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CONTENTS

List of Text Tables

List of Annex Tables

INTRODUCTION

The international community has been increasingly concerned with identifying ways and means to accelerate the process of development in developing countries and to ensure a stable and expanding world economy. Towards this end, the International Development Strategy for the Second and Third United Nations Development Decades identified trade expansion and diversification as an important objective. And in recent years, great importance has come to be attached to economic co-operation among developing countries as a main instrument for achieving this objective.

The developing countries themselves have also become increasingly aware and convinced of the need to pursue collective self-reliance to promote growth and development, and reduce their historically excessive dependence on the developed market-economies and on the export of primary commodities. In these endeavours, the expansion of mutual trade, whether at the intraregional or interregional levels, is assigned a leading role.

In the wake of the recent developments affecting the oil sector, and at such a time when the impact of falling oil prices is being strongly felt by the region's economies, it becomes imperative for the ESCWA countries, in general, and the oil producers, in particular, to re-assess their economic policies and development strategies, and to seek alternative solutions and courses of action to enhance their development.

In the field of trade, the need for trade expansion and diversification becomes that much more pressing given the region's heavy dependence on developed market-economies and on oil and few primary export items. This has been further accentuated by the emerging foreign exchange shortages and the considerably reduced oil revenues, which has prompted countries in the ESCWA region to pay greater attention to potentially promising export items (e.g. petrochemicals, fertilizers, oil derivatives), and to seriously explore possibilities and ways and means to ease their heavy dependence on traditional markets by turning to alternative trading outlets. Thus, promoting intraregional trade and trade with other developing regions remain major development objectives. In addition, and in an effort to diversify and increase trade options, economic co-operation has also been sought with other blocs, including the socialist countries of Eastern Europe.

It is within this perspective that this paper was conceived, in implementation of programme element (1.1) of the Commission's Programme of Work and Priorities for 1986-1987 under the International Trade and Development Finance Programme.

The paper reviews developments in the external trade sector of the countries of Western Asia within the international and regional economic setting. It is in five chapters and focuses on the development of trade of the ESCWA countries during the period 1975-1985, i.e., stretching from the oil boom to the recent recession and current oil crisis. Chapter I gives an overall view of developments on the international economic scene bearing on trade performance in the ESCWA region. This covers developments in the international trading system including multilateral trade negotiations, protectionist tendencies and movements in prices of oil and non-fuel primary commodities. Chapter II examines overall trade flows and trends, the direction and geographical distribution of trade, and its commodity structure. It has also a Supplement on the leading indigenous, traditional and new export items. Intraregional trade, trade with other developing regions and trade with the socialist countries of Eastern Europe are treated in Chapters III, IV and V, respectively, in an attempt to highlight their relative importance to the region's external sector. In each of these chapters, wherever possible, a historical background on co-operation mechanisms has been provided. In addition, trade flows and trends, the structural pattern, participation in and concentration, of mutual trade, and its relative importance are reviewed. Factors that have inhibited or promoted mutual trade are also identified and analyzed.

Bearing in mind the predominance of oil, the trade of the ESCWA region was examined, both including and excluding this category, to highlight its relative importance in total trade, allow for a more detailed treatment of non-fuel trade, and examine the potential for export diversification.

For purposes of analysis, the ESCWA countries have been classified into two main groups: fuel exporters, and non-fuel exporters. The fuel exporters comprise the traditional oil exporters, namely Bahrain, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates, generally referred to as "Oil Economies", in addition to Egypt and the Syrian Arab Republic. On the basis of data for 1980, the ESCWA countries whose fuel exports (SITC 3) accounted for at least 50 per cent of their total merchandise exports were assigned to this group. Since Egypt and the Syrian Arab Republic meet this criterion and are net oil exporters (i.e. their oil exports exceed their oil imports) they were included in this group as well. This group is further sub-divided into two sub-groups: the six Gulf Co-operation Council (GCC) member countries (namely, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates) and the other fuel exporters (Egypt, Iraq and the Syrian Arab Republic). The remaining ESCWA countries namely, Democratic Yemen, Jordan, Lebanon and Yemen constitute the non-fuel exporters group.

Statistically, this paper draws heavily on the ESCWA publication entitled: Statistical Developments in the External Sector of the ESCWA Region: Intraregional Trade and Trade with other Developing Regions, 1975-1985 (E/ESCWA/DPD/86/4). Intraregional trade flows, however, for the years 1983-1985 were revised using reporting countries' data and, in their absence, data given in: International Monetary Fund, Direction of Trade, 1986. Therefore, they may differ from those obtained from the aforementioned source.

CHAPTER I. THE INTERNATIONAL AND REGIONAL SETTING

A. Performance of World Trade

In 1985, the volume of world trade is estimated to have grown by only 3.7 per cent.[1/] This represents a severe setback from the short-lived, albeit sharp, recovery by 8 per cent witnessed in 1984, but a performance much superior to the 0.5 per cent average in the three years ending in 1983. The slowdown in growth of the volume of trade in 1985 may be largely attributed to the pace of economic recovery witnessed in key developed market-economies, notably in the United States and Canada.

Preliminary figures for the first half of 1986 indicate that world trade remained sluggish - though non-fuel commodity prices, mainly food and tropical beverages, improved slightly-growing at the modest rate of 3 per cent. This coincides with UNCTAD forecasts for 1986 and 1987 which indicate growth rates in the vicinity of 3.7 per cent and 3.1 per cent, respectively.[2/]

The sharp recovery in world trade in 1984 produced only a limited positive impact on the trade of developing countries in general but failed to improve their terms of trade. Notwithstanding this, the trade performance for a majority of the developing countries, particularly the oil-exporters, was disappointing in 1984 and worsened in 1985. Thus, after declining for three years, the value of developing countries' exports (in current US dollars) grew by 4.3 per cent in 1984 and by 2.0 per cent in 1985 (see Table I.1). In contrast, the developing countries succeeded in compressing their imports further, cutting them down by 0.8 and 2.1 per cent in 1984 and 1985, respectively. Their share in world trade had been shrinking since the onset of the eighties. The volume of exports of developing countries, which had fallen by 7 per cent per annum during 1980-1982, picked up somewhat during

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

2/ United Nations Conference on Trade and Development (UNCTAD), Trade and Development Report, 1986.

1983-1984 (3.8 per cent per annum) due mainly to expansion of exports for non-oil developing countries. However, the recovery in 1984 by 6.6 per cent was not maintained in 1985 and the volume of exports increased by a mere one per cent.[1/] .

After almost stagnating in 1984, the volume of exports from the fuel exporters of developing countries is estimated to have declined by 4.1 per cent in 1985;[2/] but is forecast to expand by 2.6 per cent in 1986 and by 4.2 per cent in 1987.[3/] In particular, the volume of exports from the "Middle East" region declined by 5.9 per cent in 1985. Forecasts for 1986 and 1987 indicate a rise by 2.9 per cent and 4.4 per cent, respectively.[4/]

The 1983-1984 recovery failed to improve the terms of trade of the developing countries, and in particular those of the fuel-exporters. These have experienced a slide in their terms of trade after 1982. Their terms of trade deteriorated by 8.8 per cent in 1983, having improved by 43.8 per cent in 1980. The small improvement by 1.1 per cent in 1984 was followed by a deterioration of 4.2 per cent in 1985. Forecasts for 1986 and 1987 are in the order of a deterioration by 37.4 per cent and 3.8 per cent, respectively.[5/]

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

2/ International Monetary Fund (IMF), World Economic Outlook (April 1986).

3/ The volume of exports of the oil-exporting developing countries is estimated by UNCTAD to have declined by 3.3 per cent in 1985. It is forecast to grow by 4.7 per cent in 1986 and by 3 per cent in 1987. (See: UNCTAD, Trade and Development Report, 1986).

4/ IMF, op.cit. The Middle East is defined by the IMF to include in addition to the ESCWA countries, Iran, Israel and the Libyan Arab Jamahiriya.

5/ Ibid.

Table I.1 World Trade by Selected Regions

	Value in millions of US dollars					Percentage rate of change				
	1975	1980	1983	1984	1985	1975-1980	1980-1983	1983-1984	1984-1985	Jan-June 1985-1986
WORLD										
Imports	907125	2055312	1888111	1994607	2055626	17.8	-2.8	5.6	3.1	11.1
Exports	877063	1997812	1811861	1905115	1960351	17.9	-3.2	5.1	2.9	12.1
Developed Market-Economies										
Imports	607886	1406563	1232173	1338071	1385747	18.3	-4.3	8.6	3.6	14.8
Exports	575068	1251524	1148270	1220511	1265406	16.8	-2.8	6.3	3.7	18.2
Developing Market-Economies										
Imports	196993	463420	463934	460207	450427	18.7	0.1	-0.8	-2.1	3.9
Exports	215472	569353	462609	482418	492205	21.0	-6.7	4.3	2.0	-1.4
Of which:										
OPEC										
Imports	51983	124545	144924	128802	119536	19.1	5.2	-11.1	-7.2	3.4
Exports	113900	306723	178981	169440	156527	22.0	-16.5	-5.3	-7.6	-5.3
ESCWA Region										
Imports	24268	80001	84422	71868	58626	26.9	1.8	-14.9	-18.4	...
Exports	61533	198166	101922	86683	64883	26.4	-19.9	-15.0	-25.2	...
Non-fuel Exports	4271	7919	6882	5620	4885	13.1	-4.6	-18.3	-13.1	...
Share of ESCWA in WORLD Trade (in per cent)										
Imports	(2.68)	(3.89)	(4.47)	(3.60)	(2.85)					
Exports	(7.02)	(9.92)	(5.62)	(4.55)	(3.31)					

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

The slackening world demand for crude oil, and the ensuing decline in its price, provide most of the explanation for the poor overall trade performance of developing countries in the last few years. In addition, and according to the United Nations Statistical Office, the average dollar prices of non-fuel primary commodities, which declined considerably during the 1980-1982 recession and then moderately recovered in 1983-1984, recorded a sharp downswing in 1985, dropping by 9.5 per cent to the lowest level since 1976 and stood 26 per cent below its 1980 peak.1/

The prices of leading non-oil primary commodities exported from the ESCWA region showed a mixed pattern. While nominal prices of phosphate rock and wool fell by an average of 12.5 per cent and 4.3 per cent, respectively, during 1982-1984, those of cotton, and hides and skins improved by 5 per cent and 14.8 per cent, respectively. But a significant increase in world cotton production, by about 14.4 per cent in the 1984/1985 season and a record crop in 1985/1986, turned the world cotton market from a situation of scarcity and rising prices into one of a surplus and falling prices. Thus, the export price index of cotton dropped by 11.6 per cent in 1985 to its lowest level in ten years and stood 24 per cent below its 1980 level. This situation of depressed cotton prices could last for sometime due to the accumulation of high world stocks and low demand elasticities. Similarly, the export price index of wool dropped by 29.4 per cent in 1985 and stood 40 per cent below its 1980 level, being the lowest index amongst all textile fibres; while that of hides and skins dropped by around 8 per cent in 1985. At the same time, the average price of phosphate was maintained at the same level as in 1984 (5.7 per cent above 1983), and stood 30 per cent below its peak price of 1981 and

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1/ Other price indices were compiled by the IMF, the World Bank and UNCTAD which differ in their commodity coverage, base years and weighting structures. These also recorded declines in 1985 ranging from 10 to 12.5 per cent. According to the IMF, the average price index (measured in current US dollars) attained in 1985 was some 21 per cent below its 1980 level, after having fallen by 12.5 per cent from its 1984 level (see: IMF, *op.cit.*).

26 per cent below 1980. However, in view of the depreciation of the dollar against currencies of the major importing countries of phosphate rock it is expected that prices might rise by 3 to 5 per cent in 1986, but not for long. The export price index of aluminium fell by 19.1 per cent in 1985 and was in June 1986 already 28 per cent below its peak level of 1980. Preliminary data on 1986 point to its potential improvement and in June 1986 was already 5 percentage points above its 1985 index (6.9 per cent rise).[1/]

When the index of market prices of non-fuel primary commodities exported by developing countries is deflated by the price index of manufactured goods exported by developed market-economies to measure the decline in "real" prices, the resulting index comes to one-fifth below its 1980 level or to the lowest level reached in half a century. This contributed to the deterioration in the terms of trade of developing countries by one per cent in 1985. According to the IMF, the 1986 terms of trade of the oil-exporting countries will be about 37 per cent worse than in 1985, assuming an average price of $18 per barrel in 1986, compared to $28.5 per barrel in 1985.[2/]

In its latest report,[3/] 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.

1/ See: United Nations, *Monthly Bulletin of Statistics* (September 1986); and UNCTAD, *op.cit*.

2/ IMF, *IMF Survey* (May 5, 1986).

3/ UNCTAD, *op.cit*., West Asia is defined by UNCTAD to include in addition to the ESCWA countries, Cyprus, Iran and Turkey.

The decline in the dollar prices of commodities reflected, inter-alia, the effect of the appreciation in the dollar, the weak demand stemming from the recession and the prevailing high interest rates. One positive factor amidst this pathetic situation is the expansion in the developing countries' exports of manufactures. This was reflected in their share in world exports which grew from 7 per cent in 1975 to a peak of 13 per cent in 1984, before marginally falling in 1985 by one-half of a percentage point. 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.

B. The 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 the collapse in oil prices by 36.3 per cent (from $28-30 in November 1985 to $11-13 in March 1986), the index in March 1986 retreated to its 1979 level, or almost 42 per cent below its 1980 level. By June 1986, the index had fallen by another 57.1 per cent compared to 1985. The prospects for improvement in the foreseeable future appear dim and doubtful.[1/] The OPEC Ministers had grave difficulties in reaching an agreement on a new production-sharing formula since they could not reconcile a realistic production ceiling with the allocation of individual quotas.

In October 1985, OPEC agreed to maintain a 16 million barrels a day production ceiling, but postponed decision concerning its distribution among

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1/ According to Milton Friedman, Nobel prize winner in economics, in a statement delivered in San Francisco in June 1986, "...even in the long-term, the equilibrium price for oil will fall to $8-9 a barrel in current prices." (See: Middle East Economic Survey, 23 June 1986).

members. By the end of 1985,[1/] OPEC decided to abandon the attempt to stabilize prices through production ceilings and opted instead for a strategy aimed at securing a "fair" share in the oil market. Subsequently, crude oil prices collapsed and "netback" arrangements for trade in oil gained momentum. In April 1986, OPEC agreed to limit oil output to 16.7 million barrels a day, effective 1 July 1986, provided production quotas are strictly adhered to. Subsequently, two two-months interim agreements on production quotas were reached by OPEC covering September through December 1986.[2/]

OPEC members have been trying to solicit the support and co-operation from non-OPEC members in an effort to stabililze the oil market situation. So far, few non-OPEC members actually have agreed to reduce their oil output or exports and took concrete measures in that direction. Some were supportive, at least in their intentions; while, others were not co-operative.[3/]

1/ In the ESCWA region as a whole, crude oil production dropped by 9.0 per cent in 1985. The brunt of the decline was borne by Saudi Arabia (22.2 per cent) and Kuwait (19.5 per cent), as Oman, Iraq and Egypt recorded increases of 19.4 per cent, 15 per cent and 8.3 per cent, respectively. (See: Middle East Economic Survey, 29 September and 1 December 1986).

2/ Iraq was exempted from adhering to a production ceiling (See: Middle East Economic Survey, 27 October 1986).

3/ Mexico announced a 10 per cent cut in oil exports, effective August 1986. Norway expressed its willingness to extend its support for OPEC until 1987 and to go ahead with its 10 per cent export cuts, by refining and storing royalty oil, until end of 1986. Malaysia announced that its 10 per cent cut in production, introduced in September 1986, will be extended up till end 1986. China expressed its willingness to cut its oil exports during the second half of 1986. Brunei decided to cut its oil production in support of OPEC's efforts. The USSR announced its intentions to cut oil exports to Western Europe in support of OPEC's efforts, provided OPEC members followed suit. Other non-OPEC members also announced their intentions to cut oil production such as Ecuador, Oman and Egypt. (See: Middle East Economic Survey, (issues of June to November 1986).

