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**DEVELOPMENTS IN INTERNATIONAL TRADE AND PAYMENTS
OF THE ESCWA REGION**

**ECONOMIC AND SOCIAL COMMISSION
FOR WESTERN ASIA**

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Development Planning Division

**DEVELOPMENTS IN INTERNATIONAL TRADE AND PAYMENTS
OF THE ESCWA REGION**

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A. The International and Regional Setting

In 1985, the volume of world trade is estimated to have grown by 3.1 per cent (see Annex Table A). This represents a setback from the short-lived recovery of 8.6 per cent in 1984, but a performance much superior to the 0.5 per cent average growth in the three years ending in 1983. The slowdown in 1985 may be largely attributed to the pace of economic recovery witnessed in key developed market-economies, notably in the United States. During the first half of 1986, world trade remained sluggish and disappointing, growing in volume terms at the same rate as in 1985. But, it is estimated to have picked up during the second half of 1986 leading to 4.3 per cent average growth for the year as a whole.^{1/}

The volume of exports of developing countries as a whole, which had fallen by 7 per cent per annum during 1980-1982, picked up during 1983 and 1984, growing by 3.1 and 6.7 per cent, due mainly to expansion of exports from non-oil developing countries by 8.1 and 11.5 per cent, respectively. In 1985, the volume of exports increased by less than one per cent, and is estimated to have grown by 5.8 per cent in 1986.^{2-/} The volume of exports from the fuel exporters group, after stagnating during 1984, declined by 3.6 per cent in 1985. In 1986, oil production increases raised OPEC's export quantum by 9 per cent. The volume of exports from the "Middle East"^{3/} region exhibited a similar trend, declining by 5.4 per cent in each of 1984 and 1985, and then growing by 12.8 per cent in 1986.

^{1/} International Monetary Fund (IMF), World Economic Outlook (October 1986).

^{2/} Ibid.

^{3/} Defined by the IMF to include, in addition to the ESCWA countries, Iran, Israel and the Libyan Arab Jamahiriya.

In dollar terms, the value of world trade, after having grown by a mere 1.7 per cent in 1985, grew by 14.8 per cent during the first half of 1986^{1/} (see Table 1). This was largely a reflection of the rapid depreciation of the dollar since early 1986 and its impact on the unit value of trade.^{2/} By the same token, the overall trade and payments performance of the developing countries, including those in the ESCWA region, have been largely influenced in recent years by the dramatic decline in oil prices, weakening non-oil primary commodity prices; the movement/realignment of exchange rates of the US dollar and other major currencies (the appreciation of dollar through early 1985 and its depreciation thereafter), and hesitant economic recovery in the industrialized countries.

After declining for three consecutive years, the value of developing countries' exports (in current US dollars) grew by 4.5 per cent in 1984. However, the recovery was not maintained in 1985 as exports declined by 2.7 per cent. Imports, on the other hand, were further compressed in 1985, by 5 per cent (compared to 0.7 per cent the year before). Preliminary data covering the first half of 1986 show a growth over the corresponding period in 1985 by 3.9 per cent for exports and by 2.5 per cent for imports. However, in O.a1 terms, the volume of imports of the developing countries is estimated to have continued declining in 1986 by 3.7 per cent, compared to 1.1 per cent in 1985 (see Annex Table A). Imports of the fuel exporters, alone, declined by 11.7 and 19.0 per cent in 1985 and 1986, respectively. Import cutbacks were instigated, first and foremost, by the dramatic deterioration in terms of trade and consequent fall in export earnings of the fuel-exporting countries.

^{1/} General Agreement on Tariffs and Trade (GATT) estimated this growth by 8 per cent (See: GATT, International Trade 85-86).

^{2/} The rate of conversion between the US dollar and the Special Drawing Rights (SDRs) deteriorated by 9.2 per cent against the dollar between December 1985 and November 1986, having deteriorated by 10.8 per cent between end 1984 and end 1985.

Table 1 World Trade by Selected Regions

	Billions of US dollars						Percentage rate of change						
	1975	1980	1983	1984	1985	1986	1975-1980	1980-1983	1983-1984	1984-1985	1985-1986	Jan-June	Jan-June
<u>WORLD</u>													
Imports	907.1	2055.3	1890.9	1997.4	2042.7	1104.8	17.8	-2.7	5.6	2.3	12.0		
Exports	877.1	1997.8	1813.5	1906.7	1938.4	1063.0	17.9	-3.2	5.1	1.7	14.8		
<u>Developed Market-Economies</u>													
Imports	607.9	1406.6	1232.2	1338.1	1385.8	772.4	18.3	-4.3	8.6	3.6	14.8		
Exports	575.1	1251.5	1148.3	1220.5	1265.4	715.0	16.8	-2.8	6.3	3.7	18.2		
<u>Developing Market-Economies</u>													
Imports	197.0	463.4	463.7	460.3	437.3	216.6	18.7	0.1	-0.7	-5.0	2.5		
Exports	215.5	569.4	462.2	483.0	469.9	237.8	21.0	-6.7	4.5	-2.7	3.9		
Of which:													
<u>OPEC</u>													
Imports	52.0	124.5	144.9	128.0	119.5	58.4	19.1	5.2	-11.6	-6.7	2.8		
Exports	113.9	306.7	179.0	169.5	156.7	75.8	22.0	-16.5	-5.3	-7.5	-1.5		
<u>ESCWA Region</u>													
Imports	24.8	83.8	99.0	90.9	77.2	...	27.5	5.7	-8.2	-15.1	...		
Exports	62.3	196.4	99.6	91.9	82.7	...	24.5	-19.1	-7.7	-10.0	...		
<u>Percentage Share of ESCWA in WORLD Trade</u>													
Imports	2.74	4.08	5.24	4.55	3.78	...							
Exports	7.10	9.83	5.49	4.82	4.27	...							

Source: Compiled and computed by the ESCWA Secretariat from national and international sources.

Note: Compound rates of growth based on terminal years

The share of developing countries in world trade had been shrinking since the onset of the eighties. One positive factor, however, has been the expansion in the developing countries' exports of manufactures. This was reflected in their share in world exports of manufacturers which peaked at 13 per cent in 1984 (compared to 10 per cent in 1980), before marginally falling in 1985 by one-half of a percentage point.^{1/} At the same time, developing countries' trade, including intra-trade, has suffered as a result of import cutbacks and restraints imposed by countries with debt-servicing burdens and foreign exchange shortfalls.

The recovery in 1984 failed to improve significantly the terms of trade of the developing countries, and in particular those of the fuel-exporters, whose terms of trade deteriorated by 8.9 per cent in 1983, before recovering by 0.9 per cent in 1984. In 1985, the terms of trade of the fuel-exporting developing countries resumed their deterioration, sliding by 4.4 per cent. The situation in 1986 became extremely bleak as the terms of trade of the fuel exporters plunged 44.1 per cent below the already weak position of 1985.^{2/}

1/ GATT, Prospects for International Trade (GATT/1392), 1 September 1986; and, International Trade 85-86 (October 1986).

2/ It is worth noting that in its latest report, UNCTAD calculated (on the basis of 1980 export values) the gains and losses in export earnings of developing regions due to terms of trade changes during the period 1981-1985. Accordingly, aggregate losses for the developing countries, excluding West Asia, amounted to \$20 billion in 1983 (recovery year) and almost \$28 billion in 1985. West Asia was the only developing region which consistently showed gains during this period, albeit in decreasing amounts, starting with \$19.3 billion in 1981 and ending with \$4.5 billion in 1985. (See: United Nations Conference on Trade and Development (UNCTAD), Trade and Development Report, 1986; West Asia is defined to include in addition to the ESCWA countries, Cyprus, Iran and Turkey).

Collapse in oil prices

A major factor influencing world trade and dominating overall trade performance in the ESCWA region has been the unfavourable situation in the oil market. The export price index of crude oil started falling after 1981 when it peaked at 12 percentage points above 1980. By 1985, it had fallen by 18.8 per cent below 1981, with most of the decline occurring in 1983. By July 1986, the index stood 71.4 per cent below its 1981 peak and 64.8 per cent below that of 1985.^{1/}

In the course of 1985, it became increasingly apparent that OPEC's policy to support or stabilize crude oil prices through production ceilings was becoming untenable, obliging the Organization to abandon it in favour of a strategy aimed at securing a "fair" share in the market. The result was a dramatic fall in oil prices in early 1986, which remained depressed throughout the year as OPEC failed to agree on a new production-sharing formula since they could not reconcile a realistic production ceiling with the allocation of individual quotas. Average oil prices fell to some \$13 a barrel in the second quarter of 1986. By June 1986, the average price stood at \$10 a barrel. With the agreement in April 1986 among OPEC members to limit production to 16.7 million barrels a day, effective July 1986, the prices improved to \$15 a barrel in early September 1986. At the same time, new quotas were temporarily assigned to OPEC members under two two-months interim agreements ending in December 1986. Meanwhile, OPEC member countries tried to solicit the support of non-OPEC members to reduce production in order to stabilize prices. In December 1986, however, OPEC Ministers met in Geneva and agreed to fix prices at \$18 a barrel, effective February 1987, and cut aggregate OPEC production until June 1987 to 15.8 million barrels a day (7.6 and 7.1 per cent cuts for the first and second quarters of 1987, respectively, or 5 per cent across-the-board reductions in quotas, except for Iraq).^{2/} In effect, the spot prices of oil in London and the United States were reported to have reached \$19/barrel in January 1987. Cold weather may have helped to firm prices which fell again by \$3/barrel by end February despite the cuts in production.

1/ United Nations, Monthly Bulletin of Statistics (November 1986).

2/ Middle East Economic Survey (22/29 December 1986).

After a decline in OPEC's crude oil production by 7.9 per cent in 1985, average production during the first nine months of 1986 (January to September) expanded by 18.5 per cent over the corresponding period in 1985.^{1/} In the ESCWA region, crude oil production declined by close to 9 per cent in 1985, before expanding by around 36 per cent during the first nine months of 1986 compared to 1985.

Weaker primary commodity prices

The United Nations export price index (measured in US dollars) of non-fuel primary commodities, which declined considerably during the 1980-1982 recession and then moderately recovered in 1983-1984, dropped by 8.2 per cent in 1985 and stood 22 per cent below its 1980 peak. In 1986, the price index fell by another 4 per cent, to the lowest level since 1976.^{2/}

The weakness of non-oil commodity prices has been reflected in the dramatic deterioration of the barter terms of trade, or "real" prices, in recent years. Thus, deflating non-oil commodity prices by the export unit value for manufactures of industrial countries produces a fall by 20 per cent between mid-1984 and end 1985. A further decline by more than 18 per cent was experienced in 1986, mostly during the first half of the year, as the price index for manufactures rose by an average of 17.5 per cent.^{3/}

The decline in prices affected the leading non-oil primary commodities exported from the ESCWA region. Thus, the export price index of cotton fell by 25 per cent in 1985; by August 1986 it had fallen by another 23.3 per cent, reflecting record crops beginning in 1984/1985. Wool prices declined by 17.2 per cent in 1985 and by August 1986, they stood some 30 per cent below their 1985 level; while those of hides and skins dropped by 8 per cent and 7 per cent, respectively. Export prices of phosphate rock peaked in 1981, before falling in 1982 and 1983. Having marginally risen in 1984, by 5.7 per

1/ Oil and Gas Journal (December 1986).

2/ IMF, IMF Survey (February 9, 1987).

3/ Ibid.

cent, prices of phosphate rock maintained their level until August 1986, when they stood 30.2 per cent below their 1981 peak. The export price index of aluminium fell by 19.1 per cent in 1985, 28 per cent below its 1980 peak price. By August 1986, however, the index had risen by 4.2 per cent over its average in 1985.^{1/}

Protectionism

The ESCWA oil producers, particularly the GCC countries, have been facing difficulties in exporting products of their rapidly expanding petrochemical industry. Concern during the last two years centered on access to the European market (mainly the removal of the high tariffs imposed), as well as to Japan and the United States. Thus, despite the fact that ceilings for petrochemical exports from the GCC into the EEC for 1986 were improved, these were surpassed early in 1986 leading to the reimposition of tariffs (ranging between 6 and 13 per cent on key petrochemical products). In November 1986, the EEC decided to impose duties on imports of petrochemicals from the GCC countries in 1987, once the quotas stipulated under the Generalized System of Preferences (GSP) were exceeded, instead of the more flexible ceiling system which was applied previously. The new quota system which will be applied to eight petrochemical products originating in Saudi Arabia, two in Bahrain, one in Kuwait, entails a sharp decline in the value of petrochemicals imported duty-free from the GCC countries into the EEC in 1987.^{2/} Similar difficulties in marketing could arise in the case of refined petroleum products, where large production capacities also exist in the recently set up industrial complexes.

Against this background, bilateral agreements and preferential sectoral arrangements gained in importance as vehicles for conducting trade. Bilateral arrangements including compensation and countertrade have been resorted to for their apparent advantages in by-passing shortages of foreign exchange and liquidity problems, overcoming difficulties in raising trade finance, easing

^{1/} United Nations, Monthly Bulletin of Statistics (November 1986).

^{2/} Middle East Economic Survey (1 December 1986).

balance of payments difficulties and securing export outlets. While such transactions have particularly increased in volume with respect to certain agricultural commodities and phosphates, it seems they have also been extensively used along with "netback" deals in the case of oil. However, pursuant to the OPEC agreement in December 1986 to cut production and fix prices, netback deals are to be eliminated by 1 February 1987. In effect, 60 per cent of 1986 countertrade in oil was exported by Saudi Arabia, Iran, Iraq and Nigeria. Oil - for-debt arrangements are used by Iraq and Qatar; while Egypt insists on countertrade as a means of alleviating its balance of payments difficulties. Phosphate rock is heavily countertraded by Egypt, the Syrian Arab Republic and Jordan.^{1/}

In response to declining export earnings and domestic economic activity, and in an effort to protect local industry and/or raise revenues, protectionist tendencies became more discernible in the course of 1985 and 1986 in some ESCWA countries that had hitherto followed very liberal import policies.

Uruguay Round of Multilateral Trade Negotiations

Rising protectionism has also weighed more heavily on developing countries' exports as discriminatory market-sharing arrangements and other protectionist measures proliferated. To counter these tendencies, the General Agreement on Tariffs and Trade (GATT)^{2/} Ministers agreed in September 1986 to formally launch the eighth round of Multilateral Trade Negotiations - the Uruguay Round. This Round is to be completed in four years and to include

^{1/} GATT, Developments in the Trading System, April - September 1986, (C/W/502), 21 October 1986, pp. 50-51.

^{2/} It is worth noting that only two ESCWA countries, namely Egypt and Kuwait, are contracting GATT parties. The GCC acquired observer status in March 1986. Bahrain, Qatar and the United Arab Emirates apply the General Agreement on a de facto basis, while Saudi Arabia enjoys the observer status since 1985.

trade in services for the first time. These negotiations shall aim to (a) bring about further liberalization and expansion of world trade, (b) strengthen the role of GATT, improve the multilateral trading system, (c) increase the responsiveness of GATT to the evolving international environment, and (d) foster co-operation at the national and international levels.^{1/}

Multi-Fibre Arrangement (MFA) IV

Another important development having a direct bearing on the trade of developing countries was the renewal in August 1986 of the Multi-Fibre Arrangement (MFA) for another five years. The 1986 Protocol of MFA (IV) covers a wider range of fibres and contains promises to improve the treatment of cotton and wool exporters and producers and gives special attention to the least developed countries. It should be noted that any country (such as the Syrian Arab Republic) who is not a contracting party to GATT, or has not acceded provisionally to GATT, may accede to the MFA on terms to be agreed upon between the government in question and the participating countries.

Under the Generalized System of Preferences (GSP), only modest improvements in product coverage and in tariff cuts have been introduced. The tendency to reduce the benefits enjoyed by the more advanced developing countries in favour of the less developed ones continued.

Enlargement of EEC

The enlargement of the EEC to twelve member States, by the accession of Portugal and Spain in January 1986, could have important implications for the trade of those ESCWA countries with which preferential arrangements already exist, notably Egypt, Jordan, Lebanon and the Syrian Arab Republic. Products from the new members, the lesser developed EEC members, could be expected to compete directly with actual and potential exports from the ESCWA region, notably textiles, clothing, fruits and vegetables. For instance, protocols were negotiated with non-EEC members to introduce additional quantitative

^{1/} GATT Newsletter, Focus (No. 41), October 1986.

limits on their exports of textiles into the EEC, so as to safeguard interests of new EEC members.^{1/}

B. Overall Trade Performance

For the fifth year in succession, the aggregate dollar value of exports from the region declined in 1985. However, the decline, though sharper than in 1984, was less pronounced than in 1982 and 1983 (10 per cent compared with 27 and 28 per cent) causing exports to shrink to \$83 billion, or around 56 per cent below their level in 1980, (see Annex Table B and Table 2). This reflected the combined impact of lower prices and volumes, though the decline in the latter was more pronounced. Oil aside, exports from the region declined by around 13 per cent in 1985.

Preliminary and partial data for the first half of 1986 indicate a much steeper decline (around 27 per cent) in the combined exports for five out of the thirteen ESCWA countries for which data were available due to the collapse in oil prices.^{2/} The value of exports declined in Oman by close to 40 per cent, the United Arab Emirates by 28 per cent, Egypt by over 16 per cent, Jordan by around 15 per cent and in Lebanon by about 3 per cent. While depressed oil prices largely explain the fall in exports of the oil countries, in Jordan the decline in exports of phosphates and fertilizers (prices and volumes) and in Lebanon, the continued civil strife were responsible.

^{1/} General Agreement on Tariffs and Trade (GATT), Developments in the Trading System, October 1985 to March 1986 (L/6025), 22 August 1986.

^{2/} For the first nine months of 1986, production of crude oil increased in the ESCWA region by 35.9 per cent over the corresponding period in 1985. Output expanded in all of the ESCWA oil producers, except Egypt where production declined by 11 per cent. The highest growth was recorded in Saudi Arabia (60 per cent) followed by Kuwait (53 per cent). In Iraq, the United Arab Emirates, Qatar and Oman, production grew by 28, 26, 17 and 11 per cent, respectively; while modest growth (around 5 per cent) was witnessed in each of Bahrain and the Syrian Arab Republic (see Table 3).

