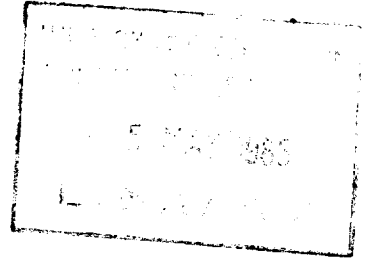




UNITED NATIONS
ECONOMIC COMMISSION FOR WESTERN ASIA

SURVEY
OF ECONOMIC AND SOCIAL DEVELOPMENTS
IN THE ECWA REGION
1985
SUMMARY



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World economic conditions during 1984 improved resulting in an overall growth rate of 3.9 per cent, which is far better than the 1.2 per cent experienced during the 1981-1983 period. World economic recovery, largely due to the impressive growth of the United States and its relative importance in the world, is best described as uneven. Closer inspection of world economic conditions, reveals mixed performances among different countries. While the economies of the seven major industrialized market-oriented countries grew by 4.8 per cent, the performance of individual countries within that category ranged from 6.8 and 5.3 per cent for the United States and Japan, to 2.8 and 1.3 per cent for Italy and France. Recovery in Western Europe, a major trading partner of ECWA countries, was relatively weak. Wide variations in growth rates were also experienced in the developing countries. Regionally, South East Asia grew by an impressive 5.7 per cent while Africa and Latin America grew by 2.3 and 1.0 percent, respectively.

Economic conditions in Western Asia reflected world trends during 1984. A nominal growth of 4.0 per cent is a significant improvement over the negative growth experienced in 1983, but conceals disappointing results in some countries. The GCC countries witnessed a 2 to 3 per cent drop in economic growth in 1984.

The world economic recovery, in addition to being uneven, is fraught with uncertainties. The future growth of the United States is important, given its relative size, and to some extent depends on federal budget policies. Continued large deficits with associated high interest rates will cause further capital inflows into the United States at the expense of other countries. High interest rates also burden debt-ridden developing countries since most international loans are denominated in U.S. dollars. The strengthened dollar causes goods imported to the United States to become relatively inexpensive and ultimately results in balance of trade deficits for the U.S. This situation often gives rise to trade protectionism and the U.S. government is currently calling for curtailing imports of textiles, clothing and footwear, in which developing countries, including some in the ECWA region, have proven their ability to compete.

The problem of external debt burden and servicing is widespread throughout less developed regions and did not show significant improvement in 1984. Egypt, Iraq and Yemen face the most serious debt problems in the ECWA region. The declines in the external debt of developing countries in 1984 were largely due to rescheduling debt arrangements rather than debt repayments. The total outstanding foreign debt of developing countries increased by \$44.8 billion in 1984 to reach an estimated \$812.4 billion,

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which is more than twice the total amount of external debt of these countries in 1978. The danger of default by the debtor countries remains high with its potential adverse effects on the world economy in general and on western lending banks and countries in particular.

The economic conditions of the ECWA region are to a large extent, influenced by developments in the major oil exporting economies with their spillovers to the other countries in the form of remittances, aid contributions and increased imports. Due to its uneven pattern and lower oil prices, the world economic recovery did not lead to increased oil revenues in the region. In addition, other sources of energy are being increasingly utilized, industrialized economies are changing structurally by shifting away from heavy oil user industries, energy conservation measures and an improved efficiency in utilizing energy in general have all attributed to the lack of a proportionate increase in demand for oil during an economic growth period. Oil revenues of the five major oil exporting countries of the region fell to \$76.5 billion in 1984 from the previous year's level of \$80.0 billion. The rate of decline, however, decreased in 1984 compared to the preceding two years.

The only major industrialized country increasing its purchase of oil from Western Asia was Japan. Western Europe's economic growth rate in 1984 was not impressive and thus did not contribute to a significant increase in oil purchases. Although the United States' oil needs were high, these were mostly fulfilled from Latin America and other sources. The declining level of oil revenues in the Gulf countries contributed to a general slowdown in economic activity in these countries which subsequently spread to most other countries in Western Asia. Thus, the uneven world economic recovery of 1984 did not carry much impetus for economic growth and recovery in the ECWA region.