Subsequent to several OPEC meetings, a majority of which focussed on the issue of fixing "marker" prices of oil, OPEC's Ministerial Committee on Pricing which met on 14 November 1986 in Quito, Ecuador called for a "prompt return" to a system of fixing officially prices for OPEC crude at $18 per barrel.[1/] The Quito recommendation was immediately submitted to the President of OPEC and considered as an appropriate step forward in the direction of controlling price structures and maintaining stability in the oil market. This proposal which was originally submitted by the Saudi Government was also adopted by other GCC/OPEC members. The underlying implication in the event is, that Saudi Arabia might possibly have to resume its role as a swing producer.[1/] Although it seems that OPEC has returned to the fixed price system, it has not, however, abandoned its pursuit of securing a fair share in the oil market. The latter objective remains of overriding importance. The meeting of OPEC Ministers in December 1986 in Geneva approved the fixing of oil prices at $18/barrel,[2/] effective February 1987. It also assigned temporary and lower production quotas (5 per cent across-the-board except for Iraq). Total OPEC production was fixed at 15.8 million barrels/day up till June 1987 (i.e. 7.6 per cent and 7.1 per cent cuts for the first and second quarters of 1987, respectively) when the situation will be reassessed by OPEC Ministers.[3/]

In this connection, forecasts by the International Energy Agency (IEA) are optimistic for the long-term and indicate that in the year 2000 the share of OPEC in the oil market will eventually rise and that "there will be tighter

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1/ Middle East Economic Survey (Supplement of 17 November 1986).

2/ In the issue of 3 November 1986, the editor of the Middle East Economic Survey points out that: "OPEC's best bet would be *not* to aim for a fixed marker price but rather to endeavour to influence prices in the direction of a target range by way of a flexible system of volume controls that would be highly responsive to fluctuations in demand".

3/ Ibid., (22/29 December 1986).

markets and upward price pressures again".[1/2/] In addition, the study of the IEA concludes that, "... oil reserves will be predominantly located in one geographical region: in the Middle East". This, according to the IEA, is due to the fact that additions to reserves, outside the socialist bloc, have drastically and dramatically declined and that new discoveries are becoming more rare and expensive, thus leading to a decline in oil production outside the Middle East region.[3/]

In fact, OPEC's crude oil production for the first eight months of 1986, averaged 18.6 million barrels per day thus exceeding by 2.7 million barrels a day average production in the corresponding period of the year before (or 17 per cent increase)[4/]. However, this temporary gain may be attributed to the combined effects of a marginal increase (0.5 million barrels a day) in world oil demand, a slight decrease (1.1 million barrels a day) in supply of crude oil from non-OPEC members and some inventory build-ups (1.1 million barrels day); this has contributed to maintain pressure on prices.[5/]

1/ Compare with foot-note (1) on page 9.

2/ The spot prices of oil in London and the United States were reported to have reached $19/barrel in January 1987. This was largely attributed to extremely cold weather which raised demand for heating purposes, and, hence, may only be transitory.

3/ Middle East Economic Survey (20 October 1986).

4/ For the first half of 1986, crude oil production for the 13 OPEC members increased by 16.3 per cent over the corresponding period in 1985. Preliminary data on ESCWA/OPEC members crude oil production in 1986 indicate considerably higher levels than in 1985, when oil production declined sharply. A number of these countries were reported to have surpassed the quotas set by OPEC. This led to a decline by one-fourth in oil revenues for the first half of 1986 compared to the first half of 1985.

5/ Ibid.

C. The International Trading System

Rising protectionism has also weighed more heavily on developing countries' exports as discriminatory market-sharing arrangements and other protectionist measures proliferated. With protectionist tendencies gaining momentum, discussions continued towards the initiation of a new round of multilateral trade negotiations under the auspices of the General Agreement on Tariffs and Trade (GATT).[1/] Finally during their meeting in September 1986 held in Punta del Este, Uruguay, the GATT Ministers agreed to formally launch the eighth round of Multilateral Trade Negotiations and to call it the Uruguay Round, the successor of the Tokyo Round. In fact, this is a most important development that could have a positive impact for the international trading system in general, and for the developing countries' trade, in particular.

The Uruguay Round

The Uruguay Round will be concluded within four years in September 1991. The Ministerial Declaration which was adopted falls in two parts: Part I covers trade in goods and Part II trade in services. A Trade Negotiation Committee (TNC) was established with two subsidiary negotiating groups: one for goods (GNG) and one for services (GNS). The Committee held its inaugural meeting on 27 October 1986. The Declaration establishes the objectives and principles for negotiations and "provides for a standstill and rollback on trade restrictive or trade distortive measures under which governments undertake not to increase existing levels of protection and to phase out their existing breaches of GATT principles."[2/] The Uruguay Round has been described as "the most complex and ambitious programme of negotiations ever

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1/ 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.

2/ General Agreement on Tariffs and Trade (GATT), *Developments in the International Trading System, April 1986 - September 1986* (C/W/502 of 21 October 1986 and C/W/502/Add.1 of 4 November 1986).

undertaken by GATT". 1/ These negotiations shall aim to (a) "bring about further liberalization and expansion of world trade to the benefit of all countries", (b) "strengthen the role of GATT, improve the multilateral trading system", (c) "increase the responsiveness of GATT to the evolving international economic environment"; and (d) "foster concurrent co-operation action at the national and international levels...".

Countertrade

Against the prevailing background of depressed prices and uncertainties of market access, bilateral agreements and preferential sectoral arrangements gained in importance as vehicles for conducting trade.

Bilateral arrangements including compensation and countertrade 2/ have been extensively resorted to for their apparent advantages in by-passing shortages of foreign exchange and liquidity problems, overcoming difficulties in raising trade finance, easing balance of payments difficulties and securing export outlets. While such transactions have particularly increased in volume

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1/ GATT Newsletter, FOCUS (No. 41), October 1986.

2/ Countertrade is an umbrella term comprising barter, compensation deals and counterpurchases, offset, inter-bank arrangements, limited payments arrangements and buy-back arrangements. This definition is sometimes extended to include trade covered by various bilateral intergovernmental agreements and industrial co-operation arrangements and certain forms of joint ventures involving transnational corporations, developing and socialist countries of Eastern Europe. It is most common in East-West trade. These forms of trade are generally not covered by the multilateral payments systems and may involve exchange of goods as well as services or technology against partial or full payment. (See: UNCTAD, Trade and Development Report (issues 1984, 1985); IMF, IMF Survey (May 5, 1986); G77, Bulletin (No. 35), October-November 1986).

with respect to certain agricultural commodities and phosphates,[1/] it seems they have been on the decline in the case of oil, particularly during the first half of 1986, due to the marked drop in prices and in favour of netback deals.[2/] However, information pertaining to the second half of 1986

1/ Phosphate rock is heavily countertraded by Egypt, the Syrian Arab Republic and Jordan, partly to retain their share in the world market; and in the case of Egypt to ease balance of payments difficulties. For instance a five-year trade agreement was signed between Cuba and the Syrian Arab Republic which covers imports of Cuban sugar in exchange for exports of Syrian fertilizers, phosphates and cotton. Yugoslavia and Jordan signed a three-year trade agreement in December 1985, whereby they agreed to triple trade to $120 million annually by 1988 by exchanging Yugoslavian black cement, meat, processed food, textiles and timber goods for Jordanian phosphates, fertilizers and aluminium fluoride. Iran and the Syrian Arab Republic's agreement of March 1982 stipulated the exchange of Iranian crude oil for phosphates, foodstuffs, textiles and chemicals. This has been renewed in April 1983, May 1984 and May 1985.

2/ Netback deals are defined as (producer-consumer) agreements between the oil producer and a refinery without going through the spot market. These substantially cut the role of middlemen, having strengthened the relationship between users and producers. In other words, such deals link the (f.o.b.) price of crude oil to product prices in the consumers markets. These have been mostly used in the past by the OECD countries. They are more attractive to purchasers; while for the sellers they give them a hedge over others and assist them in remaining more competitive. It appears that netback deals may gradually replace traditional price discounting methods of selling oil. For instance, under an agreement concluded in February 1986 between Iraq and Turkey, crude oil will be sold on a netback basis, instead of the fixed-price arrangement agreed upon in May 1984. In 1986, Kuwait signed netback deals with Shell Company, Korea, and Chinese Company of Taiwan. Saudi Arabia concluded netback-priced deals with Japan, Spain and Italy in 1986. It has also offered price discounting deals (netback formula), for the month of April 1986, which took the form of cash reductions below normal contract prices, in order to expand the volume of its crude sales. However, pursuant to the Agreement reached by OPEC Ministers in December 1986 to cut production and fix crude oil prices, netback deals are to be eliminated by 1 February 1987.

indicates that the frequency of countertrade arrangements increased in the oil market. Both, Saudi Arabia and Iraq have been heavily resorting to countertrade in oil.1/ In effect, 60 per cent of all 1986 countertrade in oil was exported by four major oil exporters, namely Saudi Arabia, Iran, Iraq and Nigeria. In addition, oil-for-debt arrangements have been resorted to by Iraq and Qatar, while Egypt insists on countertrade as a means of alleviating its balance of payments difficulties.

In short, the rules and principles of the multilateral trading system have been generally losing ground. According to a recent GATT report, "the GATT system is not only openly having increasing difficulty in furthering trade liberalization, but also in safeguarding previously negotiated levels of market access".2/ The disregard to the trading system rules and principles is found mostly in areas like agriculture, textiles and clothing in the developed countries. These areas, it should be pointed out, are of direct concern and relevance to the expansion of trade of developing countries, including those in the ESCWA region.

Thus, protectionism is not alone the problem leading to the erosion of the international trading system. Mention should also be made of the disregard to the principles of non-discrimination, increasing reliance on quantitative and non-tariff barriers to trade, growing use of market-sharing arrangements and the spread of subsidization.

Multi-Fibre Arrangement (MFA IV)

Another important development having a direct bearing on the trade of the developing and the ESCWA countries was the renewal in August 1986 of the Third

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1/ For instance, Iraq concluded an agreement with Brazil in July 1985 to deliver 2.5 million tons of Iraqi crude through its new oil berths constructed at the Red Sea port of Aqaba, over a period of two years in exchange for 100,000 Passat cars.

2/ General Agreement on Tariffs and Trade (GATT), Prospects for International Trade (GATT/1392), 1 September 1986, p. 27.

Multi-Fibre Arrangement for another five years. The MFA is a negotiated exception from the General Agreement on Tariffs and Trade and it first came into force in January 1974; as such it was intended as a temporary measure. Thus, MFA (IV) should be the last round of negotiations, before textiles and clothing come under the rules and disciplines of GATT. Under the new arrangement, the developing countries exporters of textiles and clothing sought progressive trade liberalization through gradual removal of trade restrictions and stronger measures to combat circumvention. These countries were seeking "non-discriminatory treatment, of ...progressively higher growth rates and reduction of restraints and coverage over an agreed time-frame."[3/] The 1986 Protocol of MFA (IV) covers a wider range of fibres, contains promises to improve the treatment of cotton and wool exporters and producers, gives special attention to the least developed countries and eliminates the so-called "good-will" clause.

It should be noted that, any government 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. This implies that although the Syrian Arab Republic has not adhered to the MFA and is not a contracting party to GATT, it may benefit from the renewal of MFA.

Generalized System of Preferences (GSP)

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. Some of the developments of relevance to the ESCWA countries and initiated by important trading partners, like Japan, the EEC, and the United States, may be cited as examples. Thus, effective 1 January 1986, Japan extended the GSP coverage to five additional agricultural products and reduced the GSP on nineteen items; while, the United States removed the GSP privileges from a wide range of

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3/ GATT, Developments in the International Trading System, October 1985 - March 1986 (L/6025) p. 22; and of April - September 1986 (C/W/502) and (Add.1).

products under its scheme, effective 1 July 1986. Meanwhile, Japan, which had recently emerged as the ESCWA region's single leading trading partner, eliminated quantitative restrictions (effective 1 April 1986) on its imports of leather and leather footwear - (a reasonably significant and potentially growing export item for few ESCWA countries) and established instead a global tariff quota system based on quantity. This implies that prospective exporters will need to operate on a "first come, first served" basis and should brace themselves with the prospect of severe competition for access into the Japanese market. The EEC tariffs on 16 agricultural products will be lowered; while on textiles and clothing the abolition of the current system of quota-sharing among its members has been proposed for 1987. The ceilings for petrochemical exports of the GCC into the EEC for 1986 have been improved. Nevertheless, the GCC surpassed their quotas early in 1986 which led to re-imposition of tariffs.

D. Protectionism in Developed Market-Economies

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. For this purpose, several meetings and discussions were held between the officials from the different parties, yet to no avail and so far, with few tangible results. Within this context, the GCC and the EEC are currently exploring possibilities for the conclusion of an economic co-operation agreement. The GCC countries are the only ESCWA countries, with the exception of Iraq, which have not yet established special trade arrangements with the Community. 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 for 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 limits on their exports of textiles into the EEC, so as to safeguard interests of the new EEC members.[1/]

Notwithstanding a considerable increase introduced in December 1985 by the European Economic Community on the 1986 ceilings set under the Generalized System of Preferences (GSP) for duty-free exports of petrochemical products originating in the Gulf Co-operation Council (GCC) countries, Saudi Arabia and, to a lesser extent, Kuwait and Bahrain exceeded their quotas early in 1986. Subsequently, the EEC decided to reimpose, for the rest of 1986, the Most-Favoured-Nation (MFN) customs duties ranging between 6 and 13 per cent on key petrochemical products.[2/] However, in November 1986, the EEC announced its new quota system for its imports of petrochemicals from the GCC countries in 1987, under which it reverted to the automatic application of the GSP whenever exports exceed their annual duty-free quota, instead of the more flexible ceiling system applied freely. The new quota system which will be applied to eight petrochemical products originating in Saudi Arabia, two in Bahrain, one in Kuwait, and others, will entail a sharp decline in the value of petrochemicals imported duty-free from the GCC countries into the EEC in 1987.[3/]

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

2/ Effective January 1986, on methanol (13 per cent), linear and high density polyethylene (12.5 per cent) for Saudi Arabia; effective February 1986, on urea (11 per cent) for Saudi Arabia and Kuwait; effective March 1986, on diethylene-glycol (8 per cent), ethylene-glycol (13 per cent) and melamine (8 per cent) for Saudi Arabia; effective May 1986, on styrene (6 per cent) for Saudi Arabia; and effective June 1986 on methanol (13 per cent) for Saudi Arabia and Bahrain. (See: GATT, Developments in the Trading System, October 1985 - March 1986, (L/6025), 22 August 1986; and Middle East Economic Survey; various 1985 and 1986 issues).

3/ Ibid., (1 December 1986).

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. This will further frustrate the efforts of the ESCWA oil producers towards downstream diversification in the oil industry.

E. Protectionist Measures Introduced Within the ESCWA Region

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 countries that had hitherto followed very liberal import policies. The GCC, which is in the process of creating a free-trade area and a customs union, is currently considering the introduction of higher tariffs on luxury goods by March 1987. Meanwhile, a 20 per cent duty on imports into the GCC of aluminium, cement, iron and steel has been advocated for revenue purposes. While agricultural, livestock and manufactured goods originating in GCC states are all exempted from duties under the November 1981 GCC Unified Economic Agreement, tariffs ranging between 4 and 20 per cent are levied on imported non-GCC goods. Saudi Arabia raised, as of 22 March 1985, the minimum tariff on dutiable imports from 4 to 7 per cent. Kuwait and Oman imposed or extended import duties ranging from 15 to 25 per cent on a number of industrial products.[1/] Oman imposed 20 per cent duty on imports of cement, even those originating in other GCC States, which caused some concern. Kuwait

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1/ Oman imposed for one year, duties on paints and pipes (15 per cent for enamel and emulsion paint, and 20 per cent for most types of non-metal and cast iron pipes). Kuwait extended for another year a 15 per cent customs levy on liquid paints (industrial, automobile and marine), cleaning products (washing-up liquid, carpet cleaners, shampoos and deodorants) and plastic goods (bottles, food containers and soft drink crates). Kuwait also imposed a 15 per cent levy on Portland cement, diapers and sanitary towels; 20 per cent on refuse bin liners, paper products and raw materials used to make tissues and glass-work.

announced, in August 1985, its new rules to protect its local industry which replace the previous ad hoc practices, define the criteria for extending tariff protection and provide for speeding up procedures. The United Arab Emirates took a decision in February 1986 to protect local industries against imported goods. Local products may be priced up to 10 per cent higher than imported ones. In public sector purchasing and procurement, local products will be given priority, provided they meet specifications and delivery time requirements.

