGNIFICANCE IN INDIVIDUAL COUNTRY IMPORTS

Table 75 lists those SITC commodity groups which account for 10 per cent or more of total intraregional imports of a country. Of the 10 countries covered, Oman had the largest number of such commodity groups: 2 in 1975, 5 in 1985, 6 in 1989 and 7 in 1991. Qatar and Jordan came next. Qatar, except for 1980, had between one such group in 1988 and four in 1991. Jordan had two commodity groups for most years. Other ESCWA member countries had either one or nothing at all.

This provides another indicator of the low significance of intraregional imports in total imports of the region. Intraregional exports would appear more important in terms of the number of commodity groups of exports involved, although the weight given to determine the importance of each group was two and one-half times that in the case of imports. This implies that the countries of the region resort to each other's markets for export purposes, but have better alternatives for import purposes. This phenomenon is worthy of scrutiny to determine its causes and the ways to deal with it.

I. MAJOR PARTNERS IN ESCWA INTRAREGIONAL TRADE

Bilateral relations and traditional markets, more than joint Arab action, appear to determine the partners in intraregional trade. Trade tends to concentrate in four partners at most, and often in just one, as is illustrated in table 76, which shows who were the major trading partners of each country for both exports and imports in 1991. Jordan, for instance, is Iraq's most important partner for intraregional exports and imports, providing 96 per cent of the former and 79.3 per cent of the latter. Egypt is Kuwait's most important export market in the region, absorbing 97 per cent of its exports to the region in 1991, while Egypt accounted for 70.8 per cent of Kuwait's imports from the region. Two conclusions may be drawn from table 76: (a) although four partners are listed, the bulk of trade is accounted for by one partner; and (b) the States members of the Gulf Cooperation Council, with some exceptions, are each other's main trade partners. This is not explained by the complementary nature of their markets, but rather by the dominance of re-exports in their mutual trade and by the export of oil for refining purposes.

TABLE 75. NUMBER AND NATURE OF MAJOR COMMODITY GROUPS IN INTRA-ESCWA IMPORT TRADE ACCOUNTING FOR 10 PER CENT OR MORE OF INDIVIDUAL COUNTRY IMPORTS OF THE GROUP

(Selected years)

Country	0	1	2	3	4	5	6	7	8	9	Number of commodity groups
Bahrain											
1970											0
1975				*							1
1980				*							1
1985			*								1
1988											0
Kuwait											
1970				*							1
1975											0
1980				*							1
1989				*							1
Oman											
1975	*		*								2
1985	*	*		*			*		*	*	5
1989	*	*	*	*			*		*	*	6
1991	*	*	*	*		*	*		*	*	7
Qatar											
1975	*				*				*		2
1980											0
1985		*		*							2
1988				*							1
1991	*			*	*					*	4
Saudi Arabia											
1970											0
1975		*		*						*	3
1985											0
1988											0
1989											0
United Arab Emirates											
1980				*							1
1985				*							1

Table 75. (*continued*)

Country	0	1	2	3	4	5	6	7	8	9	Number of commodity groups
Iraq											
1975										*	1
Egypt											
1970											0
1975					*						1
1980											0
1985					*						1
1991											0
Jordan											
1970	*				*						2
1975	*				*						2
1980				*	*						2
1985				*	*						2
1990				*	*		*				3
1991					*						1
Lebanon											
1970					*						1
Syrian Arab Republic											
1975					*						1
1985											0
1989											0

Source: See part two, statisical annex table II in the present *Survey*.

TABLE 76. MAJOR PARTNERS IN ESCWA INTRAREGIONAL TRADE, 1991*

(Percentages)

Country	Exports	Imports
Bahrain	United Arab Emirates (65.5), Saudi Arabia (14.9), Yemen (6.6) and Lebanon (4.2)	Saudi Arabia (94.5), United Arab Emirates (8.8), Oman (1.3) and Jordan (1.1)
Egypt	Saudi Arabia (45.5), Jordan (14.5), Yemen (8.8) and Iraq (8.5)	Saudi Arabia (59), Kuwait (19.5), Lebanon (7.9) and Iraq (4.9)
Iraq	Jordan (95.8) and Egypt (4.2)	Jordan (79.3) and Egypt (30.7)
Jordan	Iraq (38.2), United Arab Emirates (17.8), Bahrain (7.9) and Saudi Arabia (7.4)	Iraq (54.8), Syrian Arab Republic (11.4), Saudi Arabia (8.1) and Egypt (6.7)
Kuwait	Egypt (97)	Egypt (70.8) and Syrian Arab Republic (29.2)
Lebanon	Saudi Arabia (35.3), United Arab Emirates (21), Jordan (13.4) and Syrian Arab Republic (12.2)	Syrian Arab Republic (78), Saudi Arabia (6.7), Bahrain (5) and Egypt (3.3)
Oman	United Arab Emirates (80.7), Saudi Arabia (12.7), Yemen (3) and Qatar (1.6)	United Arab Emirates (85.9), Saudi Arabia (8.1), Bahrain (3.7) and Qatar (1.4)
Qatar	United Arab Emirates (59.8), Saudi Arabia (24.1), Egypt (4.8) and Oman (4.8)	Saudi Arabia (36.8), United Arab Emirates (26.9), Bahrain (9.6) and Jordan (9)
Saudi Arabia	Bahrain (52.7), United Arab Emirates (26.4), Yemen (6.2) and Egypt (4.3)	Syrian Arab Republic (22), United Arab Emirates (20), Egypt (18.9) and Bahrain (14.1)
Syrian Arab Republic	Lebanon (52.9), Saudi Arabia (27.6), United Arab Emirates (7.9) and Jordan (7.1)	Saudi Arabia (38.3), Lebanon (25.8), Egypt (18.3) and Jordan (11.6)
United Arab Emirates	Oman (66.5), Saudi Arabia (17.7), Qatar (5.4) and Yemen (4.5)	Saudi Arabia (47.9), Bahrain (16.9), Qatar (14.9) and Lebanon (6.8)
Yemen	Jordan (41.4), Saudi Arabia (38.4), Egypt (10.3) and United Arab Emirates (8.1)	Saudi Arabia (50.8), Oman (22), United Arab Emirates (9.2) and Bahrain (8.8)

Source: Compiled by the ESCWA secretariat from data in *Direction of Trade Statistics Yearbook, 1992* (International Monetary Fund).

* The first four trade partners.

XV. REASONS FOR LIMITED TRADE AMONG ESCWA MEMBER COUNTRIES

For many years the Arab countries, including those in the ESCWA region, in their quest for economic integration, tended to concentrate on the liberalization of trade from tariff and non-tariff barriers. Today, and after more than four decades, they are still at the initial stage of economic integration, namely, the creation of a preferential trade area, which involves the reduction, and not the elimination, of tariffs on some products,most often industrial items. In other words, Arab trade exchanges have not yet reached the stage of a free-trade area, let alone a customs union or a common market, culminating in an economic union.

The examination of joint Arab economic efforts contained in chapter XIII of the present *Survey* has unambiguously revealed the absence of an appropriate collective institutional framework for the promotion of intraregional Arab trade. The absence of such a framework is not unrelated to the influence of national policies and their impact at various levels, including economic, political, ideological, social, structural, organizational and administrative factors as detailed below.

A. The weakness of the basis of intraregional trade in total Arab foreign trade

As noted in chapter XIV above, intraregional trade occupies a minor position in the totality of external trade relations of the ESCWA member countries. This is due to historical factors, which have linked the economies of the region to those of the industrialized countries by continuing specialization of the former in the production of raw materials and the maintenance of a trade structure dominated by exports of raw materials and imports of manufactured goods, mainly from the industrialized countries. The fact that the countries of the region with diversified economies (Egypt, Iraq, Jordan and the Syrian Arab Republic) also adopted import-substitution industrialization rather than export-oriented strategies contributed to weaken further intraregional trade because it gave rise to the development of similar industries under high walls of protection. This has meant that only a very limited number of manufactured items could be included in negotiations, namely items that are produced in one of the member States and not in the other States. In addition, joint Arab investments have not been successful in creating tradeable products because they tended to focus on services such as tourism, real estate, financial investment, or production for the domestic market.

B. Contradictions, structural differences and lack of a comprehensive vision

The Arab countries share a basic problem: development. In addition, there are clear disparities in resource and wealth distribution and differences in development levels and in economic and social structures. Disparities and differences are considered obstacles to spontaneous integration, but could be an asset in planned integration. The lack of the latter has prevented the realization of Arab integration and frustrated efforts to liberalize trade. Following two decades of pursuing import-substitution policies, the region witnessed, with the start of the oil boom, an export-oriented, technology and capital-intensive industrialization drive that tended to rely totally and excessively on external sources for the acquisition of technology and for marketing its output. The industries thus created formed an industrial and technological chain that began and ended in the advanced industrialized countries. Established Arab industries formed only minor links in that chain, which remained under the domination of the more advanced industrial countries. The risk of global integration is particularly evident in the case of those countries where foreign trade accounts for a high proportion of GDP, reaching in some cases as much as 80 per cent. This means that even if production is directed towards exporting, it will serve the interests of the industrialized countries and not the Arab States, thus leading to further marginalization of Arab trade integration.

C. INAPPROPRIATE CHOICE OF INTEGRATION APPROACHES

Economic integration literature distinguishes between two types of integration: market integration and development integration. The former depends on market forces and prices as instruments for realizing economic integration through the lifting of quantitative and non-quantitative restrictions on the movement of goods, services and production factors among ESCWA member States, and their adoption of common policies *vis-à-vis* the outside world. This type of integration is better suited to those countries that have already developed an advanced and flexible production system and have reached a stage of self-sustained economic growth and, consequently, are seeking to find export markets for their products.

The development economic integration approach concerns itself primarily with developing appropriate production structures in member countries of the integration area through the pursuit of a regional economic development strategy that is reflected in national economic development plans. In other words, this type of integration is concerned, in the first place, with the problems and policies of economic development. On the whole, market integration is known to be best suited to developed capitalist countries, whereas development integration is more suited to the conditions of developing countries.

Another distinction is between negative integration and positive integration. The former focuses on the elimination of restrictions on the movement of goods and production factors among the countries members of an integration area. This type of integration usually culminates with the establishment of a common market. Positive integration, on the other hand, begins with the establishment of economic unity, a stage where member countries focus on the coordination and unification of their economic and financial policies, and the formulation of economic development plans within a regional perspective.

The Arab economic integration experience within the framework of the League of Arab States clearly shows that the States members of the economic unity agreement chose the market economic integration approach; that is, they chose to rely on market forces and the price mechanism as the best means of forming the necessary production structures. In other words, their countries chose an integration approach not suited for addressing the problem at hand. This also means that the decision to establish the Arab Common Market started with negative economic integration steps with the creation of a free trade area in January 1971. Efforts made by the Arab Economic Unity Council failed to turn this area into a customs union to pave the way for the creation of an Arab common market. Arab Governments supported these attempts which, however, did not go beyond the establishment of negative economic integration on the basis of market forces, with minimum efforts at the level of positive integration in the form of Arab joint ventures.

D. POLITICAL CONSIDERATIONS

Political considerations are viewed by some observers as having been a major constraint on the implementation of decisions concerning the liberalization of intraregional Arab trade. However, while these are often linked to considerations of national sovereignty, they may well reflect genuine apprehensions related to feasibility and viability of proposed projects and accords, as well as differences in economic systems, which may entail disparities in the degree of sacrifices required from each country in return for liberalizing its intraregional trade. There is also the fear of losing customs revenue, especially in countries whose budgets depend heavily on these revenues, in the absence of compensatory mechanisms. The fear of rising unemployment, in the absence of freedom of movement of production factors, resulting from opening up national markets to external competition is another factor. Such considerations tend to make countries prefer ultimately the establishment of bilateral trade relations to multilateral trade relations, and to deal with international rather than with regional organizations.

E. The inadequacy of unofficial involvement

Arab intraregional trade liberalization measures have been essentially political and centralized decisions, taken without the involvement, directly or indirectly, of concerned private sector entities such as professional associations, trade unions, chambers of commerce and industry, banks, insurance companies, transport companies or ordinary citizens in their capacity as consumers who in the end bear the brunt of decisions or benefit from the prosperity they generate. The private sector, therefore, did not identify itself with these decisions, which reduced its ability to exercise pressure on decision makers to activate intraregional trade liberalization measures.

F. The absence of institutions specialized in promoting intraregional Arab trade

Of the 15 specialized agencies operating in the area of joint Arab action, none is exclusively concerned with the development of intra-Arab trade. The Arab Monetary Fund, which was originally established to help Arab States to correct temporary imbalances in their balance of payments, began to show interest in Arab intraregional trade through two major programmes: the Arab Trade Financing programme, established in 1989, and the Arab States Trade Information Network in 1993. These were steps in the right direction, despite their limited scope in relation to actual needs. The lack of a mechanism for the financing and guaranteeing of Arab exports constitutes a major weakness which has adversely affected the development of intraregional trade in the past, especially in those countries that have difficulty in paying directly for their imports; the advanced industrialized countries and some developing countries were able to make tempting offers in this respect.

G. Complexity of border, clearance and transit formalities

The liberalization of trade from customs restrictions and facilitation of border, clearance and transit formalities should go together. The latter, however, have remained inadequate for facilitating the flow of intraregional trade, and have made no distinction between such flows and trade with other countries.

H. External factors

In addition to the factors reviewed above, it is believed that the trade policies of advanced industrial countries and developments in the international economic system have played a role in weakening intra-Arab trade. Worth mentioning are the dumping policies pursued by other countries which weaken the competitiveness of Arab goods and threaten Arab industries producing similar goods; the generous subsidies extended by the industrial countries to their exports, particularly agricultural products, which render Arab production for domestic consumption or export purposes economically non-profitable; the tying of loans and credit facilities to imports from the providing country; the incentives offered through various economic, financial and technical cooperation agreements which industrialized countries conclude with the Arab States and through which they secure tariff concessions and control by transnational corporations of international trade in major commodities; and the need of Arab countries to import technology from the advanced industrial countries.

XVI. CURRENT CHALLENGES TO ARAB INTRAREGIONAL TRADE

In addition to the traditional constraints that have faced joint Arab action, recent and ongoing regional and international developments, the impact of which is expected to continue into the future, represent new challenges that will require the Arab countries to define, and rapidly, a position commensurate with the seriousness of the issues. These challenges are:

(a) Arab-Israeli peace and the establishment of a Middle Eastern market;
(b) Liberalization of world trade and the implications of accession to the GATT agreement;
(c) The formation of large economic groupings, particularly the single European market.

These challenges are recent; hence, any judgement passed on them, optimistic or otherwise, is likely to be lacking in terms of analytical tools and insights. The literature available on the subject reflects mostly personal views and opinions. The review of these challenges and their impact which follows will, therefore, be in that context.