World oil production during 1984 increased after experiencing from successive years of decline largely due to the surge in world economic growth and recovery. This increase, estimated at 2.8 per cent, occurred in response to a rise in demand for oil which began during the fourth quarter of 1983 and continued during the first nine months of 1984. Oil production in the ECWA region recorded a 1.0 per cent growth rate despite considerable cutbacks by Saudi Arabia. Iraq and Kuwait increased oil output by an estimated 25.1 per cent and 7.1 per cent, respectively leading to the increase in the overall output for the region. The share of producers in Western Asia in total world oil output declined from 17.2 per cent in 1983 to 16.9 per cent in 1984. Non-OPEC oil production has been rising steadily since 1975 and continued to do so in 1984 and, along with significant oil

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inventory declines, thwarted efforts to prop up prices or raise production in the ECWA region. The OPEC conference, held in Geneva in October 1984, agreed to reduce the Organization's production ceiling on a temporary basis to the level of 16 million b/d, down from 17.5 million b/d, effective 1 November, 1984. The total quota reduction of 8.57 per cent was aimed at stopping oil prices from falling on the spot markets. Kuwait, Saudi Arabia and the United Arab Emirates have shouldered most of the OPEC cutbacks in both absolute and percentage terms even though their production capacities are high relative to other OPEC producers.

Although it was believed that the hostilities in the Gulf area would reduce production and exports in 1984, the GCC members and Iraq managed reasonably well to avoid such setbacks. The major GCC oil exporting members undertook measures aimed at encouraging vessels to continue loading from the area.

Proven oil reserves are considered indicators of future sources of oil supply. Total proven world oil reserves were estimated at 698.7 billion barrels in 1984, registering a 5 per cent increase over 1983. As of 1 January, 1985, the ECWA region's proven oil reserves accounted for approximately half of world's total. The two countries with the largest proven oil reserves are Saudi Arabia with 169 billion barrels and Kuwait with 90 billion barrels. Most of the net increase in world's proven reserves in 1984 is represented by Kuwait's estimated 26 billion barrels. Saudi Arabia's proven reserves rose by 3.0 billion barrels in 1984. Moreover, significant oil discoveries in 1984 took place in other countries in the ECWA region, particularly in Egypt, Jordan, Oman, the Syrian Arab Republic, the United Arab Emirates and Yemen. The 1984 oil discoveries in the Syrian Arab Republic will enable the country to export 30,000 b/d beginning 1986. Yemen's oil discoveries should enable the country to start producing about 10,000 b/d within the coming two years. The relatively less significant oil discoveries in Jordan should, nevertheless, allow the country to produce 800 b/d, and thus reduce the country's oil import bill. These discoveries have enticed ECWA countries to intensify their oil exploration activities. The demand for oil in 1984 increased from 45.2 million b/d in 1983 to an estimated 46.2 million b/d, a 2.4 per cent growth rate. This rebound which began in the fourth quarter of 1983 is due primarily to world economic recovery, particularly in the U.S. and Japan. Nevertheless, the expansion of demand for oil in 1984 was hindered primarily by the uneven nature of the world's economic recovery, the appreciating U.S. dollar and declining oil inventories along with technological improvements in the refining process of heavy crude and milder than expected weather in many northern regions during the fourth quarter of 1984.

In consequence of developments in oil supply and demand conditions and in oil inventory levels in 1984, pressure mounted on international oil prices, particularly on light crude oil. Early in the fourth quarter

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of 1984, the United Kingdom and Norway reduced their light crude oil prices by \$1 to \$1.35 a barrel followed by Nigeria which was forced to follow suit to sell enough oil to meet its debt servicing obligations. OPEC members agreed on the one and a half million b/d cut in production in October to prevent a price war. The downward pressure on oil prices persisted, however, due to the substantial expansion in oil production by non-OPEC members eager to raise their share in the world oil market.

Along with substantial price decline in 1983 and 1984 the world oil market has experienced further instabilities due to the decrease in long term contract use. Spot market trading has increased from less than 5 per cent of internationally traded oil in the 1970s to estimated highs ranging from 20 to 40 per cent. Additional uncertainties in the world oil market are caused by changes in the value of the U.S. dollar in which most oil payments are denominated and the possibility of some financially pressed OPEC members to break rank with OPEC and increase production. Falling prices would result in lower inflation and smaller oil bills for importing countries but put strains on economies of oil exporting countries especially in the ECWA region where oil plays a dominant role. Some indebted oil exporters, such as Mexico, Nigeria and to some extent Egypt, may be forced to default on their loan repayments to major western and international banks. This, in turn, could have adverse effects on those financial institutions as well as western economies, in general. Lower prices would also lead to a reduction in oil exploration activities and the closing of too costly oil wells. Moreover, development and use of other sources of energy will decline as they became economically unprofitable.