Within the context of alleviating its balance of payments problems through, inter-alia, import curtailment, price reform and exchange control rationalization and allocation schemes, the Egyptian Government announced in mid-1985 its intention to introduce a new system to curb/or control imports based on a graduated/graded tariff schedule. Four categories of goods were listed: items to be completely banned and prohibited (e.g. optical materials), non-essential luxury items subject to high protective/prohibitive tariffs, goods subject to normal duties and essential items which will be subjected to reduced tariffs. However, in August 1986, Egypt reduced across-the-board import tariffs by 50 per cent. The highest tariffs were imposed on luxury items, lower rates on capital and intermediate goods, raw materials and foodstuffs. At the same time, the clearance procedure for imports was abolished[1/] as well as two import Rationalization Committees responsible for approving import applications. Under the current system, importers go directly to the commercial banks for letters of credit. Certain taxes and surcharges were also abolished including the "consolidation of economic development tax" (10 per cent of import values), maritime surcharge, statistical surcharge and additional tax on imports. Imports of certain items remain prohibited for health reasons, safety, security, balance of payments, foreign exchange control and protection of infant industries.

In Lebanon, the value of the pound in terms of the US dollar and other currencies was eroded rapidly in the course of 1986, (a decline by 300 per cent) reaching critical levels by the end of the year. A number of ESCWA

1/ Ministry of Economy's Decree No. 333 of 1986.

countries devalued their currencies vis-a-vis the dollar during the course of 1985-1986, including Saudi Arabia and Oman. The Syrian Arab Republic also raised the tourist rate of exchange from close to LS 9 per dollar to LS 22.

The weakening of the external payments position of the major ESCWA fuel exporters and the ensuing recession have had direct and indirect adverse implications for the rest of the region. The Gulf region, until recently, provided an expanding market for the non-oil countries' exports of goods and services, notably of manufactures and labour, as well as a source of very substantial aid flows which exerted a determining influence on their external accounts.

The trade of the region with the outside world and among its own members continued to suffer from the prevailing overall political situation in the region and the state of bilateral relations between some of its member States. The uncertainties clouding the economic horizons stem largely from the ramifications of the Palestine problem, the intensification of the Iraq-Iran conflict and the deteriorating situation, politically and economically, in Lebanon; the recent disruptive events in Democratic Yemen can be expected to weigh heavily on the country's economy and trade.

Intraregional trade and payments flows have also suffered on account of the strained political relations between Iraq and the Syrian Arab Republic, as well as the consequences of the Arab boycott of Egypt following the Camp David Accords. However, efforts to resolve existing differences have made progress recently, as evidenced by the improved relations betwen Jordan and the Syrian Arab Republic and the steps taken by Iraq and Jordan to expand trade and economic links with Egypt.[1/]

1/ For instance, under an annual trade agreement, Egypt and Iraq agreed to raise mutual trade to $200 million in 1986. A five-year arrangement between Egypt and Jordan provides for the exchange of Egyptian rice for 1.5 million tons of Jordanian cement, starting in 1986.

Chapter II. OVERALL TRADE PERFORMANCE

The external trade sector of the ESCWA region is characterized by its heavy reliance on and a predominance of few primary export items mainly, oil, and to a lesser extent cotton and phosphates, the absorptive capacity for which remains limited within the region. In addition to this high commodity concentration, the region's trade tends to show a marked degree of geographical dependence on the developed market economies as outlets for their major export items (oil, cotton and phosphates) and sources for their main imports of machinery and equipment. As such, the region is characterized by its extreme external dependence and high vulnerability to changes in the international economic environment, the last of which is the recession and the oil crisis from which the world economy is still suffering.

A. Aggregate Export and Import Flows

The recession which severely hit the world economy at the onset of the eighties left its heavy imprint on the region's economy. This was compounded by and associated with the collapse in oil prices and fluctuations in exchange rates, the unfavourable balance of payments positions and deteriorating terms of trade, the scarcity of foreign exchange, the decline in purchasing power and the worsening debt situation all of which contributed to a precarious economic situation for the ESCWA countries, and a setback in the region's trade performance as a whole. Hence, the unprecedented rates of growth witnessed during the oil boom of the mid-seventies (26 per cent per annum for exports and 27 per cent for imports between 1975 and 1980) were reversed as the region's performance deteriorated thereafter.

For the fourth year in succession, the aggregate dollar value of exports from the region declined in 1984. However, the decline was less pronounced than in the preceding two years (15 per cent compared with 25 and 28 per cent) causing exports to shrink to $87 billion, or around 44 per cent below their level in 1980 (see Table I.1). This reflected the combined impact of lower export prices and volumes, though the decline in the latter was more pronounced than in the former. Preliminary data for 1985 indicate a further sharp decline in exports by around 25 per cent, with crude oil production declining by 9 per cent and a continued pressure on prices of fuels as well as other primary commodities. Oil aside, exports from the region declined by around 13 per cent in 1985.

The region's export performance during the past decade and in particular the first half of the eighties clearly demonstrates the volatility of oil exports and the vulnerability it entails for its member countries, especially the fuel exporters.[1/] After having grown at the rate of 26.8 per cent per annum between 1975 and 1980, the value of exports from the ESCWA fuel exporters plunged from a peak of $196.4 billion in 1980 to $86 billion in 1984 and further down to $64 billion in 1985, almost one-third their 1980 level and slightly above that of 1975. The recession in the world economy associated with the glut in the oil market provide most of the explanation for the sharp decline in exports during the first half of the eighties. Thus, while combined total exports from the GCC countries declined by 27 per cent in 1985, their non-fuel exports recorded a modest growth of 2.7 per cent. Saudi Arabia and the United Arab Emirates were responsible for this growth, which may be largely attributed to the expansion in production and export of petrochemicals. (See Annex Table 1).

The impact of the slackening world economy on the non-fuel exporters group in the ESCWA region[2/] was also adverse, with their initially and relatively meagre exports contracting from $1.8 billion in 1980 to $1.1 billion in 1984 and $0.7 billion in 1985. The decline in this case may be largely explained by the prices of non-fuel primary commodities which started falling since the early eighties, recording their sharpest decline in 1985.[3/]

Compared to 1975-1980, when only in the case of Lebanon did the value of exports decline, the period 1980-1983 witnessed declines in ten out of the

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1/ The Gulf Co-operation Council (GCC) countries plus Iraq, Egypt and the Syrian Arab Republic.

2/ Democratic Yemen, Jordan, Lebanon and Yemen.

3/ See Chapter I for details.

thirteen ESCWA countries, ranging between a mild 2.4 per cent in the case of the Syrian Arab Republic to a steep 31.8 per cent in the case of Iraq. In the remaining three countries exports expanded slightly: in Oman by 3.6 per cent, Jordan by 3.1 per cent and in Egypt by 1.8 per cent. In 1984, the situation was equally dismal with exports contracting in all but four of the thirteen ESCWA countries, namely Qatar, Iraq, Jordan and Yemen. The growth of exports in Qatar by 25.9 per cent and in Iraq by 5 per cent was largely due to higher crude oil production. In the case of Jordan, higher exports of fertilizers and phosphates were responsible for the rise in total exports by over 54 per cent in 1984. (See Annex Table 2).

Preliminary data for 1985 indicate that exports continued declining in all of the GCC and Iraq, while increasing in both Oman and Egypt, both being non-OPEC members and, therefore, did not have to pursue OPEC's policy of oil production cuts. Crude oil production in Oman increased by 19.4 per cent, and in Egypt by 8.3 per cent in 1985. In Iraq, production increased by 15 per cent.[1/] However, the rise in production and improved export capacity were offset by the downward pessure on prices of oil.

In contrast to exports, the level of which began to slip in 1981 after having peaked in 1980, the region's imports continued to grow rapidly through 1982, before drastically falling by 20 per cent in 1983 and continuing their steep decline thereafter. The curtailment of imports was common to all the ESCWA member States with the exception of Oman and, until 1984, Egypt, whose imports continued to expand. The overall import situation has deteriorated

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1/ Iraq's export capacity was boosted subsequent to putting into operation in September 1985 the new pipeline link between Iraq's southern oil fields and Saudi Arabia's east-west pipeline to the port of Yanbu at the Red Sea. As of November 1986, Iraqi exports of crude oil through this line were reduced due to the "tying-in" of a project to expand Saudi Arabia's Petroline (east-west pipeline) by around 65 per cent. Once put into operation, by January 1987, Iraq's exports will expand as its throughput entitlement will rise. The Turkish line, expected to be completed during second half of 1987 will boost its export capacity further. (see: Middle East Economic Survey, 15 December 1986).

under the impact of falling export earnings, the weakened international reserves position, and stagnating or declining workers' remittances. Thus, the dramatic compression in imports was largely the outcome of a conscious effort by governments to curb the volume imports beginning in 1983, helped by falling import prices. Statistics reveal that while the decline in volume was accelerating at a fast rate, the fall in import prices was tapering off. Thus, unlike 1983 where the fall in import values was more due to reduced prices than volumes, in 1984 and more so in 1985, the contraction was more a result of compressed volumes than depressed prices.[1/]

Forecasts made by the staff of the IMF indicate that the volume of imports will decline further in 1986 (13.3 per cent) while prices will rise substantially (8.7 per cent) after five years of continuous depression. For 1987, the forecasts are less dramatic: import volumes are expected to continue declining (9.6 per cent) and prices to continue climbing, though at a slower pace (4.3 per cent).[2/]

Between 1980 and 1984, the share of the region in world exports was more than halved, falling from 9.9 per cent to 4.6 per cent. Further shrinking is noted in 1985 with the region accounting for only 3.3 per cent of world exports, one-third its share of 1980. Similarly, its share in world imports dropped from 3.9 per cent in 1980 to 3.6 per cent in 1984 and further down to 2.8 per cent in 1985. (See Table I.1).

Terms of trade

After deteriorating in 1983 by 8.8 per cent and remaining unchanged in

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1/ While in 1983 the volume of imports of the Middle East area was reported to have declined by 2.8 per cent and average import prices to have fallen by 3.6 per cent, in 1984 and 1985 the volume of imports fell by 6.3 and 11.4 per cent and prices by only 1.9 and 0.9 per cent, respectively. (See: IMF, World Economic Outlook (April 1986), where the Middle East is defined to include in addition to the ESCWA countries, Iran, Israel and the Libyan Arab Jamahiriya).

2/ IMF, World Economic Outlook (April 1986).

1984 as both export and import prices fell equally, the region's terms of trade deteriorated by another 3.5 per cent in 1985. IMF forecasts reveal that the terms of trade will drastically deteriorate in 1986 (37.9 per cent) largely due to the collapse in export prices (mainly oil) by 32.5 per cent. In 1987, the terms of trade are expected to continue deteriorating, though much less severely (3.1 per cent) than in 1986.[1/]

Export/import ratios

The oil boom and the subsequent rise in export earnings allowed the ESCWA fuel exporters to import heavily to satisfy not only their essential needs but also to implement development projects and other requirements as well as non-essential luxury items. This resulted in a deterioration, though slight, in the region's overall export/import ratio, which was more pronounced in the GCC countries and notably in Saudi Arabia, whose ratio was slashed by half from 7.2 to 3.6 between 1975 and 1980. (See Table II.1).

With the onset of recession, the ratio of exports to imports deteriorated between 1980 and 1985. The persistent decline in exports, the rise in imports through 1982 and their slower - compared to exports - decline thereafter, produced a sharp fall in the export/import ratio for the region as a whole (from 2.5 in 1980 to 1.1 in 1985) and for most individual countries. The decline has been most pronounced in the case of the GCC countries, especially in Kuwait and Saudi Arabia. In the latter, the ratio drastically fell from 3.6 in 1980 to 1.2 in 1985. Import cutbacks have generally prevented further deterioration in this ratio. In certain cases, the curtailment of imports was a key factor in maintaining or slightly improving the ratio, as in the United Arab Emirates and the Syrian Arab Republic.

The coverage of imports by exports in the non-fuel exporters group, already unsatisfactory by 1975, as it was sufficient for only 6 months of imports, dropped to 2.5 months of imports in 1980 and was barely sufficient to cover 2 months of imports in 1985. The more significant decline was understandably recorded in Lebanon, where economic activity reached its lowest ebb after more than a decade of civil strife; while the ratio of exports to

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1/ Ibid.

Table II.1 Export/Import Ratios in the ESCWA Region

	1975	1980	1983	1984	1985
ESCWA Region	2.54	2.48	1.21	1.21	1.11
Fuel Exporters	2.81	2.75	1.31	1.31	1.18
GCC	4.34	3.19	1.62	1.60	1.45
Bahrain	0.99	1.09	0.47	0.33	0.31
Kuwait	3.84	3.12	1.32	1.35	1.44
Oman	2.16	2.16	1.67	1.49	1.31
Qatar	4.46	4.15	2.72	4.88	3.39
Saudi Arabia	7.16	3.64	1.62	1.49	1.21
United Arab Emirates	2.43	2.51	2.21	2.55	2.62
Others	1.02	1.64	0.60	0.67	0.65
Egypt	0.36	0.63	0.31	0.29	0.37
Iraq	1.83	2.48	1.05	1.25	1.14
Syrian Arab Republic	0.56	0.50	0.42	0.52	0.53
Non-Fuel Exporters	0.53	0.21	0.18	0.18	0.17
Democratic Yemen	1.77	0.37	0.45	0.48	0.71
Jordan	0.17	0.17	0.15	0.25	0.19
Lebanon	0.65	0.29	0.25	0.08	0.09
Yemen	0.04	0.01	0.02	0.04	0.04

Source: Computed from United Nations Economic and Social Commission for Western Asia Statistical Developments in the External Sector of the ESCWA Countries: Intraregional Trade and Trade with Other Developing Regions, 1975-1985 (E/ESCWA/DPD/86/4), December 1986.

imports in Jordan improved slightly. It must be noted that, the ratio of exports to imports for this group fluctuates within a narrow range implying that these countries have little freedom in allowing the level of their imports to diverge significantly from that of exports and other traditional foreign exchange earnings flows. The smallness of reserves and the uncertainty or insignificance of some of the other sources of foreign exchange flows hardly afford these countries a cushion to permit such divergence beyond the short term.

B. Direction of Trade

The limitations inherent in the region's external sector, stemming basically from its narrow production base, do not make for rapid structural change in the short-run. Coupled with the limited capacity for absorbing the output of major natural resources (oil, phosphates and cotton), it accounts for the region's extreme external dependence and vulnerability. This is particularly the case with the region's trade with the developed market-economies (EEC, Japan, USA and EFTA) which continue to consume a very significant share of the region's traditional primary products and recently its new exports of petrochemicals, and supply it with most of its needs of capital and other manufactured goods.

Thus, the region's exports are largely destined to the world markets, while the outside world supplies most of its imports. Intraregional trade has always occupied a small share in the region's overall trade, barely reaching 5 per cent in 1975. Even this meagre share has been fluctuating; and in recent years, did not represent more than 6 to 7 per cent of total trade. (See Annex Table 3).