A. ARAB-ISRAELI PEACE AND THE ESTABLISHMENT OF A MIDDLE EASTERN MARKET

It would seem that the establishment of a new order for the Middle East region, following the achievement of peace between Israel and the Arabs, is a serious proposal. However, current scenarios on the motivations, elements and form of this order are not founded on analytical studies. There is, on the one hand, the belief that Israel's economic power will make it the main beneficiary of the new market. Israel will also benefit from the ending of the Arab boycott and from political stability to expand its trade not only with the Arab countries but also with the rest of the world, and will become a centre of gravitation for foreign investment. The Foreign Minister of Israel has even spoken of a future in which Israel could become the financial and commercial capital of the entire region. Yet, there are other more reserved and less optimistic Israeli attitudes. Arab views on the matter vary: some refuse completely the scheme and consider it a plot to obliterate the Arab identity and mobilize Arab capabilities, Arab funds in particular, in the service of Israeli interests; others believe that the new order will not be the work of a magician, but will depend on the nature of involvement of the parties concerned who will determine its features in the long run. What the Arab side should start doing as of now, it is argued, is to prepare itself to deal with the new regional order in a manner that will preserve its interests. The main prerequisites for this preparation are:

(a) Trade and economic relations in the framework of the proposed Middle East order will not be possible without the achievement of peace among all the parties concerned, particularly the Palestinian people, and with due consideration for their economic interests;

(b) The absence of an economic grouping specific to the region in an era dominated by economic blocs may lead some parties to think of merging the region into a grouping of their own making, such as a Middle Eastern market, that might run contrary to the economic interests of the region. This should prompt the countries of the region to coordinate efforts by forming their own grouping to be in a position to safeguard their interests and deal with the proposed grouping. Arab economic integration is also essential for confronting pressures to restructure Arab investments and for minimizing the impact of the new strategies that aim at making the Arab market dependent on the international market: hence the importance of reactivating the Arab Common Market;

(c) Undoubtedly, the economic impact of an Arab-Israeli peace will not be felt equally by all Arab countries. The effects, both positive and negative, will be greater on the neighbouring countries. This is particularly true of Jordan. Because Israel exercises complete control over the Palestinian economy, its relations with the Jordanian economy cannot be left to chance or to inertia. If the Middle East region is to be linked in the future by ambitious schemes in the areas of water, roads, pipelines, harbours, communications, electricity, tourism and trade, the neighbouring countries must be assisted in attracting these projects through the establishment of joint Jordanian-Palestinian and Arab-Palestinian companies to take advantage of the projects to be proposed and the large investment opportunities that would become available.

B. LIBERALIZATION OF WORLD TRADE AND THE IMPLICATIONS OF ACCESSION TO THE GATT AGREEMENT

The significance of the conclusion of the Uruguay Round negotiations for the world economy is the subject of intense debate. There are some who think that what has been agreed upon is good, and others who are unable to take a position. The agreement covers such vast and complex areas that economists find themselves unable to analyse its impact and accordingly have shunned the exercise. The three studies which have been prepared by OECD, the World Bank, and the GATT secretariat on the impact concur that the agreement will lead to an increase in world economic prosperity by approximately $213 billion to $274 billion by the year 2002, representing between 0.75 per cent and 1 per cent of total world income. The studies base their estimates on the premise that trade is the engine of economic growth and that tariff cuts, the opening up of markets to agricultural products, the increase in the volume of goods imported by the industrialized countries, and the liberalization of trade in services are bound to augment world exports and, consequently, raise world income.

For GATT, trade liberalization, which is the ultimate source of all gains, is a concession by one country to its trade partners. But what matters is how these gains are distributed. Studies made to date suggest that the developed industrial countries members of OECD will reap two thirds of the world gains from the liberalization of trade in goods and virtually all the gains from the liberalization of trade in services. The losers from the Uruguay Round negotiations, in the short run at least, are those countries where agricultural imports exceed exports and which will have to pay higher prices for their imports as a result of the elimination of subsidies on agricultural products in the exporting countries. Among the losers also will be those countries which currently enjoy preferential treatment in the markets of the industrial countries. Most developing countries fall into this category. But these countries are expected to benefit in the long run, and their gains will emanate primarily from the improvements that will occur in international laws and regulations governing trade, and which are expected to protect the interests of small countries from being dominated by the larger countries.

As far as the Arab countries are concerned, there is general agreement that the conclusion of the Uruguay Round will have a negative impact on them in the short- and medium-term. Foremost among the negative effects will be the rise in agricultural import prices. The significance of this rise becomes clear knowing that Arab countries' consumption of foodstuffs is rising at the rate of 7 per cent, while growth of domestic food production does not exceed 2.5 per cent annually. At the beginning of the 1990s, the Arab countries were importing $23.5 billion worth of agricultural products and exporting $4.8 billion. Industrial exports from some countries in the region (Egypt, Jordan, Lebanon and the Syrian Arab Republic) enjoy preferential treatment in some European countries. Such treatment is likely to be withdrawn under the Uruguay Round provisions. Arab exports will then have to compete on market terms with similar domestically produced or imported goods enjoying high specifications and offered at low prices, which can not be matched by Arab products. This will further compound the balance of trade difficulties of the Arab countries.

Three ESCWA member countries (Bahrain, Egypt and Kuwait) are full members of GATT. Others, including Jordan, Saudi Arabia and the United Arab Emirates, are currently seeking membership. It must be pointed out, however, that although the obligations arising from GATT membership are not generally in the interest of developing countries, including the Arab countries, it is no longer possible for these countries not to become members, given the recent ratification of the Uruguay Round. Membership would at least entitle a State to some of the benefits provided by the agreement. But membership also means a commitment to abolish subsidies to local industries and to admit foreign goods tariff-free, or at reduced tariff rates. The Arab States, furthermore, have little experience in multilateral negotiations and they will find it difficult to prove that other States are engaged in discriminatory practices against them or, when accused of such practices, to defend themselves properly.

The impact of the Uruguay Round has been the subject of three studies by the League of Arab States which were presented to the fifty-third session of the Arab Economic and Social Council, held in Cairo on 9 and 10 February 1994. The studies argued that while the industrial countries, on the one hand, would benefit from the liberalization of world trade in dealing with their unemployment problems, and increased demand for their goods and services, the Arab States, on the other hand, would suffer from changes in their imports and exports, not only of agricultural and industrial goods but also of services, cultural products, government purchases and technological products. Some Arab countries will also suffer from rising unemployment resulting from the liberalization of world trade, unless effective measures are taken to deal with it. Arab preparations to deal with the outcome of the Uruguay Round negotiations and to join GATT must start now. They should include the requirements listed below:

(a) Recognition of the short- and medium-term adverse effects of the GATT talks on the economies and trade of the region should not lead to acquiescence, but to the intensification of efforts to mitigate them. Similarly, the positive effects expected in the long term will not accrue automatically but must be sought assiduously.

(b) The Arab countries should intensify their efforts to expand agricultural production and intraregional trade in agricultural and food products. Towards this end, they should seek to rebuild and modernize their agricultural system, and adopt a plan for replacing food imports with domestic products over a 10-year period.

(c) The Arab countries should agree on a common programme to deal with GATT that specifies a time span to integrate with GATT, and during which the Arab countries will adjust their economies for that eventuality.

(d) The Arab countries should develop Arab joint projects and investments in the fields of agriculture, industry and services, together with efforts to expand intraregional trade. In this way, the Arab countries will be able to protect themselves from the adverse effects of the opening up of their markets to imported goods and problems related to the marketing of their goods in foreign markets, and from the ensuing unemployment, trade deficits, and reduction of economic growth rates.

(e) The Arab countries need to develop their capabilities in the field of multilateral trade negotiations in collaboration with ESCWA and other international bodies concerned, such as UNCTAD and the International Trade Centre.

C. THE FORMATION OF LARGE ECONOMIC GROUPINGS, PARTICULARLY THE SINGLE EUROPEAN MARKET

Since the late 1980s, the world has been witnessing the formation of an increasing number of regional groupings, and an expansion in their geographical area and scope of integration to encompass new fields such as services, investment and the environment. Most important among these groupings are the North American Free Trade Agreement (NAFTA) and the single European market which entered into force early in 1993. The latter grouping is of particular importance to the countries of the ESCWA region since it is one of the region's major trade partners. In 1985, the ESCWA region's exports to the European Community registered an all-time high of 26.2 per cent of total exports, while imports from the European Community accounted for 35 per cent of total imports. At the country level, the percentage of exports going to the European Community was as high as 43.9 per cent for Egypt, 45.8 per cent for the Syrian Arab Republic, 58.6 per cent for Yemen and 66.3 per cent for Democratic Yemen.

Egypt, Jordan, Lebanon and the Syrian Arab Republic have most-favoured-nation trade and economic agreements with the European Community. Yet, exports from the region have been encountering increasing difficulties as European integration moved forward and such exports were restricted by quotas and seasonal considerations, particularly with regard to agricultural exports. More important have been the restrictions caused by the imposition of specifications and standards that the Arab countries could not meet because of the high costs involved, and which reduced the competitiveness of Arab exports in European markets. The creation of the single European market in 1993 caused great concern among all of the European Community's trade partners, including the Arab countries, because the Community insisted that its members obtain the same privileges and preferences they granted to other countries, i.e., similar treatment and enforcement of the rules of origin. It is, however, expected that the conclusion of the Uruguay Round will result in slightly less stringent application of the reciprocity and origin rules. Yet, the lifting of subsidies on European agricultural goods, which sometimes amount to 75 per cent of production costs, will result in large increases in the bill of developing countries that import agricultural products and additional pressure on their balance of payments.

There is a tendency to believe that adherence by the single European market to the provisions of the Uruguay Round of total liberalization and abolition of preferential trade arrangements, and insistence on high specifications and standards, will make the entry of Arab goods into that market more difficult. In contrast, removal of subsidies on agricultural products will raise the cost of Arab imports from Europe. In fact, exports from the ESCWA region to Europe began to fall in 1988. Having attained 26.5 per cent of total exports in 1985, these exports fell to 19.8 per cent in 1988, 18.6 per cent in 1989 and 16.8 per cent in 1990. They picked up slightly in 1991 and 1992 to reach 18.3 per cent and 18.7 per cent, respectively.[182]

[182] ESCWA, *Analytical Review of Development and Issues in the External Trade and Payments Situation of Countries of Western Asia* (E/ESCWA/SED/1993/15), p. 25.

The increasing difficulty of trading with the European Community for the reasons mentioned above should stimulate the Arab countries of Western Asia to promote cooperation among themselves and to seek to revive the Arab Common Market. The European Community has shown an increasing preference to deal with groupings rather than individual countries, which means that the countries of the ESCWA region could obtain better terms if they dealt with the European Community as one entity. The countries of the region should intensify cooperation among themselves and with the other Arab countries that enjoy comparative advantages in agriculture in order to increase and develop Arab agricultural production so as to achieve self-sufficiency and reduce the agricultural import bill. Intraregional trade in industrial products should also be expanded taking advantage of geographical proximity, similarity in tastes and in quality standards, so as to avoid the burdens that adherence to highly technical specifications, standards and precision entails. At the same time, these countries should seek to apply unified specifications and standards and improve the quality of their products through training and rehabilitation so that they may, in the long run, integrate into the world economy. In these endeavours, the Arab countries could benefit from the European Community experience, as the Latin American countries have done.

XVII. MECHANISMS AND MEANS OF PROMOTING INTRAREGIONAL TRADE

Having reviewed joint Arab action and regional cooperation efforts to promote intraregional trade, and also the state of this trade in figures, as well as current constraints and challenges facing the Arab region resulting from international and regional developments, this chapter considers the mechanisms and means of promoting intraregional trade among ESCWA member countries.

Available data have shown that intraregional exports, in terms of volume and commodity composition, as compared with total exports from the region, have fared much better than intraregional imports. This implies that the countries of the region are in a relatively better position to market their produce in each other's markets for a number of reasons, including a common language, geographical proximity, similarities in tastes and customs, as well as in quality requirements relative to the difficulties encountered in exporting outside the region, including extremely demanding specifications and standards.

With regard to imports, the countries of the region obviously prefer to import from outside the region rather than from within, for several reasons:

(a) The nature of the goods required, which are either high-quality consumer goods or technology-intensive capital goods that the Arab countries cannot supply;

(b) The trade policies pursued by some industrial countries to impose their highly sophisticated manufactured goods, such as military hardware, and subsidized foodstuffs on the Arab countries, which considerably reduces their overall capacity to import;

(c) The credit facilities offered by most industrialized and semi-industrialized countries to promote their products through delayed payments provisions. These facilities, which vary from one year to 10 or 15 years, encourage Arab countries confronted with payment difficulties to resort to them;

(d) The progress achieved in the field of trade information and means of communication with suppliers makes it easy for Arab importers to obtain the information they need on prices of goods, specifications, methods of payment and other information which is lacking in the Arab region.

To provide the institutional framework to deal with these constraints, the ESCWA member countries should fortify themselves by a regional grouping that brings forward their identity, safeguards their interests, and projects them before the world as a coherent entity having the same problems and interests and not as separate entities seeking to achieve short-term gains by unilaterally dealing with global and regional events at the expense of the region's long-term interests. Regional integration also provides the only opportunity for the countries of the region to integrate into the global economy on terms that would safeguard their interests and realize their aspirations. The first necessary mechanism towards that end will be a revived and fully activated Arab Common Market, and giving a fresh impetus to the 1981 Convention for Facilitating and Promoting Trade by expanding the list of exempted items and removing administrative restrictions. The second mechanism would be a merger of the trade integration and development integration approaches through coordination of agricultural, industrial and services production plans to enable member countries to exploit their comparative advantages and lead, ultimately, to the expansion of the production of tradeable goods and services within the region. Specialized Arab agencies, which have an important role to play in this regard, should be revived and activated to join their efforts to those of member Governments for the realization of the above-mentioned objectives.

In order to stimulate the interest of member States in these two mechanisms, a number of supportive steps are needed to make them feel that their interests lie in implementing them and not the opposite. These steps are listed below:

(a) Active participation by the private sector—chambers of commerce, industry, and agriculture, professional associations, banks, insurance companies and trade unions—in merging the trade and development approaches to integration would ensure that the interest of these groups are given due consideration. This should be practicable since economic reform programmes being implemented in the region are based on an active role for the private sector and a new division of labour between it and the public sector. Private sector participation will contribute to the diversification of tradeable Arab goods and will encourage decision makers to effect the necessary coordination between trade and development policies. Noteworthy is the fact that the Latin American countries have benefited considerably from private sector participation in their integration efforts.

(b) Agreement should be reached on an appropriate mechanism to compensate countries that suffer from the liberalization of their trade and their agricultural and industrial policies should be adjusted to meet the requirements of intra-trade necessitated by trade expansion and liberalization.

(c) Member States should be allowed sufficient flexibility in complying with commitments to liberalize trade and coordinate their development and trade policies. This has been one of the important factors behind the success of the European Common Market.

In the same context, it may be said that the effects contingent on an Arab-Israeli peace will be felt more by Israel's immediate neighbours—who would therefore need special attention—than on the other Arab States.

(d) Experts in the region agree that financing intraregional trade does not present a problem to most Arab countries because of the high liquidity of most of the commercial banks and the ease with which resources can be mobilized. The problem, however, lies in the absence of an appropriate export guarantee system, which even affects the Arab trade finance programme of the Arab Monetary Fund. Hence, the need to establish a regional system to guarantee intraregional trade, in addition to the role that the Inter-Arab Guarantee Corporation carries out, that would complement the Arab Monetary Fund intraregional trade finance programme and individual country export guaranteeing activities.

(e) Public awareness of the importance of trade and economic integration should be enhanced with the help of the information media, so as to serve as a source of pressure preventing the politicization of economic integration decisions.