Table 2 ESCWA Region: Annual Average Variation in Exports and Imports
(per cent)

	Exports (f.o.b.)					Imports (c.i.f.)				
	1975-1980	1980-1983	1983-1984	1984-1985	1985-1986	1975-1980	1980-1983	1983-1984	1984-1985	1985-1986
<u>ESCWA Region</u>	24.5	-19.1	-7.7	-10.0	...	27.5	5.7	-8.2	-15.1	...
<u>Major Oil Exporters</u>	25.0	-20.0	-8.2	-11.4	...	33.0	4.0	-9.9	-17.0	...
Iraq	26.0	-28.0	13.2	5.7	...	26.5	-4.4	-8.9	2.8	9.2
<u>GCC Countries</u>	26.5	-20.5	-10.8	-13.9	...	35.0	6.0	-10.1	-20.9	...
Bahrain	25.5	-3.8	-1.9	-8.8	...	24.5	-1.4	5.6	-26.4	...
Kuwait	16.7	-16.6	-6.5	-5.8	...	22.0	3.8	5.3	-14.7	-0.1
Oman	21.5	4.3	4.1	12.4	-39.8	17.8	12.9	10.3	14.7	...
Qatar	26.0	-16.7	36.9	-21.5	...	28.5	0.2	-20.2	3.4	...
Saudi Arabia	30.0	-25.0	-19.6	-24.9	...	48.0	9.1	-14.0	-29.3	...
United Arab Emirates	24.5	-10.9	-3.4	1.7	-28.0	27.0	-1.5	-15.7	-3.1	4.2
<u>Other ESCWA Countries</u>	14.3	-1.3	-1.0	6.5	...	14.3	11.9	-3.1	-9.6	...
Democratic Yemen	35.5	-4.7	-4.2	4.3	...	15.1	31.5	4.0	-16.8	...
Egypt	16.8	1.8	-2.3	18.3	-16.2	4.4	28.5	4.8	-7.5	-0.4
Jordan	30.5	0.3	29.9	11.4	-14.5	27.0	8.2	-8.1	-4.6	-6.3
Lebanon	-5.0	-7.3	-15.8	-8.4	-3.3	12.2	0.1	-19.5	-25.7	5.2
Syrian Arab Republic	17.8	-3.0	-3.6	-12.2	...	19.6	3.3	-9.4	-6.6	...
Yemen	15.9	5.5	137.0	65.6	...	44.5	-4.9	3.9	-3.4	...
<u>For reference:</u>										
Least developed countries ^{a/}	34.0	-4.4	1.3	9.9	...	32.0	5.3	4.0	-9.9	...

For source, see Annex Table B.

Note: Compound rates of growth based on terminal years

^{a/} Democratic Yemen and Yemen

The region's overall export performance clearly demonstrates the volatility of oil exports and the vulnerability it entails for member countries, especially the fuel exporters. The recession in the world economy and the glut in the oil market mainly explain the sharp decline in exports during the first half of the eighties. Thus, while total exports from the GCC countries declined by 13.9 per cent in 1985, to around \$63.5 billion, one-third the 1981 level, non-fuel exports recorded a modest growth of 2.7 per cent. Saudi Arabia and the United Arab Emirates were responsible for this growth, largely by expanding production and export of petrochemicals. The impact of the slackening world economy on the other ESCWA countries was also adverse, with their initially and relatively small exports contracting from \$7.4 billion in 1980 to \$7.0 billion in 1984. However, in 1985, combined exports from this group grew by 6.5 per cent to \$7.5 billion, due to a growth in Egypt's exports by 18.3 per cent (mainly of oil, since its exports of cotton and other non-oil commodities declined) as well as re-exports from Jordan with its main domestic exports, phosphates and fertilizers, declining.

Compared to 1975-1980, when only in Lebanon did the value of exports decline, the period 1980-1983 witnessed declines in nine out of the thirteen ESCWA countries (ranging between 3 per cent a year in the Syrian Arab Republic and 28 per cent in Iraq). In 1984, the situation was equally dismal with exports contracting in eight of the thirteen ESCWA countries, the most pronounced decline of which was in Saudi Arabia by close to 20 per cent. In 1985, the dollar value of exports declined in five of the ESCWA fuel-exporting countries, while increasing in Egypt, Oman, Iraq, and the United Arab Emirates. Egypt and Oman, both being non-OPEC members, did not have to pursue OPEC's policy of oil production cuts; while Iraq was exempted from the quota requirements. The marginal decline in crude oil production by 1.2 per cent in the United Arab Emirates permitted it to realize a small increase in its exports (1.7 per cent). The sharpest declines in the value of exports were recorded by Saudi Arabia (24.9 per cent) and Qatar (21.5 per cent), commensurate with the cuts in crude oil production (by 22.2 per cent and 10.8 per cent, respectively). (See Table 3)..

In contrast to exports, the level of which began to slip after 1981, the region's imports continued to grow rapidly through 1982, before drastically

Table 3 ESCWA Region: Annual Variation in Crude Oil Production

(Percentage change over previous year)

	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>Jan-Sept. 1985-1986</u>
<u>ESCWA Oil Producers</u>					
Bahrain	-4.8	-5.0	-1.9	2.4	4.8
Egypt	3.4	18.3	5.6	8.3	-11.0
Iraq	12.8	8.6	11.1	15.0	28.1
Kuwait	-27.0	27.9	10.3	-19.5	52.9
Oman	-0.8	19.5	7.4	19.4	11.2
Qatar	-20.0	-19.0	20.9	-10.8	16.2
Saudi Arabia	-33.9	-30.0	-10.2	-22.2	60.0
Syrian Arab Republic	-9.6	8.0	1.2	4.7	5.7
United Arab Emirates	<u>-16.9</u>	<u>-8.0</u>	<u>-7.0</u>	<u>-1.2</u>	<u>26.3</u>
ESCWA Region	-25.8	-14.4	-1.9	-9.0	35.9

Source: Organization for Petroleum Exporting Countries (OPEC), OPEC Annual Statistical Bulletin 1985; and Oil and Gas Journal (December 1986).

falling by 11 per cent in 1983 and continuing their steep decline thereafter. Following their curtailment by 8.2 per cent in 1984, the region's imports were further compressed by 15.1 per cent in 1985. Combined imports of the GCC countries were down by over one-fifth compared to 1984. Saudi Arabia cut its imports by 29.3 per cent, Bahrain by 26.4 per cent and Kuwait by 14.7 per cent; while Oman was capable of sustaining its import growth with increased export earnings. The fall in imports was common to all the other ESCWA countries, whose combined imports shrank by 9.6 per cent in 1985, compared to a 3.1 per cent decline in 1984.

Partial information covering the first half of 1986 points to a continuation of the decline in imports in Kuwait, Egypt and Jordan; while imports into the United Arab Emirates, Lebanon and Iraq appear to have increased somewhat. Indications, however, are that import cutbacks have endured throughout 1986, as reflected in the compression of the volume of imports for the whole year by 18.7 per cent for the "Middle East" region.

After deteriorating in 1983 by 8.8 per cent and remaining virtually unchanged in 1984 as both export and import prices fell equally, the region's terms of trade deteriorated by another 3.6 per cent in 1985. Preliminary data covering 1986 point to a dramatic deterioration in the terms of trade by 44 per cent, under the impact of the collapse in oil prices and softening of non-oil primary commodity prices. Thus, the overall import situation has deteriorated under the impact of falling export earnings, deteriorating terms of trade and purchasing power of exports, budgetary restraints and scaling-down of investment expenditures; shortfalls in other sources of foreign exchange such as receipts from services, workers' remittances and Arab aid flows (spill-overs from the major oil economies); and reduced net capital inflows.

Between 1980 and 1985, the share of the region in world exports was more than halved, falling from 9.4 per cent to 4.3 per cent. Similarly, its share in world imports dropped from 4.1 per cent in 1980 to 3.8 per cent in 1985, having accounted for 5.2 per cent in 1983.

Export/import ratios

The oil boom and the subsequent rise in export earnings allowed the ESCWA major oil exporters to expand their imports very rapidly with only a small decline in the region's overall export/import ratio between 1975 and 1980, from 2.5 to 2.2 (see Table 4). With the onset of recession in the early eighties, the ratio of exports to imports deteriorated markedly. The persistent decline in exports, the rise in imports through 1982 and their slower - compared to exports - decline until 1983, produced a sharp fall in the export/import ratio for the region as a whole (from 2.2 in 1980 to 1.0 in 1983) and for most individual countries. The decline has been most pronounced in the case of the GCC countries, especially Kuwait and Saudi Arabia.^{1/} The adoption of adjustment policies, including substantial import cutbacks, have generally prevented further deterioration of the ratio in 1984, and even led to its slight improvement in 1985, notably in Saudi Arabia, Kuwait and the United Arab Emirates, where import cuts were sufficiently deep to offset the decline in exports.

The coverage of imports by exports, already low in the other ESCWA countries, fell from an average of 0.42 in 1980 to 0.30 in 1984, before slightly improving to 0.35 in 1985 (over 4 months of imports). This was mainly due to a rise in exports (viz. Egypt and Jordan) associated with a fall in imports, by one-tenth below 1984. Except for the Syrian Arab Republic, the improvement in the ratio was common to all other countries in this group. In general, the export/import ratio for this group fluctuated within a narrow range reflecting the close relationship between merchandise imports and exports and reliance on other means of financing including aid and workers' remittances

C. Commodity Structure of Trade

Few significant changes could be discerned in the structure of imports between 1975 and 1985, though reduced export earnings since the early eighties compelled member countries to curtail their imports, particularly of luxury

^{1/} In Saudi Arabia, exports covered over 7 years of imports in 1975.

Table 4 ESCWA Region: Export/Import Ratios

	<u>1975</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>ESCWA Region</u>	<u>2.51</u>	<u>2.25</u>	<u>1.83</u>	<u>1.24</u>	<u>1.01</u>	<u>1.01</u>	<u>1.07</u>
<u>Major Oil Exporters</u>	<u>3.70</u>	<u>2.73</u>	<u>2.26</u>	<u>1.47</u>	<u>1.24</u>	<u>1.26</u>	<u>1.35</u>
Iraq	1.97	1.88	0.50	0.47	0.80	0.99	1.02
<u>GCC Countries</u>	<u>4.33</u>	<u>3.12</u>	<u>2.87</u>	<u>1.80</u>	<u>1.33</u>	<u>1.32</u>	<u>1.44</u>
Bahrain	0.99	1.03	1.05	1.05	0.96	0.89	1.10
Kuwait	3.85	3.04	2.34	1.31	1.57	1.40	1.54
Oman	1.85	2.16	2.05	1.65	1.70	1.61	1.58
Qatar	4.41	3.95	3.85	2.32	2.26	3.88	2.95
Saudi Arabia	7.04	3.61	3.41	1.95	1.17	1.09	1.16
United Arab Emirates	2.61	2.36	2.10	1.83	1.75	2.00	2.10
<u>Other ESCWA Countries</u>	<u>0.42</u>	<u>0.42</u>	<u>0.33</u>	<u>0.33</u>	<u>0.29</u>	<u>0.30</u>	<u>0.35</u>
Democratic Yemen	0.53	1.20	0.64	0.50	0.45	0.42	0.52
Egypt	0.36	0.63	0.37	0.34	0.31	0.29	0.37
Jordan	0.21	0.24	0.23	0.23	0.19	0.27	0.32
Lebanon	0.55	0.24	0.24	0.21	0.19	0.20	0.24
Syrian Arab Republic	0.55	0.51	0.42	0.50	0.42	0.45	0.42
Yemen	0.04	0.01	0.03	0.03	0.02	0.04	0.07
<u>For reference</u>							
Least Developed Countries <u>a/</u>	0.30	0.32	0.20	0.27	0.23	0.22	0.27

For source and notes, see Annex Table B.

a/ Democratic Yemen and Yemen

items. Machinery and transport equipment together with "other manufactured goods" continued to dominate imports; their combined share growing from about 56 per cent in 1975 to 65 per cent in 1983 and staying close to this level (63 per cent) in the following two years (see Annex Table C and Table 5). Maintaining the share of manufactured goods in total imports after 1983 was probably helped by efforts to give priority to the completion of ongoing development projects. Between 1975 and 1985, the share of food items declined from around 20 to 16 per cent and that of fuels from 6 to 4 per cent.

The domination of exports of the ESCWA region by oil, deepened subsequent to the first upward adjustment of oil prices in 1973 before retreating to its earlier position in the early eighties. Thus, the share of fuels (SITC 3) in the aggregate dollar value of exports grew from 93 per cent in 1975 to 96 per cent in 1980, and then declined to average between 92 and 93 per cent during 1983-1985. The decline in relative importance of crude oil in total exports over the past decade must be viewed not only against the slackening in world demand and lower prices, but also as a result of efforts to develop exports of refined products and alternatives like petrochemicals, as well as increased exports of natural and manufactured gas. In both value and real terms, exports of refined products and gas grew since the early eighties. As a share of total exports, petroleum products almost doubled to 8 per cent between 1975 and 1983 and retained that share in 1984. In 1985, the output of refined products was considerably reduced as the refineries in the region were working at around 75 per cent of their potential capacity. Gas emerged as a significant export item in the late seventies, with its share growing gradually but steadily from almost nil in 1975 to less than 4 per cent in 1983 and up to 5 per cent in 1984.

The region's non-fuel exports have generally remained of limited significance, in relative terms, consisting largely of primary agricultural (cotton) and non-agricultural (phosphates) commodities, and, to a lesser extent, semi-manufactured and manufactured goods. This picture has not basically changed since the mid-seventies, despite concerted efforts aimed at export diversification. Non-fuel exports, having accounted for less than 7

Table 5 ESCWA Region: Commodity Structure of Trade

SITC	0 to 9	By Major Categories (in per cent of total trade)							
		Agricultural raw and materials		Ores		Machinery and equipment		Other manufactured goods	
		0+1+22	2 less 27+28	3	4 (22+27+28) +67+68	5	6	7	8 less (67+68)
IMPORTS(cif)									
1975	100.00	19.47	2.42	9.09	6.02	6.76	35.32	20.60	
1980	100.00	14.88	1.71	7.51	7.74	5.14	35.96	26.56	
1983	100.00	13.55	1.43	5.72	7.94	5.36	38.78	26.03	
1984	100.00	17.39	1.50	5.93	4.50	6.40	36.70	26.08	
1985	100.00	15.55	1.87	6.84	3.98	7.38	37.14	26.02	
TOTAL EXPORTS(fob)									
1975	100.00	1.18	1.26	0.53	93.06	1.10	0.95	1.86	
1980	100.00	0.55	0.36	0.68	96.00	0.70	0.74	0.92	
1983	100.00	0.99	0.72	1.16	93.25	0.58	1.10	1.88	
1984	100.00	0.75	1.01	1.22	93.52	0.66	1.26	1.24	
1985	100.00	0.75	0.95	1.13	92.47	1.03	1.74	1.41	
NON-FUEL EXPORTS*									
1975	100.00	16.99	18.15	7.68	0.00	15.92	13.67	26.81	
1980	100.00	13.70	8.99	17.05	0.00	17.64	18.64	23.07	
1983	100.00	14.68	10.69	17.19	0.00	8.65	16.35	27.91	
1984	100.00	11.51	15.53	18.84	0.00	10.21	19.47	19.13	
1985	100.00	9.99	12.64	15.05	0.00	13.72	23.10	18.78	

Source: United Nations Economic and Social Commission for Western Asia, Statistical Developments in the External Sector of the ESCWA Countries: Intra-regional Trade and Trade With Other Developing Regions, 1975-1985 (E/ESCWA/DPD/86/4), December 1986; see also Annex Table C.

* Excluding fuels SITC(3)

per cent of total exports in 1975, declined to 4 per cent in 1980; they recovered in 1984 and grew slightly in 1985 to account for little less than 8 per cent of the total. This improvement reflects more the situation in the oil sector and the decline in relative importance of fuels than actual growth in traditional and new exports. Notwithstanding this, the limited diversification experienced in a number of ESCWA countries is closely linked to petroleum, i.e. oil-derivatives such as fertilizers and petrochemicals; and a few other semi-manufactured and manufactured products such as aluminium, iron and steel shapes and structures, cotton yarn and fabrics, woven textiles and products, cement and travel goods. Of lesser importance at the regional level are exports of wood and rubber manufactures, articles of plastic, glass and leather, paints, soaps and cleansing preparations, some tobacco and non-alcoholic beverages.

The only category among exports of non-fuel primary goods which exhibited growth was ores and metals, the share of which in total non-fuel exports doubled to 15 per cent between 1975 and 1985. This category covers mainly exports of rock phosphates from Jordan and, to a lesser extent, the Syrian Arab Republic and Egypt; iron and steel shapes, tubes and pipes from Qatar, the United Arab Emirates and until recently, Lebanon; aluminium from Bahrain, the United Arab Emirates, Egypt, Kuwait and Lebanon; in addition to some sulphur from Iraq, Kuwait and Qatar, salt from Yemen and metal scrap from Kuwait and the United Arab Emirates. In contrast, the share of food items declined from 17 to 10 per cent of the total and that of agricultural raw materials from 18 to 13 per cent between 1975 and 1985.

Within the group of manufactured goods, including chemicals, machinery and transport equipment and other manufactured goods, the contribution of chemicals to non-fuel exports slightly diminished from 16 to 14 per cent over the period 1975-1985. It should be noted, however, that the share of chemicals in the combined exports of the GCC countries exhibited some growth between 1975 and 1985. This was most pronounced in Saudi Arabia and Bahrain, where the share of chemicals in total exports grew in each from nil to over 2 per cent between 1975 and 1985 - a relatively substantial expansion given the size of exports. The share of other manufactured goods in the region's non-fuel exports shrank from 27 to 19 per cent.

D. Direction of Trade

Between 1980 and 1985, the developed market-economies^{1/} continued to supply a large, though fluctuating share (ranging between 65 and 69 per cent) of the region's aggregate imports, and to absorb a declining share (from 64 to 55 per cent) of its exports (see Annex Tables D.1 and D.2, and Table 6). Intraregional trade, in contrast, occupies a small and fluctuating fraction of the region's overall trade. Thus, after having represented 5 per cent of total exports in 1975 and 1980, its share rose to less than 7 per cent in 1985. The ESCWA region may well be the only developing region in which intra-trade did not seriously suffer during the oil crisis.^{2/} Oil aside, the destination of exports from the region shows a marked degree of concentration on the regional market. In recent years, however, the relative importance of intraregional non-fuel exports has fluctuated and fallen; their share in the total contracting from around 40 to 23 per cent between 1983 and 1985.