The developed market-economies continued to supply a growing share (from 64 to 77 per cent of the region's aggregate imports, and to absorb, between 60 and 74 per cent of its exports between 1975 and 1985. The region's trade structure with the developed market-economies during this period has been dominated on the export side by oil (representing an average of over 95 per cent), and on the import side by manufactured goods (accounting for between 62 and up to 73 per cent), with food imports constituting 15 to 16 per cent of the total. In 1985, for example, the region relied on these markets for procuring over 90 per cent of its imports of manufactured goods and over 80 per cent of its needs of foodstuffs; and for absorbing over 88 per cent of its oil exports. (See Table II.2).

Notwithstanding the above, some significant shifts in the distribution of the region's trade have occurred between 1975 and 1985. During that decade two important developments took place with regard to destination of exports from the region. The first is the emergence of Japan as the largest single market for the region's exports. The second is the growing relative importance of the other developing countries, and mainly those in South and South-East Asia, as outlets for the region's newly established fertilizers and petrochemical industries, as well as non-fuel exports. These shifts in relative importance of trading partners occurred largely at the expense of the European Economic Community (EEC) which lost considerable ground, albeit remaining quite significant, as a major market for the region. The United States of America and the other European markets (East and West) also lost some ground.

Exports going to Japan have risen rapidly during the first half of the current decade making it the leading single market with a share in the region's exports of 41 per cent in 1985 compared to 29 per cent in 1983, 20 per cent in 1980 and 18 per cent in 1975. The relative importance of the other developing countries (mainly those in Asia) improved substantially between 1975 and 1983, as their share in the region's exports rose from 21 per cent in both 1975 and 1980 to 31 per cent in 1983. However, the overall deteriorating economic situation caused this share to shrink, probably temporarily, to 22 per cent in 1984 and 11 per cent in 1985.

In contrast, the relative importance of the European Economic Community (EEC) as a market for the region's exports shrank considerably between 1975 and 1985 (from 36 to 25 per cent). Although its share fluctuated below the peak attained in 1975, the EEC remained by far, the single largest market for the region's exports until 1981. Thereafter, the EEC lost considerable ground, relinquishing its dominant position first to the other developing regions and then to Japan in 1982. In 1985, however, the EEC regained few

Table II.2 ESCWA Region: Direction of Trade

	IMPORTS (c.i.f)					EXPORTS (f.o.b)				
	1975	1980	1983	1984	1985	1975	1980	1983	1984	1985
	(Percentage shares)									
ESCWA Region	11.94	10.37	7.18	7.58	7.84	4.48	4.32	6.58	6.73	7.27
Other Developing Regions	10.64	12.74	15.29	11.00	7.34	20.57	20.57	30.93	22.07	10.99
ASIA (excl. ESCWA)	7.61	10.53	12.90	9.99	6.62	10.94	14.46	21.60	15.98	10.68
AMERICA	2.02	1.21	1.69	0.58	0.40	7.74	4.62	6.96	4.79	0.15
AFRICA	1.00	0.98	0.70	0.43	0.32	1.58	1.43	2.35	1.30	0.16
North Africa(ex.Egypt)	0.25	0.70	0.46	0.31	0.27	0.69	0.69	1.43	1.22	0.05
OCEANIA	0.02	0.04	0.00	0.00	0.00	0.76	0.06	0.06	0.00	0.00
Developed Market-Economies										
EEC (9)	34.06	33.95	34.49	38.75	41.51	36.11	31.58	20.52	20.69	25.09
EEC (12)	35.76	36.81	37.51	42.06	45.10	41.13	36.76	26.01	26.64	31.77
EFTA	4.07	4.31	4.46	4.89	5.71	2.28	3.36	1.34	1.84	2.37
U.S.A.	14.23	13.56	13.91	12.86	12.87	3.84	10.27	5.11	7.11	5.66
JAPAN	11.73	15.34	15.57	15.89	17.03	17.83	20.11	28.54	34.29	40.99
Centrally-Planned Economies										
CMEA (European)	5.88	2.17	1.65	2.83	2.19	2.19	0.49	1.31	0.74	1.20
CHINA	1.46	0.92	0.21	0.44	0.09	0.18	0.10	0.05	0.13	0.00
Rest of the World	5.98	6.64	7.24	5.76	5.42	12.53	9.21	5.62	6.40	6.43
WORLD	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

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

Definition of Markets:

CMEA (European): European members of the Council for Mutual Economic Assistance comprising Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, Romania and the Union of Soviet Socialist Republics (USSR); otherwise referred to as Socialist countries of Eastern Europe.

EEC (9) : European Economic Community comprising Belgium, Denmark, France, Federal Republic of Germany, Ireland, Italy, Luxembourg, Netherlands and the United Kingdom.

EEC (12) : Comprises the nine EEC countries listed above in addition to Greece, Spain and Portugal. The enlarged EEC became effective in January 1986.

EFTA : European Free Trade Association comprising Austria, Faeroe Islands, Finland, Iceland, Norway, Portugal, Sweden and Switzerland.

Other Developing Regions : Covers developing countries in Asia (excluding ESCWA), America, Africa (excluding Egypt), and Oceania.

percentage points as its share grew from 21 per cent in 1984 to 25 per cent, a position it had initially occupied in 1982. In effect, around one-fourth of Kuwait's exports of crude oil and 45 per cent of its refined products went to Western Europe in 1985.

Despite a growth in its share in total exports from the region, exports to Japan from the ESCWA countries declined by close to 10 per cent in 1985 compared to 1984. For instance, exports of crude oil to Japan from Saudi Arabia fell by around 40 per cent, those from Kuwait by 46 per cent and from Qatar by close to 10 per cent in 1985. The rise in crude oil exports of Iraq by 39 per cent, Oman by 30 per cent and the United Arab Emirates by 10 per cent was insufficient to offset these declines.

The share of the United States, after having almost tripled between 1975 and 1980 to account for over one-tenth of the region's exports, followed a downward fluctuating trend until it was virtually halved in 1985 to 5.6 per cent. For example, imports of Egypt from that country, which is one of its major trading partners, dropped by 14 per cent in 1985, while exports to it were almost halved. Moreover, with the intensification of protectionist measures in the United States on textiles, Egypt will be faced with problems of access into this market for its cotton textiles and, hence, its exports could decline further. Kuwait's exports of refined products to this market declined; with its share falling from 3.5 to 3.1 per cent of the total in 1985, in favour of a growing share going to developing countries in Africa (from 3.5 to 5.8 per cent). In contrast, preliminary information on Saudi exports of crude oil and refined products to the United States in 1986 indicate a resurgence of these exports to make it the third largest source of fuels in that market after Canada and Mexico.[1/]

The share in the region's exports of each of the European Free Trade Association (EFTA) and the European members of the Council for Mutual Economic Assistance (CMEA) has remained relatively small and insignificant, ranging between 2 and 3 per cent in the case of EFTA and between 1 and 2 per cent in the case of Eastern Europe.

1/ See: Middle East Economic Survey (5 May 1986).

Oil aside, the destination of exports from the region shows a marked degree of concentration on the regional market as a major outlet for its non-fuel exports. In recent years, however, the relative importance of intraregional non-fuel exports has fluctuated and fallen; its share in the total contracting from around 40 to 23 per cent between 1983 and 1985. This was offset by the EEC whose share in non-fuel exports grew rapidly to almost match that of the regional market, each accounting for over one-fourth of non-fuel exports in 1984. In 1985, the EEC stood out as the leading export outlet, absorbing around one-third of the region's non-fuel exports. Exports of petrochemicals, fertilizers and cotton, and to a lesser extent, phosphates, largely explain this expansion. Similarly, the shares of Japan and the United States gradually expanded until in 1985 each accounted for slightly less than one-tenth of the region's non-fuel exports. The erosion of the share of the regional market in non-fuel exports could only accentuate dependence on the developed market economies, already dominant in the case of fuels, and, hence, the region's vulnerability to conditions and policies prevailing beyond its control.

On the other hand, the share of the other developing regions in non-fuel trade fluctuated considerably (between 13 and 18 per cent) during the period reviewed; in 1985, these countries together absorbed around one-tenth of non-fuel exports from the region. And, while the Eastern European market had absorbed one-fourth of the ESCWA region's non-fuel exports in 1975, their share shrank to 8 per cent in 1985. Indications point to a limited expansion in exports going to China, particularly of urea from Kuwait. Urea exports from Kuwait to China began in 1969.[1/] These exports are expected to double in 1986 and 1987, as per contracts of sales concluded between the two parties. The main sources of imports have generally remained stable. The EEC maintained its lead and supplied a growing share of total imports. Their share rose from 34 per cent in 1975 to 39 per cent in 1984 and up to 42 per cent in 1985. The United States continued to supply between 13 and 14 per cent of imports, EFTA between 4 and 5 per cent, while the share of China

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1/ In 1985, a joint venture was established between Kuwait and China to construct a fertilizer plant in China, in which Kuwaiti feedstock and ammonia will be used as inputs (see: Middle East Economic Survey, 24 November 1986).

remained relatively insignificant. However, significant shifts in relative importance of major country suppliers occurred during the period reviewed. Japan emerged as the second leading source of goods for the region with its share growing from 12 per cent in 1975 to 16 per cent in 1980 and 17 per cent in 1985. Another significant development was the rise in the share of other developing regions until 1983, from 11 per cent in 1975 to 15 per cent before it was halved to 7.3 per cent in 1985. In contrast, the relative importance of the socialist countries of Eastern Europe diminished from 5.9 per cent in 1975 to 1.6 per cent in 1983 before slightly improving to average between 2 and 3 per cent in the following two years.

More details on the performance, level and structure of intraregional trade, as well as with other developing regions and with the Socialist Countries of Eastern Europe are given in Chapters III, IV and V, respectively.

C. Commodity Structure of Trade

Imports

The structural pattern of imports of the ESCWA region did not undergo significant changes between 1975 and 1985, though the recession in the world economy and reduced export earnings compelled member countries to curtail their imports, particularly of luxury items in the last few years. Machinery and transport equipment together with "other manufactured goods" continued to dominate imports, with 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. 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. (See Table II.3 and Annex Table 4).

Over the same period, the share of food items declined from around 20 to 16 per cent and that of fuels from 6 to 4 per cent). In the first case, this decline may partly reflect efforts to reduce food imports and improve self-sufficiency - for instance, the phenomenal increase in wheat production in Saudi Arabia - and reduced demand due to the departure of large numbers of expatriates. In the second case, the decline was a reflection of the overall

Table II.3 Commodity Structure of Overall Trade

		By Major Categories (in per cent of total trade)							
		Total value (millions of dollars)	Food items	Agricultural raw materials	Ores and metals	Fuels	Chemicals	Machinery and equipment	Other manufactured goods
	SITC	0 to 9	0+1+22 +4	2 less (22+27+28)	27+28 +67+68	3	5	7	6 + 8 less (67+68)
IMPORTS(cif)	1975	24268	19.47	2.42	9.09	6.02	6.76	35.32	20.60
	1980	80001	14.88	1.71	7.51	7.74	5.14	35.96	26.56
	1983	84422	13.55	1.43	5.72	7.94	5.36	38.78	26.03
	1984	71868	17.39	1.50	5.93	4.50	6.40	36.70	26.08
	1985	58626	15.55	1.87	6.84	3.98	7.38	37.14	26.02
TOTAL EXPORTS(fob)	1975	61532	1.18	1.26	0.53	93.06	1.10	0.95	1.86
	1980	198166	0.55	0.36	0.68	96.00	0.70	0.74	0.92
	1983	101922	0.99	0.72	1.16	93.25	0.58	1.10	1.88
	1984	86683	0.75	1.01	1.22	93.52	0.66	1.26	1.24
	1985	64883	0.75	0.95	1.13	92.47	1.03	1.74	1.41
NON-FUEL EXPORTS	1975	4271	16.99	18.15	7.68	0.00	15.92	13.67	26.81
	1980	7919	13.70	8.99	17.05	0.00	17.64	18.64	23.07
	1983	6882	14.68	10.69	17.19	0.00	8.65	16.35	27.91
	1984	5620	11.51	15.53	18.84	0.00	10.21	19.47	19.13
	1985	4883	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: Intraregional Trade and Trade With Other Developing Regions, 1975-1985 (E/ESCWA/DPD/86/4), December 1986.

economic situation, the decline in price of fuels and the events in both Lebanon and Democratic Yemen causing interruptions in operations of their refineries and hence less fuel imports. In both cases, however, exogenous factors such as the decline in international prices of fuels and agricultural products, including foodstuffs, have been contributing factors. The remaining categories of imports fluctuated within one to two percentage points of their initial shares in 1975: chemicals (between 7 and 8 per cent), ores and metals (between 7 and 9 per cent) and agricultural raw materials (averaging 2 per cent). Among other things, this reflects the limited use the region has for such imports, given the relatively low state of overall industrialization.

In the GCC countries, the value of imports almost tripled between 1975 and 1985, with two discernible trends. The first, stretches from the mid-seventies up to 1983, where progressive and sharp increases were recorded in imports commensurate with the accumulation of surpluses and increased oil export earnings. The second, covers the two subsequent years when imports declined sharply as a result of depressed world demand for oil and reduced export earnings. The structure of imports in the GCC countries mirrors closely that of the region, as a whole, as the bulk of the region's trade originates with them. Thus, manufactured goods (including machinery and equipment) which constituted around 66 per cent of combined GCC imports in 1975 came to account for 71 per cent during 1983-1985; while the share of food items dropped from 14 to less than 10 per cent between 1975 and 1983 and stood at less than 12 per cent in 1985.

While a similar pattern could be depicted for most of the GCC States, with no major shifts in concentration occurring, in Bahrain a somewhat different structure exists with imports of fuels (Saudi crude oil for the refinery) accounting for more than 60 per cent of the total; the balance consisting largely of manufactured goods (30 per cent) and food items. In Saudi Arabia, where total imports declined after 1983, this was most pronounced in machinery and transport equipment and iron and timber products imported for construction purposes. This reflects, among other things, the tapering off in the construction and infrastructure boom which characterized the Kingdom up to the early eighties. Another contributing factor may have been the departure of a large number of expatriate workers which reduced demand. In Egypt, the decline in the share of food items was most pronounced (from 36 per cent in 1975 to 27 per cent in 1985). The share of machinery and equipment, having attained 30 per cent of total imports in 1983, fell in the subsequent two years to around one-fourth in 1985. The decline was more apparent in imports of luxury items and consumer durables on which prohibitive duties were imposed in 1985 as part of an overall import rationalization scheme to curb imports and alleviate the pressure on the balance of payments.

The structure of imports of the group of non-fuel exporters reveals no major shifts in concentration. Manufactured goods continued to account for more than half of this group's combined imports, while food items were responsible for around one-fourth of the total.

<u>Fuel Exports</u> (crude oil, refined products and gas)

The exports of the ESCWA region are heavily weighted by oil, a concentration which deepened subsequent to the first upward adjustment of oil prices in 1973 before retreating to its earlier position in the early eighties under the influence of the recession in the developed countries, sluggish world demand for oil and mounting pressure on oil prices. 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 before declining to average between 92 and 93 per cent during 1983-1985. (See Table II.4 and Annex Table 4).

The rise in the share of fuels between 1975 and 1980 was most pronounced in the case of Egypt (from less than 10 per cent to 64 per cent), and the Syrian Arab Republic (from 70 to 80 per cent). In the GCC countries, by contrast, the share of fuels in combined exports remained virtually unchanged at 97 per cent between 1975 and 1980. It is interesting to note, however, that only in Bahrain did the share of fuels grow from 81 to 94 per cent during the second half of the seventies, while for the rest of the GCC countries it either remained stable (Saudi Arabia) or declined by 2 to 3 percentage points.

The reversal of the overall trend in the early eighties was most apparent in Bahrain with the share of fuels in its exports diminishing from 94 to 70 per cent between 1980 and 1983. The remaining GCC countries were affected in varying degrees, with the exception of Kuwait, where the share of fuels in total exports after having first diminished between 1975 and 1980, progressively expanded from 89 to 95 per cent between 1980 and 1983 and up to 98 per cent in 1985. In Qatar, the share of fuels in total exports after having declined between 1980 and 1983, regained its 1975 share in 1984 and 1985 and accounted for 97 per cent of total exports.