(f) The world is going through an information revolution, which every day encompasses a new field of economic activity, and which some put on a par with the industrial revolution. International and regional organizations, and some countries, have realized the importance of extending this information revolution to the field of trade in order to reduce and rationalize procedures, cut costs, and facilitate contacts between buyers and sellers. The Economic Commission for Europe has adopted the Electronic Data Interchange for Administration, Commerce and Transport (EDIFACT) and applied it on request in a number of European countries. UNCTAD has adopted the Trade Efficiency system for the same purpose. At the eighth session of UNCTAD, held at Cartagena, Colombia, in February 1992, UNCTAD adopted the idea of establishing trade focal points to serve as information units covering available information on export and import possibilities in a specific country together with data on payments procedures, specifications and facilities. These focal points have already proved their worth in promoting trade. UNCTAD is now working on expanding the network of these trade points to other countries and encouraging them to make use of UNCTAD technical, and sometimes financial, assistance.

It is worth noting that there is some activity in this regard in the ESCWA region both at the country and regional levels. At the country level, both Egypt and Saudi Arabia are working to establish trade points to facilitate trade with the rest of the world. Regionally, a trade information network has been established within the Arab trade finance programme of the Arab Monetary Fund. This network has for its aim the provision of information to facilitate intraregional trade.

The establishment of trade points in the Arab countries is considered a prerequisite for promoting intraregional trade in view of the paucity of information on Arab intra-trade possibilities. For these trade points to succeed, simultaneous efforts are needed to rationalize trade formalities in the areas of transport, customs, clearance, classification and the use of computers.

STATISTICAL ANNEX

Annex table I. Trade of ESCWA member countries by commodity categories (SITC) relative to total intraregional trade

(Percentage shares)

	0	1	2	3	4	5	6	7	8	9	Total($ 000)
					A - Exports						
					Bahrain						
1970											
World	4.06	1.13	0.19	77.88	0.01	0.42	7.05	3.30	5.78	0.17	235898
GCC countries	16.89	3.44	0.75	0.74	0.05	1.96	33.60	9.72	32.66	0.19	40276
Other ESCWA countries	49.68	0.00	0.21	0.00	0.00	0.00	0.00	26.11	24.00	0.00	475
ESCWA region	17.27	3.40	0.74	0.73	0.05	1.94	33.21	9.91	32.56	0.18	40751
1975											
World	1.08	0.43	0.19	81.45	0.00	0.26	10.36	2.88	3.32	0.02	1147331
GCC countries	5.34	2.34	0.24	39.68	0.01	1.55	20.36	10.35	20.10	0.03	174239
Other ESCWA countries	0.00	0.00	0.00	89.41	0.00	0.23	0.04	10.09	0.23	0.00	2588
ESCWA region	5.26	2.31	0.24	40.41	0.01	1.53	20.06	10.35	19.81	0.03	176827
1980											
World	0.05	0.53	0.04	93.62	0.00	0.11	3.99	1.43	0.24	0.00	3794813
GCC countries	0.15	0.01	0.14	96.00	0.00	0.09	2.88	0.49	0.22	0.01	828506
Other ESCWA countries	0.00	0.00	0.00	68.07	0.00	0.00	31.89	0.04	0.00	0.00	69174
ESCWA region	0.14	0.01	0.13	93.85	0.00	0.08	5.12	0.46	0.20	0.01	897680
1985											
World	0.07	0.03	0.09	88.63	0.00	0.24	8.91	1.70	0.31	0.01	2749884
GCC countries	0.83	0.43	0.04	0.00	0.01	1.20	55.16	37.90	4.34	0.09	96571
Other ESCWA countries	0.01	0.05	0.01	0.00	0.00	0.31	82.67	16.38	0.39	0.17	36319
ESCWA region	0.60	0.33	0.03	0.00	0.00	0.96	62.68	32.02	3.26	0.11	132890

Annex table I (continued)

	0	1	2	3	4	5	6	7	8	9	Total($ 000)
1988											
World	0.18	0.14	0.18	80.13	0.00	4.03	11.31	3.25	0.77	0.01	2284148
GCC countries	0.88	0.25	0.25	0.00	0.04	0.82	62.64	30.91	4.20	0.02	215005
Other ESCWA countries	0.03	0.08	0.00	0.00	0.00	19.29	64.95	10.99	4.65	0.00	18176
ESCWA region	0.81	0.24	0.23	0.00	0.04	2.26	62.82	29.35	4.23	0.02	233181
Kuwait											
1970											
World	0.81	0.18	0.19	94.00	0.01	2.93	0.39	1.15	0.26	0.09	1901416
GCC countries	19.28	6.66	1.06	26.14	0.24	4.94	11.14	22.56	7.46	0.52	31250
Other ESCWA countries	19.67	6.37	8.51	1.38	0.15	6.39	11.10	38.13	6.16	2.12	16408
ESCWA region	19.41	6.56	3.63	17.62	0.21	5.44	11.13	27.92	7.01	1.07	47658
1975											
World	0.28	0.07	0.14	91.54	0.00	4.56	1.04	2.01	0.35	0.01	9159030
GCC countries	6.21	1.90	2.20	27.46	0.11	4.04	22.25	27.21	8.62	0.01	254192
Other ESCWA countries	1.87	0.23	3.30	33.47	0.01	4.56	12.89	40.07	3.59	0.02	132431
ESCWA region	4.72	1.33	2.57	29.51	0.08	4.22	19.04	31.62	6.90	0.01	386623
1980											
World	0.41	0.06	0.22	88.85	0.02	4.60	2.13	2.68	1.02	0.01	20434642
GCC countries	4.23	1.18	1.22	40.07	0.15	2.30	20.34	15.25	15.22	0.03	949510
Other ESCWA countries	3.43	0.23	1.27	30.22	0.40	2.46	22.89	34.71	4.35	0.04	736979
ESCWA region	3.88	0.77	1.24	35.77	0.26	2.37	21.45	23.75	10.47	0.03	1686489
1989											
World	6.06	0.15	2.61	3.05	0.23	26.82	20.84	27.16	12.96	0.13	1030858
GCC countries	15.37	0.02	6.17	0.30	0.04	12.35	61.47	17.61	16.62	0.04	204227
Other ESCWA countries	2.31	0.36	0.69	1.43	0.01	10.78	27.22	41.50	15.64	0.07	373617
ESCWA region	6.92	0.24	2.63	1.03	0.02	11.33	28.72	33.06	15.99	0.06	577844

Annex table I (continued)

	0	1	2	3	4	5	6	7	8	9	Total($ 000)
Oman											
1980											
World	0.53	0.28	0.03	96.16	0.02	0.01	0.23	2.53	0.12	0.09	3747698
GCC countries	15.39	10.45	0.78	0.50	0.65	0.48	8.30	58.28	3.65	1.53	96800
Other ESCWA countries	2.46	0.64	0.01	0.09	0.00	0.00	0.13	96.19	0.30	0.18	27210
ESCWA region	12.55	8.30	0.61	0.41	0.50	0.37	6.50	66.60	2.92	1.23	124010
1985											
World	16.65	1.03	1.50	0.08	0.16	0.79	8.80	55.45	3.42	12.12	348114
GCC countries	21.73	2.21	2.58	0.16	0.35	1.65	6.14	59.48	3.79	1.90	155307
Other ESCWA countries	37.43	0.00	0.01	0.00	0.00	0.00	3.80	56.47	0.06	2.23	17958
ESCWA region	23.36	1.98	2.31	0.14	0.32	1.48	5.90	59.17	3.41	1.94	173265
1990											
World	16.00	1.13	2.36	2.51	0.44	3.29	16.49	40.76	10.85	6.17	458391
GCC countries	13.25	1.36	3.77	4.42	0.53	5.66	15.50	39.45	9.67	6.39	260204
Other ESCWA countries	1.43	0.00	0.21	0.00	3.16	0.06	8.59	84.19	0.35	2.01	20595
ESCWA region	12.38	1.26	3.51	4.10	0.72	5.25	15.00	42.73	8.99	6.07	280799
Qatar											
1975											
World	0.10	0.00	0.01	97.19	0.00	2.06	0.06	0.48	0.01	0.09	1808982
GCC countries	11.62	0.07	1.18	0.96	0.07	3.25	8.48	71.59	2.17	0.62	10368
Other ESCWA countries	2.16	0.00	0.00	0.00	0.00	41.31	7.29	48.69	0.36	0.18	1111
ESCWA region	10.71	0.06	1.06	0.87	0.06	6.93	8.36	69.37	1.99	0.57	11479
1991											
World	0.23	0.05	0.16	85.23	0.00	9.31	4.54	0.01	0.46	0.01	3106503
GCC countries	3.27	0.73	0.53	12.14	0.00	16.43	65.97	0.14	0.62	0.17	213582
Other ESCWA countries	0.19	0.34	0.19	60.40	0.00	38.19	0.36	0.00	0.33	0.00	15103
ESCWA region	3.07	0.71	0.51	15.32	0.00	17.87	61.64	0.13	0.60	0.16	228685

Annex table I (continued)

	0	1	2	3	4	5	6	7	8	9	Total($ 000)
					Saudi Arabia						
1970											
World	0.07	0.02	0.02	99.32	0.00	0.02	0.03	0.23	0.30	0.00	29668950
GCC countries	1.55	0.00	0.40	94.62	0.00	0.42	0.54	1.68	0.79	0.00	674666
Other ESCWA countries	2.41	0.97	0.58	85.52	0.00	0.28	0.91	7.00	2.31	0.00	337371
ESCWA region	1.84	0.33	0.46	91.58	0.00	0.37	0.67	3.45	1.30	0.00	1012037
1980											
World	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	100005964504
GCC countries	0.52	0.03	0.09	95.39	0.00	0.19	0.58	2.94	0.24	0.00	2270835
Other ESCWA countries	3.37	1.97	0.68	71.26	0.07	0.89	3.32	16.95	1.48	0.00	1273746
ESCWA region	1.55	0.73	0.30	86.72	0.03	0.44	1.57	7.98	0.68	0.00	3544581
1985											
World	0.22	0.04	0.16	96.38	0.00	2.79	0.36	0.01	0.05	0.00	26907831
GCC countries	---	---	---	---	---	---	---	---	---	---	---
Other ESCWA countries	---	---	---	---	---	---	---	---	---	---	---
ESCWA region	---	---	---	---	---	---	---	---	---	---	---
1988											
World	1.32	0.04	0.65	85.15	0.01	11.37	1.28	0.10	0.07	0.00	23727436
GCC countries	---	---	---	---	---	---	---	---	---	---	---
Other ESCWA countries	---	---	---	---	---	---	---	---	---	---	---
ESCWA region	---	---	---	---	---	---	---	---	---	---	---
1989											
World	1.29	0.05	0.76	86.87	0.03	9.35	1.31	0.20	0.14	0.00	27735258
GCC countries	---	---	---	---	---	---	---	---	---	---	---
Other ESCWA countries	---	---	---	---	---	---	---	---	---	---	---
ESCWA region	---	---	---	---	---	---	---	---	---	---	---

Annex table I (continued)

	0	1	2	3	4	5	6	7	8	9	Total($ 000)
						United Arab Emirates					
1983											
World	3.10	2.64	2.89	21.31	0.14	7.79	59.57	1.33	1.24	0.00	468875
GCC countries	---	---	---	---	---	---	---	---	---	---	---
Other ESCWA countries	---	---	---	---	---	---	---	---	---	---	---
ESCWA region	---	---	---	---	---	---	---	---	---	---	---
1985											
World	4.74	3.63	5.35	5.76	0.02	8.64	66.71	2.11	3.04	0.01	390124
GCC countries	---	---	---	---	---	---	---	---	---	---	---
Other ESCWA countries	---	---	---	---	---	---	---	---	---	---	---
ESCWA region	---	---	---	---	---	---	---	---	---	---	---
						Iraq					
1975											
World	37.02	0.10	13.53	34.00	0.00	11.39	2.97	0.42	0.56	0.00	120128
GCC countries	39.62	0.25	14.54	0.00	0.00	6.65	31.55	4.35	3.04	0.00	8822
Other ESCWA countries	23.05	0.22	52.65	12.64	0.00	6.31	2.98	0.53	1.62	0.00	23926
ESCWA region	27.51	0.23	42.39	9.24	0.00	6.40	10.68	1.56	2.00	0.00	32748
						Egypt					
1970											
World	19.69	0.88	47.46	4.78	0.02	1.97	20.11	0.79	4.29	0.01	761705
GCC countries	45.45	1.66	0.74	0.00	0.00	5.87	26.09	3.01	17.18	0.00	6850
Other ESCWA countries	34.24	0.77	3.76	0.00	0.00	5.58	37.81	13.74	4.10	0.00	27720
ESCWA region	36.46	0.95	3.16	0.00	0.00	5.64	35.48	11.61	6.69	0.00	34570

Annex table I (continued)

	0	1	2	3	4	5	6	7	8	9	Total($ 000)
1980											
World	6.25	0.16	17.62	64.25	0.00	0.63	10.03	0.10	0.96	0.00	3045960
GCC countries	55.78	0.56	5.18	0.00	0.00	10.41	19.94	5.39	2.74	0.00	53441
Other ESCWA countries	6.19	0.00	0.61	91.16	0.00	0.24	1.67	0.00	0.13	0.00	273041
ESCWA region	14.31	0.09	1.36	76.23	0.00	1.90	4.66	0.89	0.56	0.00	326482
1985											
World	5.15	0.35	12.26	68.12	0.00	0.78	12.10	0.07	1.13	0.03	1838754
GCC countries	64.14	5.43	3.32	0.01	0.00	8.47	7.50	0.08	10.81	0.24	46679
Other ESCWA countries	8.51	4.81	2.17	22.13	0.00	0.92	50.02	0.02	11.40	0.01	36627
ESCWA region	39.68	5.16	2.81	9.74	0.00	5.15	26.20	0.05	11.07	0.14	83306
1988											
World	8.91	0.05	9.85	33.17	0.01	3.12	39.79	0.34	4.77	0.01	2120427
GCC countries	57.37	0.26	2.06	1.55	0.01	5.20	23.45	2.30	7.71	0.08	96919
Other ESCWA countries	7.01	3.75	0.78	4.78	0.00	14.20	61.38	0.79	7.22	0.08	84252
ESCWA region	33.95	1.89	1.47	3.05	0.01	9.39	41.09	1.59	7.48	0.08	181171
1989											
World	8.59	0.13	11.76	30.47	0.06	4.59	36.61	0.41	7.34	0.04	2647829
GCC countries	50.26	0.19	2.20	0.76	0.02	7.59	25.75	1.97	10.64	0.63	113507
Other ESCWA countries	9.94	0.05	1.28	5.97	0.04	12.95	54.01	1.55	14.06	0.13	116983
ESCWA region	29.80	0.12	1.73	3.40	0.03	10.31	40.09	1.75	12.38	0.37	230490
1990											
World	9.24	0.19	9.96	29.41	0.03	4.84	35.84	0.62	9.82	0.04	2582034
GCC countries	48.15	0.15	2.59	1.31	0.01	7.03	21.07	2.33	16.42	0.93	108557
Other ESCWA countries	18.68	0.20	2.17	15.58	0.00	14.00	32.01	1.99	15.35	0.02	92231
ESCWA region	34.61	0.17	2.40	7.87	0.01	10.23	26.09	2.17	15.93	0.51	200788

Annex table I (continued)