Some significant shifts, however, in the distribution of the region's trade are worth noting. Japan emerged as the largest single market for the region's exports. Exports to this market rose rapidly during the first half of the current decade accounting for 30 per cent of the region's exports in 1985 compared to around 20 per cent in 1980. The other developing countries, mainly those in South and South-East Asia, also became more important as outlets for the region's newly established fertilizers and petrochemical industries, as well as non-fuel exports. Their share in total exports grew from 19 to 24 per cent between 1980 and 1984, before falling to 21 per cent in 1985. At the same time, the European Economic Community (EEC) lost considerable ground, albeit remaining quite significant as a major market for

^{1/} Includes the European Economic Community (EEC), the European Free Trade Association (EFTA), the United States of America (USA) and Japan. See Annex Tables D.1 and D.2.

^{2/} See: IMF, World Economic Outlook (October 1986), and footnote (2) on page 4.

Table 6 ESCWA Region : Direction of Trade
(percentage shares)

	EXPORTS (f.o.b)					IMPORTS (c.i.f)				
	1980	1982	1983	1984	1985	1980	1982	1983	1984	1985
ESCWA REGION	5.04	6.89	6.31	6.52	6.89	10.44	7.58	6.68	7.49	7.30
OTHER DEVELOPING REGIONS	19.02	23.92	24.18	23.75	20.51	9.33	9.62	10.90	13.32	12.79
Asia (excl. ESCWA)	12.18	16.01	16.72	16.95	14.18	7.34	7.67	8.72	10.64	9.68
Africa	1.50	2.14	2.03	2.30	2.36	0.93	0.68	0.75	1.02	0.98
North Africa (excl. Egypt)	0.71	1.04	1.05	1.30	1.23	0.59	0.34	0.44	0.69	0.67
America	5.22	5.66	5.33	4.44	3.90	1.06	1.27	1.44	1.66	2.13
Oceania	0.12	0.11	0.10	0.07	0.08	0.00	0.00	0.00	0.00	0.00
DEVELOPED-MARKET ECONOMIES										
EEC	31.10	24.01	19.69	16.82	19.52	34.37	35.34	34.82	33.73	34.45
EFTA	3.35	1.88	1.38	1.51	1.78	4.55	4.67	4.50	4.13	4.59
U.S.A	9.88	5.53	4.64	6.02	4.04	13.31	13.68	14.05	12.28	12.96
JAPAN	19.39	22.35	25.90	27.64	29.72	14.94	15.47	15.41	14.73	14.09
CENTRALLY-PLANNED ECONOMIES										
CMEA (European)	0.98	1.21	1.57	1.54	1.59	3.09	3.14	3.08	3.33	3.08
CHINA	0.22	0.08	0.16	0.20	0.16	1.11	0.90	0.92	0.94	1.95
REST OF THE WORLD	11.02	14.14	16.17	16.01	15.79	8.87	9.60	9.64	10.06	8.79
WORLD	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
For Reference:										
League of Arab States (LAS)	5.75	7.93	7.35	7.81	8.11	11.03	7.92	7.12	8.19	7.97

For source and notes see Annex Tables D.1 and D.2

the region, as its share fell from 31 to 17 per cent between 1980 and 1984 before rising to 20 per cent in 1985. The United States and the other European markets (East and West) also lost some ground.

The main sources of imports have generally remained stable, with the EEC maintaining its lead and supplying between 34 and 35 per cent of the total during 1980-1985. Japan emerged as the second leading supplier with its share growing from 12 per cent in 1975 to average 15 per cent during 1980-1985. Another significant development was the rise in the share of other developing regions, from 9 per cent in 1980 to 13 per cent in 1984-1985.

Intraregional Trade

Notwithstanding more than three decades of efforts to promote intraregional trade, its share in total trade has remained meagre and way below expectations and aspirations.

The dollar value of intraregional exports rose substantially and steadily up to 1981, expanding from \$2.8 billion in 1975 to \$10 billion, before it started losing momentum until it stood at \$5.7 billion in 1985. Economic recession, strained political relations and internal strife have exerted a depressing influence. In relative terms, intraregional exports fluctuated within a narrow range of 5 to less than 7 per cent between 1980 and 1985; while imports progressively contracted from around 10 to 7 per cent over the same period. Intraregional non-fuel exports have accounted for a dominant and growing share in total non-fuel exports. This share rose from 36 per cent in 1975 to 51 per cent in 1982. In 1984-1985 it averaged one-fourth of the total. (See Table 7).

The region constitutes an important market for the agricultural and industrial products of the other than GCC countries; and for the re-exports of the GCC countries which also supply crude oil for some of the refineries where domestic crude oil is insufficient (Bahrain) or non-existent (Democratic Yemen, Lebanon and Jordan), in addition to products from their newly established industries such as iron and steel and aluminium. The regional

Table 7 ESCWA Region: Share of Intra-regional Trade in Total Trade
(in per cent of respective trade)

	EXPORTS (f.o.b)					IMPORTS (c.i.f)				
	1980	1982	1983	1984	1985	1980	1982	1983	1984	1985
<u>ESCWA Region</u>	5.04	6.89	6.31	6.52	6.89	10.44	7.58	6.68	7.49	7.30
<u>Major Oil Exporters</u>	4.40	6.33	5.77	5.93	6.57	7.97	6.78	6.39	7.40	7.84
Iraq	3.22	5.08	2.92	2.71	2.42	5.18	6.39	6.13	7.90	7.18
<u>GCC Countries</u>	4.61	6.44	6.02	6.28	7.18	8.71	6.90	6.43	7.31	7.99
Bahrain	25.61	27.88	27.06	26.77	26.80	59.17	49.73	44.66	48.78	52.13
Kuwait	8.28	17.08	10.06	6.64	7.29	3.58	3.19	4.45	3.72	3.93
Oman	0.38	0.65	0.20	0.42	0.37	22.47	21.74	18.06	18.79	16.90
Qatar	3.62	3.44	4.31	3.37	4.51	7.49	4.24	4.53	6.35	5.30
Saudi Arabia	3.25	4.64	4.98	6.15	7.94	3.25	2.88	2.61	2.56	2.78
United Arab Emirates	4.94	5.08	4.27	4.82	5.08	8.74	7.37	7.65	8.82	7.32
<u>Other ESCWA Countries</u>	21.58	16.64	14.22	14.61	9.77	19.10	10.80	7.55	7.75	6.12
Democratic Yemen	35.06	5.50	12.41	13.26	12.01	59.84	27.64	22.70	21.79	23.80
Egypt	11.08	4.49	3.98	4.38	2.20	1.85	1.09	2.82	3.11	2.19
Jordan	47.93	43.68	41.62	48.04	37.00	23.84	25.20	23.74	23.73	14.88
Lebanon	64.40	66.17	61.31	54.18	50.57	15.58	9.29	8.13	9.04	10.99
Syrian Arab Republic	5.86	4.99	5.05	4.76	3.44	22.00	15.53	1.38	1.68	1.76
Yemen	49.56	70.05	68.66	42.79	22.92	22.53	19.43	15.06	13.64	12.89

For source and notes see Annex Tables D.1 and D.2.

market assumes special significance as an outlet for its member countries' exports of those manufactured goods for which access into the wider international markets is more difficult as a result of tariff and non-tariff barriers, or quality and specifications of goods produced, transportation costs and/or bottle-necks and bulky nature of products. The regional market also serves as a testing ground for new product lines and potential exports.

While the GCC countries account for the bulk of intraregional trade, the importance of the regional market in their overall trade is generally much less significant than in the remaining ESCWA countries, notably in the trade of Jordan and Lebanon. The relative importance of this group in intraregional trade is much more evident in the case of imports than in exports.

The failure of intra-trade to account for a more significant share of the region's aggregate trade may be attributed to a number of interrelated economic and institutional factors. The region's potential to supply the range of products imported from other countries, in the required quantities and qualities, is limited by the smallness and narrowness of the production base in member countries and its overall competitive character, as well as the failure to conceive agricultural and industrial development within a regional perspective. Differences in levels of development, socio-economic systems and trade regimes, give rise to the prevalence of and/or preference for bilateral trade arrangements over multilateral ones, and the maintenance of various forms of non-tariff barriers despite an overall commitment to the liberalization of intraregional trade. Obstacles of an institutional nature, including inadequate trade-financing arrangements, transport bottle-necks, lack of harmonization of customs nomenclature and trade formalities, differences in trade-handling organizations (state trading versus private sector) and more favourable and long-standing trade relations with suppliers outside the region, also work against intraregional trade. The comprehensive and inflexible nature of multilateral trade agreements is another deterring factor as reflected in limited adherence. Political considerations have worked both in favour and against intraregional trade and regional co-operation. However, their overall impact has adversely affected the

process and frustrated many initiatives. This negative impact has arisen mainly from a generally weak political commitment which has obstructed implementation, and uncertainty regarding the continuity of integration measures created by unstable and shifting political relations. At the same time, unstable political relations have had adverse effects on trade mainly through their direct impact on the smooth flow of trade, as well as indirectly through their effects on entrepreneurs' behaviour and production decisions.

Economic recession and generally unfavourable political environment have also left their impact. Both conscious efforts (e.g. flow of aid, setting up of joint ventures) and traditional resource flows (e.g. labour and commodity flows) suffered, thus attesting to the argument that economic co-operation and trade expansion endeavours are more likely to succeed in an environment of economic growth and stable political relations.

E. Balance of Payments Developments

The analysis of balance of payments flows for the ESCWA region is hampered by numerous statistical gaps and discrepancies. Among the more important gaps, mention may be made of the absence, for several years now, of published information on balance of payments flows for Iraq and Lebanon and for 1985 in the case of Democratic Yemen; and the failure to report separately some significant flows such as workers' remittances from Qatar and the United Arab Emirates, private capital flows from Saudi Arabia, Qatar and the United Arab Emirates, and official transfers (aid) into Egypt, resulting in unduly large "net errors and omissions" entries in some cases. Notwithstanding these difficulties, a generally comparable picture covering changes in major balance of payments flows could be constructed covering 11 countries up to 1984 and 10 countries^{1/} up to 1985. For analytical purposes, the ESCWA countries have been classified under two groups: The major oil exporters (including six Gulf Co-operation Council (GCC) countries plus Iraq) and the other ESCWA countries, namely, Egypt and the Syrian Arab Republic (the smaller oil exporters) plus Democratic Yemen, Jordan, Lebanon and Yemen (i.e. the capital-importing or deficit economies).

^{1/} Excluding Iraq and Lebanon up to 1984, in addition to Democratic Yemen in 1985.

The deterioration in the overall balance of payments position of the ESCWA region, which first emerged in 1983, became more pronounced in 1984, with the current account deficit reaching \$8.0 billion (compared to \$6.8 billion in 1983). In 1985, however, the deficit narrowed to \$3.4 billion (see Table 8). As in the previous two years, this deficit was essentially met by substantial net capital inflows amounting in 1985 to \$11.0 billion. However, unlike the previous three years which were marked by drawing down international reserves, net additions to reserves were realized in 1985.

The situation, however, would have been considerably worse had it not been for the curtailment of imports by around \$11.0 billion, reduced payments for contractors' services, consulting firms and on account of official representations abroad (Saudi Arabia) by \$6.5 billion, the reduction in net disbursements of concessional aid flows by the ESCWA countries members of OPEC in the amount of \$0.87 billion^{1/} and the reduction or holding down the number of expatriates working in the region and, hence, the flow of workers' remittances. In effect, these remittances which had substantially risen by around \$1.5 billion in 1982; stagnated in 1983, increased by \$0.61 billion in 1984 and rose by only \$0.16 billion in 1985. The rise in 1984 and 1985 may be explained by the fact that accumulated settlement payments and compensation allowances were made upon dismissal of Arab and foreign workers. The deficit on services narrowed by close to \$7 billion to reach \$15 billion in 1985. This was largely due to the squeeze on payments for contractors' services, consulting firms and representations abroad and the drop in investment income payments. Moreover, with imports compressed, the volume of shipping declined, and consequently attendant payments for freight and insurance. In effect, the balance on goods and services turned slightly positive, after two years of deficits.

^{1/} In 1985, OPEC/ESCWA countries provided \$3.4 billion in net disbursements of concessional assistance to developing countries compared to \$4.3 billion in 1984. Nevertheless, Official Development Assistance (ODA) constituted 2.4 per cent of the combined Gross National Product (GNP) of the GCC donor countries (namely, Kuwait, Qatar, Saudi Arabia and the United Arab Emirates) in untied loans. (See Table 9).

Table 8 ESCWA Region^{a/}: Summary of Balance of Payments Transactions
(billions of US dollars)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1984 b/</u>	<u>1985 b/</u>
Trade balance (f.o.b.)	100.3	99.8	46.4	17.6	16.2	17.0	15.8
Services <u>c/</u> (net)	-23.9	-28.4	-23.6	-21.4	-21.9	-21.8	-15.0
Balance on goods and services	76.4	71.4	23.0	-3.8	-5.6	-4.8	0.7
Unrequited Transfers (net)	-5.0	-4.5	-4.4	-3.0	-2.3	-2.8	-4.1
Balance on current account	71.4	66.8	18.6	-6.8	-8.0	-7.6	-3.4
Capital flows (net)	-51.3	-42.6	-14.4	14.6	13.4	13.2	11.0
Errors and omissions <u>d/</u>	-8.3	-8.8	-4.1	-9.5	-5.2	-5.4	-7.0
Counterpart items, exceptional financing, liabilities constituting foreign authorities' reserves	0.3	-1.3	-0.4	-0.6	-1.7	-1.6	1.7
Counterpart items	0.2	-1.5	-1.0	-0.7	-1.9	-1.9	1.4
Exceptional financing	0.1	0.1	0.5	0.07	0.2	0.2	0.4
Liab. const. frgn. author. reserves	-0.001	0.03	0.05	0.02	0.01	0.003	0.01
Total change in reserves (- = increase)	-12.2	-14.1	0.3	2.3	1.5	1.5	-2.4

For source and notes, see Annex Table E.

a/ Unless otherwise mentioned, data cover the following 11 countries: Bahrain, Democratic Yemen, Egypt, Kuwait, Jordan, Oman, Qatar, Saudi Arabia, the Syrian Arab Republic, the United Arab Emirates and Yemen. No comparable data were available for Iraq and Lebanon.

b/ Excludes Democratic Yemen

c/ Includes private transfers for Qatar and the United Arab Emirates

d/ Includes private capital flows from the United Arab Emirates

The major developments in the balance of payments capital account of the ESCWA region in 1985 were the contraction in net inflows of direct investment capital (largely accounted for by Saudi Arabia), drop in net inflows of portfolio investment capital (mainly transactions by Saudi Arabia), and decrease in net outflows of short-term capital (by Kuwaiti official sector to acquire short-term assets and in Saudi Arabia representing a reversal of direction from net outflow to net inflow). For the first time since 1981, some additions to reserves were recorded in 1985, amounting to \$2.4 billion for the 10 ESCWA countries for which comparable data were available, most of which may be explained by changes in valuation (see Annex Table E).

The weaker balance of payments position of the ESCWA region in recent years reflected mainly the unfavourable trends affecting crude oil production and exports. While only a slight decrease (1.9 per cent) was recorded in the region's total production of crude oil in 1984, export earnings actually declined more rapidly as pressure on prices continued. The situation deteriorated further in 1985 as OPEC tried unsuccessfully to prevent the oil price structure from collapsing by managing to curtail output by around 5 per cent. Aggregate production in the fuel exporters of the ESCWA region (viz. the GCC countries plus Iraq, Egypt and the Syrian Arab Republic) dropped by 9 per cent (see Table 3). The brunt of the fall was borne by Saudi Arabia (22.2 per cent) and Kuwait (19.5 per cent) and to a lesser extent Qatar, where output was reduced by 10.8 per cent. The remaining ESCWA oil producers exhibited a varying pattern with, for example, very significant additions in Oman (19.4 per cent), Iraq (15 per cent) followed by Egypt (8.3 per cent), and marginal growth in both Bahrain (2.4 per cent) and the Syrian Arab Republic (4.7 per cent). The fact that the drop in output was shouldered mainly by Saudi Arabia and Kuwait is of great significance in view of the weight these two countries, notably the former, carry in the region's international transactions in terms of the size of their imports of goods and services, reserves, aid disbursements and demand for foreign labour.

Preliminary information covering the first nine months of 1986 point to a 35.9 per cent expansion in aggregate crude oil production in the nine ESCWA

fuel-exporting countries. However, this has been more than offset by the collapse in oil prices which has further undermined the prospects of a payments recovery and perpetuated uncertainty in that respect, in both the oil and non-oil ESCWA member countries. The import capacity of the ESCWA countries declined with the reduction in foreign exchange earnings. Moreover, the purchasing power of oil revenues suffered^{1/} from the decline in the exchange rate of the dollar - the currency in which oil exports are denominated - vis-a-vis other major currencies which began in early 1985.

The external accounts of the capital-importing (deficit) ESCWA countries, namely Democratic Yemen, Egypt, Jordan, Lebanon, the Syrian Arab Republic and Yemen are affected to a very large extent by important spill-overs from the GCC countries and Iraq which take the form mainly of aid, workers' remittances, and payments on account of tourism, transit and imports of goods and services. Thus, both the level of exports from the former to the latter, and the flow of bilateral concessional aid from the latter to the former group, remained depressed in 1985 at \$0.61 billion and \$1.34 billion, respectively.^{2/} At \$2.69 billion in 1985, the combined level of workers' remittances into Democratic Yemen, Jordan, the Syrian Arab Republic and Yemen was lower than it was five years earlier.^{3/} In contrast, Egypt's substantial earnings from workers' remittances, which almost equalled the

1/ The purchasing power of the fuel-exporting group is estimated to have declined by 39 per cent in 1986, and their volume imports by 19 per cent (see Annex Table A).

2/ The level of exports steadily declined from \$1.12 billion in 1981, to \$0.91 billion in 1982 and \$0.71 in 1983; they were \$0.77 billion in 1984. Similarly, bilateral concessional aid flows fell from \$3.30 billion, to \$2.16 billion and \$2.04; to \$1.86 billion over the same interval, respectively. These flows also include amounts directed to Bahrain and Oman (see Table 10).

3/ Workers' remittances for the four countries fell from \$3.15 billion in 1980 to about \$2.92 billion in 1981 before rising to \$3.09 and \$3.18 billion in 1982 and 1983, respectively. In 1984, they stood at \$3.07 billion.