Fragmented and sometimes contradictory information prevents the construction of an accurate and comparable picture on the breakdown of fuel exports into crude oil, refined products and gas, particularly for recent years. This is mainly due to the fact that a number of the involved countries do not publish, or have stopped publishing, such data in their national trade statistics. The alternative was to rely on international sources and to supplement that with information from partner countries' trade data. Notwithstanding these difficulties, some observations may be made in connection with the exports of crude oil, refined petroleum products and gas from the ESCWA region. This is particularly important since efforts in a number of GCC countries, starting with Kuwait, have gone to raising the share of refined petroleum products in total fuel exports. In fact, this tendency had emerged since the late seventies in a number of other fuel exporting developing countries as well, in their efforts to reduce concentration on crude oil and diversify downstream and thus produce greater value added from their depletable resources.

Preliminary data for 1985 on the volume of crude oil and refined products (SITC 33) exported from Kuwait, Qatar, Saudi Arabia and the United Arab Emirates indicate a decline by 17.7 per cent. The brunt of the decline was borne by Saudi Arabia and Qatar where exports declined by 25 and 19 per cent, respectively. In contrast, exports of crude oil and products from Iraq grew, in volume terms, by 26 per cent in 1985 compared to 1984.[1/]

The decline in relative importance of fuel exports in total exports by 3 percentage points between 1980 and 1983, to 93 per cent, and maintaining this share until 1985, implies that non-fuel exports, being the balance, have

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1/ See: Middle East Economic Survey (8 December 1986) based on OPEC, Annual Statistical Bulletin 1985.

gained in relative importance during that period. The decline in relative importance of fuel exports commencing with the early eighties reflects above all the sharp decline in the share of crude oil in total exports from over 89 per cent in 1980 to 83 per cent in 1982 and 76 per cent in 1983. The balance being largely accounted for by refined petroleum and to a lesser extent natural and manufactured gas exports. This phenomenon occurred mostly in the major fuel exporters (Saudi Arabia, the United Arab Emirates). Expansions were recorded in the case of Oman and the Syrian Arab Republic until 1983, and Qatar and Kuwait until 1984, where the share of crude oil in total exports continued growing, though in varying speeds. It is worth noting that in Kuwait the share of crude oil had been declining long before the recession and the oil crisis, from 94 per cent to 74 per cent between 1973 and 1979; the pace of decline accelerated in the early eighties. In 1982, for instance, crude oil fell to half its 1979 share, while refined products assumed relatively equal importance, accounting together for three-fourths of total exports. In 1983 and 1984, the share of crude oil in Kuwait's exports, however, grew to 47 and 56 per cent, respectively, followed very closely by refined products.

In 1984, the share of crude oil regained few points and accounted for over 80 per cent of regional exports. With the exception of Kuwait, Qatar and the United Arab Emirates, where the share of crude oil in total exports expanded, in the remaining ESCWA Fuel Exporters marginal declines or virtual stagnation were recorded.

Preliminary and incomplete data for 1985 point to a decline by about 2 percentage points in the share of crude oil in exports from both the United Arab Emirates and the Syrian Arab Republic to 83 per cent and 48 per cent, respectively. Oman's crude oil exports increased by 19.4 per cent, in volume terms, in 1985. However, in value terms, they remained virtually unchanged, as prices fell proportionately thus retaining their share in total exports. The share of crude oil in total exports of Qatar has remained around 97 per cent of the total.

Only 23 per cent of crude oil produced in Egypt was exported in 1985. The balance partly went to satisfy domestic consumption, while the rest was channelled to pay for contractors' services or in barter deals for imports of machinery for construction projects. In Kuwait, crude oil exports declined by over 26 per cent in 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 for crude oil and the adoption of energy conservation measures, but also as a result of efforts to develop exports of refined products and alternatives like petrochemicals. The reduced significance of crude oil has highlighted the growing importance of refined products and, to a lesser extent, gas in total exports. In both value and real terms, exports of refined products and gas grew since the early eighties, while crude oil exports declined considerably. As a result, their share grew by 4 percentage points to over 12 per cent between 1975 and 1983, and to 13 per cent in 1984. By and large, this was the result of a substantial growth in quantities exported. For instance, in 1984, the volume of refined products exported from Saudi Arabia grew by 13.1 per cent, Kuwait by 6.2 per cent and Bahrain by 10.3 per cent. Increased refining capacity and higher operating load factors following the establishment of new refineries or extensions of exisiting ones imply further possibilities to expand exports. In percentage of total exports, petroleum products had almost doubled to 8 per cent between 1975 and 1983 and retained that share in 1984. Gas emerged as a significant export item since 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.

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.

At the country level, exports of refined products were the most important in Kuwait, followed closely by Bahrain and Saudi Arabia. These countries are considered among the leading developing countries exporters of petroleum products, having occupied the sixth, seventh and eighth positions on that list in 1982. Together, they accounted for over 15 per cent of the value of developing countries exports of refined products and over 6 per cent of world exports in 1982. These were followed, but at a distance, in order of importance by Egypt, the Syrian Arab Republic and Democratic Yemen. Historically, refined products have dominated exports from Bahrain and Democratic Yemen, despite some share declines and fluctuations in recent years. Refined products have also grown in significance in Kuwait as well, and their share in total exports became close to that of crude oil since the late seventies and early eighties, ranging between 37 and 41 per cent during 1982-1984. Exports of refined products increased by 14.5 per cent in 1985. The modernization of the Mina al-Ahmadi refinery, a project which started in February 1986, is expected to raise production capacity of refined products considerably. At the same time, an expansion was recorded in the share of refined products exported from Saudi Arabia from around 3 to 5 per cent. The coming on stream of its refinery in Jubail in 1986 will improve its production capacity further.

In the Syrian Arab Republic, exports of petroleum products have replaced raw cotton as the second leading export item since the early eighties. These exports, which accounted for around 3 per cent of total exports in 1978, jumped five-fold to reach over 15 per cent of total exports in 1980. The expansion of the Homs and Banias refineries raised production by 12.5 per cent and therefore exports of refined oil, whose share in the total grew to over 23 per cent in 1982. Growing domestic demand has been an important factor determining export availabilities and, together with the ability to find markets, have determined actual export levels. Recently, the delays and interruptions in the supply of Iranian crude oil (under the April 1982 Agreement) led to the closure of the Banias refinery for at least fifteen times during 1984-1986. This was largely due to disagreements with respect to sales price of oil subsequent to the decline in its price, which were resolved during July 1986 and the supply of Iranian oil to the Syrian Arab Republic was resumed.[1/] Thus, the share of refined oil products in total exports shrank to 14 and 13 per cent in 1983 and 1984. However in 1985, an expansion in production with refineries working at full capacity (the Syrian Arab Republic had to meet its shortages from sources other than Iran), made possible the doubling of exports in value terms; and in relative terms their share surpassed that of 1982 and reached over 29 per cent of total exports.

1/ Middle East Economic Survey (15 December 1986).

In Egypt, exports of refined products have gained in relative importance since the early eighties, as their share grew from 11 per cent in 1982 to around 15 per cent in 1983, the latest year for which detailed data were available. In 1986, Egypt reduced temporarily its oil output in support of OPEC members' attempts to stabilize prices and to conserve its energy supplies while prices were still low. Indications point, however, to a drastic fall in Egypt's crude and refined oil exports in 1986; while gas production continues to be entirely directed to meet local demand.

In Iraq, the value of exports of refined petroleum products and gas grew by 6.7 per cent in 1985 compared to 1984. These have been largely transported through Jordan and Turkey.[1/]

Gas emerged as a significant export item in the region only during the late seventies, with Saudi Arabia responsible for over 60 per cent of gas exported; the balance being largely accounted for by the United Arab Emirates, Kuwait and Qatar. Saudi Arabia was the second leading gas exporter among the developing countries in 1982, accounting for around 22 per cent of their combined gas exports, and over 7 per cent of the World's.[2/] The value of Saudi Arabia's gas exports expanded until 1981, when reduced production led to an 8 per cent decline in exports. Nevertheless, the share of gas in total exports gradually increased from 2.2 per cent in 1980 to over 4.4 per cent in 1983 and 5.5 per cent in 1984. The corresponding share in the United Arab Emirates exports grew steadily from 8 per cent in 1982 to around 10 per cent in 1985. Its share in world exports of natural gas alone, grew from 1 per cent in 1979 to 3 per cent in 1985, while the corresponding share of Saudi Arabia fell from 6 to 5 per cent over the same period.[3/] The new liquefied gas plant (LPG) in Sharjah started test production in June 1986, with most of its output meant for export. In July 1986, its first export shipment to Japan

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1/ Ibid. (22/29 December 1986).

2/ UNCTAD, Handbook of International Trade and Development Statistics, 1985.

3/ GATT, International Trade 85-86.

took place. It was agreed, however, that Japan will market its propane and butane output. Another agreement was concluded whereby Japan will buy refined products from Abu Dhabi's National Oil Company (ADNOC) for the duration of 1986. In Kuwait, gas accounted for 3 per cent of total exports in 1983. Exports of liquefied gas grew by over 6 per cent in 1985, while those of natural gas dropped by 2 per cent.

Non-Fuel Exports

Heavily dependent as they are on exports of primary commodities, export diversification for the ESCWA countries has come to be seen as synonymous with raising the share of manufactures in total exports. A further rough indicator of success in this respect is the move towards greater sophistication in the export of manufactures. This entails a shift from traditionally labour-intensive products to capital-intensive and technologically-advanced products. Steps in that direction have been underway in some of the GCC countries (mainly Saudi Arabia, Kuwait, Qatar and Bahrain) involving essentially the production of petrochemicals for exports.

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 during the period 1975-1985, despite concerted efforts aimed at export diversification which were generally adversely affected by the precarious economic situation in the region as a result of the slackening world economy and the depressed prices of primary non-fuel commodities since 1981; notably, cotton, wool, hides and skins, phosphates and aluminium.

Non-fuel exports, having accounted for less than 7 per cent of total exports in 1975, declined to 4 per cent in 1980; they regained their 1975 position in 1984 and grew slightly to account for little less than 8 per cent in 1985. This slight improvement in relative terms, may be illusionary, reflecting more the situation in the oil sector and the decline in relative importance of fuels than real growth in traditional and new exports. Notwithstanding this, the limited diversification experienced in a number of countries is closely linked to petroleum, i.e. oil-derivatives such as fertilizers and petrochemicals; and a few other indigenous 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 range and quality of products generally produced by developing countries limits their ability to compete on the international market. This situation is further accentuated by restrictions imposed in the developed countries on the type of manufactures in which the developing countries appear to have a definite comparative advantage, like textiles. In the event, the regional market assumes special significance as an outlet for member countries' exports of manufactures. More often than not, the regional market serves as a testing ground for such exports. However, it is worthwhile noting that in a number of countries a majority of these goods are essentially produced to satisfy local consumption needs and only the excess over domestic consumption is eventually exported, i.e. these goods are basically not export-oriented. This brings to the surface the inward-looking approach to exports which still prevails in most ESCWA countries, making export diversification a more difficult task to implement. Thus, until such a time when these countries start "producing-for-export", export diversification will remain a target difficult to attain to which only lip-service is paid in national development plans.

In view of the limited size of the domestic markets of individual ESCWA countries, industrialization prospects have come to be increasingly identified with production for export, within and outside the region. Even the viability of industrialization programmes, based on import-substitution and on the regional market, is dependent on the expansion of intraregional trade, given the difficulties of penetrating the wider international market. In asssessing such possibilities, stress is usually put on the relevance of economies of scale and, hence, on the relation between imports and the optimum size of production. However, other economic and technical considerations could be crucial to the implementation of import-substitution projects, including the level of technology, human skills, availability of raw materials and capital, and the relative importance of transportation costs.

The apparent replacement of primary agricultural commodities (food and raw materials) as the leading non-fuel exports by manufactured goods (mainly machinery and transport equipment, the share of which in total non-fuel exports grew from 14 to 23 per cent between 1975 and 1985), should be viewed against the fact that re-exports constitute a large proportion of non-fuel exports in a number of GCC countries (notably in Kuwait, Bahrain, Qatar and the United Arab Emirates), and to that extent cannot be taken as an indication of export diversification. The only category among exports of non-fuel primary goods[1] which exhibited growth was ores and metals,[2] 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;[3] 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

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1/ Covering food items, agricultural raw materials and ores and metals.

2/ The United Nations Standard International Trade Classification (SITC) defined ores and metals to include: crude fertilizers and crude minerals (SITC 27), metalliferous ores and metal scrap (SITC 28), iron and steel (SITC 67) and non-ferrous metals (SITC 68). However, under its classification of these traded commodities into Primary, Semi-manufactured and Manufactured goods, which is a re-grouping of the SITC commodities, it defines those falling under SITC (67) and SITC (68) as semi-manufactured products.

3/ The recent discovery of huge phosphate deposits in Saudi Arabia (Jalamid in the North) will shortly include Saudi Arabia on the list of leading exporters. These deposits, it has been reported, may be the largest in the world. Plans to construct a railway to transport the rock to its export terminals on the Red Sea Port of Yanbu are already underway. Morocco is known to be the largest and leading exporter of phosphates rock in the world.

Lebanon.[1/] In addition, some sulphur[2/] from Iraq, Kuwait and Qatar, salt from Yemen and metal scrap from Kuwait and the United Arab Emirates are covered by this category.

Phosphate rock dominates Jordan's exports, accounting for between one-fifth and one-fourth of total exports until 1983 and reaching over 29 per cent in 1984, due to a 28 per cent expansion in volume and a 5.7 per cent rise in prices. In 1985, a 2 per cent decline in volume exports, associated with stable prices led to a 6 per cent decline in phosphates exports, nevertheless their share in the total remained dominant, accounting for over one-fifth. The region's exports of iron and steel shapes are mainly from Qatar. These have represented a growing share between 2 to 3 per cent of Qatar's exports since the early eighties.

Exports of aluminium are most significant from Bahrain. These peaked in 1983 and accounted for almost one-tenth of Bahrain's exports as a result of two and half-fold expansion in volume, as prices declined slightly. However, the subsequent two years witnessed a decline in the value of aluminium exports and in their share in the total which fell to 8 per cent and 5.2 per cent, respectively. In 1984, the decline was due to volume contraction (by 23 per cent) as export prices rose by close to 6 per cent. In 1985, both, the volume and prices of aluminium exports declined by 15 and 19 per cent, respectively. Exports of aluminimum from the United Arab Emirates (Dubal) have continued to rise since 1981 and increased substantially in 1985. These are mainly purchased by Japan (28 per cent), United States (23 per cent), China (13 per cent) and Korea. Other significant consumers in 1985 were Bulgaria, France, Greece, Italy and Sweden. However, with depressed metal prices in 1985, sales returns did not offset the high cost of production. This forced the Dubal Aluminium Company to adopt cost-reducing measures. A new aluminium company was formed in June 1986 (Um Al Quwaim Aluminium Company), production in which

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1/ Also covered are silver and platinum from the United Arab Emirates and Lebanon, but these are re-export items.

2/ Some countries classify sulphur under manufactured fertilizers along with urea and ammonia.

was already underway in July 1986. Contracts for sales to China (65 per cent of total production) were concluded for a period of 12 years commencing in 1989 . Within the context of regional co-operation, the Gulf Aluminium Rolling Mill Company, a joint venture established by Saudi Arabia, Kuwait, Bahrain, Iraq, Oman and Qatar was inaugurated on February 1986. This joint venture (capital: $100 million) is based in Bahrain. It aims to utilize aluminium ingots produced locally by Aluminium Bahrain (ALBA) to produce aluminium sheets and other products. Its products are essentially export-oriented, with plans and deals for exporting to Europe, North America and the Far East, in addition to satisfying the regional market.1/

In Oman, non-oil exports increased in 1985 by 28 per cent with copper ore, which emerged as a leading export item in 1983, accounting for 28 per cent of the total.