	0	1	2	3	4	5	6	7	8	9	Total($ 000)
1991											
World	7.97	0.16	2.86	53.93	0.05	4.57	21.81	1.17	7.47	0.01	3692553
GCC countries	41.94	0.20	1.97	3.72	0.03	8.66	24.04	3.13	16.19	0.13	156661
Other ESCWA countries	27.19	1.23	1.26	15.56	1.20	14.25	33.40	1.82	4.10	0.00	95974
ESCWA region	36.33	0.59	1.70	8.22	0.47	10.79	27.59	2.63	11.60	0.08	252635
					Jordan						
1970											
World	50.20	5.64	26.50	0.02	1.44	2.84	8.08	3.28	1.99	0.00	26099
GCC countries	53.68	17.35	0.94	0.07	4.92	1.69	15.30	1.68	4.38	0.00	7563
Other ESCWA countries	69.19	2.26	12.85	3.04	4.04	9.74	13.00	12.70	9.18	9.00	12463
ESCWA region	63.33	7.34	7.11	0.05	1.88	3.59	10.13	4.18	2.39	0.00	20026
1975											
World	25.42	2.50	49.84	0.70	1.01	4.85	10.52	1.16	3.98	0.01	125636
GCC countries	45.72	8.37	1.27	0.14	4.36	7.34	24.75	1.23	6.81	0.01	24041
Other ESCWA countries	25.27	3.99	12.22	2.98	0.79	13.76	25.48	4.08	11.41	0.02	28446
ESCWA region	34.64	5.99	7.21	1.68	2.43	10.82	25.15	2.78	9.30	0.02	52487
1980											
World	19.56	4.65	40.97	0.25	0.73	9.11	15.58	1.99	7.17	0.00	401549
GCC countries	36.36	5.58	1.74	0.01	2.87	12.55	27.59	2.13	11.18	0.00	93361
Other ESCWA countries	29.83	9.02	4.31	0.04	0.17	16.13	24.41	3.94	12.14	0.00	149346
ESCWA region	32.34	7.70	3.32	0.03	1.21	14.75	25.63	3.24	11.77	0.00	242707
1985											
World	17.07	0.76	38.81	0.00	0.06	19.96	15.28	0.79	7.28	0.00	648986
GCC countries	47.65	2.30	1.05	0.00	0.17	22.81	21.01	1.21	3.80	0.00	136945
Other ESCWA countries	23.30	0.86	1.35	0.01	0.08	15.24	35.94	1.76	21.46	0.00	194995
ESCWA region	33.34	1.45	1.22	0.01	0.12	18.36	29.78	1.53	14.17	0.00	331940

Annex table I (continued)

	0	1	2	3	4	5	6	7	8	9	Total($ 000)
1990											
World	9.76	0.73	38.37	0.00	0.11	30.86	12.95	2.33	4.88	0.00	921790
GCC countries	44.50	0.67	0.78	0.00	0.26	29.01	11.08	2.17	11.51	0.01	135549
Other ESCWA countries	10.97	1.74	1.42	0.00	0.26	43.15	29.84	6.57	6.03	0.00	235042
ESCWA region	23.24	1.35	1.19	0.00	0.26	37.98	22.98	4.96	8.04	0.01	370591
1991											
World	14.37	1.23	38.15	0.00	0.39	29.58	10.81	1.24	4.23	0.00	878866
GCC countries	62.59	0.21	0.75	0.00	0.80	21.93	4.78	0.92	8.01	0.00	88053
Other ESCWA countries	51.33	3.49	1.98	0.03	2.08	29.37	9.42	0.74	1.57	0.00	129566
ESCWA region	55.89	2.16	1.48	0.02	1.56	26.36	7.54	0.81	4.17	0.00	217619
Lebanon											
1970											
World	26.97	2.33	6.97	0.14	0.23	7.59	23.77	19.43	12.57	0.00	197829
GCC countries	38.22	0.08	1.08	0.05	0.13	6.29	19.55	16.15	18.46	0.00	57441
Other ESCWA countries	36.46	0.30	2.59	0.24	0.59	10.73	33.09	9.80	6.20	0.00	41943
ESCWA region	37.48	0.17	1.72	0.13	0.32	8.16	25.26	13.47	13.28	0.00	99384
Syrian Arab Republic											
1975											
World	2.58	2.40	16.89	70.31	0.03	0.22	3.88	1.04	2.64	0.00	929974
GCC countries	20.67	0.57	0.96	0.02	1.09	0.66	21.07	14.70	40.25	0.01	27963
Other ESCWA countries	26.59	4.19	46.79	0.33	0.04	0.88	10.62	3.87	6.68	0.00	55857
ESCWA region	24.62	2.98	31.50	0.23	0.39	0.81	14.11	7.48	17.88	0.00	83820
1981											
World	2.93	0.42	9.62	82.64	0.00	0.24	4.14	0.00	0.00	0.00	2010468
GCC countries	66.01	6.30	6.51	0.00	0.00	1.53	19.64	0.00	0.00	0.00	24079
Other ESCWA countries	41.16	0.65	30.56	11.37	0.00	4.25	11.18	0.13	0.69	0.00	55467
ESCWA region	48.68	2.36	23.28	7.93	0.00	3.43	13.74	0.09	0.48	0.00	79546

Annex table I (continued)

	0	1	2	3	4	5	6	7	8	9	Total($ 000)
1985											
World	2.63	0.11	10.99	74.05	0.00	3.08	5.07	0.91	3.10	0.06	1637332
GCC countries	72.00	1.03	3.71	0.00	0.00	0.27	6.11	4.05	10.36	2.46	38706
Other ESCWA countries	33.77	5.88	28.09	0.37	0.02	1.45	10.48	1.13	18.82	0.00	16905
ESCWA region	60.38	2.51	11.12	0.11	0.01	0.63	7.44	3.16	12.93	1.71	55611
1989											
World	11.42	0.10	5.28	39.16	0.00	11.84	21.54	0.53	10.12	0.01	3005798
GCC countries	62.04	0.06	0.78	0.01	0.00	0.42	20.50	0.80	15.26	0.14	281235
Other ESCWA countries	39.10	379.00	3.61	47.69	0.00	0.71	4.61	0.51	2.97	0.00	165412
ESCWA region	53.55	0.33	1.83	17.67	0.00	0.53	14.61	0.70	10.71	0.09	446647
1990											
World	13.07	0.54	5.53	45.17	0.00	12.82	13.95	0.16	8.73	0.01	4213729
GCC countries	71.88	0.00	0.83	0.76	0.00	0.66	13.15	0.49	12.17	0.06	378347
Other ESCWA countries	43.87	0.86	4.73	43.65	0.00	0.93	4.70	0.15	1.11	0.00	338887
ESCWA region	58.64	0.41	2.67	21.02	0.00	0.79	9.16	0.33	6.94	0.03	717234
Yemen Arab Republic											
1980											
World	43.80	0.88	4.15	0.14	0.10	2.82	16.05	25.13	2.99	3.93	22605
GCC countries	34.62	1.87	3.32	1.17	0.14	1.45	6.57	44.71	6.01	0.14	1447
Other ESCWA countries	89.77	0.02	1.48	0.04	0.00	3.22	3.39	1.36	0.72	0.00	9813
ESCWA region	82.68	0.26	1.71	0.19	0.02	2.99	3.80	6.93	1.40	0.02	11260
1981											
World	20.87	0.48	2.35	0.03	0.08	1.55	6.05	64.48	1.98	2.13	47470
GCC countries	5.97	0.14	1.82	0.05	0.04	0.20	2.81	83.36	0.85	4.76	8339
Other ESCWA countries	75.49	0.98	0.56	0.07	0.00	1.74	6.63	10.60	3.82	0.11	12226
ESCWA region	47.30	0.64	1.07	0.06	0.01	1.12	5.08	40.10	2.62	1.99	20565

Annex table I (continued)

	0	1	2	3	4	5	6	7	8	9	Total($ 000)
B - Imports											
Bahrain											
1970											
World	16.79	3.29	1.45	1.07	0.18	3.92	28.63	29.90	14.27	0.50	168262
GCC countries	35.34	3.71	1.66	1.40	0.16	3.86	6.75	38.61	8.07	0.43	6086
Other ESCWA countries	31.76	0.05	0.93	0.00	0.02	3.35	36.53	8.33	18.78	0.24	4084
ESCWA region	33.90	2.24	1.37	0.84	0.11	3.66	18.71	26.45	12.37	0.35	10170
1975											
World	5.02	1.30	0.65	50.82	0.11	3.68	12.45	18.77	7.19	0.02	1158200
GCC countries	0.95	0.06	0.10	95.17	0.02	0.22	0.82	2.48	0.19	0.00	607493
Other ESCWA countries	30.73	1.20	0.80	0.47	0.02	8.95	18.63	14.61	24.60	0.00	5764
ESCWA region	1.23	0.07	0.11	94.28	0.02	0.30	0.98	2.59	0.42	0.00	613257
1980											
World	5.60	0.86	0.78	58.49	0.17	3.83	9.99	15.06	5.09	0.13	3469250
GCC countries	0.57	0.05	0.17	95.30	0.01	0.31	1.23	1.75	0.59	0.02	2086837
Other ESCWA countries	19.15	0.37	1.15	0.00	0.85	8.72	21.57	17.56	29.68	0.94	5734
ESCWA region	0.62	0.06	0.17	95.04	0.01	0.33	1.28	1.79	0.67	0.03	2092571
1985											
World	6.81	1.31	1.17	46.64	0.26	5.16	11.22	20.60	6.67	0.17	3106719
GCC countries	15.08	2.88	15.61	6.80	0.36	16.90	25.78	5.30	10.93	0.37	65104
Other ESCWA countries	58.27	1.17	0.29	0.00	0.84	14.84	0.91	0.85	22.80	0.02	16203
ESCWA region	23.68	2.54	12.56	5.44	0.46	16.49	20.82	4.41	13.29	0.30	81307

Annex table I (continued)

	0	1	2	3	4	5	6	7	8	9	Total($ 000)
1988											
World	8.42	1.64	1.19	41.86	0.28	6.58	11.49	20.40	7.90	0.24	2593489
GCC countries	13.90	2.65	4.91	3.83	0.45	15.36	38.75	10.48	9.59	0.06	136937
Other ESCWA countries	58.88	0.21	0.43	0.00	0.59	20.10	3.17	0.33	16.22	0.07	24390
ESCWA region	20.70	2.28	4.24	3.25	0.47	16.08	33.37	8.95	10.59	0.06	161327
					Kuwait						
1970											
World	16.93	2.56	1.52	0.71	0.27	4.64	21.28	35.86	16.04	0.17	625150
GCC countries	60.00	2.40	21.54	2.87	0.43	1.10	2.40	2.56	4.57	2.13	2540
Other ESCWA countries	39.65	1.96	1.28	0.81	1.43	3.34	20.90	3.09	27.19	0.36	49226
ESCWA region	40.65	1.98	2.27	0.91	1.39	3.23	19.99	3.07	26.08	0.44	51766
1975											
World	15.30	1.31	1.22	0.59	0.36	3.87	17.86	45.62	13.27	0.61	2388236
GCC countries	75.00	0.66	13.66	2.30	0.40	0.49	3.22	0.54	3.29	0.44	10542
Other ESCWA countries	44.00	1.83	1.71	1.02	2.07	8.29	14.22	3.41	23.45	0.01	84005
ESCWA region	47.45	1.70	3.04	1.16	1.88	7.42	12.99	3.09	21.20	0.06	94547
1980											
World	13.03	1.25	1.67	0.76	0.37	4.21	24.55	36.15	17.41	0.59	6554190
GCC countries	14.01	1.51	10.98	14.07	0.05	3.01	51.63	2.61	2.13	0.01	86588
Other ESCWA countries	57.96	2.50	4.15	0.05	2.35	7.16	11.75	2.01	12.04	0.04	150283
ESCWA region	41.89	2.14	6.65	5.18	1.51	5.64	26.33	2.23	8.41	0.03	236871
1989											
World	17.66	1.38	1.47	0.98	0.57	7.71	21.95	29.61	18.57	0.10	6182316
GCC countries	11.02	1.27	1.99	4.37	0.52	12.57	52.94	1.68	13.65	0.00	436673
Other ESCWA countries	52.47	1.01	1.45	9.14	1.77	11.25	20.46	0.46	2.00	0.00	243863
ESCWA region	25.87	1.18	1.79	6.08	0.97	12.10	41.30	1.24	9.47	0.00	680536

Annex table I (continued)

	0	1	2	3	4	5	6	7	8	9	Total($ 000)
					Oman						
1975											
World	11.58	1.33	2.42	4.67	0.38	3.89	20.97	41.42	13.35	0.00	670516
GCC countries	24.27	0.84	5.37	5.35	0.31	2.21	20.41	32.09	9.15	0.00	136082
Other ESCWA countries	20.61	0.22	1.24	0.00	0.00	3.69	18.17	36.88	19.19	0.00	6231
ESCWA region	24.11	0.82	5.19	5.12	0.29	2.27	20.31	32.30	9.59	0.00	142313
1985											
World	11.40	1.64	1.34	1.75	0.41	4.01	22.12	41.45	13.28	2.60	3152672
GCC countries	17.19	2.16	0.69	4.86	0.39	3.67	27.24	27.21	16.36	0.22	718533
Other ESCWA countries	16.99	0.25	4.27	0.00	0.00	44.68	9.27	2.93	21.29	0.32	3138
ESCWA region	17.19	2.15	0.71	4.84	0.39	3.85	27.16	27.11	16.38	0.23	721671
1989											
World	17.59	2.09	1.17	2.19	0.43	6.43	18.77	36.85	10.80	3.67	2177884
GCC countries	24.45	2.23	1.52	6.89	0.05	5.21	30.25	17.59	11.17	0.65	580133
Other ESCWA countries	5.61	0.92	1.11	0.00	0.00	51.59	24.01	7.08	9.25	0.43	6738
ESCWA region	24.23	2.21	1.51	6.81	0.05	5.74	30.17	17.47	11.15	0.65	586871
1991											
World	14.11	4.13	1.17	1.90	0.48	6.12	17.85	42.31	8.70	3.23	3113356
GCC countries	20.54	10.19	1.36	5.23	0.11	5.86	25.64	19.73	10.82	0.51	849769
Other ESCWA countries	11.52	3.37	0.19	0.18	0.00	18.77	14.04	42.58	9.02	0.33	10435
ESCWA region	20.43	10.10	1.35	5.17	0.11	6.02	25.50	20.01	10.80	0.51	860204

Annex table I (continued)