Table 9 Concessional Assistance by ESCWA Countries Members of OPEC

	Millions of US dollars					Per Cent of GNP						
	1980	1981	1982	1983	1984	1985	1980	1981	1982	1983	1984	1985
<u>Donors</u>												
Iraq	864	207	52	-30	-33	-26	2.36	0.94	0.18	-0.09	-0.10	-0.08
<u>GCC Countries</u>	<u>8217</u>	<u>7729</u>	<u>5562</u>	<u>4668</u>	<u>4324</u>	<u>3452</u>	<u>4.48</u>	<u>3.36</u>	<u>2.57</u>	<u>2.68</u>	<u>2.85</u>	<u>2.38</u>
Kuwait	1140	1163	1161	997	1018	749	3.52	3.65	4.34	3.73	3.82	3.16
Qatar	277	246	139	20	10	-2	4.16	3.50	2.13	0.39	0.17	-0.03
Saudi Arabia	5682	5514	3854	3304	3212	2646	4.87	3.45	2.50	2.86	3.44	2.88
United Arab Emirates	1118	805	407	348	84	58	4.06	2.57	1.39	1.30	0.32	0.24
<u>Total</u>	<u>9081</u>	<u>7935</u>	<u>5613</u>	<u>4639</u>	<u>4291</u>	<u>3425</u>						

Source: Organization for Economic Co-operation and Development (OECD), Twenty-five years of Development Cooperation (Paris, 1985); and, Development Co-operation: 1986 Report (Paris, 1987).

Table 10 Concessional Aid Flows to ESCWA Countries from OPEC Donors

(millions of US dollars)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>Recipients</u>						
Democratic Yemen	50	32	71	32	25	45
Egypt	5	-19	-43	-51	-50	-57
Jordan	1136	920	700	684	612	463
Lebanon	193	365	82	12	-	23
Syrian Arab Republic	1655	1376	880	888	824	589
Yemen	298	264	252	192	194	143
Bahrain	148	139	90	216	198	72
Oman	165	224	125	64	54	59
<u>Total</u>	<u>3650</u>	<u>3301</u>	<u>2157</u>	<u>2037</u>	<u>1857</u>	<u>1337</u>

Source: OECD, Statistical Tables supplementing 1985 Chairman's Report, (Paris, January 1986); and, Development Co-operation: 1986 Report (Paris, 1987).

combined remittances accruing to the four other countries, continued to grow until 1984. A sharp increase was reported in 1983 (from \$2.4 to \$3.7 billion) and a small increment to around \$4.0 billion in 1984. Preliminary information for 1985 indicates, however, a fall to \$3.2 billion in remittances of Egyptians working abroad. Further declines have been projected for 1986 and 1987. Remittances of Jordanians, Yemenis and Syrians working abroad declined by 17.3, 11.4 and 10.4 per cent, respectively, in 1985.

Official transfers from Saudi Arabia, the United Arab Emirates and Kuwait to developing countries in general diminished from a total of \$5.7 billion in 1982 to \$4.2 billion in 1984 and around \$4.0 billion in 1985; while the combined aid inflows into the deficit ESCWA countries together with Oman and Bahrain, steadily declined from \$3.7 billion in 1982 to \$2.7 billion in 1984 and \$2.6 billion in 1985.^{1/} In contrast to bilateral flows, ESCWA/OPEC members' aid channelled through multilateral financial institutions and development funds^{2/} has not markedly declined (from \$646 million in 1984 to \$566 million in 1985).^{3/} As a matter of fact, aid flows which are managed by ESCWA/OPEC development funds have not declined. These funds are well capitalized and the major member countries have been meeting their annual commitments. Net disbursements of concessional assistance by ESCWA/OPEC members to Arab Multilateral (Aid) Organizations (notably AFESD, BADEA, IDB, AGFUND, AFTAAC) slightly grew from \$264 million in 1984 to \$267 million in 1985.^{3/}

^{1/} This includes in the case of Egypt, the credit entry on "Exceptional Financing" which covers official transfers.

^{2/} Includes receipts from United Nations agencies and funds (UNDP, WFP, UNRWA, IFAD, IBRD/IFC, IDA, IDB, OPEC Fund) and Arab Aid Agencies (Arab Fund for Economic and Social Development (AFESD), Arab Bank for Economic Development of Africa (BADEA), Islamic Development Bank (ISDB), Arab Gulf Fund for United Nations Development (AGFUND), AFTAAC and others).

^{3/} OECD, Development Co-operation, 1986 Report (Paris, 1987).

Thus, while in 1985 net official transfers from the region as a whole only slightly declined, private transfers showed a net outflow of \$1.2 billion, leading to a rise in net transfers by \$1.3 billion to reach \$4.1 billion in 1985. It should be noted, though, that with workers' remittances from the GCC countries only marginally rising and receipts by the beneficiary countries sharply falling, it may be safely concluded that the increase in outflow of remittances was directed to non-Arab (mainly Asian) workers in the Gulf region.

Gulf Co-operation Council (GCC) Countries

The region's overall balance of payments position is to a large extent shaped by the external transactions of the GCC countries. This is due not only to the overwhelming size of these transactions, but also to the direct and indirect repercussions that these transactions have on the external accounts of other countries of the region. Until recently, the Gulf region provided an expanding market for the non-oil economies' exports of goods and services, notably of manufactures and labour, as well as a source of very substantial aid flows, with a determining influence on their external accounts.

It appears from Table 11 that the pace of decline in the overall trade surplus of the GCC countries slowed down considerably in 1984 and 1985, compared to 1982 and 1983. The surplus which was halved in each of 1982 and 1983 compared to the previous year, dropped by less than 3 per cent in 1984 to \$27.5 billion and further to reach \$25.1 billion in 1985. While in 1984 only imports declined (by close to \$6 billion) with exports expanding by around \$5 billion; in 1985, both exports and imports of the six GCC countries dropped substantially; the former by \$12.02 billion and the latter by \$9.63 billion.

The traditionally large surplus on goods and services which drastically fell in 1983, and diminished for the two subsequent years, improved from \$7.1 billion to \$11.6 billion in 1985. This was largely due to huge cuts in payments for services (contractors, consulting firms and foreign representations abroad), which in Saudi Arabia alone dropped by \$6.5 billion, and drop in net investment income. With virtually no change recorded in net transfer payments and a substantial drop (\$7.0 billion) in payments for services, the deficit on current account, which first appeared in 1983, was reversed and a tiny surplus re-appeared in 1985. In other words, exports and

Table 11 GCC Countries: Summary of Balance of Payments Transactions

(billions of US dollars)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Trade balance (f.o.b.)	109.1	110.7	56.5	28.2	27.5	25.1
Services <u>a/</u> (net)	-23.3	-27.7	-22.3	-20.7	-20.4	-13.4
Balance on goods and services	85.8	83.0	34.3	7.5	7.1	11.6
Unrequited Transfers (net)	-13.7	-13.0	-12.8	-11.8	-11.2	-11.2
Balance on current account	72.1	70.0	21.7	-4.4	-4.1	0.4
Capital flows (net)	-53.5	-46.0	-16.6	12.7	10.1	8.0
Errors & omissions <u>b/</u>	-7.3	-8.6	-4.4	-9.9	-5.5	-7.7
Counterpart items, exceptional financing, liabilities constituting foreign authorities' reserves	0.2	-0.8	-0.5	-0.5	-1.6	1.4
Counterpart items <u>c/</u>	0.2	-0.8	-0.5	-0.5	-1.6	1.4
Total change in reserves (- = increase)	-11.4	-14.7	-0.3	2.1	1.1	-2.1

For source and notes see Annex Table E.

a/ Includes private transfers for Qatar and the United Arab Emirates

b/ Includes private capital flows from the United Arab Emirates

c/ Mainly changes in valuation

Thus, while in 1985 net official transfers from the region as a whole only slightly declined, private transfers showed a net outflow of \$1.2 billion, leading to a rise in net transfers by \$1.3 billion to reach \$4.1 billion in 1985. It should be noted, though, that with workers' remittances from the GCC countries only marginally rising and receipts by the beneficiary countries sharply falling, it may be safely concluded that the increase in outflow of remittances was directed to non-Arab (mainly Asian) workers in the Gulf region.

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The traditionally large surplus on goods and services which drastically fell in 1983, and diminished for the two subsequent years, improved from \$7.1 billion to \$11.6 billion in 1985. This was largely due to huge cuts in payments for services (contractors, consulting firms and foreign representations abroad), which in Saudi Arabia alone dropped by \$6.5 billion, and drop in net investment income. With virtually no change recorded in net transfer payments and a substantial drop (\$7.0 billion) in payments for services, the deficit on current account, which first appeared in 1983, was reversed and a tiny surplus re-appeared in 1985. In other words, exports and

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Balance on goods and services	85.8	83.0	34.3	7.5	7.1	11.6
Unrequited Transfers (net)	-13.7	-13.0	-12.8	-11.8	-11.2	-11.2
Balance on current account	72.1	70.0	21.7	-4.4	-4.1	0.4
Capital flows (net)	-53.5	-46.0	-16.6	12.7	10.1	8.0
Errors & omissions <u>b/</u>	-7.3	-8.6	-4.4	-9.9	-5.5	-7.7
Counterpart items, exceptional financing, liabilities constituting foreign authorities' reserves	0.2	-0.8	-0.5	-0.5	-1.6	1.4
Counterpart items <u>c/</u>	0.2	-0.8	-0.5	-0.5	-1.6	1.4
Total change in reserves (- = increase)	-11.4	-14.7	-0.3	2.1	1.1	-2.1

For source and notes see Annex Table E.

a/ Includes private transfers for Qatar and the United Arab Emirates

b/ Includes private capital flows from the United Arab Emirates

c/ Mainly changes in valuation

investment income were barely sufficient to cover merchandise imports and payments for services and transfers. Thus, with considerably reduced export earnings, the GCC countries (mainly Saudi Arabia and Kuwait) appear to have adjusted by curtailing their imports and reducing payments on services and transfers and resulting in a small surplus on their current account.

Net capital inflows, dropped by over \$2 billion to reach \$8 billion in 1985. This is largely accounted for by changes affecting direct investment and portfolio investments in Saudi Arabia, and movements in short-term capital in both Saudi Arabia and Kuwait (see Annex Table E). More specifically: (a) Receipts from portfolio investments in foreign government securities held by the Saudi Arabian Monetary Agency (SAMA) dropped by \$5.9 billion to \$8.7 billion in 1985, while outflows were recorded in some of the other major oil economies, notably Kuwait; (b) Receipts from direct investment capital in Saudi Arabia (oil sector accrued taxes and royalties) were halved to \$2.5 billion, while in Kuwait, direct investment abroad was halved; (c) Drawings on long-term loans extended by Kuwaiti resident official sector and by investment institutions and specialized banks (e.g. Kuwait Fund for Arab Economic Development (KFAED)) were halved to \$0.67 billion in 1985; (d) Net outflows to acquire short-term assets by Kuwaiti resident official sector (Government Investment Account including balances of Kuwait Petroleum Company) fell from \$6.2 to \$1.7 billion in 1985, while in Saudi Arabia an outflow of \$2.2 billion of short-term capital was reversed into an inflow of \$1.1 billion. This entry in Saudi Arabia includes net errors and omissions and is believed to reflect mainly movements in private capital. The large entry of "errors and omissions" is especially important in the case of Kuwait and the United Arab Emirates where significant flows relating to transfer payments and capital movements are not reported separately.

The net outcome of these transactions was a minor addition to reserves (\$2.1 billion), compared to drawing down reserves during 1983 and 1984. Changes in valuation may explain a large part of these additions to reserves, especially by Saudi Arabia and Kuwait where these amounted to around \$0.96 billion and \$0.34 billion, respectively, in 1985.

The picture depicted above reflects to a considerable degree the state of external transactions of Saudi Arabia whose current account balance turned negative since 1983, with the deficit reaching over \$19 billion in 1984 and around \$13 billion in 1985. While a similar erosion of the current account surpluses occurred in both Kuwait and the United Arab Emirates, the deterioration was less pronounced, leaving a considerable, though somewhat fluctuating, surplus. This enabled the former country until 1984 to finance substantial capital outflows without having to draw heavily on reserves in the process (\$0.7 and \$0.6 billion in 1983 and 1984) and to even add to its reserves in 1985 due to the drop in short-term capital outflows (to purchase assets) by \$4.5 billion; while allowing the latter country to continue to make significant additions - though at a considerably reduced scale - to international reserves and foreign assets holdings. (See Annex Table E).

Preliminary data for the first half of 1986 point to almost halving of the trade surplus in the United Arab Emirates compared to the first half of 1985. The expansion in crude oil production was insufficient to offset the collapse in oil prices and other commodities leading to a decline in the value of oil exports by 34 per cent, liquefied gas by 19.2 per cent and non-fuel exports including aluminium by close to 5 per cent. On the other hand, despite the decline in volume imports, their value increased by 4.2 per cent due to the depreciation of the dirham vis-a-vis the currencies of its major partners (except the US dollar) and the rise in prices of goods imported from them.^{1/} Indications point to a shrinking in the current account surplus in the United Arab Emirates during the first half of 1986.

The heavy dependence of the GCC countries on the outside world for a wide variety of services including contracting and consulting, labour, shipping, and travel is evident from Table 12. Only in Kuwait and Bahrain have services been a net foreign exchange earner; in the former, largely on account of investment income receipts (amounting to \$5.3 billion in 1985) and in the latter, as a result of efforts to establish the country as a service centre, particularly in the banking sector (Offshore Banking Units - OBUs). Other GCC

^{1/} United Arab Emirates, Central Bank Report (Vol.6, No. 2), June 1986.

Table 12 GCC Countries: Gross Payments for Selected Services

(millions of US dollars)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>Workers' remittances</u>						
Bahrain	285	318	322	298	340	404
Kuwait	692	689	876	865	962	1044
Oman	397	498	596	736	860	946
Saudi Arabia	4095	4098	5347	5236	5284	5194
<u>Contractors, consulting firms, diplomatic representation and other governmental expenditures abroad</u>						
Kuwait	433	455	570	724	750	748
Saudi Arabia ^{a/}	18680	26592	28655	30326	27894	21438
<u>Shipping</u>						
Bahrain	336	396	337	319	341	311
Kuwait	925	990	1167	1039	996	818
Oman	196	242	287	262	293	342
Saudi Arabia	4602	5380	6199	5980	5139	3258
<u>Investment income</u> ^{b/}						
Bahrain	66	26	108	29	26	...
Kuwait	640	739	754	676	837	649
Oman	284	366	402	416	438	483
Saudi Arabia	6916	9600	6210	4290	3599	2675

Source: Compiled and computed by ESCWA Secretariat from national and international sources. No comparable details were available for Qatar and the United Arab Emirates.

^{a/} Includes expenditures of the (TAPLINE) and (ARAMCO)

^{b/} For reference:	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>Investment income receipts</u>						
Kuwait	5486	8404	6689	5688	5802	5260
Saudi Arabia	7442	10957	14060	15868	13363	12418

countries have been trying, with some success, to increase their earnings from services by creating the conditions that would attract service-oriented activities such as banking, insurance and ship repair (Bahrain), travel and transit (Bahrain and Dubai); and the expansion of national merchant fleets as in Kuwait, whose gross receipts from shipping and other transportation services amounted to \$832 million in 1985.

But the most significant development as far as services are concerned has been the emergence in a number of the GCC countries of investment income as a major source of foreign exchange earnings. In Saudi Arabia, investment income more than doubled between 1980 and 1983 to attain \$15.87 billion before falling to \$13.36 and \$12.42 billion in 1984 and 1985.^{1/} On average, investment income in Saudi Arabia represented between 35 and 36 per cent of the value of merchandise exports in 1983-1984 and 45 per cent in 1985, compared to only 7 per cent in 1980. Kuwait's investment income peaked in 1981 at \$8.4 billion, before it sharply dropped^{2/} to \$6.7 billion in 1982 and declined thereafter to reach \$5.3 billion in 1985. In terms of merchandise exports, investment income in Kuwait, having risen from 27 per cent in 1980 to 62 per cent in 1982, averaged 48 per cent during 1983-1985.

Capital-importing ESCWA countries^{3/} (deficit economies)

The balance of payments position of the four ESCWA countries for which

^{1/} Investment income flows have been affected in recent years by large annual reductions in foreign assets combined with declining interest rates.

^{2/} The drop reflected the decrease in the ratio of foreign assets holdings within government investments and lower interest rates.

^{3/} The countries are Democratic Yemen, Egypt, Jordan, Lebanon, the Syrian Arab Republic and Yemen. These are defined as countries with a traditional current account deficit and are aid recipients.

data were available^{1/} (summarized in Table 13), remained under pressure in 1985, despite a slight reduction in the combined trade deficit and minor additions to reserves. Under the influence of a faster drop in imports (7.9 per cent) relative to exports (3.3 per cent), the overall trade deficit narrowed by \$1.1 billion to attain \$9.3 billion in 1985. Together with the rise in the deficit on services (which had more than doubled in 1984) to \$1.6 billion in 1985, the overall deficit on goods and services reached \$10.9 billion, or one billion dollars less than 1984. The reduced level of transfer receipts by \$1.3 billion in 1985, raised the overall deficit on the current account. However, the deficit on goods and services for this group of ESCWA countries was generally met, to the extent of two-thirds, from official (aid) and private (workers' remittances) transfers, with capital inflows, essentially long-term,^{2/} financing another 18 per cent. The entry on "exceptional financing" largely represents intergovernmental grants received

^{1/} Balance of payments data for Democratic Yemen were not available for 1985, and are lacking for all years for Lebanon. The sharp fluctuations in reserves and the mounting pressure on the Lebanese pound since the summer of 1984 and its collapse in 1985 and 1986, however, suggest considerable worsening in the country's external payments situation. Also, concessional aid flows from OPEC donors to Lebanon became negligible in 1983 and ceased completely in 1984. In 1985, small flows were recorded, amounting to \$23 millions, or 0.02 per cent of total flows going to the region, compared to \$589 million in the case of the Syrian Arab Republic, for example. (See Table 10).

^{2/} In Yemen, short-term capital flows and especially those of commercial banks emerged in 1985 as equally important as long-term capital, growing from \$8.4 to \$124.9 million. These largely represent changes in holdings of foreign assets and liabilities of deposit money banks and, hence, include valuation changes. Similarly in the Syrian Arab Republic, short-term capital inflows emerged as equally important as long-term capital in 1983 and 1984. In 1985, however, the former surpassed the latter in importance and grew from \$256 to \$642 million. These largely represent liabilities of deposit money banks.