In contrast, the relative importance of the remaining categories in the region's non-fuel exports declined between 1975 and 1985. Thus, the share of food items declined from 17 to 10 per cent of the total. This group consists mainly of exports of fruits and vegetables from the Syrian Arab Republic, Lebanon, Jordan and Egypt; fish (the two Yemens and Oman) and some rice (Egypt), in addition to tobacco and cigarettes (Syrian Arab Republic and Jordan) and some non-alcoholic beverages and coffee (the two Yemens). Agricultural raw materials which were responsible for 18 per cent of non-fuel exports in 1975, came to account for 13 per cent in 1985. This group is dominated by raw cotton exports from Egypt and the Syrian Arab Republic. Some cotton is also exported by Yemen. Exports of hides and skins are also relatively important in this category coming mainly from Iraq, the Syrian Arab Republic and the two Yemens.

Egypt's main exports, other than crude oil and refined products, consist of raw cotton, cotton yarn and fabrics, aluminium ingots and some fruits and vegetables. After having grown steadily for more than five years, cotton exports reached a peak in 1984, but then declined by 12.1 per cent in 1985. The decline in export earnings reflected a 17 per cent contraction in volume.

1/ Middle East Economic Survey (24 February 1986).

The relative importance of cotton in total exports declined from a peak of 15.5 per cent in 1984 to 11.5 per cent in 1985, after having averaged 13 per cent during 1980-1983. In the Syrian Arab Republic, exports of raw cotton peaked in 1984 and their share in the total grew from 9.2 to 15.4 per cent, due to a 38.6 per cent increase in volume terms (58 per cent above 1980). However, the value of cotton exports was almost slashed by half in 1985 and its share in the total shrank to less than 10 per cent.

Among the group of manufactured goods, the contribution of chemicals to non-fuel exports slightly diminished from 16 to 14 per cent over the period 1975-1985. It is expected that the contribution of chemicals (mainly petrochemicals) to exports will be increasingly felt. Before the end of the eighties, it is hoped that the huge production capacity installed mainly in Saudi Arabia but also in a number of other GCC countries (new petrochemical complexes are still under construction and new joint ventures in this area have been recently established),1/ will be largely absorbed by the international markets, provided marketing difficulties are overcome in developed markets, and new outlets are located. The most prominent exports of this group are petrochemicals (mainly from Saudi Arabia and Qatar, followed by Kuwait and Bahrain), and manufactured fertilizers (mainly from Qatar, Saudi Arabia, Iraq, Kuwait, Jordan and until recently Lebanon). Also included under chemicals are some paints and varnishes exported from Kuwait, Jordan and the Syrian Arab Republic; pharmaceuticals from Jordan, perfumes from Egypt, and soaps and cleansing preparations from Jordan and Kuwait.

1/ In Saudi Arabia, there are plans to construct 14 new plants by SABIC at Jubal and Yanbu. These include: Ibn Zahr plant for methyl tertiary ether scheduled to start in 1988, Ibn Hayyan plant for vinyl chloride and polyvinyl chloride to start soon, Ibn Bitar ammonia plant to start in 1988. The projects are being implemented with large investments from the private sector (see: Middle East Economic Survey, 17 February 1986). A new petrochemical joint venture was set up in 1986 in Jeddah, in association with Saudi businessmen (Saudi Venture Capital Group) and Petrochemicals Investment Company. (See: Middle East Economic Survey, January 1986).

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.

Exports of phosphatic fertilizers from Jordan emerged only after 1980. Their share in exports grew from 3 per cent in 1982 to over 10 per cent in 1983 and peaked in 1984, accounting for over 15 per cent of the total. In 1985, a contraction in fertilizers output was associated with lower production of phosphates; hence, exports declined to half their level and their share diminished to around 10 per cent of the total. The fall in exports of fertilizers was apparent in exports to Eastern Europe and Pakistan, main consumers of Jordanian fertilizers. In Kuwait, production of ammonia and urea expanded in 1985 by 16.5 and 8.4 per cent, respectively, compared to 1984. This was due to the coming on stream of a fourth production line in its Petrochemical Industries Company. However, the expansion in production could have been larger had it not been for the shortage in supply of natural gas for the production of fertilizers causing the plants to work way below capacity.

In Qatar, a third ammonia plant was to be constructed in 1986. Qatar's Petrochemical Company has plans for another ethane plant, because output has been considerably reduced in recent years as a result of difficulties in obtaining sufficient supplies of ethane-enriched gas necessary for production. Qatar's overall ammonia and urea production increased in 1985 and so did its exports therefrom. These mainly went to India (29 per cent), China (22 per cent) and United States (14 per cent). The share of manufactured fertilizers in Qatar's exports steadily grew from 2 per cent in 1980 to account for 3.5 per cent in 1985.

Under the category of other manufactured goods, the share of which in the region's non-fuel exports also shrank from 27 to 19 per cent, mention should be made of exports of cotton yarn, cotton fabrics and other woven textiles from Egypt and the Syrian Arab Republic. These did not account for more than 5 to 6 per cent of total exports in each country, over the period reviewed. The reasons stem largely from difficulties in marketing associated with protectionism in developed countries. However, with the renewal of the MFA IV,[1/] there may be hope that it will assist in resolving some of the problems of market penetration. Cement (from the United Arab Emirates, Saudi Arabia, Jordan and until recently Lebanon) has also been a leading export item under this category. Exports of cement from the Syrian Arab Republic re-emerged in 1984 on the basis of "excess over domestic consumption". Its productive capacity has been multiplied in recent years due to construction of new plants and modernization and/or renovation of old ones. This is expected to satisfy local demand and boost exports in the coming two to three years. In the United Arab Emirates, cement exports have been generally facing marketing difficulties. Cement prices have declined for three consecutive years and the producers in the Emirates have attempted to establish production quotas in order to stabilize the prices. Hence, cement factories have been operating at one-third their potential capacity. This situation was further aggravated when Oman imposed a 20 per cent import duty on all imports of cement - even from within the GCC countries, in order to protect its local industry. This, among others, is a significant example of competitiveness versus complementarity in industrial production at the regional level.

In addition to cotton yarn and fabrics and cement, the region also exports some travel goods and handbags, clothing articles, articles of wood, plastic, furniture, paper, glass, footwear of leather, etc. These are largely absorbed by the neighbouring countries and at the intraregional level. Some find their way to the North African Arab States, and to the lesser industrialized developing countries. The socialist countries of Eastern Europe also absorb part of this output through the implementation of bilateral preferential arrangements and countertrade, mainly with Egypt, Iraq and the Syrian Arab Republic.

The following Supplement reviews in some detail the leading indigenous, traditional and new common export items in the ESCWA region.

1/ Any government which 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. This is particularly relevant in the case of the Syrian Arab Republic.

SUPPLEMENT

LEADING INDIGENOUS EXPORT ITEMS

This Supplement is intended to help identify leading traditional and new export items in the member countries of the ESCWA region. Table II.4 lists these items according to their SITC codes and main sources. The relative importance of these exports in the trade of their respective sources is given for the years 1980-1985. The exporting countries are ranked by order of importance according to their 1984 values in current dollars.

The Supplement, in the first place, serves as an indicator of export diversification in the ESCWA member States. Second, it reveals in a succinct manner the growth or decline in relative importance of these commodities over a span of five years, and the impact of the deteriorating economic situation on exports of these commodities. Third, it serves as a base for comparison among the leading ESCWA exporters for a specific commodity. Finally, it helps bring out similarities in the range of goods exported by the ESCWA member countries, reflecting on their competitive nature - a characteristic that is not conducive to the promotion and expansion of intraregional trade.

Aside from crude oil, refined products and gas, the main indigenous non-fuel export categories for individual ESCWA countries are given below.

Bahrain: Exports (aside from re-exports) comprise mainly aluminium, some petrochemicals and metal manufactures and structures.

Democratic Yemen: Exports consist largely of fish, hides and skins and coffee.

Egypt: Exports comrpise mainly raw cotton, yarn and thread and woven fabrics, aluminium, fruits and vegetables, live animals, and rice.

Iraq: Exports consist of manufactured fertilizers, and sulphur, some hides and skins and dates.

Jordan: Exports cover phosphates, fruits and vegetables, furniture, pharmaceuticals, clothing, articles of plastic, wood manufactures, manufactured fertilizers, manufactured tobacco, cement, metal structures and parts, soaps and cleansing preparations, articles of paper and travel goods.

Kuwait: Exports include mainly fertilizers, wood manufactures, furniture, some petrochemicals, pigments and paints and iron and steel scrap.

Lebanon: In addition to agricultural products (fresh fruits and vegetables) and eggs, exports have included a wide spectrum of manufactures: clothing, cement, jewellery, printed matter, manufactures of silver and platinum, fertilizers, aluminium, paints and varnishes, non-alcoholic beverages, and others. Together manufactured goods accounted for over 70 per cent of exports in 1973, the latest official figures available. However, as a result of the perpetuation of political instability in the country since 1975, the output of the manufacturing sector has suffered heavily due, inter-alia, to the physical damage inflicted upon a number of industrial establishments, while others operated way below capacity (due to factory closures, reduction in number of working hours, shortages in power and supply of raw materials, forced reduction in production lines, etc..). The difficulties in transportation to the Gulf area, the reduced demand by the important Iraqi market for Lebanese industrial goods and, pursuant to the Israeli invasion in 1982, the banning of certain goods which were suspected of originating in Israel, were additional factors which adversely affected the volume of exports from Lebanon. Despite all this, Lebanon's potential for export diversification in manufactures remains significant and its full exploitation should not pose problems once the political situation stabilizes.

Oman: Exports (aside from re-exports) consist largely of fish, tobacco and some fresh fruits; copper ore is also an important export item.

Qatar: Exports (excluding re-exports) consist largely of iron and steel shapes, manufactured fertilizers (urea, ammonia and sulphur), plastic materials, and petrochemicals.

Saudi Arabia: Indigenous exports are distributed among manufactured fertilizers, petrochemicals, cement, soaps and cleansing preparations and metal structures.

Syrian Arab Republic: Exports comprise in addition to raw cotton, yarn, woven fabrics and textiles, fruits and vegetables, tobacco and cigarettes, hides and skins, phosphates, paints and varnishes, some confectionery, and base metal equipment.

United Arab Emirates: Exports (excluding re-exports) consist almost entirely of aluminium, cement, some jewellery and metal scrap.

Yemen: cotton, coffee, hides and skins, fish, some vegetables and salt comprise the bulk of exports.

The paragraphs below review, on a commodity-by-commodity basis and over a span of five years (1980-1985), the situation of selected leading export items in the ESCWA region, and the relative importance of the exporting country in the context of developing countries and the world, at large, on the basis of data for 1982.[1/]

1. Cotton (SITC 263):

Egypt ranked first among the developing countries exporters of raw cotton. As such it was responsible for almost 16 per cent of their combined exports of cotton and over 6 per cent of those from the world. Raw cotton represented between 13 and 15 per cent of Egypt's exports during 1980-1984; in 1985 this share fell to 11.5 per cent. The Syrian Arab Republic ranked sixth among developing countries, accounting for over 4 per cent of their cotton exports and for less than 2 per cent of world exports. The share of cotton in Syria's exports reached its lowest level in 1982 (around 6 per cent) and its peak in 1984 (15.4 per cent) before falling to less than 10 per cent in 1985. Yemen has also been exporting small quantities of raw cotton (worth $2.5 million and $0.8 million in 1982 and 1983, respectively).

2. Phosphates (SITC 271):

Jordan dominates exports of phosphates from the region, followed by the Syrian Arab Republic and, at a distance, Egypt (a newcomer). Exports of phosphates represented between 20 and 30 per cent of Jordan's exports between 1980 and 1985, peaking in 1984. In the Syrian Arab Republic, they averaged between one to two per cent; and in Egypt, exports began in 1983 and accounted for 0.4 per cent of total exports in that year.

3. Crude Petroleum (SITC 331):

Saudi Arabia and the United Arab Emirates occupied first and second positions

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1/ Based on UNCTAD, Handbook of International Trade and Development Statistics, 1985.

on the list of leading crude oil exporters among the developing countries in 1982; Iraq ranked seventh and Kuwait tenth on that list. Saudi Arabia was responsible for 35 per cent of their combined crude oil exports, while the United Arab Emirates accounted for over 7 per cent. In fact, around 30 per cent of the world exports of crude oil in 1982 came from Saudi Arabia and 6 per cent from the United Arab Emirates. In Saudi Arabia, the share of crude oil in total exports declined from around 94 to 88 per cent between 1980 and 1984; and in the United Arab Emirates from about 94 to 83 per cent between 1980 and 1985. These were followed in order of importance in the ESCWA region by Iraq, Kuwait, Qatar, Oman, Egypt and the Syrian Arab Republic. The share of crude petroleum in Iraq's total exports has remained, despite the six-year war, relatively unchanged, averaging 98 to 99 per cent of the total during 1980-1985. The most significant change took place in Kuwait, where the share of crude oil in total exports, already less pronounced than in the other GCC countries, dropped from over 70 per cent in 1980 to 55 per cent in 1984, having reached as low as 35 per cent in 1982. In Qatar, the corresponding share diminished from around 95 to 91 per cent between 1980 and 1985, having reached 89 per cent in 1982. Oman's exports of crude oil also declined relative to total exports from 96 to less than 92 per cent between 1980 and 1985. In Egypt, crude oil has come to figure dominantly in total exports relatively recently (in 1975 its share wasn't more than 10 per cent). This share grew from 30 per cent in 1979 to 58 per cent in 1980, but this declined to 48 per cent in 1983. Similarly, in the Syrian Arab Republic the share of crude oil in total exports fell from 63 to around 48 per cent between 1980 and 1985.

4. Petroleum Products (SITC 332):

Kuwait, Bahrain and Saudi Arabia occupied sixth, seventh and eighth positions on the developing countries' list of main refined petroleum products exporters in 1982. Together, these three countries almost equally accounted for over 15 per cent of combined refined exports of developing countries and over 6 per cent of the world's. In the ESCWA region, these were followed, in order of magnitude, by Democratic Yemen, the Syrian Arab Republic and Egypt. Kuwait's exports of refined oil products have gained in relative importance since the mid-seventies. Their share doubled from one-fifth of total exports in 1980 to account for over 40 per cent in 1984. Bahrain's exports are dominated by refined products, the share of which in the total grew from 81 to 94 per cent between 1975 and 1980 before declining thereafter to reach around 75 per cent of the total in 1985. Saudi Arabia replaced Bahrain and became second to Kuwait, with the share of refined products in its exports growing steadily from 2.5 to 4.5 per cent of total exports between 1980 and 1984. The reliance of Democratic Yemen on exports of refined products is similar in extent to that of Bahrain; their share growing from 90 to 96 per cent between 1980 and 1984, then falling to 91 per cent in 1985. In the Syrian Arab Republic, refined products have replaced cotton as the second leading export item. Their share in total doubled to around 16 per cent between 1975 and 1980, grew to over 23 per cent in 1982 and diminished in the subsequent two years to reach 13 per cent in 1984. However, in 1985 they surpassed their 1982 position and came to account for over 29 per cent of total exports. This was largely due to the expansion in production with the refineries working at full capacity causing exports to double in 1985. The share of refined products in total exports of Egypt grew from 11 to 15 per cent between 1979 and 1983, having hit a minimum of 6 per cent in 1980. In Iraq, exports of refined petroleum and gas grew by 6.7 per cent in 1985 compared to 1984. These have been transported through Jordan and Turkey.