	0	1	2	3	4	5	6	7	8	9	Total($ 000)
					Qatar						
1975											
World	12.00	1.22	1.46	0.92	0.30	4.42	18.85	51.69	9.14	0.00	406386
GCC countries	23.38	3.22	1.63	1.27	0.40	4.47	17.69	34.43	13.53	0.00	32561
Other ESCWA countries	37.67	0.74	2.31	0.70	1.06	3.28	14.45	26.08	13.70	0.00	20219
ESCWA region	28.85	2.27	1.89	1.05	0.65	4.01	16.45	31.23	13.59	0.00	52780
1980											
World	13.36	1.21	5.06	1.22	0.39	5.33	18.02	43.34	12.09	0.00	1395182
GCC countries	9.77	1.35	1.23	0.99	0.01	9.29	28.13	22.61	26.63	0.00	71545
Other ESCWA countries	74.13	1.80	0.80	0.01	0.11	5.37	5.68	3.72	8.37	0.00	33196
ESCWA region	30.16	1.49	1.09	0.68	0.04	8.05	21.01	16.63	20.84	0.00	104741
1985											
World	15.20	2.19	3.00	0.79	0.84	5.16	19.17	38.83	14.09	0.73	1139177
GCC countries	18.38	12.54	1.73	3.92	0.21	11.92	35.54	5.65	10.06	0.06	56418
Other ESCWA countries	84.21	0.57	1.83	0.00	0.12	3.98	3.87	0.97	4.29	0.16	27219
ESCWA region	39.81	8.64	1.76	2.64	0.18	9.33	25.23	4.12	8.19	0.09	83637
1988											
World	17.21	1.58	3.05	0.73	0.55	6.45	18.77	39.05	12.03	0.56	1267368
GCC countries	21.75	3.07	3.49	4.84	0.76	15.74	34.14	7.95	8.13	0.13	92511
Other ESCWA countries	75.43	1.15	1.13	0.00	0.19	3.35	8.25	1.46	8.67	0.38	34372
ESCWA region	36.29	2.55	2.85	3.53	0.60	12.38	27.12	6.20	8.28	0.20	126883

Annex table I (continued)

	0	1	2	3	4	5	6	7	8	9	Total($ 000)
					Saudi Arabia						
1970											
World	12.25	1.28	1.76	0.64	0.54	4.00	27.69	38.87	12.59	0.37	39765692
GCC countries	3.60	0.80	0.82	3.34	0.07	4.38	52.89	5.23	28.86	0.00	332873
Other ESCWA countries	29.70	3.29	1.75	0.03	0.08	7.99	25.21	9.32	22.48	0.16	647270
ESCWA region	20.84	2.44	1.43	1.16	0.08	6.76	34.61	7.93	24.65	0.11	980143
1975											
World	13.16	1.23	2.43	0.69	0.64	4.86	21.99	41.05	13.83	0.15	4141242
GCC countries	9.29	0.21	2.54	0.16	0.09	4.65	35.81	23.28	23.89	0.06	290784
Other ESCWA countries	13.64	4.31	3.83	0.19	0.18	5.00	15.71	40.66	16.43	0.04	695203
ESCWA region	12.36	3.10	3.45	0.18	0.16	4.90	21.64	35.54	18.63	0.05	985987
1985											
World	13.11	1.27	1.31	0.50	0.43	6.51	24.44	35.62	16.45	0.35	24006986
GCC countries	7.31	0.35	0.17	3.02	0.00	11.68	37.84	4.66	34.98	0.00	508005
Other ESCWA countries	35.56	2.83	2.38	0.02	0.06	16.44	17.54	2.39	22.53	0.26	352633
ESCWA region	17.67	1.26	0.98	1.92	0.02	13.42	30.39	3.83	30.41	0.09	860638
1988											
World	12.93	1.32	1.79	0.23	0.26	8.31	21.35	33.40	13.72	6.69	21608323
GCC countries	9.33	0.18	0.08	1.42	0.00	13.84	51.41	5.58	10.38	7.78	463884
Other ESCWA countries	35.75	3.31	0.43	0.20	0.00	15.88	8.37	1.33	19.12	15.60	418930
ESCWA region	21.87	1.67	0.24	0.84	0.00	14.81	30.99	3.56	14.53	11.49	882814
1989											
World	14.12	1.38	1.98	0.29	0.26	7.67	20.36	38.70	14.13	1.11	20257933
GCC countries	11.01	0.82	0.87	1.12	0.06	16.45	45.52	9.61	13.03	1.52	500379
Other ESCWA countries	54.42	2.67	1.08	1.57	0.11	14.07	7.79	2.58	12.74	2.98	461239
ESCWA region	31.83	1.71	0.97	1.33	0.08	15.31	27.42	6.24	12.89	2.22	961618

Annex table I (continued)

	0	1	2	3	4	5	6	7	8	9	Total($ 000)
					United Arab Emirates						
1980											
World	9.30	1.44	1.80	10.80	0.36	4.67	22.21	35.87	12.69	0.86	8097848
GCC countries	0.80	0.02	0.24	85.88	0.01	0.68	10.18	1.18	0.93	0.09	541314
Other ESCWA countries	16.37	0.19	0.34	71.25	0.04	2.91	2.93	1.26	4.70	0.01	265836
ESCWA region	5.93	0.08	0.27	81.06	0.02	1.42	7.79	1.20	2.17	0.06	807150
1985											
World	14.67	1.47	2.25	6.54	0.50	6.04	21.60	30.79	15.91	0.23	6744472
GCC countries	3.74	0.70	0.40	79.11	0.01	4.03	10.03	0.60	1.32	0.06	441155
Other ESCWA countries	80.50	0.84	1.18	0.01	0.11	3.06	2.43	1.60	10.22	0.05	99859
ESCWA region	17.91	1.73	2.55	67.51	4.03	8.85	14.63	7.78	10.96	9.06	541014
					Iraq						
1975											
World	15.46	0.19	3.17	0.28	1.82	5.88	29.84	41.01	2.25	0.08	4204571
GCC countries	18.61	0.00	15.32	0.56	0.11	6.77	10.41	34.38	7.08	6.76	13838
Other ESCWA countries	12.28	1.29	21.77	0.00	0.08	15.56	30.28	12.69	5.89	0.17	89591
ESCWA region	13.13	1.12	20.90	0.08	0.08	14.38	27.62	15.59	6.05	1.05	103429
					Egypt						
1970											
World	15.09	2.22	11.51	9.39	4.95	12.97	15.61	26.56	1.69	0.01	786600
GCC countries	0.03	1.00	42.16	3.00	4.00	5.10	12.88	55.07	12.77	9.00	3083
Other ESCWA countries	23.35	3.66	18.37	6.56	8.36	6.35	8.68	20.34	4.33	0.00	23923
ESCWA region	20.69	3.24	20.85	5.81	7.41	5.64	8.47	23.51	4.38	0.00	27006
1975											
World	25.52	1.36	6.70	6.93	8.87	13.18	15.35	20.46	1.61	0.02	3933729
GCC countries	0.07	0.00	0.18	85.95	0.00	0.03	1.83	10.79	1.14	0.00	142638
Other ESCWA countries	8.51	0.59	8.26	10.61	0.38	7.74	25.45	33.60	4.86	0.00	120290
ESCWA region	3.93	0.27	3.88	51.48	0.17	3.56	12.64	21.23	2.85	0.00	262928

Annex table I (continued)

	0	1	2	3	4	5	6	7	8	9	Total($ 000)
1980											
World	25.84	1.93	7.06	1.09	4.46	9.44	20.23	27.33	2.57	0.05	4859990
GCC countries	1.01	0.49	0.59	0.53	0.00	0.02	1.48	94.73	1.16	0.00	54337
Other ESCWA countries	56.60	0.64	12.44	0.00	0.00	11.20	10.57	5.52	3.03	0.00	35680
ESCWA region	23.04	0.55	5.29	0.32	0.00	4.45	5.08	59.37	1.90	0.00	90017
1985											
World	22.88	2.10	7.60	3.78	1.92	9.15	24.11	25.01	3.43	0.02	5495335
GCC countries	0.13	0.09	0.13	57.16	0.03	1.28	1.50	34.44	5.22	0.00	98400
Other ESCWA countries	5.79	0.24	35.82	0.67	0.00	14.00	8.09	16.27	19.12	0.00	22991
ESCWA region	1.20	0.12	6.89	46.46	0.03	3.69	2.75	31.00	7.85	0.00	121391
1991											
World	21.71	1.54	9.44	2.21	1.72	14.33	21.88	23.62	3.54	0.02	7914270
GCC countries	16.10	0.03	5.57	17.56	0.46	18.47	11.36	29.31	1.15	0.00	194943
Other ESCWA countries	20.37	6.00	6.59	16.63	0.00	15.86	20.95	8.94	4.66	0.00	35681
ESCWA region	16.76	0.95	5.72	17.41	0.39	18.06	12.85	26.16	1.69	0.00	230624
1992											
World	24.15	1.87	8.27	1.38	3.19	13.05	18.07	26.09	3.91	0.02	8291988
GCC countries	1.51	0.11	5.45	0.47	0.68	31.81	23.54	34.72	1.72	0.00	127216
Other ESCWA countries	37.71	4.93	4.73	0.00	0.00	3.04	31.74	9.35	8.51	0.00	44401
ESCWA region	10.87	2.36	7.26	3.35	4.51	29.37	31.66	35.15	11.47	9.00	171617
Jordan											
1970											
World	28.64	1.16	3.83	5.67	0.72	6.11	24.51	16.91	5.87	6.58	184472
GCC countries	1.26	0.07	1.81	92.04	0.39	0.39	1.69	2.12	0.22	0.00	7678
Other ESCWA countries	49.75	0.31	3.53	3.69	0.80	3.94	26.21	3.93	7.80	0.03	26139
ESCWA region	38.74	0.25	3.14	23.75	0.71	3.13	20.64	3.52	6.08	0.02	33817

Annex table I (continued)

	0	1	2	3	4	5	6	7	8	9	Total($ 000)
1975											
World	21.09	0.54	2.51	10.64	0.54	5.21	19.27	31.76	7.07	1.37	730837
GCC countries	0.52	0.00	0.72	93.80	0.00	2.48	0.93	1.34	0.19	0.02	76152
Other ESCWA countries	55.00	0.14	2.18	2.24	1.07	3.41	22.63	3.98	8.62	0.74	82113
ESCWA region	28.78	0.07	1.48	46.30	0.55	2.96	12.19	2.71	4.56	0.39	158265
1980											
World	16.59	0.73	2.25	17.06	0.66	5.48	20.63	27.98	8.17	0.50	2394434
GCC countries	1.77	0.01	0.50	88.74	0.01	0.18	1.88	5.40	1.51	0.00	431723
Other ESCWA countries	39.05	0.43	8.50	3.95	1.12	5.78	21.62	9.80	9.40	0.34	138136
ESCWA region	10.81	0.11	2.44	68.18	0.28	1.54	6.66	6.47	3.42	0.08	569859
1985											
World	17.09	0.40	3.34	21.89	0.98	6.65	16.47	20.22	10.58	2.37	2593171
GCC countries	2.03	0.00	1.78	83.84	0.21	4.93	2.42	2.19	2.60	0.00	466606
Other ESCWA countries	9.35	0.09	9.15	66.42	0.01	2.21	5.76	1.44	4.61	0.95	241117
ESCWA region	4.52	0.03	4.29	77.91	0.14	4.00	3.56	1.93	3.29	0.32	707723
1988											
World	17.04	0.68	3.72	15.68	1.27	10.45	17.56	22.52	7.30	3.78	2746697
GCC countries	19.18	0.01	2.15	45.29	0.24	18.19	10.42	1.84	2.67	0.00	310600
Other ESCWA countries	9.03	0.10	8.62	67.57	0.01	4.18	6.91	0.75	2.71	0.04	408381
ESCWA region	13.42	0.10	5.83	57.95	0.11	10.23	8.43	1.22	2.69	0.02	718981
1989											
World	15.32	0.70	2.48	18.63	0.77	10.58	18.56	19.97	6.85	6.14	2116572
GCC countries	3.52	0.01	3.93	36.63	0.54	34.22	10.75	4.59	3.42	2.38	136213
Other ESCWA countries	7.70	0.11	2.23	76.72	0.03	2.64	5.63	0.62	2.83	1.49	447824
ESCWA region	6.73	0.09	2.63	67.37	0.15	10.01	6.83	1.54	2.96	1.70	584037

Annex table I (continued)

	0	1	2	3	4	5	6	7	8	9	Total($ 000)
1991											
World	24.39	0.56	3.45	14.50	1.39	12.89	19.14	17.54	5.52	0.63	2506877
GCC countries	3.02	0.01	0.69	14.22	3.19	61.42	14.06	2.25	1.14	0.00	80698
Other ESCWA countries	6.41	0.13	1.84	79.03	0.05	2.49	6.73	0.61	2.70	0.01	424296
ESCWA region	5.87	0.11	1.65	68.67	0.55	11.91	7.90	0.87	2.45	0.01	504994
1992											
World	20.70	0.46	2.27	15.13	1.88	12.27	11.91	27.11	7.58	0.70	2950569
GCC countries	3.83	0.25	6.76	3.95	2.93	54.53	21.78	3.72	2.22	0.04	81421
Other ESCWA countries	8.25	0.09	1.07	75.44	0.00	3.32	6.69	1.19	3.94	0.01	567415
ESCWA region	7.70	0.11	1.78	66.47	0.37	9.75	8.58	1.51	3.72	0.01	648836
					Lebanon						
1970											
World	21.90	1.13	9.35	5.92	0.62	9.02	24.08	19.90	8.07	0.01	567496
GCC countries	1.88	0.00	30.62	63.39	0.01	0.01	2.02	0.19	1.88	0.00	8798
Other ESCWA countries	43.54	0.16	15.97	36.75	0.00	0.10	2.35	0.12	0.99	0.02	63317
ESCWA region	38.46	0.14	17.75	40.00	0.01	0.09	2.31	0.13	1.10	0.02	72115
					Syrian Arab Republic						
1975											
World	18.06	2.54	3.43	6.51	0.76	11.69	25.04	28.79	2.98	0.20	1669084
GCC countries	0.85	5.49	12.65	0.10	0.20	2.16	37.08	40.19	1.29	0.00	15620
Other ESCWA countries	18.65	0.24	3.12	37.09	0.47	11.74	21.01	6.33	1.34	0.00	142963
ESCWA region	16.90	0.75	4.06	33.45	0.45	10.80	22.60	9.67	1.34	0.00	158583
1985											
World	17.07	0.12	3.57	29.30	1.53	9.46	17.42	19.04	1.93	0.56	3966989
GCC countries	0.54	0.01	11.68	84.11	0.00	1.66	0.54	1.02	0.45	0.00	85939
Other ESCWA countries	51.24	0.15	10.46	0.21	1.25	22.29	11.26	2.47	0.67	0.00	59419
ESCWA region	21.26	0.07	11.18	49.81	0.51	10.09	4.92	1.61	0.54	0.00	145358

Annex Table I (continued)

	0	1	2	3	4	5	6	7	8	9	Total($ 000)
1989											
World	23.25	0.25	3.51	5.86	1.34	16.72	27.54	17.66	3.65	0.21	2097304
GCC countries	17.39	0.00	8.52	3.78	0.92	59.65	5.77	3.56	0.41	0.00	76861
Other ESCWA countries	17.84	0.00	8.41	0.36	0.08	53.32	10.88	7.95	1.17	0.00	20240
ESCWA region	17.48	0.00	8.50	3.06	0.75	58.33	6.83	4.48	0.57	0.00	97101
						Yemen Arab Republic					
1975											
World	51.90	2.47	0.30	6.09	0.31	6.74	2.94	18.83	10.44	0.00	243439
GCC countries	35.18	0.06	0.16	2.64	0.17	13.73	8.43	29.48	10.16	0.00	17336
Other ESCWA countries	15.04	1.03	0.46	48.31	0.03	3.57	13.88	6.76	10.93	0.00	22838
ESCWA region	23.73	1.61	2.33	31.60	4.09	12.95	17.53	23.56	18.60	9.00	40174
1980											
World	26.17	1.23	0.51	7.21	0.78	5.11	25.30	27.73	5.46	0.51	1852989
GCC countries	19.32	0.15	0.31	25.53	0.29	2.47	9.13	36.62	5.13	1.06	395622
Other ESCWA countries	36.35	0.89	3.48	7.91	0.01	8.54	8.74	26.08	7.88	0.12	22086
ESCWA region	20.22	0.19	0.47	24.60	0.28	2.79	9.11	36.06	5.27	1.01	417708

Source : ESCWA secretariat compilations, based on data supplied by UNCTAD .