Table 13 Capital-importing Countries^{a/}: Summary of Balance of Payments Transactions

(billions of US dollars)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1984 b/</u>	<u>1985 b/</u>
Trade balance (f.o.b.)	-8.8	-10.9	-10.1	-10.6	-11.2	-10.4	-9.3
Services (net)	-0.5	-0.7	-1.3	-0.7	-1.5	-1.4	-1.6
Balance on goods and services	-9.3	-11.6	-11.4	-11.3	-12.7	-11.9	-10.9
Unrequited Transfers (net)	8.7	8.4	8.2	8.9	8.9	8.4	7.1
Balance on current account	-0.7	-3.2	-3.2	-2.4	-3.9	-3.5	-3.8
Capital flows (net)	2.2	3.3	2.3	1.9	3.2	3.0	3.1
Errors and omissions	-1.0	-0.2	0.2	0.4	0.3	0.1	0.7
Counterpart items, exceptional financing, liabilities constituting foreign authorities' reserves	0.2	-0.5	-	-0.1	0.1	-0.1	0.3
Counterpart items	0.09	-0.69	-0.48	-0.20	-0.30	-0.27	-0.02
Exceptional financing Liab. const. frgn. author. reserves	0.10	0.12	0.46	0.07	0.21	0.21	0.35
	-	0.03	0.05	0.02	0.01	0.003	0.01
Total change in reserves (- = increase)	-0.8	0.6	0.6	0.2	0.4	0.4	-0.3

For source and notes, see Annex Table E.

^{a/} Unless otherwise mentioned, data cover Democratic Yemen, Egypt, Jordan, the Syrian Arab Republic and Yemen. Similar data were not available for Lebanon. These are defined as countries with a traditional current account deficit and are aid recipients.

^{b/} Excluding Democratic Yemen

by Egypt to finance balance of payments deficits, which is more appropriate under interofficial unrequited transfers. The credit pertaining to the item "liabilities constituting foreign authorities' reserves" applies only in the case of Democratic Yemen and Yemen, and falls more appropriately under long-term capital flows of resident official sector which appeared in substantial amounts in 1981 for Democratic Yemen and in 1982 for Yemen but trickled in recent years. Therefore, net additions under these two items have augmented capital inflows and transfers. Thus, and for the first time since 1980, net additions to reserves (\$0.3 billion) were realized in 1985. Changes in valuation of foreign reserves, however, have exerted a depressing effect on reserves in the case of Egypt while they had a positive impact in the case of Jordan and Yemen.

The smaller trade deficit recorded by the group in 1985 was largely due to the narrowing of that of Egypt, and to a much lesser extent in Jordan and Yemen under the impact of reduced imports; exports having risen only in the case of Jordan while those of the Syrian Arab Republic slightly deteriorated.^{1/}

Despite a sharp accentuation of the services deficit in Egypt and, to a lesser extent, Yemen, the combined balance on net services for the four countries for which comparable data were available (shown in Table 13) was only slightly higher in 1985 than in 1984. This was due to a narrowing down in the deficit of Jordan and the Syrian Arab Republic. In Jordan, in contrast to 1984, higher earnings on travel, passenger services and other transportation (shipping from Aqaba), with investment income virtually

^{1/}The new Five-Year Development Plan of Jordan (1986-1990) includes amongst its main objectives, the narrowing down of the trade deficit by attaining an annual growth rate of 8.3 per cent for exports and curtailment of import growth to 2.8 per cent for goods and 3.6 per cent for services. Similar objectives have been included in the Sixth Five-Year Plan of the Syrian Arab Republic, with a target to reduce the trade deficit by 32.5 per cent by 1990 compared to 1985, through achieving a 12.5 per cent per annum growth in exports and curbing the growth in imports, of goods and services to 2.3 per cent a year.

unchanged, were associated with reduced outlays in connection with Jordanian diplomatic missions and other government expenditures abroad (see Table 14). In the Syrian Arab Republic, the reduction in the 1985 services deficit was mainly due to increased earnings from travel, tourism, transportation (transactions in foreign exchange by airlines, shipping companies and port and aviation authorities) and investment income (resulting from Government's participation in Arab enterprises abroad) associated with somewhat lower payments on travel and investment income (paid to Arab enterprises abroad).

In Yemen, reduced earnings from travel, higher government expenditures and investment income payments led to the widening in the deficit on services in 1985. However, in order to increase customs revenues and curb import growth, the government introduced in 1985 measures to combat smuggling and to direct imports through official channels, including the devaluation of its currency for the fifth time (February 1985).^{1/} However, since the differential between the official and the market rate continued to widen, the government imposed the latter rate on the financing of all import transactions, except for essential government imports.

The absence of detailed balance of payments information for 1985 does not allow for fully explaining the widening of the services deficit in Egypt. Reduced volume of oil exports from the region in 1985 and sluggish world trade, and hence traffic through the Suez Canal,^{2/} have exerted a depressing

^{1/} IMF, IMF Survey (May 5, 1986).

^{2/} At \$1.5 billion in 1984, Suez Canal dues were 3.8 per cent below their 1983 level. The fall is attributable to a retreat in both the number of vessels, from 22224 to 21361, transiting the Canal and their tonnage, from 378 million tons to 371 million tons (National Bank of Egypt, Economic Bulletin, vol. XXXVIII, No. 1, 1985). The number of vessels transiting the Canal during the six months ending December 1985 were 10542 and their tonnage around 182 million tons (National Bank of Egypt, Economic Bulletin, Vol. XXXVIII, No. 2, 1985).

Table 14 Capital-importing Countries^{a/}: Gross Receipts from Selected Services

(millions of US dollars)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>Shipping</u>						
Democratic Yemen	2	2	2	3	4	
Jordan	13	83	48	62	79	79
Syrian Arab Republic	5	18	18	17	10	12
Yemen	11	16	9	12	11	12
<u>Other transportation</u>						
Democratic Yemen	21	22	25	21	24	...
Egypt ^{a/}	1074	1380	1503	1577	1517	...
Jordan	64	77	84	75	90	99
Syrian Arab Republic	57	77	120	113	114	134
Yemen	2	6	2	-	1	1
<u>Travel and passenger services</u>						
Democratic Yemen	20	21	22	22	24	...
Egypt ^{b/}	1246	1052	1194	1379	1315	...
Jordan	713	778	770	729	720	814
Syrian Arab Republic	156	254	224	364	369	395
Yemen	78	96	76	139	156	114
<u>Investment income</u>						
Democratic Yemen	35	51	60	45	34	...
Egypt	269	401	402	437	522	418
Jordan	126	201	204	173	101	100
Syrian Arab Republic	204	177	125	195	162	197
Yemen	175	143	128	58	34	40
<u>Workers' remittances</u>						
Democratic Yemen	328	384	442	451	494	...
Egypt	2696	2181	2439	3666	3963	3217
Jordan	794	1032	1084	1110	1236	1022
Syrian Arab Republic	773	581	446	461	327	293
Yemen ^{c/}	1255	926	1118	1161	1012	897

Source: Compiled and computed by the ESCWA Secretariat from national and international sources. No comparable details were available for Lebanon. See also footnote a/ to Table 13.

a/ Suez Canal dues

b/ Includes tourism

c/ In addition to:	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>Contra-entries of goods</u>	66	49	59	61	53	47

effect on transit revenues (Suez Canal dues) - the third largest foreign exchange earner after workers' remittances and oil.^{1/} In effect, the services deficit widened by \$282 million as a result of reduced earnings by \$70 million (mainly Suez Canal dues,^{2/} travel and tourism and direct investment income)^{3/} combined with increased outlays by \$212 million in connection with freight and insurance services on imports provided by non-residents, interest paid on foreign loans received by Egyptian Government and other miscellaneous services and unclassified payments. The rise by an average of 3.4 per cent in tolls for using the Suez Canal, as of 1 January 1986, and an expected increase in the volume of traffic, resulting from the expansion in volume of oil exports may raise revenues.

Preliminary data for 1986, indicate a widening in Egypt's trade deficit since exports declined more than imports. Moreover, with remittances from Egyptians working abroad are likely to have shrunk further in 1986 as a result of the laying off of large numbers of expatriate workers in the Gulf area and Iraq with the slowdown in economic activity and/or in order to reduce the outflow of hard currency, a larger deficit on the current account is expected for 1986.

Unrequited transfers (private and official) which constitute the major offsetting flow to the deficit on goods and services, stagnated during 1980-1984 (averaging between \$8 and \$9 billion) and declined to around \$7 billion in 1985 (see Table 13). Official transfers which loom large in the balance of payments of Democratic Yemen, Jordan, the Syrian Arab Republic and Yemen, have declined sharply after 1981 (from \$3.5 billion to \$2.0 billion in

^{1/} Other sources of foreign exchange include large unrecorded foreign currency receipts (through unofficial channels).

^{2/} Preliminary data based on the fiscal year 1984/1985 point to a decline in Suez Canal dues by around 8 per cent below 1983/1984. At the same time, tourism revenues grew by 43.6 per cent, while workers' remittances stagnated. (See: National Bank of Egypt, The Egyptian Economy in Brief, 1985).

^{3/} These fell from \$522 to \$418 million and include remittances from abroad by branches of Egypt Air and Egyptian Shipping companies.

1985). Data on official aid to Egypt has not been separately reported for many years. These, however, have been partially covered under the balance of payments entry on "exceptional financing", which reveals considerable fluctuations particularly in recent years. At the same time, workers' remittances continued growing until 1984 for Democratic Yemen, Egypt, Jordan, and Yemen, while they have declined since 1980 in the case of the Syrian Arab Republic. Without exception workers' remittances in all four countries declined in 1985 as their combined receipts diminished by \$1.1 billion to \$5.4 billion. Tentative information for 1986 shows that earnings from workers' remittances have continued to fall; and are likely to continue doing so as long as the reasons behind their decline persist.

This group of countries in the ESCWA region have benefited particularly from the surge, until recently, in demand by the major oil economies for expatriate labour. Recent developments and current prospects affecting the employment of foreigners have stirred great concern in these labour-exporting countries. These have generally seen remittances from their workers stagnate or decline in recent years as economic recession took hold in the Gulf area and measures were enacted to reduce dependence on and use of foreign labour in favour of nationals.

Mounting concern on the part of the recipient countries in this respect has been heightened by the persistence of recessionary tendencies and a generally unfavourable current outlook brought about by the collapse in oil prices and the intensification of the more than six-year old Iraq-Iran conflict. The resulting uncertainties have triggered adjustment policies including the scaling-down in public investment activities^{1/} and expenditures - the main engine of growth in the oil economies - which could endure for sometime to come. A number of major infrastructural projects were either postponed or cancelled. The retrenchment of public expenditures in the GCC countries has also adversely affected the private sector activities, especially in construction and other services. The slowdown in economic

^{1/} Investment expenditures in the oil economies declined for the first time since 1979, by 2.1 per cent in 1985 (See: The World Bank, The World Bank Annual Report, 1986).

activity and the desire to reduce dependence on foreign labour in general have led to further measures in that direction, causing a net outflow of expatriate workers^{1/}. Paying off departing workers their entitlements and accumulated allowances (payments settlements) may result in a temporary surge in foreign exchange into the recipient countries, including those in the region.

And while official aid receipts appear to have only slightly declined in 1985 (from \$2.2 to \$2.0 billion), a further decline cannot be excluded if balance of payments pressures intensify in the major aid donors. The possibility of an increase in exports to the major oil-producing countries in the region in 1986 is unlikely, judging by fragmentary information confirming the general tendency to compress imports there. For both Egypt and the Syrian Arab Republic, oil exports exert a strong influence on external accounts. In the case of Egypt, the volume of crude oil production which increased by 8.3 per cent in 1985 contracted by 11 per cent during the first nine months of 1986; while in the Syrian Arab Republic, output grew at the same slow pace (5-6 per cent) in 1985 and the first nine months of 1986. New findings have been reported in the Syrian Arab Republic and preparations to commence exports are already underway. In Yemen, the discovery in 1984 of oil enhances its exports potential. Already in May 1986, a refinery started operating and is expected to satisfy one-third of domestic needs. Furthermore, a pipeline from the oil fields to the Red Sea will be operational by 1988.

F. International Reserves^{2/}

The combined international reserves of the ESCWA countries (excluding Iraq) peaked in December 1981 at around \$49 billion. However,

^{1/} See: UNESCWA, Survey of Economic and Social Developments in the ESCWA Region, 1985 (Baghdad 1985), footnote 1, p. 44.

^{2/} Defined to include end of period data on gold (national valuation) and foreign exchange reserves holdings by monetary authorities, reserve position in the Fund (IMF) plus Special Drawing Rights (SDRs), where applicable. These, however, may differ from those reported as "Reserves (net)" in the balance of payments data - the annual change in which corresponds to the entry on "total change in reserves" - due to differences in coverage.

reserve holdings started deteriorating in 1982 and fell steeply in the two subsequent years, by \$4.2 billion and \$4.7 billion, respectively. With additions to reserves by \$3.1 billion, total reserves for the 11 ESCWA countries for which data were available^{1/} stood at \$41.4 billion at end of 1985 (see Annex Table F). While the loss in 1984 was in effect higher considering the appreciation of the dollar vis-a-vis other currencies in the intervening period, the real gain in 1985 was lower due to the depreciation of the dollar.^{2/}

In relative terms, data for 1985 reveal a favourable reversal of the trend witnessed in the previous two years, and the combined reserves for eleven countries for which comparable data were available, increased by \$3.1 billion (8.0 per cent growth). Unlike 1984 when only the United Arab Emirates and Oman managed to add to their reserves and offset the fall recorded the year before, considerable additions were recorded for all the GCC countries, as well as the Syrian Arab Republic and Lebanon. In the latter, foreign exchange reserves grew in 1985 by \$398.9 million (over 61 per cent). Among the GCC countries, additions were especially pronounced in the case of the United Arab Emirates (over \$917 million) and Kuwait (\$886 million). The addition to reserves in most of the GCC countries, but especially in Kuwait, Saudi Arabia

^{1/} Excluding Iraq and Democratic Yemen for which no comparable data were available.

^{2/} The rate of conversion between the US dollar and the Special Drawing Rights (SDRs) after having improved by close to 6.8 per cent in favour of the dollar between December 1983 and 1984, deteriorated by 10.8 per cent against the dollar between December 1984 and 1985 (the inverse shows an improvement by 12 per cent in favour of the SDR). The depreciation continued through 1986 and by November 1986, the rate of conversion between the dollar and the SDR deteriorated by a further 9.2 per cent against the dollar compared to December 1985.

and the United Arab Emirates, was realized against a sharp drop in oil output and continued pressure on prices, pointing to strong adjustment efforts on the part of the authorities to replenish reserves by curbing foreign exchange outlays notably on imports of goods and services, and also in connection with expatriate labour and official transfers.

An additional factor to consider in this respect is the effect of valuation changes on reserves. In 1985, 38 per cent of additions to reserves realized in Kuwait was due to valuation changes. The depreciation of the US dollar vis-a-vis other major currencies in the world has "camouflaged" the real changes in total reserves. Thus, while in effect considerable additions to reserves were recorded in 1985, these may be somewhat inflated considering the depreciation of the dollar during that year.

On the other hand, 1985 does not appear to have brought relief either to Jordan or to Egypt and Yemen, where international reserves remained generally under pressure, falling by \$75 million, \$45 million and \$22 million, respectively. In Jordan, foreign exchange reserves diminished by close to \$100 million, while gold (national valuation) grew by \$17.6 million. At the same time, foreign exchange reserves in Yemen decreased by \$32.6 million. It should be noted, however, that in Egypt foreign exchange reserves grew by \$56 million while gold (national valuation) fell by close to \$150 million in 1985.

Concern with reconstituting or halting the fall in reserves stems from the high degree of dependence of the region on the international economic situation. Reserve holdings are indicators of member countries' ability to import and a source of substantial (investment) income for some major oil producers. Moreover, the absolute level of reserve holdings, and changes therein, carry considerable impact as indicators of economic strength and soundness, both at the international and domestic levels.

Information on international reserves at end November 1986 points to a decline by \$6.5 billion compared to December 1985, with Saudi Arabia accounting for \$6.2 billion of the decline. A mixed pattern could be observed

in the remaining ESCWA countries. Reserves were substantially drawn down in Lebanon, followed by Oman, Bahrain and Jordan; while additions were recorded in Qatar, the United Arab Emirates and the two Yemens with Kuwait managing to maintain the December 1985 level.

The ratio of international reserves to merchandise imports (given in Table 15) somewhat dropped in 1984, from the equivalent of 6 to 5.8 months of imports for the twelve ESCWA countries for which comparable data were available (i.e. excluding Iraq). The substantial curtailment of imports which member governments managed to effect in 1985, associated with additions to reserves, improved considerably the ratio from 5.9 to 7.7 months of imports for the eleven ESCWA countries for which comparable data were available (i.e. excluding Iraq and Democratic Yemen).

The changes outlined above reflect to a large extent those of the GCC countries, where the ratio of reserves to imports improved slightly, from 7.3 to 7.5 months of imports in 1984, as imports declined proportionately more than reserve holdings. This was more pronounced in 1985, when some additions to reserves were associated with a sharp decline in imports leading to a considerable improvement in the coverage of imports by reserves to around 10.2 months of imports. The deeper cut into reserves relative to imports by the other ESCWA countries brought down the ratio from 2.7 to 1.9 months of imports in 1984. In 1985, this ratio improved to 2.3 months of imports, nevertheless remaining grossly insufficient. At the level of individual countries, most alarming is the fact that estimated reserves in the Syrian Arab Republic were only sufficient to cover less than three weeks of imports by the end of 1985. The next lowest ratio of reserves to imports remains that of Egypt, with reserves barely sufficient to cover two months of imports. Additions to foreign exchange reserves in Lebanon in 1985, raised the reserves/imports coverage to 8 months of imports, albeit at greatly reduced levels, compared to 4 months of imports in 1984.