To prevent such a collapse in the oil price structure, members of OPEC could co-ordinate their activities with major non-OPEC producers, establish a fund to aid indebted oil exporters to keep them from increasing output to repay debts, and eliminate the existing over supply of crude oil on the international oil market with further cuts in production. Such actions would act as a signal to oil importers that declines in oil prices are not forthcoming and prices could possibly rise. This could, in turn, precipitate the re-stocking of inventories thus adding to demand.

Attempts to quell price fluctuations in the long run could be achieved by the establishment of an ongoing dialogue between oil exporters and importers. Both parties could benefit from an orderly market in areas of long term planning and safeguarding alternative energy investments. However, prospects for establishing a meaningful and constructive dialogue do not appear promising.

One benefit of lower oil prices in the ECWA region is that they have provided incentives for many countries to diversify their sources of revenues. A natural avenue for diversification for many countries has been the refining and marketing of crude oil, natural gas production and the establishment of petrochemical industries. Kuwait and Saudi Arabia

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are investigating foreign marketing networks and new refineries are being constructed throughout the peninsula.

Prospects for utilization and exploration of natural gas reserves have long been ignored by the ECWA region. The potential for expansion is great given the region's 12 per cent share in world reserves in 1984 and a 2 per cent share in total world production in 1983. Expected life of reserves extend over three centuries at current levels of production.

Furthermore, in 1984 Saudi Arabia continued its construction of huge petrochemical complexes in Jubail and Yanbu. Various factors indicate that Saudi Arabia's petrochemical industry will be efficient and very competitive with those already established in developed countries. In 1985, when Saudi Arabia is expected to have 4 to 5 per cent of the world's petrochemical capacity, the flow of Saudi Arabian petrochemicals to the West will commence, despite rising pressures for imposing protection measures against Saudi Arabian petrochemical products.

The current over supply of oil in the international oil market and the downward pressure on oil prices are expected to continue in 1985 and, to a large extent, until 1990. Although demand for oil is forecasted to rise by 1 per cent in 1985, primarily due to expected accelerated economic growth in Western Europe, non-OPEC oil exporters will attempt to meet most of this additional demand, with only minimal requests remaining for oil from OPEC and countries of Western Asia. It is crucial that OPEC members abide by their agreed production quotas, otherwise oil prices could fall suddenly and sharply.

Current projections indicate that the ability of non-OPEC oil exporters to continue matching increases in world oil demand will cease by 1990, thereupon additional oil demand will be met by OPEC members and primarily by ECWA member countries in the Gulf. With the huge oil reserves available in Western Asia, the region's role in the international oil market is once again expected to become most dominant.

Joint economic action at the Pan-Arab level has been adversely affected by a combination of unfavourable economic and political developments. The spread of the world economic recession into the region coincided with a widening rift in political relations among some member countries, inability to resolve peacefully the Iraqi-Iranian conflict and continued political instability in Lebanon and occupation of large parts of its territory by Israel. Both conscious efforts (e.g. flow of aid, setting-up of joint ventures) and traditional flows (e.g. labour and commodity flows) suffered, thus attesting to the argument that economic cooperation endeavours are more likely to succeed in an environment of economic growth and to be retarded by poor economic performance.

The performance of intraregional trade remained much below expectations

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despite the concerted efforts to promote and expand it. The share of intraregional exports in total exports of the ECWA region grew from a meager 5 to 7 per cent between 1980-1983, reflecting the unfavourable trends in exports to the rest of the world. Intraregional aid flows declined from \$3.6 billion in 1980 to \$1.8 billion in 1983 ^{1/}. The pursuit of joint ventures and investment projects slowed down (only two new joint ventures were recently established) and the implementation of the resolutions adopted by the Amman Summit in 1980 came to a virtual stand-still.

Strongly conscious of the above, efforts of concerned regional organizations and intergovernmental bodies were geared to prevent the situation from further deterioration. Ambitious plans for economic co-operation and integration were set aside in favour of more attainable targets. Overall or comprehensive planning and harmonization of plans, like the Pan-Arab Development Plan, gave way to sectoral planning and the establishment of joint ventures. Issues of crucial importance to regional development like food security, industrialization, mobilization of capital and human resources, and promotion of intraregional trade were stressed.