Note :
(SITC), Standard International Trade Classification categories are:
0 : All food items
1 : Beverages and tobacco
2 : Inedible crude materials,except fuels
3 : Fuels
4 : Animal and vegetable oil and fats
5 : Chemical products
6 : Manufactured products
7 : Machinery and transport equipment
8 : Miscellaneous manufactured articles
9 : unallocated
--- : not available

Annex table II . Share of ESCWA member countries in Intraregional trade by commodity (SITC) relative to total trade

(Percentage shares)

	0	1	2	3	4	5	6	7	8	9	Total ($ 000)
					A - Exports						
					Bahrain						
1970											
World	9572	2675	452	183726	25	1000	16624	7793	13638	393	235898
GCC countries	71.05	51.81	66.81	0.16	84.00	79.00	81.41	50.25	96.44	19.08	17.07
Other ESCWA countries	2.47	0.00	0.22	0.00	0.00	0.00	0.00	1.59	0.84	0.00	0.20
ESCWA region	73.52	51.81	67.04	0.16	84.00	79.00	81.41	51.84	97.28	19.08	17.27
1975											
World	12335	4985	2214	934526	17	3011	118887	33098	38072	186	1147331
GCC countries	75.37	81.85	18.83	7.40	58.82	89.94	29.84	54.50	91.99	26.34	15.19
Other ESCWA countries	0.00	0.00	0.00	0.25	0.00	0.20	0.00	0.79	0.02	0.00	0.23
ESCWA region	75.37	81.85	18.83	7.65	58.82	90.14	29.84	55.29	92.01	26.34	15.41
1980											
World	1780	20029	1540	3552829	48	3996	151283	54275	8927	106	3794813
GCC countries	71.12	0.28	76.95	22.39	29.17	18.89	15.78	7.52	20.61	94.34	21.83
Other ESCWA countries	0.00	0.00	0.00	1.33	0.00	0.00	14.58	0.05	0.00	0.00	1.82
ESCWA region	71.12	0.28	76.95	23.71	29.17	18.89	30.36	7.57	20.61	94.34	23.66
1985											
World	2031	936	2340	2437218	5	6622	245034	46878	8645	175	2749884
GCC countries	39.24	44.55	1.75	0.00	100.00	17.49	21.74	78.08	48.53	49.14	3.51
Other ESCWA countries	0.20	1.92	0.17	0.00	0.00	1.71	12.25	12.69	1.65	36.00	1.32
ESCWA region	39.44	46.47	1.92	0.00	100.00	19.19	33.99	90.77	50.18	85.14	4.83

Annex table II (continued)

	0	1	2	3	4	5	6	7	8	9	Total ($ 000)
1988											
World	4023	3084	4148	1830358	86	92036	258230	74332	17635	216	2284148
GCC countries	47.08	17.44	12.73	0.00	100.00	1.92	52.15	89.40	51.16	21.76	9.41
Other ESCWA countries	0.15	0.45	0.00	0.00	0.00	3.81	4.57	2.69	4.80	0.00	0.80
ESCWA region	47.23	17.90	12.73	0.00	100.00	5.73	56.72	92.09	55.96	21.76	10.21
					Kuwait						
1970											
World	15349	3491	3584	1787362	135	55646	7442	21781	4965	1661	1901416
GCC countries	39.25	59.64	9.24	0.46	55.56	2.77	46.76	32.37	46.97	9.87	1.64
Other ESCWA countries	21.03	29.96	38.98	0.01	18.52	1.89	24.48	28.72	20.36	20.95	0.86
ESCWA region	60.28	89.60	48.21	0.47	74.07	4.66	71.24	61.09	67.33	30.82	2.51
1975											
World	25880	6627	13054	8407537	363	418526	95787	184629	32029	478	9184910
GCC countries	60.95	72.82	42.75	0.83	77.13	2.45	59.05	37.47	68.43	3.97	2.77
Other ESCWA countries	9.59	4.60	33.49	0.53	3.86	1.11	17.82	28.74	14.84	4.18	1.44
ESCWA region	70.55	77.43	76.24	1.36	80.99	3.90	76.87	66.20	83.26	8.16	4.21
1980											
World	83360	13069	44435	18156465	4760	939192	435418	547876	208431	1636	20434642
GCC countries	48.18	85.92	26.14	2.10	29.92	2.33	44.35	26.43	69.35	16.75	4.65
Other ESCWA countries	30.33	12.87	21.02	1.23	62.69	1.93	38.74	46.69	15.39	17.54	3.61
ESCWA region	78.51	98.79	47.15	3.32	92.61	4.26	83.08	73.12	84.74	34.29	8.25
1989											
World	62514	1497	26865	31431	2360	276516	214796	279990	133578	1311	1030858
GCC countries	50.22	2.47	46.93	1.96	3.05	9.12	29.92	12.85	25.41	6.79	19.81
Other ESCWA countries	13.78	88.98	9.55	17.00	1.95	14.56	47.35	55.38	43.75	19.53	36.24
ESCWA region	64.00	91.45	56.49	18.96	5.00	23.69	77.27	68.22	69.16	26.32	56.05

Annex table II (continued)

	0	1	2	3	4	5	6	7	8	9	Total ($ 000)
					Oman						
1975											
World	3007	0	0	1433346	0	0	0	0	0	26	1436379
GCC countries	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	80.77	0.00
Other ESCWA countries	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ESCWA region	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	80.77	0.00
1980											
World	19981	10314	1074	3603862	625	479	8484	94778	4585	3516	3747698
GCC countries	74.54	98.08	70.48	0.01	100.00	96.45	94.65	59.53	77.08	42.12	2.58
Other ESCWA countries	3.35	1.69	0.19	0.00	0.00	0.00	0.42	27.62	1.79	1.39	0.73
ESCWA region	77.89	99.77	70.67	0.01	100.00	96.45	95.07	87.14	78.87	43.52	3.31
1985											
World	57962	3569	5222	278	550	2761	30617	193046	11911	42198	348114
GCC countries	58.23	96.36	76.71	88.49	99.82	92.61	31.16	47.85	49.45	7.00	44.61
Other ESCWA countries	11.60	0.00	0.04	0.00	0.00	0.00	2.23	5.25	0.09	0.95	5.16
ESCWA region	69.82	96.36	76.75	88.49	99.82	92.61	33.38	53.10	49.54	7.95	49.77
1988											
World	80499	9202	9409	2875033	188	8690	64201	180449	11272	29308	3268251
GCC countries	47.36	99.37	76.80	0.33	100.00	95.73	34.24	59.30	67.82	46.94	6.82
Other ESCWA countries	6.84	0.43	0.65	0.00	0.00	0.35	0.36	0.65	1.52	2.08	0.24
ESCWA region	54.20	99.80	77.45	0.33	100.00	96.08	34.60	59.95	69.34	49.02	7.06
1989											
World	69253	17191	8885	3506277	296	10899	78608	179827	26876	34655	3932767
GCC countries	53.58	75.46	80.61	0.28	100.00	94.72	55.53	66.61	46.82	55.21	6.94
Other ESCWA countries	1.42	0.18	0.97	0.00	0.00	0.00	0.84	9.67	0.30	0.71	0.50
ESCWA region	55.00	75.64	81.58	0.28	100.00	94.72	56.38	76.28	47.12	55.92	7.43

Annex table II (continued)

	0	1	2	3	4	5	6	7	8	9	Total ($ 000)
1990											
World	73320	5179	10840	11509	2023	15097	75588	186834	49737	28264	458391
GCC countries	47.01	68.22	90.52	99.99	97.62	97.58	53.37	54.94	50.60	58.84	56.76
Other ESCWA countries	0.40	0.00	0.41	0.00	32.13	0.09	2.34	9.28	0.15	1.46	4.49
ESCWA region	47.41	68.22	90.92	99.99	99.75	97.66	55.71	64.22	50.75	60.30	61.26
1991											
World	65487	40605	9421	21846	6199	17968	71306	303880	70987	27327	635026
GCC countries	60.21	9.37	95.62	99.80	97.92	94.96	44.99	59.89	55.11	71.88	58.27
Other ESCWA countries	0.47	0.00	0.24	0.00	0.00	0.19	0.01	0.89	0.07	1.36	0.55
ESCWA region	60.68	9.37	95.86	99.80	97.92	95.16	45.01	60.78	55.18	73.24	58.82
					Qatar						
1975											
World	1873	7	129	1758089	7	37267	1054	8744	233	1579	1808982
GCC countries	64.34	100.00	94.57	0.01	100.00	0.90	83.40	84.88	96.57	4.05	0.57
Other ESCWA countries	1.28	0.00	0.00	0.00	0.00	1.23	7.69	6.19	1.72	0.13	0.06
ESCWA region	65.62	100.00	94.57	0.01	100.00	2.14	91.08	91.07	98.28	4.18	0.63
1991											
World	7041	1619	4969	2647718	13	289130	141032	299	14319	363	3106503
GCC countries	99.30	96.91	22.86	0.98	15.38	12.14	99.91	96.66	9.21	100.00	6.88
Other ESCWA countries	0.41	3.15	0.56	0.34	0.00	1.99	0.04	0.00	0.35	0.00	0.49
ESCWA region	99.72	100.00	23.43	1.32	15.38	14.13	99.95	96.66	9.56	100.00	7.36
					Saudi Arabia						
1975											
World	20547	4797	5062	29466193	7	4926	10083	67522	89672	141	29668950
GCC countries	50.88	0.31	53.81	2.17	0.00	57.39	36.38	16.77	5.92	2.13	2.27
Other ESCWA countries	39.52	68.46	38.52	0.98	100.00	19.47	30.60	35.00	8.71	4.96	1.14
ESCWA region	90.40	68.77	92.34	3.15	100.00	76.86	66.97	51.77	14.63	7.09	3.41

Annex table II (continued)

	0	1	2	3	4	5	6	7	8	9	Total ($ 000)
1980											
World	73045	30156	18596	100005077959	1675	105471	131707	460302	65580	13	100005964504
GCC countries	16.31	2.55	11.37	0.00	3.22	4.10	10.08	14.52	8.25	0.00	0.00
Other ESCWA countries	58.82	83.29	46.59	0.00	53.97	10.75	32.11	46.91	28.73	100.00	0.00
ESCWA region	75.12	85.84	57.96	0.00	57.19	14.85	42.20	61.43	36.98	100.00	0.00
1985											
World	59743	9741	42000	25932730	381	750914	96171	2352	13798	1	26907831
GCC countries	---	---	---	---	---	---	---	---	---	---	---
Other ESCWA countries	---	---	---	---	---	---	---	---	---	---	---
ESCWA region	---	---	---	---	---	---	---	---	---	---	---
1988											
World	313310	10546	155227	20203310	1460	2698009	304428	24526	16620	0	23727436
GCC countries	---	---	---	---	---	---	---	---	---	---	---
Other ESCWA countries	---	---	---	---	---	---	---	---	---	---	---
ESCWA region	---	---	---	---	---	---	---	---	---	---	---
1989											
World	359043	14132	210607	24093632	8137	2592655	362200	55329	39523	0	27735258
GCC countries	---	---	---	---	---	---	---	---	---	---	---
Other ESCWA countries	---	---	---	---	---	---	---	---	---	---	---
ESCWA region	---	---	---	---	---	---	---	---	---	---	---
					United Arab Emirates						
1983											
World	14513	12372	13558	99915	635	36506	279322	6255	5799	0	468875
GCC countries	---	---	---	---	---	---	---	---	---	---	---
Other ESCWA countries	---	---	---	---	---	---	---	---	---	---	---
ESCWA region	---	---	---	---	---	---	---	---	---	---	---

Annex table II (continued)

	0	1	2	3	4	5	6	7	8	9	Total ($ 000)
1985											
World	18491	14159	20862	22479	60	33711	260236	8226	11877	23	390124
GCC countries	---	---	---	---	---	---	---	---	---	---	---
Other ESCWA countries	---	---	---	---	---	---	---	---	---	---	---
ESCWA region	---	---	---	---	---	---	---	---	---	---	---
					Iraq						
1975											
World	44473	126	16254	40845	0	13688	3562	510	670	0	120128
GCC countries	7.86	17.46	7.89	0.00	0.00	4.29	78.13	75.29	40.00	0.00	7.34
Other ESCWA countries	12.40	41.27	77.51	7.41	0.00	11.03	20.02	24.71	57.91	0.00	19.92
ESCWA region	20.26	58.73	85.40	7.41	0.00	15.32	98.15	100.00	97.91	0.00	27.26
					Egypt						
1970											
World	149971	6679	361506	36372	174	15041	153192	6033	32683	54	761705
GCC countries	2.08	1.71	0.01	0.00	0.00	2.67	1.17	3.41	3.60	0.00	0.90
Other ESCWA countries	6.33	3.19	0.29	0.00	0.00	10.29	6.84	63.14	3.48	0.00	3.64
ESCWA region	8.40	4.90	0.30	0.00	0.00	12.96	8.01	66.55	7.08	0.00	4.54
1980											
World	190340	4898	536842	1956919	68	19061	305593	3010	29165	64	3045960
GCC countries	15.66	6.08	0.52	0.00	0.00	29.17	3.49	95.78	5.02	0.00	1.75
Other ESCWA countries	8.88	0.00	0.31	12.72	0.00	3.42	1.49	0.43	1.22	0.00	8.96
ESCWA region	24.54	6.08	0.83	12.72	0.00	32.60	4.98	96.21	6.25	0.00	10.72
1985											
World	94693	6392	225477	1252568	84	14407	222549	1282	20738	564	1838754
GCC countries	31.62	39.67	0.69	0.00	1.19	27.43	1.57	2.89	24.32	20.04	2.54
Other ESCWA countries	3.29	27.55	0.35	0.65	0.00	2.35	8.23	0.55	20.14	0.71	1.99
ESCWA region	34.91	67.22	1.04	0.65	1.19	29.78	9.81	3.43	44.46	20.74	4.53

Annex table II (continued)