Table 15 ESCWA Region: Reserves/Imports Coverage
(months of imports)

	<u>1975</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>ESCWA Region a/</u>	<u>15.75</u>	<u>6.56</u> b/	<u>7.10</u>	<u>6.37</u>	<u>5.99</u>	<u>5.81</u>	<u>7.71</u> d/
<u>Major Oil Exporters</u>	<u>22.07</u>	...	...	...	...	...	...
Iraq	7.29	...	...	...	...	...	...
<u>GCC Countries</u>	<u>27.44</u>	<u>7.30</u>	<u>8.58</u>	<u>7.40</u>	<u>7.28</u>	<u>7.47</u>	<u>10.17</u>
Bahrain	3.06	3.31	4.51	5.12	5.14	4.45	7.70
Kuwait	8.35	7.43	7.20	8.73	8.70	7.32	10.20
Oman	2.58	4.30	4.27	4.22	4.04	4.26	4.44
Qatar	3.06	3.02	3.12	2.60	3.49	4.35	4.46
Saudi Arabia	66.40	9.39	11.04	8.77	8.40	8.87	12.69
United Arab Emirates	4.44	2.87	4.21	3.06	3.24	4.21	5.96
<u>Capital-importing countries</u>	<u>4.66</u>	<u>4.35</u>	<u>3.26</u>	<u>3.38</u>	<u>2.72</u>	<u>1.92</u> d/	<u>2.34</u> e/
Democratic Yemen	2.03	4.33	4.57	2.16	2.29	1.95	...
Egypt	0.91	2.84	2.02	1.69	1.78	1.58	1.65
Jordan	8.10	6.75	4.95	4.07	4.05	2.96	2.77
Lebanon	9.32	6.50	6.54	10.61	7.51	4.32	8.02
Syrian Arab Republic	5.20	1.06	0.76	0.68	0.21	0.20	0.67
Yemen	13.76	8.31	6.57	4.38	2.76	2.31	2.23

Source: Compiled and computed by the ESCWA Secretariat from national and international sources.

Note: Computed by dividing end of period international reserves by average monthly imports (value of yearly imports divided by 12 months or Reserves/Imports x 12)

a/ Excludes data on Iraq for the period 1980-1985 and Democratic Yemen for 1985

b/ Excluding Iraq, the comparable ratio for 1975 is 17.48 months of imports

d/ Excluding Iraq and Democratic Yemen, the comparable ratio for 1984 is 5.89

e/ Excluding Democratic Yemen, the comparable ratio for 1984 is 1.91

Conclusion and remarks

Given the bleak performance of the external sector outlined above, the major oil-producing ESCWA countries have adjusted the level of economic activity in cue with the unfavourable environment including scaling-down investment expenditures, curbing imports, cutting down on aid disbursements and expatriate labour, and squeezing payments for other services. While possibly becoming more cost-conscious in the process, sight should not be lost of the adverse implications for the development process of reduced imports.

Within this context, greater and renewed emphasis ought to be placed on trade expansion and diversification. This entails primarily the implementation of trade liberalization policies and removal of tariff and non-tariff barriers to trade, introduction of realistic exchange rates, efficiency in the use of foreign exchange resources, and reduction of the extreme external dependence and, hence, vulnerability to changes in the international environment. Balancing import-substitution with export promotion is an essential target in such an effort. Regional co-operation and co-operation with other developing regions should continue to occupy a prominent position in trade development strategies. Another positive contribution can come from a greater participation of the private sector in economic activity and trade. In his statement to the Board of Governors of the Fund in September 1986, the Chairman of the Board and Managing Director of the IMF emphasized that we need "not lose sight of the lesson that countries that have consistently maintained outward-looking policies and have fostered strong private sectors have grown faster and have adjusted better to external shocks than those that have not".^{1/}

1/ IMF, IMF Survey (October 20, 1986), p.321.

ANNEX TABLES

Table A ANNUAL CHANGE IN WORLD TRADE VOLUMES AND PRICES, 1980-1987

(in per cent, in terms of US dollars)

		1980	1981	1982	1983	1984	1985	P 1986	F 1987
<u>World Trade</u> ^{a/}	Volume	1.3	0.5	-2.3	2.8	8.6	3.1	4.3	3.8
	Unit Value	20.0	-1.0	-4.1	-4.6	-2.3	-1.9	5.1	5.1
<u>Industrial Countries</u>									
Exports	Volume	4.0	3.6	-2.1	2.7	9.6	4.3	3.0	3.1
	Unit Value	12.9	-4.3	-3.8	-3.8	-2.7	-0.9	13.5	6.8
Imports	Volume	-1.7	-2.2	-0.6	4.6	12.5	4.8	7.5	4.9
	Unit Value	21.7	-2.3	-5.6	-5.2	-3.2	-1.7	5.1	5.0
Terms of Trade		-7.2	-2.0	1.9	1.5	0.5	0.9	8.0	1.7
<u>Developing Countries</u>									
Exports	Volume	-4.1	-5.9	-8.2	3.1	6.7	0.7	5.8	5.2
	Unit Value	38.2	5.1	-4.4	-7.6	-	-4.3	-12.7	2.4
Imports	Volume	8.5	6.7	-4.1	-2.7	1.7	-1.1	-3.7	0.7
	Unit Value	18.3	2.0	-3.5	-4.0	-1.4	-2.2	4.3	5.4
Terms of Trade		16.8	3.0	-0.9	-3.8	1.4	-2.2	-16.3	-2.9
<u>Fuel Exporters</u>									
Exports	Volume	-13.3	-15.3	-16.6	-3.2	-	-3.6	9.0	4.4
	Unit Value	62.9	11.7	-3.0	-11.6	-1.1	-5.1	-37.0	3.3
Imports	Volume	13.6	18.6	-1.6	-10.5	-6.3	-11.7	-19.0	-7.1
	Unit Value	13.1	0.3	-3.5	-2.9	-2.0	-0.7	12.8	6.1
Terms of Trade		44.1	11.4	0.5	-8.9	0.9	-4.4	-44.1	-2.6
Purchasing Power of Exports ^{b/}		24.9	-5.6	-16.2	-11.8	0.9	-7.9	-39.1	1.6
<u>Middle East</u> ^{c/}									
Exports	Volume	-15.2	-17.6	-19.7	-9.2	-5.4	-5.4	12.8	3.2
	Unit Value	63.2	13.4	-2.3	-12.1	-1.9	-4.7	-36.8	3.5
Imports	Volume	9.4	16.0	5.9	-2.9	-7.0	-14.0	-18.7	-8.3
	Unit Value	15.5	0.1	-4.4	-3.5	-2.0	-1.1	13.0	6.1
Terms of Trade		41.3	13.3	2.2	-8.8	0.1	-3.6	-44.0	-2.5
<u>World Trade Prices</u>									
Manufactures ^{d/}		10.4	-4.7	-2.3	-3.1	-3.3	1.0	17.5	6.5
Oil ^{e/}		63.6	9.8	-4.3	-11.4	-2.4	-4.3	-45.7	3.4
Non-oil primary commodities ^{f/}		5.9	-13.9	-10.1	7.1	3.7	-12.2	-1.5	-1.5

Source: International Monetary Fund (IMF), World Economic Outlook (October 1986).

Notes: Percentage change over previous year

Symbols: P: Preliminary; F: Forecasts

a/ Averages based on data for industrial and developing countries' trade and estimates for the socialist countries of Eastern Europe

b/ Export earnings deflated by import prices

c/ Includes in addition to the ESCWA member countries, Iran, Israel and the Libyan Arab Jamahiriya

d/ Export price index for manufactures of the industrial countries

e/ Export price index for oil from the oil exporting countries

f/ Index of market quotations for non-oil primary commodities exported by developing countries

Table B ESCWA REGION: OVERALL TRADE FLOWS, 1975 and 1980-1986
(millions of US dollars)

	<u>1975</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>Jan-June</u> <u>1986</u>
E X P O R T S (f.o.b.)								
<u>Total ESCWA Region</u>	<u>62288</u>	<u>196376</u>	<u>189576</u>	<u>137651</u>	<u>99570</u>	<u>91879</u>	<u>82697</u>	...
<u>Major Oil Exporters</u>	<u>58499</u>	<u>188978</u>	<u>182195</u>	<u>130191</u>	<u>92461</u>	<u>84842</u>	<u>75205</u>	...
Iraq	8297	26278	10530	10230	9785	11080	11708	...
<u>GCC Countries</u>	<u>50202</u>	<u>162700</u>	<u>171665</u>	<u>119961</u>	<u>82676</u>	<u>73762</u>	<u>63497</u>	...
Bahrain	1147	3598	4347	3791	3200	3139	2863	...
Kuwait	9184	19854	16298	10861	11500	10751	10126	...
Oman	1416	3748	4696	4421	4248	4422	4971	1403
Qatar	1809	5711	5844	4507	3297	4513	3541	...
Saudi Arabia	29676	109111	120240	79124	45835	36834	27659	...
United Arab Emirates	6970	20678	20240	17257	14596	14103	14337	...
<u>Other ESCWA Countries</u>	<u>3789</u>	<u>7398</u>	<u>7381</u>	<u>7460</u>	<u>7109</u>	<u>7037</u>	<u>7492</u>	...
Democratic Yemen	172	779	430	795	674	646	674*	...
Egypt	1402	3046	3233	3120	3215	3140	3714	1582
Jordan	153	574	732	753	579	752	838	330
Lebanon	1121	868	836	727	691	582	533	237
Syrian Arab Republic	930	2108	2103	2026	1923	1853	1627	...
Yemen	11	23	47	39	27	64	106	...
Of which:								
Least Developed Countries <u>a/</u>	183	802	477	834	701	710	780	...
I M P O R T S (c.i.f.)								
<u>Total ESCWA Region</u>	<u>24831</u>	<u>83757</u>	<u>103669</u>	<u>111170</u>	<u>99022</u>	<u>90868</u>	<u>77180</u>	...
<u>Major Oil Exporters</u>	<u>15819</u>	<u>66224</u>	<u>80711</u>	<u>88325</u>	<u>74439</u>	<u>67056</u>	<u>55646</u>	...
Iraq	4215	14067	20922	21728	12275	11178	11488	5428
<u>GCC Countries</u>	<u>11604</u>	<u>52157</u>	<u>59789</u>	<u>66597</u>	<u>62164</u>	<u>55878</u>	<u>44158</u>	...
Bahrain	1158	3484	4124	3614	3342	3530	2597	...
Kuwait	2388	6531	6969	8283	7312	7699	6565	3286
Oman	765	1732	2288	2682	2492	2748	3152	...
Qatar	410	1447	1518	1945	1456	1162	1201	...
Saudi Arabia	4214	30211	35244	40654	39206	33696	23816	...
United Arab Emirates	2669	8752	9646	9419	8356	7043	6827	3351
<u>Other ESCWA Countries</u>	<u>9012</u>	<u>17533</u>	<u>22958</u>	<u>22845</u>	<u>24583</u>	<u>23812</u>	<u>21534</u>	...
Democratic Yemen	323	652	673	1599	1483	1543	1284*	...
Egypt	3934	4860	8839	9078	10274	10766	9962	4043
Jordan	728	2394	3149	3241	3030	2784	2656	1157
Lebanon	2048	3650	3499	3391	3661	2948	2190	1101
Syrian Arab Republic	1685	4124	5040	4015	4542	4116	3844	...
Yemen	294	1853	1758	1521	1593	1655	1598	...
Of which:								
Least Developed Countries <u>a/</u>	617	2505	2431	3120	3076	3198	2882	...

Source: Compiled and computed by the ESCWA Secretariat from national and international sources.

a/ Democratic Yemen and Yemen

*Secretariat estimates

Table D.1 ESCWA REGION : GEOGRAPHICAL DISTRIBUTION OF EXPORTS (F.O.B), 1980-1985
(percentage shares)

YEAR	OTHER DEVELOPING REGIONS				EUROPEAN				REST OF				FOR REFERENCE			
	ESCWA	TOTAL	ASIA	AMERICA	AFRICA	EEC	EFTA	USA	JAPAN	CMEA	CHINA	WORLD	WORLD	LAS	LDCS	GCC
<u>ESCWA REGION</u>																
1980	5.04	19.02	12.18	1.50	5.22	31.10	3.35	9.88	19.39	0.98	0.22	11.02	100.00	5.75	0.72	2.86
1982	6.89	23.92	16.01	2.14	5.66	24.01	1.88	5.53	22.35	1.21	0.08	14.14	100.00	7.93	0.45	4.21
1983	6.31	24.18	16.72	2.03	5.33	19.69	1.38	4.64	25.90	1.57	0.16	16.17	100.00	7.35	0.40	4.02
1984	6.52	23.75	16.95	2.30	4.44	16.82	1.51	6.02	27.64	1.54	0.20	16.01	100.00	7.81	0.41	4.08
1985	6.89	20.51	14.18	2.36	3.90	19.52	1.78	4.04	29.72	1.59	0.16	15.79	100.00	8.11	0.43	4.27
<u>MAJOR OIL EXPORTERS</u>																
1980	4.40	19.51	12.52	1.47	5.39	30.80	3.36	10.07	20.09	0.60	0.16	11.00	100.00	5.08	0.59	2.52
1982	6.33	24.90	16.77	2.03	5.98	23.35	1.89	5.70	23.55	0.35	0.04	13.88	100.00	7.27	0.42	3.90
1983	5.77	25.29	17.49	2.00	5.70	19.03	1.32	4.73	27.55	0.32	0.13	15.87	100.00	6.76	0.36	3.67
1984	5.93	24.84	17.76	2.24	4.76	15.77	1.43	6.23	29.46	0.28	0.14	15.91	100.00	7.13	0.36	3.76
1985	6.57	21.94	15.09	2.43	4.32	16.57	1.74	4.28	32.17	0.31	0.15	16.28	100.00	7.78	0.39	4.14
<u>BAHRAIN</u>																
1980	25.61	27.14	17.23	6.35	...	0.50	...	6.33	11.98	...	0.00	28.44	100.00	25.79	0.81	24.51
1982	27.88	29.69	22.16	7.53	...	3.40	0.03	3.59	7.71	...	...	27.70	100.00	28.33	0.84	26.94
1983	27.06	25.12	15.60	8.67	...	3.31	0.00	2.77	14.54	...	0.68	26.52	100.00	28.53	1.04	24.27
1984	26.77	26.63	18.96	7.62	...	1.40	0.11	9.74	11.82	...	0.15	23.37	100.00	27.46	1.16	23.59
1985	26.80	26.42	18.12	8.24	...	4.05	0.19	3.23	10.52	...	0.67	28.11	100.00	27.70	1.37	23.05
<u>IRAQ</u>																
1980	3.22	27.30	11.02	2.06	13.85	34.95	5.74	1.18	13.93	3.68	0.41	9.59	100.00	4.55	0.01	0.04
1982	5.08	44.50	15.43	1.98	26.12	23.65	3.02	0.39	7.20	3.38	0.07	12.71	100.00	6.68	0.02	0.19
1983	2.92	42.97	13.81	2.24	25.96	30.48	1.94	0.69	1.60	0.75	0.13	18.53	100.00	4.74	0.03	0.71
1984	2.71	38.63	11.94	3.50	22.43	30.01	2.50	1.30	1.71	0.85	0.08	22.21	100.00	5.93	0.02	0.82
1985	2.42	29.85	10.11	1.15	17.95	30.06	3.01	4.66	5.95	0.69	0.06	23.29	100.00	3.33	0.02	0.77
<u>KUWAIT</u>																
1980	8.28	28.40	22.65	0.45	5.30	24.75	...	1.18	20.05	...	0.65	16.69	100.00	8.71	1.10	4.66
1982	17.08	26.62	21.99	1.85	2.78	17.69	0.04	0.33	14.21	...	...	24.03	100.00	18.62	0.17	8.01
1983	10.06	24.33	21.20	1.17	1.96	23.76	0.15	1.74	18.16	...	0.34	21.47	100.00	10.75	0.16	5.49
1984	6.64	29.42	25.76	1.51	2.15	27.30	0.14	2.44	13.82	0.62	0.22	19.38	100.00	7.93	0.16	1.75
1985	7.29	25.08	23.36	1.72	...	33.14	0.33	1.93	11.45	0.63	0.19	19.95	100.00	8.30	0.16	1.95
<u>OMAN</u>																
1980	0.38	10.87	10.87	0.00	...	21.40	3.81	3.03	50.29	...	...	10.22	100.00	0.38	0.07	0.30
1982	0.65	24.53	22.18	2.35	...	18.63	0.00	6.61	38.60	...	...	10.98	100.00	0.65	0.02	0.59
1983	0.20	21.06	19.82	1.25	...	14.32	...	8.40	45.17	...	0.00	10.85	100.00	0.41	0.00	0.17
1984	0.42	29.57	28.62	0.95	...	4.17	0.01	3.93	55.69	...	0.04	6.17	100.00	0.42	0.00	0.39
1985	0.37	25.87	25.10	0.77	...	3.08	0.03	1.05	64.26	...	...	5.34	100.00	0.37	0.00	0.34
<u>QATAR</u>																
1980	3.62	23.56	13.16	2.89	7.51	35.32	0.34	1.67	27.54	...	0.80	7.15	100.00	3.62	0.00	2.81
1982	3.44	20.78	9.18	2.13	9.47	25.47	4.51	2.18	35.14	...	0.99	7.49	100.00	3.44	1.03	2.22
1983	4.31	22.76	11.38	1.37	10.01	17.05	0.01	0.28	42.59	...	1.07	11.93	100.00	4.31	1.04	3.15
1984	3.37	11.83	5.94	1.00	4.90	19.93	0.01	1.04	51.36	...	1.24	11.22	100.00	3.37	0.74	2.48
1985	4.51	11.43	6.84	1.25	3.34	15.24	0.02	0.50	60.23	...	0.98	7.12	100.00	4.54	0.92	3.40

Table D.1 (Continued)