In order to promote mutual trade and particularly facilitate access of goods produced by joint Arab ventures into Arab markets, the Supreme Trade Authority was created within the frame-work of the new Trade Convention (1982). Among its first achievements, the Trade Authority drew up a tentative list of semi-processed goods to be exempted from tariffs in trade between member States. Moreover, the Arab Monetary Fund created a special window facility for extending export credits for trade among its member states. This is expected to have a positive impact on the promotion of intraregional trade.

The ratification by 13 Arab States of the Unified Agreement for Investment of Arab Capital in Arab Countries and the establishment of an Arab Investment Court for the settlement of disputes prepared the ground, in principle, for increased and more efficient investment capital flows within the region. In addition, through fora like the Union of Arab Chambers of Commerce, Industry and Agriculture and the Conference of Arab Investors and Businessmen, the private sector is becoming increasingly involved in regional development efforts.

^{1/} These figures refer to bilateral concessional assistance from OPEC countries, in which the share of the ECWA members averaged 95 per cent in the period 1980-1983.

Mobilization efforts were also directed to the labour force for its optimal use. Thus, the declaration of principles relating to the movement of Arab labour was adopted by the Arab Economic and Social Council. Simultaneously, and supported by the work of the food security task force established within the framework of the League of Arab States and entrusted with the implementation of the food security plan, two new joint ventures were set up, largely through private sector funding. These were, the Arab Company for Food Development and the Arab Company for Fishwealth.

Among the issues that are under active consideration by the regional organizations, mention may be made of the creation of a fund for the compensation of losses arising from tariff reductions, in favour of the least developed Arab countries, the implementation of an integrated programme for the exchange of commodities, the final utilization of the recently launched (February 1985) Arab Satellite by ARABSAT, the establishment of an Arab organization for the exploitation of deep sea waters and the setting up of an Arab company for mechanical and engineering industries.

In 1984 the overall economic and social performance in the ECWA region has been adversely affected by several major factors: the Gulf war; the persistent state of instability in Lebanon; declining oil revenues; declining remittances of migrant workers in major oil exporting countries in the region; and, considerable depreciation of many currencies, particularly of non-oil exporting countries.

On the other hand, some positive developments took place in 1984: significant oil discoveries which will have notable effects on the economies of the Syrian Arab Republic and Yemen; and, the start of withdrawal of Israeli troops from southern Lebanon, which will alleviate the tension in the area to some extent.

In general, the countries of the region proved capable of adjusting to new conditions. Persistent efforts were exerted by ECWA countries to maintain a steady pace of development. Both oil and non-oil countries of the region are increasingly rationalizing their expenditures and practicing a strict economization of resources. As a result, non-oil sectors in the GCC countries continued to grow.

In 1984, gross domestic product in Western Asia is estimated at about \$310 billion, including Egypt. The economic performance of the ECWA region is to a large extent determined by revenues from the oil and mining industry, which accounted for 30.8 and 28.7 per cent of GDP in 1983 and 1984, respectively. The share of oil and mining to total GDP in Western Asia declined from 59.5 per cent in 1980.

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The depressed oil industry caused considerable declines in output, exports and current account surpluses since 1982 in the GCC countries which depend on the oil sector as a major source of income. Oil revenues for major oil exporting countries of the GCC fell from \$71.6 billion in 1983 to \$66.8 billion in 1984 and from a previous high of \$151.0 billion in 1981. This contributed to a decline of 2 to 3 per cent in the GDP of GCC countries in 1984. Economic activity in non-oil sectors in the GCC countries were mixed in 1984. Agriculture recorded a high growth rate of 16.5 per cent in 1984 but represents only 2.4 percent of total GDP. Industrial output in the GCC countries increased by 3.3 per cent in 1984 in nominal terms, down from an estimated 11.6 per cent in 1983.