5. Gas, Natural and Manufactured (SITC 341):

Saudi Arabia ranked second on the list of leading developing countries' gas exporters in 1982. It was responsible for 22 per cent of their combined gas exports and 7.3 per cent of the world's. The share of gas in total exports from Saudi Arabia grew from 2 to 5.5 per cent between 1980 and 1984. It was followed, at a distance, from among the ESCWA countries by the United Arab Emirates, Kuwait and Qatar. Exports of gas grew in relative importance in the United Arab Emirates from less than 3 per cent in 1980 to around 10 per cent in 1985. In Kuwait, the share of gas averaged between 2 to 3 per cent during 1980 - 1983; while in Qatar it was close to 4 per cent in 1982.

6. Chemical elements and compounds (SITC 51) (mainly (SITC 513), inorganic chemicals and oxides):

Even in 1982, Saudi Arabia ranked sixth among the developing countries exporting petrochemicals and accounted for over 4 per cent of their combined exports. The share of chemicals in its total exports, however, did not exceed 0.5 per cent until 1984, the latest year where detailed data were available. Qatar and Kuwait followed in order of importance. The share of chemicals in Qatar's exports grew to around 3 per cent in 1983 but remained below one per cent in Kuwait. Bahrain has also been gaining importance as an exporter of such products.[1/]

7. **Manufactured fertilizers** (SITC 561):
Among the countries of the region Qatar, Jordan, Saudi Arabia, and Kuwait are the leading exporters; Iraq and until recently Lebanon were significant exporters. However, in most of these countries the share of manufactured fertilizers in total exports was has not been very impressive, except in Jordan where it reached 15 per cent in 1984, and around 10 per cent in 1985 and in Qatar where it reached 3.5 per cent of total exports in 1985. The small share in exports of Saudi Arabia, Kuwait and Iraq are due to the overwhelming weight of oil in total exports.

8. **Cotton yarn, fabrics and textile articles** (SITC 651, 652, 653 and 656):
Egypt and the Syrian Arab Republic dominate exports from the region of these products. Egypt is number five on the list of leading cotton yarn (SITC 651) exporters among the developing countries. It accounted for 5 per cent of combined yarn exports from the developing countries in 1982 and over one per cent of the world's. In Egypt, these products combined constituted around 8 per cent of total exports in 1983; while in the Syrian Arab Republic they averaged between 5 to 6 per cent in 1983-1984.

1/ Bahrain was reported as the second leading exporter of the petroleum-derived tar or asphalt (SITC 521), supplying around 18 per cent of total exports of developing countries and around 9 per cent of the world's in 1982. In principle, this should be classified along with refined petroleum products rather than under chemicals; which would raise the share of refined products in 1982 to 82 per cent.

9. Cement (SITC 661):

The United Arab Emirates was the third leading exporter of cement among the developing countries in 1982. As such it was responsible for 6.7 per cent of their combined cement exports and 2 per cent of world exports. The share of cement in its exports, however, did not exceed one per cent during the early eighties. It was followed by Saudi Arabia and Lebanon, assuming fourth and fifth positions and responsible for 4.4 and 3.6 per cent, respectively, of cement exports from developing countries. In Jordan, cement accounted for around 3 per cent of total exports in 1984.

10. Iron and Steel Shapes (SITC 673):

Qatar assumed fourth rank in the list of leading developing countries' exporters in 1982. In effect, Qatar was responsible for 7.2 per cent of these countries' combined exports of iron and steel shapes, and less than one per cent of world exports. The share of this product in Qatar's total exports grew from 2 per cent to over 3 per cent between 1980 and 1985. Among the ESCWA countries, the United Arab Emirates, Jordan, Kuwait and Lebanon were significant exporters of iron and steel shapes, as well.

11. Aluminium (SITC 684):

Bahrain was listed as the third leading aluminium exporter among the developing countries in 1982 with the United Arab Emirates and Egypt occupying fourth and fifth places. Bahrain accounted for around 15 per cent, the United Arab Emirates for 7.6 per cent and Egypt for 7.5 per cent of the developing countries' aggregate exports of aluminium. These, together, comprised around 5 per cent of the world's total exports. The share of aluminium in Bahrain's exports grew from less than 3 per cent in 1980 to account for over 9 per cent in 1983 before declining to 8 and 5 per cent in 1984 and 1985. In the United Arab Emirates, this share reached less than 2 per cent in 1983, and in Egypt it was less than 3 per cent. Lebanon was also listed as a significant exporter of aluminium in 1982.

Table II.4 ESCWA Region: Leading Indigenous Exports and Sources, Ranked by 1984 Values (in per cent of total exports)

SITC	Description	Country	1980	1982	1983	1984	1985
025	Eggs	Lebanon	1.52	1.50	...	...	...
031	Fish	Oman	0.15	0.25	0.30	0.41	...
		Dem.Yemen	2.37	0.46	0.90	1.85	2.22
		Yemen	1.65	0.03	0.03	...	...
042	Rice	Egypt	1.16	0.37	0.22	...	...
043	Barley	Syria	0.22	4.33	0.47	–	–
051+053 +054	Fruits & vegetables	Lebanon	17.54	18.22	...	...	...
		Egypt	3.45	4.21	5.11	...	...
		Jordan	11.20	11.90	12.31	9.14	7.75
		Syria	2.07	1.66	1.80	2.06	0.46
071	Coffee	Yemen	1.00	1.56	2.04	...	...
		Dem.Yemen	0.00	1.16	0.00	0.00	0.01
111	Non-alcoholic beverages	Lebanon	1.74	1.71	...	...	...
		UAE	0.02	0.12	0.10	...	...
12	Tobacco & cigarettes	Lebanon	...	1.37	...	...	...
		Jordan	3.04	1.90	1.74	1.38	0.55
		Syria	1.36	0.90	0.91	0.37	0.05
		Oman	0.00	0.06	0.05	0.05	...
211+212	Hides and skins	Syria	0.16	0.85	0.06	0.35	0.07
		Iraq	0.03	0.06	...	...	...
		Yemen	6.05	3.73	4.75	...	...
		Dem.Yemen	0.04	1.28	0.01	0.01	0.04
263	Cotton, raw & waste	Egypt	14.56	13.44	13.72	15.48	11.50
		Syria	8.25	5.91	9.24	15.43	9.57
		Yemen	–	6.37	3.00	...	...
		Dem.Yemen	1.15	0.09	0.77	0.05	0.17
271	Phosphates	Jordan	28.11	22.09	25.04	29.09	21.26
		Syria	1.16	1.03	1.41	1.37	1.60
		Egypt	–	–	0.37	...	...
274	Sulphur	Iraq	0.00	0.08	...	...	...
		Qatar	0.01*	0.02	0.08	0.07	–
276	Other crude minerals, salt	Yemen	0.02	0.02	0.18	...	...

SITC	Description	Country	1980	1982	1983	1984	1985
28	Metalliferous ores & metal scrap	Kuwait	0.10	0.14	0.24	...	...
		UAE	0.03	0.14	0.09	...	...
291 + 292	Crude animal or vegetable materials, n.e.s.	Egypt	0.36	0.40	0.54	...	...
		Syria	0.09	1.05	0.17	0.17	...
331	Crude petroleum	Saudi Arabia	94.32	92.75	89.72	88.27	...
		UAE	93.81	86.72	83.14	84.15	82.86
		Iraq	98.43	98.96	98.90	98.19	97.98
		Kuwait	69.10	35.14	46.92	55.60	...
		Qatar	94.72	88.88	90.39**	91.77**	91.14**
		Oman	96.15	90.29	91.63	91.08	91.56
		Egypt	57.84	55.46	47.58	...	...
		Syria	63.28	51.32	54.74	49.59	48.10
332	Petroleum products	Kuwait	16.45	37.71	37.44	40.87**	...
		Saudi Arabia	2.49	2.77	3.62	4.47	...
		Bahrain	88.76	69.40	70.00	77.90	74.81
		Egypt	6.38	10.74	14.73	...	...
		Syria	15.58	23.24	13.97	13.13	29.08
		Dem.Yemen	90.53	95.84	94.12	95.74	91.15
341	Gas, natural and manufactured	Saudi Arabia	2.16	3.27	4.41	5.49	...
		UAE	2.87	8.22	8.85	9.37	9.59
		Kuwait	3.30	2.03	3.00	...	...
		Qatar	...	3.57	...	...	...
51	Chemical elements and compounds	Saudi Arabia	0.01	0.08	0.36	0.49	...
		Qatar	1.27*	1.70	2.90	2.57	2.29
		Kuwait	0.22	0.23	0.67	...	...
		Bahrain***	0.10	12.46	0.31	0.26	2.12
533	Pigments, paints, varnishes	Kuwait	0.06	0.14	0.13	...	...
		Lebanon	1.58	1.56	...	...	...
		Jordan	1.54	0.94	1.33	0.74	0.47
		Syria	0.02	0.38	0.22	0.20	...
541	Medicinal and pharmaceuticals	Jordan	1.87	3.34	4.30	4.00	4.60
551 + 553	Essential oils, perfumery & cosmetics	Egypt	0.21	0.82	1.01	...	...
554	Soaps and cleansing preparations	Jordan	2.56	1.48	0.97	1.93	0.50
		Saudi Arabia	0.00	0.02	...	...	...
		Kuwait	0.05	0.01	0.01	...	...

SITC	Description	Country	1980	1982	1983	1984	1985
561	Manufactured fertilizers	Qatar	2.85	2.68	3.45	3.29	3.49
		Jordan	-	2.69	10.20	15.14	9.84
		Saudi Arabia	0.07	0.09	...	...	...
		Kuwait	0.45	0.23	0.55	...	...
		Iraq	0.51	0.31	...	...	...
		Lebanon	3.35	3.29	...	...	...
632	Wood manufactures	Kuwait	0.31	0.78	0.18	...	...
		Jordan	3.40	2.01	1.55	2.75	2.74
651	Textile yarn and thread	Egypt	6.42	3.99	6.10	...	...
652 + 653	Cotton fabrics	Syria	2.69	2.29	4.94	3.18	3.90
		Egypt	1.72	0.72	1.26	...	...
656	Textile articles, n.e.s.	Egypt	0.25	0.31	0.21	...	...
		Syria	0.33	1.15	0.65	0.17	...
661	Cement	Saudi Arabia	0.00	0.08	...	...	...
		UAE	0.08	0.55	0.40	...	...
		Lebanon	5.38	5.29	...	...	...
		Jordan	0.35	2.42	2.47	2.58	...
663	Non-metal mineral manufactures	Kuwait	0.18	0.30	0.12	...	...
		Jordan	1.78	0.16	0.01	0.02	...
673	Iron and steel shapes	Qatar	2.32	2.28	3.09	2.28	3.07
		Kuwait	0.20	1.00	0.45	...	...
		Lebanon	2.20	1.16	...	...	...
		UAE	0.08	0.07	0.05	...	...
		Jordan	0.05	0.34	0.08	0.04	...
682	Copper ore	Oman	-	-	0.13	0.38	...
684	Aluminium	Bahrain	2.78	6.08	9.24	8.00	5.24
		UAE	0.17	0.68	1.25	...	...
		Egypt	0.77	3.71	2.98	...	...
		Lebanon	2.20	2.16	...	...	...
		Kuwait	0.03	0.01	0.01	...	...
691+692	Iron and steel structures	Kuwait	0.27	0.67	0.52	...	...
		Jordan	0.56	2.15	1.04	1.14	...
697	Base metal household equipment	Jordan	0.90	0.55	0.57	0.48	...
		Syria	0.29	0.26	0.17	0.11	...

SITC	Description	Country	1980	1982	1983	1984	1985
698	Metal manufactures	Bahrain	0.00	0.72	0.64	0.38	...
821	Furniture	Kuwait	0.17	0.35	0.27	...	...
		Jordan	0.92	2.89	0.60	0.45	...
831	Travel goods, handbags	Lebanon	...	0.88	...	...	...
		Jordan	-	1.05	0.02	0.03	...
841	Clothing, not of fur	Syria	1.24	1.43	3.21	3.21	0.86
		Lebanon	5.60	5.50	...	...	...
		Jordan	1.97	2.89	1.27	4.37	...
		Egypt	0.71	0.46	0.54	...	...
893	Articles of plastic	Jordan	1.50	2.12	2.66	2.53	...
897	Jewellery, goldsmith and silversmith wares	UAE	0.01	0.40	0.03	...	...
		Lebanon	4.05	3.97	...	...	...

Source: Compiled and computed by the ESCWA Secretariat from national sources and, in their absence, from international sources.

Note: Percentage shares do not necessarily jibe with values or shares in other tables of this document due to divergence in level of disaggregation and difference in data base used.

* 1981 data
** Includes gas
*** Covers SITC (5)

CHAPTER III. INTRAREGIONAL TRADE*

The expansion of intraregional trade is usually the first goal sought by countries embarking on regional economic co-operation. Not only is trade expansion considered an indicator of the success of regional groupings but also an important means in helping to accelerate development. In principle, a preferential trade arrangement, which includes the removal of tariff and non-tariff barriers to mutual trade, should help expand the volume of trade, accelerate the process of specialization of production and enlarge the market at the regional level. Such trade preference, however, should not be viewed in isolation, but as part of a more comprehensive economic co-operation arrangement. This should include direct trade promotion measures, such as monetary and payments arrangements, collaboration for the expansion and diversification of material production (agricultural and industrial), and joint efforts for the development of financial, physical and other supporting infrastructure.

Not surprisingly, therefore, the liberalization of trade has occupied a singularly prominent position in regional co-operation efforts among the Arab countries, including those of Western Asia, since the early fifties.

A. Trade Liberalization

Among the main instruments and trade co-operation arrangements aimed at trade liberalization, mention should be made of multilateral agreements like the Arab Common Market (ACM) and the new Arab Trade Convention of 1982 which replaced the 1953 Convention, concluded under the auspices of the Economic and Social Council of the League of Arab States and/or the Council of Arab Economic Unity (CAEU). The more recent of these agreements was the Convention for Facilitating and Developing Trade Between Arab States. This was approved by the Arab Economic and Social Council of the League of Arab States in February 1981. The Trade Convention came into force on 26 November 1982

*See also, United Nations Economic Commission for Western Asia, Economic Integration in Western Asia (Frances Pinter, London), 1985.

following its ratification by five Arab States (Tunisia, United Arab Emirates, Iraq, the Libyan Arab Jamahiriya and Yemen). Subsequently, the Convention was ratified by Bahrain, Democratic Yemen, Jordan, Kuwait, Saudi Arabia, Somalia and the Palestine Liberation Organization. This new Convention replaces the 1953 Convention for Facilitating Trade and Regulating Transit Trade among the League of Arab States members. It is more elaborate and comprehensive than its predecessor. Among its provisions mention should be made of (a) the exemption from customs duties on animal and agricultural products, mineral and non-mineral raw materials, semi-manufactures and commodities produced by joint ventures; (b) gradual tariff exemption for manufactured goods; (c) graduated protection of Arab commodities and products against competition of similar and substitute non-Arab goods; (d) right to grant preferential treatment, whether through bilateral or multilateral arrangements, to any other Arab States; and (e) co-ordinated linkage between production and exchange through the provision of financing, and equitable distribution of costs and benefits with special preferential treatment accorded to products originating in the least developed Arab States.

In order to promote mutual trade and facilitate access of goods produced by joint Arab ventures to Arab markets, the Supreme Trade Authority was created within the framework of the new Trade Convention (1982). Among its *first achievements, the Authority drew up a tentative list of semi-processed goods to be exempted from tariffs in trade between member States. Export credit for intraregional trade is also being extended by the Arab Monetary* Fund through a special window facility. The creation of a Fund for compensation of losses arising from tariff reductions in favour of the least developed Arab countries has been under consideration by the concerned intergovernmental regional organizations (viz. CAEU and Arab League). An integrated programme for commodities is also under consideration by the CAEU, which emphasizes the complementarity and comparative advantages to be realized from co-ordinated production (for consumption as well as export of surpluses) mainly of cement, fertilizers and petrochemicals. The Unified Customs Law - which has been under consideration for a long time - is expected to be put into final form in June 1987. Meanwhile, member States will be given a *transitional period of five years (ending December 1989) to adopt their* respective customs laws to it. The states members of the Arab League have been advised to gradually implement the Harmonized System of the Customs Co-operation Council (CCC), which will be universally applied beginning in 1987. The revision of the 1956 Agreement of a Common Customs Nomenclature in the light of the 1982 Trade Convention is underway.