YEAR	OTHER DEVELOPING REGIONS										REST OF				FOR REFERENCE	
	ESWA	TOTAL	ASIA	AMERICA	AFRICA	EEC	EFTA	USA	JAPAN	CMEA	CHINA	WORLD	WORLD	LAS	LDCs	GCC
<u>SAUDI ARABIA</u>																
1980	3.25	16.21	11.66	1.28	3.26	32.71	3.62	15.48	17.45	0.05	0.01	11.22	100.00	3.92	0.34	2.08
1982	4.64	24.64	18.25	1.81	4.51	27.79	2.08	7.81	23.77	0.15	...	9.12	100.00	5.72	0.39	2.99
1983	4.98	27.26	20.20	2.26	4.80	19.36	1.94	6.99	28.28	0.51	0.03	10.64	100.00	6.38	0.35	2.81
1984	6.15	26.81	20.57	2.59	3.65	14.35	2.11	8.60	31.54	0.28	0.06	10.10	100.00	7.68	0.37	3.80
1985	7.94	23.35	15.73	3.77	3.85	16.04	2.66	6.20	31.52	0.35	0.07	11.86	100.00	10.26	0.47	4.91
<u>UNITED ARAB EMIRATES</u>																
1980	4.94	15.50	8.24	1.64	5.62	27.45	3.44	8.34	35.60	0.08	...	4.64	100.00	5.50	2.25	2.37
1982	5.08	13.74	7.09	1.83	4.82	11.87	1.78	3.96	34.79	0.01	...	28.76	100.00	5.19	0.79	3.58
1983	4.27	14.46	10.52	0.85	3.09	14.42	0.89	2.64	38.00	0.01	...	25.32	100.00	4.29	0.48	3.43
1984	4.82	12.39	9.74	0.86	1.79	9.19	0.91	6.55	39.47	0.01	0.07	26.60	100.00	4.85	0.45	3.93
1985	5.08	13.44	10.74	0.97	1.73	6.13	1.15	3.70	49.35	...	0.11	21.03	100.00	5.17	0.44	4.19
<u>OTHER ESCWA COUNTRIES</u>																
1980	21.58	6.49	3.50	2.28	0.72	38.63	3.06	5.18	1.42	10.61	1.58	11.44	100.00	22.79	3.93	11.71
1982	16.64	6.87	2.67	3.96	0.24	35.51	1.56	2.49	1.48	16.06	0.70	18.69	100.00	19.49	1.00	9.61
1983	14.22	7.97	5.48	2.49	0.00	29.37	2.20	3.40	1.83	19.79	0.66	20.54	100.00	16.05	1.03	9.14
1984	14.61	8.76	5.73	3.03	0.00	31.24	2.60	3.12	2.42	18.84	1.04	17.36	100.00	17.22	1.06	8.48
1985	9.77	7.34	5.68	1.65	0.00	46.88	2.15	1.84	7.05	13.46	0.27	11.24	100.00	11.19	0.80	5.46
<u>DEMOCRATIC YEMEN</u>																
1980	35.06	33.44	24.70	8.71	0.02	21.67	0.23	3.41	3.08	...	...	3.12	100.00	35.07	0.88	34.15
1982	5.50	16.88	7.86	9.01	0.00	68.87	3.16	0.16	4.05	...	...	1.38	100.00	9.05	4.61	0.72
1983	12.41	25.19	16.41	8.78	...	52.13	0.05	0.28	8.85	...	0.03	1.07	100.00	19.97	10.59	1.74
1984	13.26	21.64	13.05	8.58	...	44.92	0.01	5.22	13.66	...	0.08	1.21	100.00	21.64	11.75	0.97
1985	12.01	20.50	12.56	7.94	...	53.81	0.14	0.28	11.34	...	0.58	1.35	100.00	19.63	10.67	0.74
<u>EGYPT</u>																
1980	11.08	3.60	0.88	1.02	1.69	42.72	5.42	7.68	2.35	11.23	1.83	14.09	100.00	11.82	8.34	2.11
1982	4.49	5.34	1.21	3.58	0.55	41.53	2.12	4.73	2.52	12.57	1.13	25.58	100.00	6.82	0.29	3.49
1983	3.98	5.64	4.40	1.24	...	36.73	1.91	6.60	2.62	14.33	0.91	27.28	100.00	4.70	0.23	3.02
1984	4.38	4.66	3.40	1.25	0.00	36.15	3.17	5.54	3.20	17.11	1.17	24.62	100.00	5.58	0.09	2.90
1985	2.20	4.69	3.89	0.79	0.00	57.13	2.73	1.61	10.50	10.72	0.12	10.31	100.00	2.95	0.05	1.48
<u>JORDAN</u>																
1980	47.93	15.17	14.38	0.79	...	1.38	...	...	2.61	6.69	1.40	24.82	100.00	48.14	0.36	18.38
1982	43.68	7.13	7.13	0.00	...	1.34	...	...	1.42	7.53	0.52	38.37	100.00	43.68	0.72	13.75
1983	41.62	9.53	8.60	0.93	...	3.69	0.70	...	1.74	7.84	0.93	33.95	100.00	41.62	0.69	24.97
1984	48.04	18.96	17.74	1.22	...	3.02	0.83	...	1.87	6.69	2.59	17.99	100.00	48.17	0.86	20.15
1985	37.00	21.33	21.07	0.26	...	13.16	0.24	1.26	2.63	5.76	1.41	17.23	100.00	37.15	0.63	15.72
<u>LEBANON</u>																
1980	64.40	6.17	1.74	4.42	0.01	6.57	4.93	2.99	0.04	0.76	...	14.14	100.00	66.88	1.13	44.82
1982	66.17	5.39	0.59	4.80	...	6.73	3.67	2.03	0.01	0.86	...	15.14	100.00	68.78	1.02	48.36
1983	61.31	6.24	0.50	5.72	0.01	5.14	4.65	2.16	0.19	0.60	...	19.70	100.00	64.51	1.15	45.76
1984	54.18	7.56	1.46	6.09	0.02	7.67	4.93	1.11	0.22	0.40	...	23.93	100.00	57.44	1.43	40.34
1985	50.57	6.68	0.97	5.71	...	10.36	3.70	3.12	0.21	0.42	...	24.94	100.00	53.58	1.46	35.65

Table D.1 (Continued)

YEAR	OTHER DEVELOPING REGIONS					EUROPEAN					REST OF			FOR REFERENCE		
	ESCWA	TOTAL	ASIA	AMERICA	AFRICA	EEC	EFTA	USA	JAPAN	CMEA	CHINA	WORLD	WORLD	LAS	LDCs	GCC
1980	5.86	2.18	0.36	1.83	...	61.66	0.19	4.28	0.07	18.20	2.35	5.20	100.00	7.69	0.12	2.35
1982	4.99	7.82	3.11	4.71	0.00	45.04	0.09	0.68	0.02	34.76	0.55	6.05	100.00	9.70	0.54	2.26
1983	5.05	9.33	6.60	2.72	0.01	29.96	2.55	0.08	0.04	43.11	0.54	9.35	100.00	7.77	0.05	2.01
1984	4.76	9.89	4.94	4.95	...	40.04	2.01	0.07	0.16	37.16	0.75	5.15	100.00	9.71	0.04	3.42
1985	3.44	6.53	4.27	2.26	...	46.06	1.31	0.03	0.17	33.43	0.24	8.78	100.00	5.71	0.04	2.34
1980	49.56	4.42	2.21	2.21	...	24.78	...	8.85	1.33	...	9.29	1.77	100.00	49.56	42.48	6.19
1982	70.05	3.55	3.05	0.51	...	18.78	...	...	0.51	...	0.25	6.85	100.00	70.05	49.75	19.29
1983	68.66	1.12	0.00	1.12	...	22.76	...	...	...	...	0.37	7.09	100.00	69.40	57.09	11.57
1984	42.79	19.22	18.45	0.78	...	21.71	...	11.94	1.09	...	0.16	3.10	100.00	43.10	24.81	17.52
1985	22.92	2.45	1.98	0.47	...	18.21	...	41.42	12.45	...	0.09	2.45	100.00	23.02	14.34	8.49
MEMO ITEM : GULF CO-OPERATION COUNCIL																
1980	4.61	18.09	12.79	1.37	3.85	30.05	2.93	11.68	21.21	0.04	0.12	11.26	100.00	5.18	0.70	2.97
1982	6.44	23.25	16.88	2.04	4.28	23.32	1.80	6.15	24.93	0.10	0.04	13.97	100.00	7.32	0.46	4.21
1983	6.02	23.74	17.81	1.98	3.92	18.02	1.26	5.08	29.83	0.28	0.13	15.64	100.00	6.94	0.39	3.93
1984	6.28	23.32	18.40	2.11	2.81	14.21	1.31	6.77	32.52	0.22	0.15	15.22	100.00	7.27	0.39	4.09
1985	7.18	20.78	15.82	2.62	2.34	14.60	1.55	4.23	35.98	0.25	0.16	15.26	100.00	8.43	0.45	4.63

Source: Compiled and computed by the ESCWA Secretariat from international sources.

Notes:

... not available
 (0.00) denotes nil or negligible
 Totals may not add up due to rounding

Definition of markets:

- CMEA (European) : European members of the Council for Mutual Economic Assistance comprises Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, Romania and the Union of Soviet Socialist Republics (U.S.S.R.)
- EEC : European Economic Community comprises Belgium, Denmark, France, West Germany, Ireland, Italy, Luxembourg, Netherlands and the United Kingdom
- EFTA : European Free Trade Association comprises Austria, Faeroeh Islands, Finland, Iceland, Norway, Portugal, Sweden and Switzerland
- ESCWA : Economic and Social Commission for Western Asia comprises Bahrain, Democratic Yemen, Egypt, Iraq, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, the Syrian Arab Republic, the United Arab Emirates and Yemen
- Major Oil Exporters are Bahrain, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates
- Other ESCWA Countries are Democratic Yemen, Egypt, Jordan, Lebanon, the Syrian Arab Republic and Yemen
- GCC Countries : Gulf Co-operation Council comprises Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates
- LDCs : Least Developed Countries are Democratic Yemen and Yemen
- LAS : League of Arab States comprises the ESCWA member countries and the rest of the North African Arab countries (Algeria, Libyan Arab Jamahiriya, Mauritania, Morocco, Somalia, Sudan and Tunisia)
- Other Developing Regions are defined to include all developing countries in Asia (excluding ESCWA), America, Africa (excluding Egypt) and Oceania

Table D.2 ESCWA REGION : GEOGRAPHICAL DISTRIBUTION OF IMPORTS (C.I.F)
(percentage shares)

YEAR	OTHER DEVELOPING REGIONS					EUROPEAN					REST OF			FOR REFERENCE		
	ESCWA	TOTAL	ASIA	AMERICA	AFRICA	EEC	EFTA	USA	JAPAN	CMEA	CHINA	WORLD	WORLD	LAS	LDCs	GCC
<u>ESCWA REGION</u>																
1980	10.44	9.33	7.34	0.93	1.06	34.37	4.55	13.31	14.94	3.09	1.11	8.87	100.00	11.03	0.26	7.19
1982	7.58	9.62	7.67	0.68	1.27	35.34	4.67	13.68	15.47	3.14	0.90	9.60	100.00	7.92	0.05	5.88
1983	6.68	10.90	8.72	0.75	1.44	34.82	4.50	14.05	15.41	3.08	0.92	9.64	100.00	7.12	0.08	5.28
1984	7.49	13.32	10.64	1.02	1.66	33.73	4.13	12.28	14.73	3.33	0.94	10.06	100.00	8.19	0.08	6.04
1985	7.30	12.79	9.68	0.98	2.13	34.45	4.59	12.96	14.09	3.08	1.95	8.79	100.00	7.97	0.09	6.12
<u>MAJOR OIL EXPORTERS</u>																
<u>BAHRAIN</u>																
1980	59.17	5.58	5.46	0.02	0.09	12.82	0.66	7.62	7.50	...	0.48	6.17	100.00	59.17	0.00	59.02
1982	49.73	4.82	4.64	0.02	0.16	16.21	1.13	10.42	7.82	...	0.47	9.41	100.00	49.73	0.00	49.49
1983	44.66	3.94	3.76	0.02	0.15	22.70	0.64	6.98	12.65	...	0.52	7.91	100.00	44.66	0.00	44.36
1984	48.78	4.19	3.91	0.02	0.26	21.13	0.59	7.45	9.92	...	0.39	7.55	100.00	48.78	0.00	48.51
1985	52.13	5.63	5.23	0.06	0.34	19.77	2.41	3.96	7.15	...	0.26	8.69	100.00	52.18	0.00	51.82
<u>IRAQ</u>																
1980	5.18	7.43	4.94	0.07	2.43	42.42	7.79	5.80	17.56	5.18	1.00	7.64	100.00	5.19	0.00	4.03
1982	6.39	7.78	5.15	0.32	2.30	44.74	6.83	4.39	14.24	7.12	0.63	7.89	100.00	6.50	0.00	5.29
1983	6.13	11.04	6.09	0.21	4.74	45.16	6.76	5.61	6.92	9.13	0.39	8.86	100.00	6.31	0.00	5.11
1984	7.90	18.14	13.89	0.28	3.98	33.82	5.02	7.47	9.04	8.60	0.61	9.39	100.00	8.16	0.00	5.50
1985	7.18	18.36	11.01	0.38	6.96	34.42	5.46	4.68	14.43	6.78	1.40	7.29	100.00	7.54	0.00	5.35
<u>KUWAIT</u>																
1980	3.58	12.46	11.74	0.18	0.54	30.74	2.59	14.50	20.31	1.82	2.25	11.76	100.00	3.64	0.00	1.32
1982	3.19	10.10	9.37	0.13	0.60	34.01	2.55	12.72	24.13	1.27	1.62	10.42	100.00	3.22	0.00	0.95
1983	4.45	8.87	8.25	0.20	0.42	33.64	2.67	11.11	25.67	1.06	1.78	10.76	100.00	4.52	0.00	1.42
1984	3.72	14.04	13.02	0.17	0.84	37.21	2.94	9.31	20.93	1.13	1.24	9.48	100.00	3.77	0.00	1.53
1985	3.93	13.59	12.61	0.16	0.83	32.09	3.25	9.46	26.58	1.09	1.26	8.74	100.00	3.98	0.00	1.75
<u>OMAN</u>																
1980	22.47	10.75	9.20	0.92	0.63	33.13	1.99	5.69	19.67	1.17	1.04	4.11	100.00	22.47	0.01	22.22
1982	21.74	9.36	7.95	0.98	0.43	32.73	2.21	7.99	20.68	0.13	0.67	4.49	100.00	21.74	0.01	21.59
1983	18.06	9.48	8.14	0.76	0.58	35.44	2.42	7.72	22.00	0.06	0.53	4.29	100.00	18.06	0.00	17.93
1984	18.79	9.49	8.45	0.26	0.77	36.11	2.86	7.55	21.29	0.00	0.47	3.43	100.00	18.80	0.00	18.67
1985	16.90	7.43	6.77	0.21	0.44	43.04	3.71	5.80	20.22	0.00	0.34	2.54	100.00	16.93	0.00	16.83
<u>QATAR</u>																
1980	7.49	9.65	7.10	0.36	2.19	40.19	4.59	11.31	18.33	0.39	1.54	6.51	100.00	7.65	0.00	5.12
1982	4.24	6.29	5.08	0.04	1.17	42.47	3.37	9.02	21.99	...	0.78	11.84	100.00	4.24	0.00	3.19
1983	4.53	6.80	5.71	0.00	1.09	40.86	3.68	9.11	21.82	...	0.73	12.48	100.00	4.53	0.00	2.99
1984	6.35	7.46	5.78	0.15	1.52	37.73	3.27	9.09	19.20	...	0.96	15.94	100.00	6.35	0.00	3.35
1985	5.30	3.48	1.67	0.12	1.68	45.32	4.13	6.14	15.83	...	0.43	19.37	100.00	5.30	0.00	3.05

Table D.2 (Continued)

YEAR	OTHER DEVELOPING REGIONS										EUROPEAN				REST OF		FOR REFERENCE		
	ESCWA	TOTAL	ASIA	AMERICA	AFRICA	EEC	EFTA	USA	JAPAN	CMEA	CHINA	WORLD	WORLD	LAS	LDCS	GCC			
<u>SAUDI ARABIA</u>																			
1980	3.25	9.17	7.39	1.04	0.73	33.61	4.46	20.02	17.94	1.24	0.83	9.48	100.00	3.94	0.03	1.10			
1982	2.88	9.54	7.71	0.94	0.88	33.82	4.62	20.96	19.13	0.63	0.58	7.86	100.00	3.50	0.02	1.37			
1983	2.61	10.12	8.09	0.83	1.20	33.76	4.92	19.73	19.47	0.60	0.59	8.20	100.00	3.17	0.04	1.30			
1984	2.56	11.46	9.38	0.64	1.44	34.19	4.42	17.40	19.85	0.73	0.58	8.81	100.00	2.96	0.04	1.30			
1985	2.78	9.83	7.85	0.73	1.25	35.22	5.31	20.67	18.11	0.68	0.61	6.79	100.00	3.23	0.05	1.78			
<u>UNITED ARAB EMIRATES</u>																			
1980	8.74	13.16	11.76	0.33	1.07	35.01	2.66	13.49	17.32	0.57	1.58	7.47	100.00	8.76	2.22	5.84			
1982	7.37	11.27	10.45	0.33	0.49	33.74	3.16	12.54	17.24	0.35	1.26	13.06	100.00	7.42	0.01	6.36			
1983	7.65	14.89	13.68	0.42	0.79	33.43	3.51	12.35	19.40	0.69	1.69	6.40	100.00	7.72	0.01	6.40			
1984	8.82	14.95	13.18	0.47	1.31	33.61	3.17	12.05	17.79	0.72	1.58	7.31	100.00	8.93	0.00	7.58			
1985	7.32	15.29	14.30	0.29	0.70	38.48	4.01	9.61	18.91	0.50	1.03	4.85	100.00	7.37	0.00	6.69			
<u>OTHER ESCWA COUNTRIES</u>																			
1980	19.10	8.68	5.67	2.14	0.87	34.32	4.83	9.40	5.88	7.11	1.13	9.54	100.00	20.62	0.09	11.12			
1982	10.80	11.71	8.76	1.05	1.91	33.16	5.17	11.76	5.94	7.05	1.40	13.01	100.00	11.22	0.20	7.58			
1983	7.55	12.72	10.19	1.26	1.27	34.33	4.59	11.73	7.13	6.98	1.26	13.71	100.00	8.28	0.24	6.03			
1984	7.75	15.47	11.10	2.68	1.69	33.35	4.75	9.25	6.23	7.56	1.46	14.18	100.00	9.71	0.26	6.33			
1985	6.12	14.43	10.13	2.10	2.20	33.43	4.45	13.03	5.59	5.98	4.35	12.64	100.00	7.62	0.22	4.95			
<u>DEMOCRATIC YEMEN</u>																			
1980	59.84	15.66	6.48	9.17	0.02	13.18	0.65	0.39	5.63	0.23	...	4.41	100.00	67.59	0.64	42.66			
1982	27.64	19.74	12.50	6.25	0.99	28.04	1.64	0.95	10.60	0.28	4.68	6.43	100.00	27.80	2.33	23.76			
1983	22.70	26.14	11.84	14.05	0.24	25.95	1.57	0.91	10.08	0.66	6.59	5.41	100.00	29.18	1.90	20.55			
1984	21.79	23.67	11.42	12.05	0.19	25.48	1.75	7.46	7.20	0.25	4.38	8.03	100.00	27.50	1.93	19.39			
1985	23.80	23.29	9.65	13.37	0.27	27.13	1.72	1.31	5.70	0.28	4.11	12.64	100.00	29.99	2.20	21.21			
<u>EGYPT</u>																			
1980	1.85	7.05	4.43	0.77	1.85	37.29	6.15	19.29	4.68	8.30	0.63	14.76	100.00	2.18	0.00	1.12			
1982	1.09	7.82	3.97	1.06	2.79	36.12	5.58	19.02	4.54	7.56	0.62	17.64	100.00	1.60	0.00	0.69			
1983	2.82	6.82	4.12	1.06	1.64	36.48	5.95	16.13	4.97	7.73	0.58	18.52	100.00	3.63	0.00	2.49			
1984	3.11	8.71	4.70	1.78	2.23	37.44	5.36	11.40	6.34	8.01	0.52	19.10	100.00	4.31	0.00	2.73			
1985	2.19	9.58	5.00	1.31	3.27	35.93	4.98	18.93	6.01	6.47	0.80	15.12	100.00	3.08	0.00	1.97			
<u>JORDAN</u>																			
1980	23.84	7.04	4.70	1.59	0.75	36.38	2.63	8.63	7.19	5.01	1.40	7.87	100.00	24.17	0.00	18.08			
1982	25.20	4.74	3.62	0.12	1.00	27.50	4.38	11.16	7.80	5.86	1.33	12.03	100.00	25.20	0.00	21.94			
1983	23.74	5.21	4.09	0.00	1.11	27.97	3.35	11.85	8.52	4.77	1.07	13.53	100.00	23.74	0.00	20.60			
1984	23.73	6.98	5.77	0.35	0.86	28.85	6.84	11.14	7.38	4.23	0.93	9.92	100.00	23.83	0.00	21.10			
1985	14.88	6.33	5.26	0.27	0.79	24.38	4.59	10.96	5.05	2.86	23.28	7.67	100.00	15.08	0.00	13.04			
<u>LEBANON</u>																			
1980	15.58	7.67	6.44	0.89	0.34	41.32	7.22	8.75	5.57	7.10	...	6.79	100.00	15.94	0.01	12.15			
1982	9.29	10.39	8.60	0.63	1.16	43.89	8.54	9.31	5.06	5.76	0.95	6.81	100.00	9.58	0.01	5.45			
1983	8.13	10.34	8.42	0.74	1.18	42.09	3.96	14.30	6.86	7.00	0.86	6.46	100.00	8.44	0.01	5.09			
1984	9.04	12.94	9.75	0.89	2.30	42.08	4.06	10.70	5.38	7.32	0.88	7.62	100.00	9.39	0.02	6.12			
1985	10.99	13.36	9.79	1.14	2.42	41.52	3.46	7.10	4.94	8.92	0.87	8.84	100.00	11.45	0.02	7.47			