Economic performance during 1984 in West Asian countries varied considerably. The Bahraini economy, accounting for a relatively small percentage of ECWA region's GDP, grew by 6 per cent in 1984. Its economy, largely depending on financial and trading activities, relies significantly on co-operation and integration with the GCC countries. Oman, another relatively small country in terms of total ECWA GDP, experienced an impressive 9.1 per cent economic growth in 1984. Continued attention was given to its agricultural sector which grew by 32.8 per cent in 1984. Industry also achieved considerable growth, but its increase of 31.2 per cent in calculated from a small industrial base. Kuwait's 1983 recession continued in 1984 even through oil revenues increased by \$1.1 billion during this year. However, Kuwait's economy and budget received additional funds from income earned on substantial investments abroad. Qatar's GDP fell by 1.5 per cent in 1984 which was at a much slower rate than the 15.5 per cent decline in 1983. Qatar, nevertheless, has continued to promote economic development through an increase in capital spending by 27 per cent. The United Arab Emirates also experienced a negative growth rate in 1984 of 1.5 per cent in nominal terms, which followed a 10.1 per cent decline in 1983. The U.A.E suffered from declining oil revenues and subsequent budget cuts during the year.

Countries with diversified economies in the ECWA region also experienced varied growth rates. These countries, although oil producers themselves in some cases, are more developed and diversified than GCC countries. They are either directly and/or indirectly dependent on oil revenues. Labor and other exports to the GCC members and Iraq provide the group of countries with remittances export earnings in hard currency. As GCC countries cut back expenditures, the demand for expatriate workers declines adversely affecting the earning potential of many of these countries. In addition, concessional loan and grants extended by the major oil exporting countries is falling as a result of declining oil revenues. In spite of these setbacks, the diversified economies of the region achieved a real growth rate in 1983.

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The Syrian Arab Republic recorded a growth rate of 8 per cent in 1983 largely due to a rising trend in its industry which grew by 22 per cent that year. Iraq's economy has been adversely affected by war with Iran. Declines in GDP of 35.1 per cent in 1982 and 7.4 per cent in 1983 were primarily due to substantial war expenditures and its inability to export large amounts of oil. However, considerable improvement in economic conditions took place in 1984 due to an increase in oil output from 897,400 b/d in 1982 to around 1,210,000 b/d in 1984. Further increases in oil production are expected in 1985 upon the completion of a new pipeline. Jordans' economy, which recorded a real growth rate of 2.3 per cent in 1983, grew by 3.1 per cent in 1984 despite the regional recession. Although these rates are lower than those recorded during the 1970s, they are indications of progress made in productive sectors. Egypt experienced various problems arising partly from high level of government spending on basic commodity subsidization and declining remittances from its workers abroad along with falling oil revenues in 1984. Nevertheless Egypt achieved an 8.1 per cent growth rate in nominal terms that year.

The least developed countries of the ECWA region, while suffering from an inadequate infrastructure, underdeveloped industrial sector and a paucity of natural resources, have been hit by a series of natural disasters in the recent past. Estimated economic growth for Yemen and Democratic Yemen was 3.3 per cent in 1983, despite these problems and foreign exchange difficulties. Estimated data for 1984 show a growth rate of 2.7 per cent in Yemen.

Average per capita GDP in the ECWA region is estimated at \$3,007 in 1984, down slightly from \$3,036 in 1983. Per capita GDP in the GCC countries during 1984 was an estimated \$10,519, among the highest in the world but significantly lower than the \$11,415 recorded in 1983. The average per capita GDP for the diversified economies was \$2,661 in 1984 in nominal terms, up from \$2,522 in 1983. The least developed countries also witnessed an increase in per capita GDP from \$487 in 1983 to \$515 in 1984.

A considerable change in the pattern of investment has taken place in the ECWA region in 1983 and 1984 due to the falling oil revenues and the fact that infrastructure projects have been completed, especially in GCC countries. Most ECWA countries are now more selective about the types of projects undertaken and many have cancelled or postponed projects of marginal benefits. The ratio of gross investments to GDP, however, remains relatively high in the ECWA region and was 30.3 per cent in 1982 and 32.9 in 1983. Oil surplus revenue has in the past been used to finance investment in other ECWA member countries providing an even regional growth in investment activities.

The saving ratio has witnessed decline in the ECWA region in the past four years, primarily due to the fall in oil revenues of the major oil exporting countries along with the war between Iraq and Iran, the

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shortage of foreign exchange in most diversified economies and the depreciation of most currencies.