	0	1	2	3	4	5	6	7	8	9	Total ($ 000)
1989											
World	227323	3525	311473	806735	1509	121463	969315	10988	194420	1076	2647829
GCC countries	25.10	6.04	0.80	0.11	1.46	7.10	3.02	20.30	6.21	66.14	4.29
Other ESCWA countries	5.12	1.62	0.48	0.87	3.31	12.48	6.52	16.51	8.46	13.91	4.42
ESCWA region	30.21	7.66	1.28	0.97	4.77	19.57	9.53	36.81	14.68	80.06	8.70
1990											
World	238457	4780	257272	759495	816	125075	925362	16077	253612	1088	2582034
GCC countries	21.92	3.41	1.09	0.19	1.59	6.10	2.47	15.76	7.03	93.20	4.20
Other ESCWA countries	7.23	3.85	0.78	1.89	0.00	10.32	3.19	11.41	5.58	1.75	3.57
ESCWA region	29.14	7.26	1.87	2.08	1.59	16.42	5.66	27.16	12.61	94.94	7.78
1991											
World	294307	5979	105609	1991515	1747	168904	805172	43196	275903	221	3692553
GCC countries	22.32	5.23	2.92	0.29	2.63	8.04	4.68	11.36	9.19	88.69	4.24
Other ESCWA countries	8.87	19.72	1.14	0.75	65.71	8.10	3.98	4.04	1.43	0.00	2.60
ESCWA region	31.19	24.95	4.06	1.04	68.35	16.13	8.66	15.40	10.62	88.69	6.84
					Jordan						
1970											
World	13103	1471	6917	5	377	742	2109	856	519	0	26099
GCC countries	30.99	89.19	1.03	80.00	98.67	17.25	54.86	14.84	63.78	0.00	28.97
Other ESCWA countries	65.81	10.67	19.55	20.00	1.33	79.65	41.35	83.06	28.32	0.00	47.74
ESCWA region	96.79	99.86	20.57	100.00	100.00	96.90	96.21	97.90	92.10	0.00	76.71
1975											
World	31938	3146	62613	881	1275	6091	13213	1462	5003	14	125636
GCC countries	34.41	63.95	0.49	3.75	82.27	28.96	45.04	20.25	32.70	21.43	19.14
Other ESCWA countries	22.51	36.05	5.55	96.37	17.73	64.24	54.85	79.41	64.86	42.86	22.64
ESCWA region	56.92	100.00	6.04	100.00	100.00	93.20	99.89	99.66	97.56	64.29	41.78

Annex table II (continued)

	0	1	2	3	4	5	6	7	8	9	Total ($ 000)
1980											
World	78547	18679	164496	1000	2932	36564	62572	7981	28774	4	401549
GCC countries	43.22	27.87	0.99	0.80	91.34	32.04	41.16	24.93	36.28	100.00	23.25
Other ESCWA countries	56.72	72.14	3.91	6.40	8.66	65.90	58.27	73.73	63.00	0.00	37.19
ESCWA region	99.94	100.00	4.90	7.20	100.00	97.93	99.43	98.66	99.28	100.00	60.44
1985											
World	110752	4923	251863	20	400	129509	99169	5101	47247	2	648986
GCC countries	58.92	63.86	0.57	0.00	59.75	24.12	29.01	32.41	11.20	100.00	21.10
Other ESCWA countries	41.02	34.13	1.01	100.00	40.50	22.94	70.67	67.44	88.56	0.00	30.05
ESCWA region	99.94	97.99	1.61	100.00	100.00	47.06	99.68	99.84	99.59	100.00	51.15
1988											
World	81810	4034	399357	903	1721	260437	99207	10046	27278	0	884793
GCC countries	65.90	44.79	0.22	0.89	55.84	24.12	11.78	25.14	23.32	0.00	15.93
Other ESCWA countries	29.01	53.45	0.90	99.00	44.10	29.14	85.68	68.58	45.77	0.00	23.89
ESCWA region	94.91	98.24	1.12	99.89	99.94	53.26	97.46	93.73	69.09	0.00	39.82
1990											
World	89964	6699	353701	8	969	284502	119406	21510	45011	20	921790
GCC countries	67.05	13.61	0.30	0.00	36.12	13.82	12.58	13.66	34.66	85.00	14.70
Other ESCWA countries	28.67	60.98	0.94	100.00	63.67	35.65	58.74	71.82	31.50	10.00	25.50
ESCWA region	95.72	74.59	1.25	100.00	99.79	49.47	71.32	85.48	66.16	95.00	40.20
1991											
World	126321	10819	335257	33	3394	259927	95030	10927	37158	0	878866
GCC countries	43.63	1.74	0.20	0.00	20.77	7.43	4.43	7.40	18.97	0.00	10.02
Other ESCWA countries	52.65	41.76	0.77	100.00	79.26	14.64	12.84	8.74	5.47	0.00	14.74
ESCWA region	96.28	43.50	0.96	100.00	100.00	22.07	17.28	16.14	24.44	0.00	24.76

Annex table II (continued)

	0	1	2	3	4	5	6	7	8	9	Total ($ 000)
					Lebanon						
1970											
World	53362	4602	13784	269	458	15025	47028	38430	24869	2	197829
GCC countries	41.14	0.98	4.49	10.41	15.94	24.04	23.87	24.15	42.63	50.00	29.04
Other ESCWA countries	28.66	2.76	7.88	37.55	54.15	29.95	29.51	10.69	10.45	0.00	21.20
ESCWA region	69.80	3.74	12.37	47.96	70.09	53.99	53.39	34.84	53.08	50.00	50.24
					Syrian Arab Republic						
1975											
World	23989	22323	157061	653846	325	2061	36114	9692	24558	5	929974
GCC countries	24.09	0.71	0.17	0.00	93.85	8.98	16.32	42.42	45.83	60.00	3.01
Other ESCWA countries	61.92	10.49	16.64	0.03	6.46	23.87	16.43	22.30	15.20	0.00	6.01
ESCWA region	86.01	11.20	16.81	0.03	100.00	32.85	32.74	64.71	61.04	60.00	9.01
1985											
World	43131	1789	179912	1212490	3	50444	82982	14926	50691	964	1637332
GCC countries	64.62	22.36	0.80	0.00	0.00	0.21	2.85	10.49	7.91	98.86	2.36
Other ESCWA countries	13.23	55.56	2.64	0.01	100.00	0.49	2.13	1.28	6.28	0.00	1.03
ESCWA region	77.85	77.92	3.44	0.01	100.00	0.69	4.99	11.77	14.19	98.86	3.40
1989											
World	343195	2868	158594	1177073	1	356008	647462	16019	304182	396	3005798
GCC countries	50.84	5.86	1.38	0.00	0.00	0.33	8.90	14.11	14.11	98.48	9.36
Other ESCWA countries	18.85	45.82	3.77	6.70	0.00	0.33	1.18	5.31	1.62	0.00	5.50
ESCWA region	69.69	51.67	5.15	6.70	0.00	0.66	10.08	19.42	15.72	98.48	14.86
1990											
World	550937	22898	233182	1903353	43	540203	587976	6895	368005	237	4213729
GCC countries	49.36	0.08	1.34	0.15	18.60	0.46	8.46	26.79	12.51	98.31	8.98
Other ESCWA countries	26.98	12.66	6.87	7.77	0.00	0.58	2.71	7.51	1.02	0.00	8.04
ESCWA region	76.35	12.74	8.21	7.92	18.60	1.05	11.17	34.30	13.53	98.31	17.02

Annex table II (continued)

	0	1	2	3	4	5	6	7	8	9	Total ($ 000)
						Yemen Arab Republic					
1980											
World	9902	198	939	31	22	637	3629	5681	677	889	22605
GCC countries	5.06	13.64	5.11	54.84	9.09	3.30	2.62	11.39	12.85	0.22	6.40
Other ESCWA countries	88.96	1.01	15.44	12.90	0.00	49.61	9.18	2.34	10.49	0.00	43.41
ESCWA region	94.02	14.65	20.55	67.74	9.09	52.90	11.79	13.73	23.34	0.22	49.81
1981											
World	9906	230	1117	12	39	734	2873	30608	941	1010	47470
GCC countries	5.03	5.22	13.61	33.33	7.69	2.32	8.14	22.71	7.55	39.31	17.57
Other ESCWA countries	93.18	52.17	6.09	66.67	0.00	29.02	28.23	4.23	49.63	1.29	25.76
ESCWA region	98.20	57.39	19.70	100.00	7.69	31.34	36.37	26.94	57.17	40.59	43.32
					B - Imports						
					Bahrain						
1970	28259	5532	2435	1808	296	6601	48166	50312	24007	846	168262
GCC countries	7.61	4.09	4.15	4.70	3.38	3.56	0.85	4.67	2.05	3.07	3.62
Other ESCWA countries	4.59	0.04	1.56	0.00	0.34	2.08	3.10	0.68	3.19	1.18	2.43
ESCWA region	12.20	4.12	5.71	4.70	3.72	5.64	3.95	5.35	5.24	4.26	6.04
1975											
World	58100	15083	7524	588578	1227	42594	144165	217375	83327	227	1158200
GCC countries	9.95	2.44	8.09	98.23	8.15	3.11	3.44	6.92	1.35	12.78	52.45
Other ESCWA countries	3.05	0.46	0.61	0.00	0.08	1.21	0.74	0.39	1.70	0.00	0.50
ESCWA region	13.00	2.90	8.71	98.23	8.23	4.32	4.18	7.31	3.06	12.78	52.95
1980											
World	194272	29933	26951	2029329	5840	132928	346432	522419	176735	4411	3469250
GCC countries	6.13	3.80	12.93	98.01	4.08	4.84	7.38	6.99	6.92	10.88	60.15
Other ESCWA countries	0.57	0.07	0.24	0.00	0.84	0.38	0.36	0.19	0.96	1.22	0.17
ESCWA region	6.70	3.87	13.18	98.01	4.91	5.21	7.74	7.18	7.88	12.11	60.32

Annex table II (continued)

	0	1	2	3	4	5	6	7	8	9	Total ($ 000)
1985											
World	211483	40595	36381	1448995	8035	160177	348645	639856	207133	5419	3106719
GCC countries	4.64	4.61	27.94	0.31	2.92	6.87	4.81	0.54	3.43	4.45	2.10
Other ESCWA countries	4.46	0.47	0.13	0.00	1.69	1.50	0.04	0.02	1.78	0.06	0.52
ESCWA region	9.11	5.08	28.07	0.31	4.62	8.37	4.86	0.56	5.22	4.50	2.62
1988											
World	218406	42605	30812	1085653	7276	170654	297921	529139	204804	6219	2593489
GCC countries	8.71	8.53	21.84	0.48	8.55	12.33	17.81	2.71	6.41	1.35	5.28
Other ESCWA countries	6.58	0.12	0.34	0.00	1.98	2.87	0.26	0.02	1.93	0.26	0.94
ESCWA region	15.29	8.65	22.18	0.48	10.53	15.20	18.07	2.73	8.34	1.61	6.22

Kuwait

	0	1	2	3	4	5	6	7	8	9	Total ($ 000)
1970											
World	105851	16028	9520	4446	1706	28994	133043	224195	100302	1065	625150
GCC countries	1.44	0.38	5.75	1.64	0.64	0.10	0.05	0.03	0.12	5.07	0.41
Other ESCWA countries	18.44	6.01	6.62	8.95	41.38	5.67	7.73	0.68	13.34	16.53	7.87
ESCWA region	19.88	6.39	12.36	10.59	42.03	5.77	7.78	0.71	13.46	21.60	8.28
1975											
World	365322	31180	29020	14096	8603	92405	426438	1089499	317023	14650	2388236
GCC countries	2.16	0.22	4.96	1.72	0.49	0.06	0.08	0.01	0.11	0.31	0.44
Other ESCWA countries	10.12	4.94	4.94	6.06	20.18	7.54	2.80	0.26	0.26	0.05	3.52
ESCWA region	12.28	5.16	9.90	7.78	20.67	7.59	2.88	0.27	6.32	0.37	3.96
1980											
World	853906	82150	109471	49894	24370	276198	1608856	2369610	1141204	38531	6554190
GCC countries	1.42	1.59	8.69	24.42	0.17	0.94	2.78	0.10	0.16	0.01	1.32
Other ESCWA countries	10.20	4.57	5.69	0.15	14.47	3.90	1.10	0.13	1.58	0.15	2.29
ESCWA region	11.62	6.16	14.38	24.57	14.64	4.84	3.88	0.22	1.75	0.17	3.61

Annex table II (continued)

	0	1	2	3	4	5	6	7	8	9	Total ($ 000)
1989											
World	1091773	85070	91016	60514	35119	476620	1357006	1830774	1148087	6337	6182316
GCC countries	4.14	6.51	9.53	31.54	6.49	11.52	17.04	0.40	5.19	0.08	7.06
Other ESCWA countries	11.72	2.89	3.88	36.82	12.27	5.76	3.68	0.06	0.42	0.00	3.94
ESCWA region	16.13	9.41	13.41	68.36	18.75	17.27	20.71	0.46	5.61	0.08	11.01
					Oman						
1975											
World	77614	8948	16217	31296	2517	26077	140588	277757	89502	0	670516
GCC countries	42.56	12.81	45.06	23.26	16.53	11.53	19.75	15.72	13.91	0.00	20.30
Other ESCWA countries	1.65	0.16	0.47	0.00	0.00	0.88	0.81	0.83	1.34	0.00	0.93
ESCWA region	44.21	12.96	45.54	23.26	16.53	12.41	20.56	16.55	15.25	0.00	21.22
1985											
World	359359	51759	42285	55202	12994	126524	697341	1306699	418679	81830	3152672
GCC countries	34.37	30.02	11.76	63.26	21.51	20.84	28.07	14.96	28.08	1.97	22.79
Other ESCWA countries	0.15	0.02	0.32	0.00	0.00	1.11	0.04	0.01	0.16	0.01	0.10
ESCWA region	34.52	30.03	12.07	63.26	21.51	21.95	28.11	14.97	28.24	1.99	22.89
1989											
World	383152	45474	25569	47765	9332	140009	408838	802560	235239	79946	2177884
GCC countries	37.02	28.41	34.40	83.68	3.19	21.60	42.92	12.72	27.54	4.71	26.64
Other ESCWA countries	0.10	0.14	0.29	0.00	0.00	2.48	0.40	0.06	0.26	0.04	0.31
ESCWA region	37.11	28.55	34.69	83.68	3.19	24.08	43.31	12.78	27.80	4.75	26.95
1991											
World	439189	128595	36533	59022	15077	190611	555834	1317119	270763	100613	3113356
GCC countries	39.75	67.31	31.62	75.29	6.27	26.14	39.20	12.73	33.96	4.34	27.29
Other ESCWA countries	0.27	0.27	0.05	0.03	0.00	1.03	0.26	0.34	0.35	0.03	0.34
ESCWA region	40.02	67.59	31.68	75.33	6.27	27.17	39.46	13.07	34.31	4.37	27.63

Annex table II (continued)

	0	1	2	3	4	5	6	7	8	9	Total ($ 000)
					Qatar						
1975											
World	48771	4953	5943	3751	1199	17960	76586	210063	37160	0	406386
GCC countries	15.61	21.16	8.95	10.98	10.76	8.10	7.52	5.34	11.85	0.00	8.01
Other ESCWA countries	15.62	3.01	7.87	3.76	17.93	3.70	3.82	2.51	7.45	0.00	4.98
ESCWA region	31.23	24.17	16.83	14.74	28.69	11.79	11.34	7.85	19.30	0.00	12.99
1980											
World	186444	16832	70537	16997	5392	74308	251358	604639	168675	0	1395182
GCC countries	3.75	5.73	1.24	4.16	0.19	8.94	8.01	2.68	11.30	0.00	5.13
Other ESCWA countries	13.20	3.55	0.38	0.02	0.65	2.40	0.75	0.20	1.65	0.00	2.38
ESCWA region	16.95	9.29	1.62	4.18	0.83	11.34	8.76	2.88	12.94	0.00	7.51
1985											
World	173106	25004	34131	9036	9614	58786	218407	442335	160454	8304	1139177
GCC countries	5.99	28.30	2.86	24.48	1.21	11.44	9.18	0.72	3.54	0.39	4.95
Other ESCWA countries	13.24	0.62	1.46	0.00	0.33	1.84	0.48	0.06	0.73	0.53	2.39
ESCWA region	19.23	28.92	4.32	24.48	1.54	13.28	9.66	0.78	4.27	0.92	7.34
1988											
World	218139	20084	38696	9276	6996	81798	237841	494947	152473	7118	1267368
GCC countries	9.22	14.12	8.34	48.29	10.05	17.80	13.28	1.49	4.94	1.74	7.30
Other ESCWA countries	11.89	1.97	1.00	0.00	0.91	1.41	1.19	0.10	1.95	1.81	2.71
ESCWA region	21.11	16.09	9.34	48.29	10.96	19.21	14.47	1.59	6.89	3.55	10.01
1991											
World	260856	21454	52203	13060	9016	101760	325251	723142	212041	903	1719686
GCC countries	10.89	19.24	30.49	55.22	46.22	20.82	15.17	1.47	15.05	19.27	10.06
Other ESCWA countries	14.97	1.60	0.51	0.51	2.33	1.90	1.24	0.11	1.99	5.54	2.33
ESCWA region	25.86	20.84	31.01	55.74	48.55	22.72	16.41	1.59	17.03	24.81	12.40