Table D.2 (Continued)

YEAR	OTHER DEVELOPING REGIONS					EEC	EUROPEAN					REST OF			FOR REFERENCE		
	ESCSA	TOTAL	ASIA	AMERICA	AFRICA		EFTA	USA	JAPAN	CMEA	CHINA	WORLD	WORLD	LAS	LDCs	GCC	
1980	22.00	6.77	3.36	2.67	0.74	33.54	5.57	5.35	3.87	12.07	1.38	9.45	100.00	24.68	0.02	0.60	
1982	15.53	24.36	21.92	0.75	1.69	24.73	3.95	4.10	4.51	11.60	1.85	9.37	100.00	16.28	0.06	6.33	
1983	1.38	30.10	28.59	0.49	1.02	30.68	4.33	4.37	6.72	9.91	1.53	10.98	100.00	1.87	0.06	0.17	
1984	1.68	42.48	34.32	7.08	1.09	19.88	2.76	2.52	2.76	14.03	3.41	10.49	100.00	8.76	0.01	0.30	
1985	1.76	42.28	35.87	5.84	0.56	26.75	3.37	2.72	3.31	9.18	0.83	9.80	100.00	7.60	0.02	0.25	
SYRIAN ARAB REPUBLIC																	
1980	22.53	15.14	12.97	1.55	0.62	30.18	1.44	1.44	12.71	1.82	4.84	8.51	100.00	22.95	0.27	21.34	
1982	19.43	14.19	11.39	1.47	1.33	28.21	2.07	2.02	13.32	1.50	4.08	15.18	100.00	19.80	1.36	17.02	
1983	15.06	13.57	11.74	1.19	0.65	29.48	2.04	4.19	18.55	1.51	3.21	12.39	100.00	15.13	2.34	11.98	
1984	13.64	17.07	15.20	1.30	0.57	31.38	4.30	4.64	11.88	1.15	3.83	12.12	100.00	13.72	2.36	10.65	
1985	12.89	14.55	12.95	1.28	0.33	38.72	4.56	2.68	8.72	1.14	2.65	14.09	100.00	12.96	2.33	9.94	
YEMEN																	
1980	8.71	10.07	8.58	0.72	0.76	32.25	3.59	16.70	17.50	1.09	1.14	8.95	100.00	9.12	0.39	6.61	
1982	6.90	9.51	8.10	0.68	0.74	33.09	3.83	17.24	19.00	0.60	0.81	9.02	100.00	7.28	0.02	5.51	
1983	6.43	10.18	8.57	0.64	0.97	33.34	4.10	16.30	19.98	0.60	0.88	8.19	100.00	6.80	0.03	5.02	
1984	7.31	11.61	9.89	0.48	1.24	33.86	3.72	14.34	19.16	0.69	0.78	8.51	100.00	7.57	0.03	6.01	
1985	7.99	10.60	9.11	0.48	1.00	35.04	4.47	14.80	18.81	0.60	0.72	6.95	100.00	8.26	0.03	6.96	

MEMO ITEM : GULF CO-OPERATION COUNCIL

Source: Compiled and computed by the ESCWA Secretariat from international sources.

Notes

- ... not available
- (0.00) denotes nil or negligible
- Totals may not add up due to rounding

Definition of markets:

- CMEA (European) : European members of the Council for Mutual Economic Assistance comprises Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, Romania and the Union of Soviet Socialist Republics (U.S.S.R.)
- EEC : European Economic Community comprises Belgium, Denmark, France, West Germany, Ireland, Italy, Luxembourg, Netherlands and the United Kingdom
- EFTA : European Free Trade Association comprises Austria, Faeroeh Islands, Finland, Iceland, Norway, Portugal, Sweden and Switzerland
- ESCSA : Economic and Social Commission for Western Asia comprises Bahrain, Democratic Yemen, Egypt, Iraq, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, the Syrian Arab Republic, the United Arab Emirates and Yemen
- Major Oil Exporters are Bahrain, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates
- Other ESCWA Countries are Democratic Yemen, Egypt, Jordan, Lebanon, the Syrian Arab Republic and Yemen
- GCC Countries : Gulf Co-operation Council comprises Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates
- LDCs : Least Developed Countries are Democratic Yemen and Yemen
- LAS : League of Arab States comprises the ESCWA member countries and the rest of the North African Arab countries (Algeria, Libyan Arab Jamahiriya, Mauritania, Morocco, Somalia, Sudan and Tunisia)
- Other Developing Regions are defined to include all developing countries in Asia (excluding ESCWA), America, Africa (excluding Egypt) and Oceania

Table E ESCWA REGION: MAJOR BALANCE OF PAYMENTS FLOWS, 1980-1985
(millions of US dollars)

	Gulf Co-operation Council Countries										Counterpart Items, Exceptional Financing and Others			Total Change in Reserves (- = Increase)
	Trade Balance a/ (net)	Services & Services on Goods	Balance on Unrequited Transfers (net)	Balance on Current Account	Capital Flows (net)			Errors and Omissions	Overall Balance	Total	Counterpart Items	Exceptional Financing	Liab. Const. Frgn. Author. Reserves Increase	
					Long-term	Short-term	Reserves							
Bahrain														
1980	520	-28	492	391	10	-248	284	437	-97	-96	-	-1.1	-340	
1981	618	56	674	550	-3	-357	400	591	-	-	-	-	-591	
1982	657	149	806	664	-95	-300	-313	-43	34	-	-	-	9	
1983	253	123	376	243	41	-186	-192	-94	-14	-14	-	-	108	
1984	11	158	169	47	71	-23	-264	-170	46	46	-	-	124	
1985	-15	444	429	196	-46	-276	416	290	67	67	-	-	-357	
Kuwait														
1980	13877	3004	16881	15302	-37	-11269	-2950	1045	13	13	-	-	-1058	
1981	9287	6152	15439	13778	384	-8684	-5191	286	-147	-147	-	-	-139	
1982	3008	3387	6395	4873	-244	-2789	137	1978	-132	-132	-	-	-1846	
1983	4577	2265	6842	5290	-902	-1026	-6402	-988	267	267	-	-	721	
1984	5533	2135	7668	6289	-1075	-6188	941	-32	-570	-570	-	-	602	
1985	5473	1712	7185	5616	-1074	-1666	-2331	545	336	336	-	-	-881	
Oman														
1980	1968	-766	1202	942	39	-631	-67	284	14	14	-	-	-298	
1981	2524	-850	1674	1369	224	-1134	-169	281	126	126	-	-	-406	
1982	1840	-825	1015	503	252	-638	107	224	-	-	-	-	-224	
1983	1895	-843	1052	506	522	-418	-500	110	2	2	-	-	-112	
1984	1781	-855	926	318	569	-67	-611	210	-2	-2	-	-	-208	
1985	1889	-934	955	223	273	-519	119	96	5	5	-	-	-101	
Qatar														
1980	4245	-1598 b/	2647	2647	...	-1929 c/	...	718	-	-	-	-	-718	
1981	4326	-1942 b/	2384	2384	...	-1481 c/	...	903	-	-	-	-	-903	
1982	2556	-1432 b/	1124	1124	...	-1886 c/	...	-762	-	-	-	-	762	
1983	1842	-1432 b/	410	410	...	-1006 c/	...	-596	-	-	-	-	596	
1984	2202	-1372 b/	830	830	...	-551 c/	...	279	-	-	-	-	-279	
1985	1948	-1535 b/	413	413	...	-648 c/	...	-235	-	-	-	-	235	
Saudi Arabia														
1980	75155	-22407	52748	42754	-27384	-11435 d/	...	3937	217	217	-	-	-4154	
1981	81942	-29384	52558	42761	-27775	-5418 d/	...	9568	-769	-769	-	-	-8799	
1982	39432	-22111	17321	7575	-2976	-6908 d/	...	-2308	-379	-379	-	-	2687	
1983	12481	-19312	-6831	-4000	10863	3696 d/	...	-1508	-753	-753	-	-	2262	
1984	8894	-19056	-10162	-3598	19805	-2240 d/	...	-1480	-1059	-1059	-	-	2539	
1985	7554	-12024	-4470	-3302	11184	1072 d/	...	-709	965	965	-	-	-255	
United Arab Emirates														
1980	13333	-1537 b/	11796	10070	...	-620 e/	-4594 f/	4856	-	-	-	-	-4856	
1981	11986	-1716 b/	10270	9208	...	-1725 e/	-3609 f/	3874	-	-	-	-	-3874	
1982	8962	-1308 b/	7654	7001	...	-1062 e/	-4304 f/	1634	-	-	-	-	-1634	
1983	7110	-1498 b/	5612	...	...	-951 e/	-2795 f/	1512	-	-	-	-	-1512
1984	9044	-1362 b/	7682	7464	...	-177 e/	-5579 f/	1708	-	-	-	-	-1708	
1985	8226	-1090 b/	7136	6946	...	-327 e/	-5900 f/	719	-	-	-	-	-719	

Table E (Continued)

	Counterpart Items, Exceptional Financing and Others													Total	Counterpart Items Exceptional Financing and Others	Liab.	Total Change in Reserves (= increase)									
	Trade Balance a/ (net)	Services (net)	Balance on Goods & Services	Unrequited Transfers (net)	Balance on Current Account	Capital Flows (net)	Errors and Omissions	Overall Balance	Total	Counterpart Items	Exceptional Financing	Reserves	Change in Reserves													
																		Capital Flows		Errors and Omissions	Overall Balance	Total	Counterpart Items	Exceptional Financing	Reserves	Change in Reserves
																		Long-term	Short-term							
Capital-importing Countries																										
Democratic Yemen																										
1980	-538	-22	-561	322	79	79	25	93	37	6	-5	10.5	-	-43												
1981	-592	-28	-620	379	122	144	6	-18	11	18	-15	0.7	32	-29												
1982	-653	-42	-695	430	126	146	24	-21	10	8	-16	0.2	24	-18												
1983	-643	-72	-716	440	43	255	3	-18	6	-9	-17	0.1	8	3												
1984	-794	-83	-877	480	30	136	63	160	-8	-21	-24	0.2	3	29												
1985	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Egypt																										
1980	-2960	-269	-3229	2791	-	951	61	35	609	53	-36	89 g/	-	-662												
1981	-3919	-447	-4366	2230	-2136	2029	36	124	53	-305	-421	116 g/	-	252												
1982	-3715	-618	-4333	2481	-1852	1390	83	132	-245	269	-191	460 g/	-	-24												
1983	-3822	-277	-4099	3688	-411	656	-377	213	81	-3	-77	74 g/	-	-79												
1984	-5386	-676	-6062	3981	-2081	1241	459	115	-266	235	24	211 g/	-	32												
1985	-4503	-958	-5461	3216	-2245	1685	-335	664	-231	294	-56	350 g/	-	-63												
Jordan																										
1980	-1561	-44	-1605	666	1313	106	222	-257	445	62	62	-	-	-507												
1981	-2082	-139	-2221	922	1260	217	83	-100	161	-183	-183	-	-	22												
1982	-2127	-172	-2299	933	1034	320	66	-152	-100	-72	-72	-	-	171												
1983	-2120	10	-2110	924	795	433	128	-40	130	-80	-80	-	-	-50												
1984	-1721	-260	-1981	1028	688	164	172	-48	24	-331	-331	-	-	307												
1985	-1638	-208	-1847	846	740	358	58	-85	70	29	29	-	-	-100												
Syrian Arab Republic																										
1980	-1898	-145	-2043	774	1520	-25	431	-915	-258	15	15	-	-	243												
1981	-2614	-62	-2676	582	1819	48	531	-285	19	-64	-64	-	-	45												
1982	-1671	-405	-2076	446	1379	-8	148	208	97	-190	-190	-	-	93												
1983	-2224	-330	-2554	461	1278	309	310	66	-131	-15	-15	-	-	146												
1984	-1942	-437	-2379	327	1201	326	581	-68	-13	-	-	-	-	13												
1985	-1951	-355	-2306	293	1061	179	857	62	146	-	-	-	-	-146												
Yemen																										
1980	-1855	-45	-1900	1070	146	475	-81	90	-201	56	56	-	-	145												
1981	-1714	-51	-1765	777	332	233	14	98	-310	-11	-11	-	-	321												
1982	-1921	-37	-1958	911	439	168	-55	68	-425	18	-6	-	24	408												
1983	-1756	-47	-1803	1084	160	157	13	182	-207	8	-9	-	17	199												
1984	-1393	-45	-1438	996	142	99	7	112	-83	36	33	-	3	47												
1985	-1228	-80	-1308	867	102	124	150	24	-42	20	12	-	7	23												

Source: Compiled and computed by ESCWA Secretariat from national and international sources.

Note: Figures were rounded to the nearest million; details, therefore, may not add up to totals.

Symbols: - Nil or negligible, debit or deficit, unless otherwise mentioned

... Not available

a/ Merchandise trade is valued f.o.b. except imports of Qatar and the United Arab Emirates which are valued c.i.f.

b/ Includes private transfers

c/ Private and official capital flows

d/ Includes errors and omissions and is believed to cover mainly private capital flows

e/ Official loans

f/ Includes private capital flows

g/ Includes official transfers

Table F ESCWA REGION: INTERNATIONAL RESERVES
(millions of US dollars)

	1975	1980	1981	1982	1983	1984	1985	1986 a/
ESCWA Region b/	32592.5	38083.9	48984.1	47499.1	43281.1	38578.8	41385.8	34627.9
Major Oil Exporters	29090.8	...	...	...	...	...	...	...
Iraq	2559.3	...	...	...	...	...	...	...
GCC Countries	26531.5	31725.8	42748.9	41056.0	37706.8	34778.3	37428.9	31260.5
Bahrain	295.8	960.0	1550.7	1541.4	1433.0	1309.0	1666.3	1546.5
Kuwait	1661.1	4045.3	4180.1	6023.0	5300.5	4694.3	5580.4	5580.7
Oman	164.2	621.4	814.5	944.3	838.2	976.2	1166.2	949.0
Qatar	104.4	364.6	394.8	421.2	423.1	421.3	446.1 c/	557.9 e/d/
Saudi Arabia e/	23319.0	23641.0	32422.0	29726.0	27455.0	24906.0	25181.0	18980.0
United Arab Emirates f/	987.0	2093.5	3386.8	2400.1	2257.0	2471.5	3388.9	3646.4
Capital-importing Countries	3501.7	6358.1	6235.2	6443.1	5574.3	3800.5	3956.9	3367.4
Democratic Yemen	54.7	235.5	256.3	288.0	283.4	250.5	...	...
Egypt	297.0	1149.0	1491.0	1276.0	1528.0	1415.0	1370.0	1505.0 g/
Jordan	491.7	1347.0	1300.1	1100.1	1023.7	687.2	612.6	546.4
Lebanon	1590.8	1977.6	1905.8	2997.5	2291.9	1061.0	1463.2 h/	905.8
Syrian Arab Republic	730.0	366.0	320.0	227.0	81.0	68.0 *	214.0 *	...
Yemen	337.5	1283.0	962.0	554.5	366.3	318.8	297.1	410.2

Source: International Monetary Fund, International Financial Statistics (January 1987);

Note: 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. These, however, may differ from those reported as "Reserves (net)" in balance of payments data due to differences in coverage.

- a/ End of November 1986 data, unless otherwise indicated
- b/ Total of data listed below
- c/ Total reserves less gold which, however, has constituted generally a small fraction of total reserves in recent years.
- d/ End of March 1986 data
- e/ Beginning April 1978, the foreign exchange component excludes the foreign exchange cover against note issue.
- f/ Beginning June 1982, the foreign exchange component excludes foreign assets of the Central Bank and the accrued interest attributable to the Emirates Government.
- g/ End of September 1986 data
- h/ Assuming at end 1985 same level of gold as in December 1984 which was virtually unchanged between January and September 1985 and carried same value beginning January 1986.

* Secretariat estimates