In 1984 total gross agricultural production was 1.5 per cent higher than in 1983. Significant increases were recorded only in Saudi Arabia followed by mere modest growth in agricultural output in Egypt, Iraq, Democratic Yemen and Jordan. Declines in output were recorded in Lebanon, the Syrian Arab Republic and Yemen. Unfavourable climatic conditions have contributed to marked declines in the production of pulses, cereals, oil-producing and non-food crops. As a result, the regional index of total crop production increased marginally amounting to 0.8 per cent in 1984. Widespread aridity and limited supplies of water, limited agricultural research, training and extension services, along with insufficient production incentives have had a negative impact on agricultural performance.

Agricultural production in Iraq increased by 2.2 per cent during 1980-1984 and estimates for 1984 reflect inadequate performance of food crops due to dry weather. Iraq, has accorded top priority to achieving self-sufficiency in food production. An important incentive to farmers has been freedom of cropping patterns, allowing them to plant profitable crops. Iraq, however, is still faced with marketing and distribution problems as well as insufficient cold storage facilities. Saudi Arabia has achieved impressive average growth rate of 18.4 per cent in the agricultural sector in early 1980s due to the considerable investment in this sector as well as attractive prices, market facilities, credit and subsidies and the use of advanced technologies and intensive methods of cultivation. Impressive progress has been achieved in the production of cereal, and especially wheat which increased from 142,000 tons in 1980 to 1.3 million tons in 1984, enabling the country to export 400,000 tons of its surplus wheat.

In other Gulf countries (i.e., Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates, the agricultural sector has benefitted from government support, often amounting to half the cost of inputs or in some cases direct subsidies. Production of vegetables, fruits and poultry meat has continued to increase in these countries. Most rapid growth in vegetables production was evident in Oman, registering a 22.3 per cent annual increase. Production of fruits and poultry meat in Oman also increased by 5.6 and 18.9 per cent. Likewise, in the United Arab Emirates, fruits and vegetable production increased by 2.2 and 3.5 per cent, respectively.

Agriculture in Lebanon has continued to suffer due to the prevailing hostilities. Many farmers have lost their farms and animals due to continuing disturbances. This situation is reflected in a falling trend

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in total agricultural production. On the average, gross agricultural production in Lebanon actually decreased by 1.1 per cent during the early years of this decade.

Gross agricultural production in Yemen witnessed declines during 1980-1983. This negative growth has become a matter of great concern for the country. Recently, the government has placed greater emphasis on agriculture with the view to raising its annual rate of growth. The effect of the new measures combined with relatively favourable weather conditions in 1984 are reflected in reversing the declining trend. Thus, the sector recorded a remarkable positive real growth rate of 6.6 per cent in 1984.

Gross agricultural production in Democratic Yemen during 1980-1984 increased by 2.5 per cent annually. Despite government efforts to encourage agricultural expansion through price control and wage adjustments, the performance of agriculture in recent years has not been up to expectations. Hence the country continues to rely heavily on food imports. Democratic Yemen has the potential to achieve higher self-sufficiency in food production than at present, particularly in fruits, vegetables, meat and other livestock products.

The livestock subsector in the region performed significantly well during 1980-1984, registering an average annual growth rate of 5.7 per cent. This rapid expansion in livestock production was the result of significant improvements which took place in major producing countries. For instance, the average annual growth rate over the period 1980-1984 in total livestock production was as high as 9.8 per cent in Saudi Arabia and 7.9 per cent in Iraq followed by 5.9, 5.2 and 4.7 per cent in Syria, Egypt and Jordan, respectively. However, in Yemen, the annual average growth rate was only one per cent. Total index of livestock products in Democratic Yemen and Lebanon during the period actually decreased by 0.1 and 1.6 per cent, respectively.

Most promising results in livestock production in the region were in poultry production and eggs, in which almost all ECWA countries aim at achieving self sufficiency. Total regional catch of fish in the ECWA countries increased by 4.4 per cent in 1983 and reached the level of 479,400 tons. Egypt was the leading fish producer in 1983 and its total fish catch reached 140,000 tons, accounting for 29 per cent of total regional fish catch. Fish catch in Oman occupied the second place in the region during 1983, with 22.7 per cent of the total. Other ECWA countries with significant fish catch include Democratic Yemen and U.A.E. with 74,100 tons and 73,100 tons respectively.

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In general, however, the fishery subsector in the region is underdeveloped and the marine resources are largely under-exploited. The region's fish potential remains largely untapped.