Annex table II (continued)

	0	1	2	3	4	5	6	7	8	9	Total ($ 000)
					Saudi Arabia						
1970											
World	3671124	383677	527508	191416	162484	1197766	8295413	11642880	3772772	112068	29957108
GCC countries	0.33	0.69	0.52	5.81	0.15	1.22	2.12	0.15	2.55	0.00	1.11
Other ESCWA countries	5.24	5.55	2.14	0.11	0.31	4.32	1.97	0.52	3.86	0.92	2.16
ESCWA region	5.56	6.24	2.66	5.93	0.46	5.53	4.09	0.67	6.40	0.92	3.27
1975											
World	544813	50762	100500	28382	26510	201059	910568	1700020	572548	6080	4141242
GCC countries	4.96	1.19	7.36	1.65	1.04	6.73	11.44	3.98	12.14	2.86	7.02
Other ESCWA countries	17.41	59.04	26.46	4.77	4.83	17.29	11.99	16.63	19.95	4.44	16.79
ESCWA region	22.37	60.23	33.82	6.42	5.87	24.02	23.43	20.61	32.08	7.30	23.81
1985											
World	3073860	297482	307338	118262	101761	1526005	5728697	8348296	3855436	82353	23439490
GCC countries	1.19	0.58	0.27	12.74	0.00	3.82	3.30	0.28	4.53	0.00	2.13
Other ESCWA countries	3.35	2.75	2.24	0.04	0.16	3.12	0.89	0.08	1.69	0.90	1.23
ESCWA region	4.53	3.33	2.52	12.78	0.16	6.94	4.18	0.36	6.22	0.90	3.36
1988											
World	2793942	284324	386685	50520	56835	1794585	4613218	7217974	2965254	1444986	21608323
GCC countries	1.55	0.30	0.09	13.06	0.00	3.58	5.17	0.36	1.62	2.50	2.15
Other ESCWA countries	5.36	4.88	0.46	1.66	0.00	3.71	0.76	0.08	2.70	4.52	1.94
ESCWA region	6.91	5.18	0.55	14.72	0.00	7.28	5.93	0.44	4.33	7.02	4.09
1989											
World	2861277	280446	400660	57986	51695	1554539	4124293	7840141	2862052	224844	20257933
GCC countries	1.92	1.46	1.09	9.65	0.60	5.29	5.52	0.61	2.28	3.37	2.47
Other ESCWA countries	8.77	4.39	1.24	12.49	0.97	4.18	0.87	0.15	2.05	6.12	2.28
ESCWA region	10.70	5.85	2.32	22.14	1.57	9.47	6.39	0.76	4.33	9.49	4.75

Annex table II (continued)

	0	1	2	3	4	5	6	7	8	9	Total ($ 000)
					United Arab Emirates						
1980											
World	752732	116627	145963	874953	28911	378118	1798260	2904791	1027856	69637	8097848
GCC countries	0.57	0.11	0.87	53.13	0.13	0.97	3.07	0.22	0.49	0.70	6.68
Other ESCWA countries	5.78	0.43	0.61	21.65	0.38	2.05	0.43	0.11	1.22	0.05	3.28
ESCWA region	6.36	0.54	1.49	74.78	0.52	3.02	3.50	0.33	1.70	0.75	9.97
1985											
World	989717	99145	151659	440839	33688	407177	1456706	2076877	1073322	15342	6744472
GCC countries	1.67	3.12	1.17	79.17	0.10	4.36	3.04	0.13	0.54	1.76	6.54
Other ESCWA countries	8.12	0.84	0.78	0.00	0.33	0.75	0.17	0.08	0.95	0.31	1.48
ESCWA region	9.79	3.96	1.95	79.17	0.43	5.11	3.20	0.20	1.49	2.07	8.02
					Iraq						
1975											
World	650125	8171	133166	11618	76673	247404	1254843	1724410	94725	3436	4204571
GCC countries	0.40	0.00	1.59	0.67	0.02	0.38	0.11	0.28	1.03	27.24	0.33
Other ESCWA countries	1.69	14.20	14.64	0.00	0.09	5.63	2.16	0.66	5.57	4.39	2.13
ESCWA region	2.09	14.20	16.24	0.67	0.11	6.01	2.28	0.94	6.60	31.64	2.46
					Egypt						
1970											
World	118726	17428	90524	73862	38912	102050	122750	208955	13299	94	786600
GCC countries	0.00	0.00	1.37	0.00	0.00	0.00	0.17	0.71	1.11	0.00	0.39
Other ESCWA countries	4.71	5.03	4.85	2.12	5.14	1.49	1.69	2.33	7.78	0.00	3.04
ESCWA region	4.71	5.03	6.22	2.12	5.14	1.49	1.86	3.04	8.89	0.00	3.43
1975											
World	1003758	53584	263748	272416	348894	518508	603703	804947	63503	668	3933729
GCC countries	0.01	0.00	0.10	45.00	0.00	0.01	0.43	1.91	2.57	0.00	3.63
Other ESCWA countries	1.02	1.33	3.77	4.68	0.13	1.80	5.07	5.02	9.21	0.00	3.06
ESCWA region	1.03	1.33	3.86	49.69	0.13	1.80	5.50	6.93	11.79	0.00	6.68

Annex table II (continued)

	0	1	2	3	4	5	6	7	8	9	Total ($ 000)
1980											
World	1255820	93747	343350	52741	216639	458639	982937	1328165	125105	2647	4859990
GCC countries	0.04	0.28	0.09	0.55	0.00	0.00	0.08	3.88	0.50	0.00	1.12
Other ESCWA countries	1.61	0.24	1.29	0.00	0.00	0.87	0.38	0.15	0.86	0.00	0.73
ESCWA region	1.65	0.53	1.39	0.55	0.00	0.87	0.47	4.02	1.37	0.00	1.85
1985											
World	1257081	115312	417903	207643	105603	502561	1324992	1374521	188491	1228	5495335
GCC countries	0.01	0.08	0.03	27.09	0.03	0.25	0.11	2.47	2.72	0.00	1.79
Other ESCWA countries	0.11	0.05	1.97	0.07	0.00	0.64	0.14	0.27	2.33	0.00	0.42
ESCWA region	0.12	0.12	2.00	29.16	0.03	0.89	0.25	2.74	5.06	0.00	2.21
1991											
World	1718381	121629	746919	175092	135924	1133968	1731614	1869324	280084	1335	7914270
GCC countries	1.83	0.05	1.45	19.55	0.66	3.17	1.28	3.06	0.80	0.00	2.46
Other ESCWA countries	0.42	1.76	0.31	3.39	0.00	0.50	0.43	0.17	0.59	0.00	0.45
ESCWA region	2.25	1.81	1.77	22.94	0.66	3.67	1.71	3.23	1.39	0.00	2.91
1992											
World	2002388	154977	685666	114393	264389	1081810	1498531	2163661	324429	1744	8291988
GCC countries	0.10	0.09	1.01	0.52	0.33	3.74	2.00	2.04	0.67	0.00	1.53
Other ESCWA countries	0.84	1.41	0.31	0.00	0.00	0.12	0.94	0.19	1.16	0.00	0.54
ESCWA region	0.93	1.50	1.32	0.52	0.33	3.87	2.94	2.23	1.84	0.00	2.07
Jordan											
1970											
World	52824	2145	7067	10462	1321	11280	45210	31193	10833	12137	184472
GCC countries	0.18	0.23	1.97	67.55	2.27	0.27	0.29	0.52	0.16	0.00	4.16
Other ESCWA countries	24.62	3.78	13.07	9.22	15.82	9.13	15.15	3.30	18.83	0.07	14.17
ESCWA region	24.80	4.01	15.04	76.77	18.09	9.40	15.44	3.82	18.99	0.07	18.33

Annex table II (continued)

	0	1	2	3	4	5	6	7	8	9	Total ($ 000)
1975											
World	154160	3947	18319	77754	3926	38095	140832	232102	51683	10019	730837
GCC countries	0.26	0.00	2.98	91.87	0.00	4.95	0.50	0.44	0.28	0.15	10.42
Other ESCWA countries	29.29	2.96	9.77	2.36	22.34	7.34	13.20	1.41	13.69	6.04	11.24
ESCWA region	29.55	2.96	12.75	94.24	22.34	12.29	13.70	1.85	13.97	6.19	21.66
1980											
World	397239	17485	53910	408532	15746	131214	493988	668712	195579	12029	2394434
GCC countries	1.92	0.19	4.04	93.77	0.30	0.60	1.64	3.49	3.33	0.00	18.03
Other ESCWA countries	13.58	3.40	21.79	1.34	9.86	6.09	6.05	2.02	6.64	3.91	5.77
ESCWA region	15.50	3.59	25.83	95.11	10.16	6.69	7.69	5.51	9.96	3.91	23.80
1985											
World	443140	10264	86677	567693	25477	172466	426994	524436	274450	61574	2593171
GCC countries	2.13	0.06	9.58	68.91	3.80	13.33	2.65	1.95	4.42	0.00	17.99
Other ESCWA countries	5.09	2.14	25.46	28.21	0.14	3.09	3.25	0.66	4.05	3.71	9.30
ESCWA region	7.22	2.20	35.03	97.12	3.94	16.43	5.90	2.61	8.48	3.72	27.29
1988											
World	467991	18750	102271	430553	34886	287097	482314	618571	200449	103815	2746697
GCC countries	12.73	0.20	6.52	32.67	2.16	19.67	6.71	0.92	4.14	0.01	11.31
Other ESCWA countries	7.88	3.79	34.43	64.09	0.15	5.95	5.85	0.50	5.52	0.15	14.87
ESCWA region	20.61	3.99	40.95	96.76	2.30	25.62	12.57	1.42	9.66	0.16	26.18
1989											
World	324300	14776	52593	394320	16193	224031	392887	422598	145002	129872	2116572
GCC countries	1.48	0.06	10.17	12.65	4.56	20.80	3.73	1.48	3.21	2.50	6.44
Other ESCWA countries	10.64	3.44	19.03	87.13	0.73	5.28	6.42	0.65	8.73	5.14	21.16
ESCWA region	12.12	3.51	29.20	99.78	5.29	26.09	10.15	2.13	11.94	7.64	27.59

Annex table II (continued)

	0	1	2	3	4	5	6	7	8	9	Total ($ 000)
1991											
World	611456	13959	86527	363412	34771	323187	479774	439632	138427	15732	2506877
GCC countries	0.40	0.04	0.64	3.16	7.41	15.34	2.37	0.41	0.66	0.00	3.22
Other ESCWA countries	4.45	3.88	9.00	92.27	0.58	3.27	5.95	0.59	8.28	0.35	16.93
ESCWA region	4.85	3.93	9.64	95.43	7.99	18.61	8.32	1.00	8.95	0.35	20.14
1992											
World	610860	13714	66955	446295	55347	361967	351525	799840	223557	20509	2950569
GCC countries	0.51	1.00	8.21	0.72	4.31	12.27	5.05	0.38	0.81	0.14	2.76
Other ESCWA countries	7.67	3.86	9.06	95.91	0.00	5.21	10.79	0.85	10.00	0.17	19.23
ESCWA region	8.18	5.35	17.27	96.63	4.31	17.47	15.84	1.22	10.81	0.31	21.99
					Lebanon						
1970											
World	124279	6415	53059	33618	3543	51162	136642	112913	45786	79	567496
GCC countries	0.13	0.00	5.08	16.59	0.03	0.00	0.13	0.02	0.36	0.00	1.55
Other ESCWA countries	22.18	1.56	19.05	69.22	0.08	0.12	1.09	0.07	1.37	17.72	11.16
ESCWA region	22.32	1.56	24.13	85.81	0.11	0.12	1.22	0.08	1.73	17.72	12.71
					Syrian Arab Republic						
1975											
World	301354	42394	57219	108656	12736	195192	417924	480533	49767	3309	1669084
GCC countries	0.04	2.02	3.45	0.01	0.24	0.17	1.39	1.31	0.40	0.00	0.94
Other ESCWA countries	8.85	0.79	7.79	48.80	5.33	8.60	7.19	1.88	3.86	0.00	8.57
ESCWA region	8.89	2.81	11.24	48.81	5.57	8.77	8.57	3.19	4.26	0.00	9.50
1985											
World	677124	4914	141594	1162271	60660	375377	690972	755355	76379	22343	3966989
GCC countries	0.07	0.24	7.09	6.22	0.00	0.38	0.07	0.12	0.50	0.00	2.17
Other ESCWA countries	4.50	1.85	4.39	0.01	1.22	3.53	0.97	0.19	0.52	0.00	1.50
ESCWA region	4.56	2.10	11.48	6.23	1.22	3.91	1.03	0.31	1.03	0.00	3.66

Annex table II (continued)

	0	1	2	3	4	5	6	7	8	9	Total ($ 000)
1989											
World	487537	5282	73614	122988	28033	350691	577698	370415	76647	4399	2097304
GCC countries	2.74	0.00	8.90	2.36	2.53	13.07	0.77	0.74	0.41	0.00	3.66
Other ESCWA countries	0.74	0.00	2.31	0.06	0.06	3.08	0.38	0.43	0.31	0.00	0.97
ESCWA region	3.48	0.00	11.21	2.42	2.59	16.15	1.15	1.17	0.72	0.00	4.63
					Yemen Arab Republic						
1975											
World	126335	6002	724	14818	758	16412	7156	45830	25404	0	243439
GCC countries	4.83	0.18	3.87	3.08	3.83	14.50	20.43	11.15	6.93	0.00	7.12
Other ESCWA countries	2.72	3.92	14.50	74.45	0.79	4.97	44.30	3.37	9.83	0.00	9.38
ESCWA region	7.55	4.10	18.37	77.53	4.62	19.47	64.73	14.52	16.76	0.00	16.50
1980											
World	484943	22706	9473	133521	14454	94716	468807	513846	101142	9381	1852989
GCC countries	15.76	2.61	12.74	75.66	7.94	10.32	7.70	28.19	20.05	44.70	21.35
Other ESCWA countries	1.66	0.86	8.11	1.31	0.01	1.99	0.41	1.12	1.72	0.28	1.19
ESCWA region	17.42	3.47	20.85	76.97	7.95	12.31	8.11	29.31	21.77	44.97	22.54

Source and notes as in table A.1.

Note:

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