The ECWA region has been pursuing policies aimed at reaching higher self-sufficiency in food production. Nevertheless, population growth in most ECWA countries continues to outstrip food production. Food production per capita has actually declined during the 1980-1984 period in all ECWA countries except Saudi Arabia and Egypt. Efforts in this area need to be intensified further.

The growth performance of the manufacturing sector in Western Asia in the early 1980s was well below the rate achieved during the 1970s. This poor performance is mainly due to the fall in oil production and revenues associated with world economic recession and increasing competition from non-ECWA oil producing countries. The share of mining and quarrying in GDP decreased from 55.1 per cent to 36.6 percent and to 30.5 per cent in 1980, 1983 and 1984 respectively. The decrease in contribution of mining and quarrying to GDP was not, however, compensated by a better performance in the manufacturing sector.

The poor performance of the manufacturing sector appears clearly in the annual growth rate recorded by this sector during the early eighties, and which has not exceeded 9 per cent at current prices, as compared to an average of 20 per cent during the seventies. Recent estimates indicate a lower performance of the manufacturing sector in 1984, which grew only by 3.6 per cent. Nevertheless, the low growth rate of the manufacturing sector does not fully reflect the actual situation since the results of the implementation of several large industrial projects in the early 80's are not yet evident.

However, the growth of the manufacturing sector has widely varied among ECWA member countries. Available data indicate that since the early 1970s there was an uneven growth in favour of GCC countries. The share of GCC countries in the region's value added in manufacturing has increased rapidly from a low level of 20.2 per cent to 55.6 per cent in 1983. This dramatic shift in industrial concentration in favour of GCC countries has continued in 1984 and is expected, according to recent estimates, to continue up till the year 2000.

Available comprehensive data pertaining to the structure of manufacturing sector in the ECWA region, as a whole, covers developments only up to 1980. Chemical industries, petroleum refining and plastics remain the major contributors to MVA, representing around 45.3 of total manufacturing value added in 1980.

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Wide variations in the structure of the manufacturing sector prevail among member countries. To a large extent, countries belonging to the same groupings share similar structures. Thus, in the diversified economies, food, beverages and tobacco, clothing and textile industries, together accounted for around 51 per cent of total MVA in 1980.

Since the seventies and more particularly since 1980, the manufacturing sector has been given increasing priority in the development plans of member countries. Investment in industry, including manufacturing, has increased consistently in both absolute terms and as percentage of total investment in most member countries.

Aside from the increasing emphasis given by member countries to industrial development, the rapid rise in investment also reflects the change in the pattern of investment in member countries. Whereas most investments in the early 1970s and before were concentrated in light and consumer durable industries, investment in the late 1970s and that planned for the period 1980-1985 depict a shift in favour of intermediate, capital goods, and engineering industries, with a resulting increase in investment requirements reflecting the highly capital intensive nature of these industries.

The balance of payments of the ECWA region came under increased pressure in 1983, turning the relatively small current account surplus of about \$11 billion of the year before into a deficit of \$10 billion. As a consequence, aggregate reserves were drawn down by about \$3.7 billion; imports compressed by over \$4 billion; net disbursements of concessional assistance cut down by about \$0.6 billion; and, in a sharp reversal of earlier trends a net capital inflow of \$16 billion was recorded.

Budgetary restraints introduced by the traditionally surplus member countries in response to falling oil revenues have been felt by other countries of the region mainly through lower exports and aid receipts, and a generally stagnating or slow rising flow of workers' remittances. Thus, the combined level of exports of the non-oil economies to the countries of the Gulf Cooperation Council (GCC) fell by about 8 per cent between 1982 and 1983, while aid received dropped by about 13 per cent. At the same time, workers' remittances received by Jordan,

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the two Yemens and the Syrian Arab Republic, as a whole, increased by only 6 per cent in monetary terms. Such adverse effects may not be easily dispelled in the short run in view of the recessionary tendencies taking hold in the Gulf region and affecting, inter alia, the employment of expatriate labour and foreign consulting firms.

The dismal balance of payments picture of the ECWA region in 1983 reflected, at the international level, mainly the unfavourable developments affecting crude oil production and exports in particular, and a depressed world economic and trade performance in general. Apparently, the situation in these respects recorded some improvement in 1984, with crude oil production rising by 1.0 per cent over 1983, and the dollar value of world exports increasing by 8 per cent in the first half of 1984, as compared with the same period a year earlier. However, judging by changes in international reserves holdings and the pressure on crude oil prices which emerged in the fourth quarter, the overall balance of payments situation in the region must have remained weak.

It would appear that the optimism expressed regarding the positive impact of the world economic recovery on the demand for the region's oil failed to materialize in a significant manner in 1984. The slight increase in the level of crude oil output masked a drop of 7.7 per cent in the volume of output from Saudi Arabia which weighs very heavily in the region's international transactions, given the size of its imports and reserves, aid and demand for foreign labour. Furthermore, the situation is unlikely to have been assisted appreciably by the traditional concentration of the region's non-oil exports on the regional and European markets where the upward turn in imports has been less pronounced in the latter, and declining in the former.

The public finance of the oil producing countries continued to be adversely affected by the persistent sluggishness in the oil market in 1984. To cope up with the falling revenues and reduce budgetary deficits, governments continued with their policies of cutting or slowing down the pace of growth in actual public expenditures. This has especially affecting developmental programmes.

The non-oil economies of the ECWA region, excluding Lebanon, were somewhat better off than the oil producing ones by not having to struggle with wide and unanticipated fluctuations in their revenues. Nevertheless they were affected by declining Arab and foreign aid and balance of payments difficulties. These countries were obliged to also apply more prudent fiscal policies.

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Domestic liquidity in most major-oil producing countries contracted sharply in 1983 and during the first three quarters of 1984 due to lower government expenditures and capital flight.

In contrast to the major oil producing countries the non-oil producers in 1983 had a rapid growth in money supply, M1, though at a lower pace than previous years.

Information concerning women employment in the ECWA region is relatively limited. Available data indicate that while demand for labour greatly increased during the 1970s and early 1980s, the supply and employment of women remained relatively low. The overall labour shortage was basically filled by importing foreign labour. Women participation rate in the labour force ranged between 4.5 and 17.3 per cent in 1980. Available information indicates that the low level of women participation in the labour force did not undergo a significant change during the early 1980s. However, the crude participation ratio of female workers to total number of women of working age experienced some progress rising from 3.7 per cent to 9.4 per cent during the late 1970s and early 1980s.

Data on the distribution of the economically active population according to sectors and sex show that the largest number of economically active women were in the agricultural and services sectors. In densely populated countries depending on agriculture as a primary activity, such as Egypt, Jordan, Iraq, Syria, Yemen, Democratic Yemen, Saudi Arabia, there was an increased concentration in agriculture, while in the GCC countries, specially Qatar, the U.A.E., and Kuwait, women worked mainly in the services sector.

The distribution of active women in the economy according to occupation indicates a great difference between various ECWA countries. It shows that female activity was limited in the productive sectors such as industry and transport. While the largest number of female labour are concentrated in specialized and professional categories, in clerical jobs or in the services' sector in countries such as Qatar, the Emirates, Kuwait and Bahrain, most women work in agriculture in Syria, Iraq, Saudi Arabia, and Yemen Arab Republic. In Egypt and Lebanon, women are more evenly distributed with the largest concentration in the professional categories and in the services sector.

Laws and regulations governing women's affairs in many countries in the region, are still constrained. Significant developments have taken place in some of the laws establishing equality for all in some countries. There is relatively limited impact of legislative developments

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and modifications in the laws on the actual living conditions of women as a result of the persistent traditional social and cultural climate.

By mid-1985, the total population of the ECWA region should reach 103 million, constituting around 57 per cent of the total population of Arab countries and 2.2 per cent of world population.

The size of the labour force in the ECWA region is estimated at 30,300,000 in mid-1985, amounting to about 55 per cent of total labour force in the Arab world, having increased at an annual growth rate of 3.1 per cent during 1980/1985.

Migration under its various forms is the most important demographic phenomenon in the ECWA region. Forced migration is mainly identified with massive expulsions of Palestinians from the West Bank and Gaza, and of Lebanese from Southern Lebanon. The Gulf States, on the other hand, have since the early 1970s, attracted a large number of migrant workers coming mainly from the Arab world and Asia. However, with sharply declining economic activities in 1983 and 1984 many expatriates have left the Gulf countries.

Latest available data show male youth 9,234,952 outnumbering female youth 8,101,623 in Western Asia. This is to a large extent due to the continuing presence in the region of a large number of expatriate workers, especially in the GCC countries.