Within the framework of regional co-operation, the most significant development during the period reviewed was the establishment, on 25 May 1981, of the Gulf Co-operation Council (GCC) by Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. Although the formation of the GCC appears to have been primarily in response to preoccupations peculiar to the Gulf subregion, its implications for the countries of Western Asia cannot be overemphasized. The GCC members wield substantial economic and financial power (as aid donors and markets for goods, services and labour) and to that extent their economic policies will have considerable impact on the other ESCWA countries.

The Council approved the Unified Economic Agreement (1 March 1983) which set out to co-ordinate and unify economic, fiscal, monetary and industrial policies of member countries in the long-term with the aim of creating a common market among the six members and integrating their economies. More specifically, the Agreement provides for inter-alia: (a) elimination of customs duties between the GCC States and the establishment of a common minimum external tariff; (b) co-ordination of export and import policies and strengthening bargaining power vis-a-vis foreign suppliers; (c) free movement of labour and capital; (d) co-ordination of oil policies and industrial activities; (e) co-ordination of technology, training and labour policies; (f) co-operative approach to transport policies; and (g) steps to set up a common investment strategy and to co-ordinate financial, monetary and banking policies.

Among the GCC's main accomplishments so far mention should be made of: (a) establishment by 1 September 1983 of the common external tariff of 4 per cent, rising to 20 per cent for competing imports; (b) establishment of joint customs centres on the borders to facilitate movement of GCC goods and citizens; and (c) liberalization of intra-GCC trade since March 1983 with respect to agricultural and industrial produts of GCC origin, provided that the value added amounts to at least 40 per cent and a certificate of origin is supplied.

In addition, the period reviewed saw the conclusion of a multitude of bilateral preferential trade and payments agreements between member States. For instance, during the recent past a Trade and Energy Accord was signed between Iraq and Jordan in December 1985. The Agreement stipulates an increase in the volume of trade exchange up to $750 million in 1986 from $180 million in 1985, and the provision of an Iraqi team to conduct seismic surveys in Jordan. It should be noted that Iraq already provides Jordan with oil for its Zarqa refinery. And in 1985, at least one-third of Jordan's needs of crude oil were supplied by Iraq, the balance was supplied by Saudi Arabia. Jordan's fuel imports bill constituted 82 per cent of its export earnings in 1985.

Jordan and Yemen signed a trade protocol in 1986, whereby Jordan will export to Yemen pharmaceuticals, paper goods, construction materials, eggs, oranges and other goods. An agreement was concluded in November 1985 between Iraq and Kuwait to provide Kuwait with Iraqi gas through its Southern oil fields beginning September 1986. Another agreement was concluded in April 1986 between Kuwait and Iraq, whereby Kuwait promised to import water for drinking and irrigation from Iraq.[1/]

In general, the most recent bilateral agreements generally involved Iraq and Jordan, or one of them and a partner from the Gulf area. The importance

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1/ For a cumulative listing of bilateral trade agreements see: United Nations Economic Commission for Western Asia, Economic Integration in Western Asia (Frances Pinter, London), 1985; Annex II. A Chronological Register of Bilateral Economic Agreements Among Countries of Western Asia, 1949-1978; Current issues in economic co-operation and integration in Western Asia (E/ECWA/DPD/84/17), November 1984; Annex II on Bilateral Agreements, 1979-1982; and Recent Developments in Economic Co-operation and Integration in Western Asia, (E/ESCWA/DPD/85/6), April 1985.

of the GCC countries for Jordan lies in their being a major export outlet and employer of Jordanian labour; and for Iraq as a direct and indirect (transit) source of imports, and in recent years, following the closure of its pipeline through the Syrian Arab Republic, in facilitating the export of Iraqi crude. Improved political relations between Iraq and Jordan, on the one hand, and Egypt, on the other, have been mirrored in a resumption of trade relations. In December 1983, Jordan and Egypt officially resumed trade relations which were interrupted following the Camp David Accords.1/ A countertrade agreement was concluded in August 1983 involving the exchange of Egyptian textiles for sulphur and phosphates from Iraq. More recently, Egypt and Iraq had agreed to double mutual trade to $200 million in 1986, under their annual trade agreement. Also, Egypt and Jordan signed in 1986 a five-year agreement which provides for the exchange of Egyptian rice for 1.5 million tons of Jordanian cement.

B. Performance of 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.

In absolute terms, the dollar value of intraregional export trade has risen 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 $6.0 billion in 1985. Intraregional exports grew by 25.4 per cent per annum during 1975-1980. This was followed by declines in the order of 6.7 per cent per annum during 1980-1983 and by 5 and 9 per cent in 1984 and 1985, respectively. (See Annex Table 5). The economic recession associated with declining exports of fuels, the strain in political relations and internal strifes may serve to provide most of the explanation for this downturn of events.

1/ The membership of Egypt in most of the regional organizations was suspended in 1978. However, in December 1986, it was re-admitted to the Federation of Arab Chambers of Commerce, Industry and Agriculture.

Intraregional trade has constituted a small fraction of total trade. Intraregional exports fluctuated within a narrow range of 5 to 7 per cent between 1975 and 1985; while imports progressively contracted from 12 to around 7 per cent over the same period.

The regional market has provided a major outlet for member States non-fuel exports. The exclusion of fuels from the analysis allows a more realistic picture of the significance of intraregional trade in overall trade patterns of the countries of Western Asia to emerge. This is mainly because oil trade takes place almost entirely in response to exogenous factors and international demand. Therefore, the inclusion of oil and oil products would give a strong downward bias to, and distort, the contribution of intraregional trade to export diversification and industrial development in the region. Thus, the exclusion of these products raises the share of intraregional exports in total exports of the region more than ten-fold. Intraregional non-fuel exports accounted for a dominant and growing share in total non-fuel exports until 1983 (from over 36 per cent in 1975 to 51 per cent in 1982). Afterwhich it ebbed and flowed, though remaining significant, and in 1984-1985 averaged one-fourth of the total.

The divergence between the fuel and non-fuel exporters of the ESCWA region is pronounced for both exports and imports, disclosing the common features characterizing each group's external sector and its inherent commodity concentration.

During 1975-1985, around 75 per cent, on the average of intraregional imports and 85 per cent of exports were accounted for by the fuel exporters group. Alone, the GCC accounted for over 60 per cent of imports and 80 per cent of exports, with Saudi Arabia leading on the exports side and Bahrain on the imports side. Nevertheless, the share of imports from within the region in total imports of the GCC countries declined progressively from 18 per cent in 1975 to 9 per cent in 1980 and around 8 per cent in 1985. The corresponding share in exports grew from 3.4 per cent in 1975 to 6 per cent in 1983 and over 7 per cent in 1985. (See Table III.1 and III.2).

Table III.1 Participation in Intraregional Trade (in per cent of intraregional trade)

	Intraregional Imports					Intraregional Exports									
						Total Exports					Non-Fuel Exports (excl. SITC 3)				
	1975	1980	1983	1984	1985	1975	1980	1983	1984	1985	1975	1980	1983	1984	1985
Fuel Exporters	88.65	75.93	75.08	78.92	79.97	70.09	86.53	89.18	88.62	89.36	48.00	72.30	70.94	74.80	97.95
GCC	70.50	55.56	59.65	61.29	63.11	61.28	80.46	82.46	81.55	81.74	36.53	65.40	62.35	62.17	82.69
Bahrain	21.15	25.23	23.57	25.95	26.15	6.42	10.50	12.46	12.76	11.37	6.77	1.59	8.59	0.13	0.36
Kuwait	3.28	2.84	4.42	4.21	4.26	14.07	19.72	16.70	10.51	11.36	17.66	31.38	7.97	2.57	1.07
Oman	4.89	4.69	7.11	7.79	12.20	0.18	1.45	3.80	3.33	2.90	0.32	3.59	9.61	14.34	15.43
Qatar	1.83	1.27	1.12	0.91	0.91	0.44	1.69	2.24	2.34	2.51	0.77	4.12	4.17	0.86	2.32
Saudi Arabia	33.68	11.81	13.30	13.04	11.17	36.69	41.44	41.09	39.61	39.53	5.48	13.65	10.67	12.96	6.24
United Arab Emirates	5.66	9.73	10.10	9.38	8.45	3.48	5.66	11.45	12.99	14.07	5.54	11.07	21.34	31.32	57.18
Others	18.15	20.37	15.44	17.63	16.86	8.81	6.08	6.73	7.08	7.62	11.47	6.90	8.59	12.63	15.25
Egypt	9.07	1.08	4.71	5.09	3.68	2.21	3.94	1.97	2.08	2.81	3.93	2.58	5.01	9.01	13.56
Iraq	3.55	7.22	9.73	11.67	12.20	3.55	0.48	3.35	3.72	3.87	2.13	1.10	0.77	1.84	1.70
Syrian Arab Republic	5.49	12.06	1.00	0.88	0.96	3.05	1.66	1.41	1.28	0.92	5.41	3.22	2.81	1.71	0.09
Non-Fuel Exporters	11.35	24.06	24.92	21.08	20.00	29.95	13.47	10.82	11.38	10.64	52.06	27.73	29.06	25.20	2.05
Democratic Yemen	1.42	6.32	3.18	3.02	3.06	0.65	2.30	0.58	0.61	0.64	0.45	0.17	0.22	0.00	0.00
Jordan	5.45	6.87	12.07	10.64	9.26	1.92	2.84	3.41	5.15	4.72	3.35	7.04	8.66	22.30	0.98
Lebanon	3.11	5.85	4.79	4.02	4.21	27.34	8.19	6.58	5.19	4.87	48.13	20.20	20.10	2.90	0.98
Yemen	1.38	5.04	4.90	3.41	3.48	0.07	0.13	0.26	0.42	0.40	0.13	0.32	0.11	0.00	0.00
Intraregional Trade	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Compiled and computed by the ESCWA Secretariat from reporting countries' data and, in their absence, from the International Monetary Fund, *Direction of Trade, 1986* for the years 1983-1985. See also Annex Tables 5 to 7.

The relatively small importance of the region in the export trade of the GCC countries stems from the dominance of crude oil and its derivatives (oil products, petrochemicals and fertilizers) in exports, the markets of which lie outside the region. For this group, intraregional exports consist largely of re-exports; 1/ the provision of crude oil to the refineries in Bahrain, Democratic Yemen, Jordan and Lebanon; and products of newly established industries such as iron and steel, and aluminium. Among the GCC countries, exports to other countries in the ESCWA region have been of special importance for Bahrain, reflecting its reliance on neighbouring countries to absorb most of its re-exports. Regional supplies have accounted for a significant portion of the imports of Bahrain and to a lesser extent Oman.

In the case of Bahrain, the region occupies a central position which could be attributed to its heavy reliance on Saudi Arabia to supplement its own scarce supplies with crude oil for the refinery and on neighbouring countries to absorb most of its re-exports. Oman draws heavily on the regional market for supplying a large part of its needs, as a cheaper source of goods originating elsewhere (mostly re-exports of neighbouring countries). Non-fuel exports of the United Arab Emirates to neighbouring countries, mainly to Saudi Arabia, Qatar, Kuwait and Iraq, averaged between 50 and 60 per cent of its non-fuel exports.

It should be noted, however, that 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 the other fuel exporters (Egypt, Iraq and the Syrian Arab Republic) and the non-fuel exporters.

Together, Egypt, Iraq and the Syrian Arab Republic had accounted for a growing share of intraregional imports up to 1980 (20 per cent). Subsequently, this share fell to 15 per cent in 1983, before rising again to average 17 per cent in 1984-1985. Their combined contribution to intraregional exports had fluctuated in a declining trend between 1975 and

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1/ The GCC customs directors agreed in September 1985 to abolish the double tariff on foreign goods re-exported within the area.

1985. After having accounted for around 9 per cent of intraregional exports in 1975, their share stood at around 7 per cent during 1983-1985. In relative terms, the region represents a minor source for this group's imports (averaging between 4 to 5 per cent) and even a less significant outlet for their exports (2 - 3 per cent) between 1975 and 1985. However, if fuel exports were excluded, the importance of the region becomes more tangible as its share, on the average, rises six-fold, during the ten-year period. This is more pronounced in the case of Iraq and the Syrian Arab Republic than it is for Egypt. These two countries have traditionally exported to the region a significant share of their non-fuel exports, though this has substantially declined in recent years, from 40 and 30 per cent in 1975 to 17 and 8 per cent, respectively, in 1984. In contrast, the corresponding share in Egypt's non-fuel exports has risen from 5 to 13 per cent between 1975 and 1985.

The relative importance of the non-fuel exporters in intraregional trade is much more evident in the case of imports than in exports. Their participation in exports has generally faltered in the eighties compared to the mid-seventies. This is largely a result of the events in Lebanon and its considerably reduced capacity to export. The non-fuel exporters group accounted for an average of 23 per cent of intraregional imports and around 12 per cent of intraregional exports during the period reviewed. Moreover, the region is extremely important as a market for their exports and as a source for imports. The share of the region in their combined imports fluctuated considerably, growing from 12 to 24 per cent between 1975 and 1980, before diminishing to average 17 per cent during 1983-1985. Similarly, the share of intraregional exports grew from 53 to 65 per cent between 1975 and 1980, fluctuated thereafter and stood at 38 per cent in 1985, thus confirming their heavy reliance on the region as their major market, despite the recent loss of ground.

For this group of ESCWA countries, the region provides an outlet for their exports of manufactured goods, fruits and vegetables. These flows have been particularly important for Lebanon and Jordan where the regional market absorbed some 50 per cent and 37 per cent of their respective exports in 1985. For Lebanon, the region is, by far, more important as an outlet for its goods than it is a source for them (50 per cent as compared to 11 per cent, respectively). Democratic Yemen depends largely on the region for its supply of crude oil for the refinery and so does Jordan and Lebanon; while Yemen relies on its neighbouring countries for the supply of staple commodities and manufactured goods. With respect to imports, the portion obtained from within the region was most significant for the group of non-fuel exporters, mainly for Democratic Yemen followed by Jordan, reflecting their reliance on fuel imports for their refineries' needs. In the case of Democratic Yemen, these constituted between 45 and 52 per cent of total imports in 1984-1985.

In recent years, intraregional trade has been adversely affected by deteriorating political relations between some member countries. It should benefit, however, from the recent impovements in relations between Jordan and the Syrian Arab Republic, and the growing economic and trade links between Egypt, Iraq and Jordan.

C. Commodity Structure of Intraregional Trade

The region constitutes an important market for the agricultural and industrial products of the non-fuel exporters as well as Egypt, Iraq and the Syrian Arab Republic; 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).

The regional 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 prohibitive tariffs and protectionism (textiles, leather goods), or quality and specifications of goods produced, transportation costs and/or bottle-necks and bulky nature of merchandise traded (cement, bottled mineral water, rubber and plastic products, iron and steel structures, etc.). More often than not, the regional market serves as a testing ground for new product lines and potential exports.

Table III.2 ESCWA Region: Share of Intraregional Trade in Total Trade (in per cent of respective trade)

	IMPORTS (c.i.f.)					EXPORTS (f.o.b.)									
						Total Exports					Non-Fuel Exports (excl. SITC 3)				
	1975	1980	1983	1984	1985	1975	1980	1983	1984	1985	1975	1980	1983	1984	1985
ESCWA Region	11.94	10.37	7.18	7.58	7.84	4.48	4.32	6.58	6.73	7.27	36.35	43.58	39.76	27.04	22.96
Fuel Exporters	12.04	8.81	5.97	6.56	6.99	3.22	3.77	5.94	6.06	6.63	24.51	38.18	33.93	23.93	24.68
GCC	17.74	9.00	5.83	7.29	8.42	3.38	4.22	6.29	6.52	7.45	40.15	47.07	44.74	32.43	30.97
Bahrain	52.95	60.14	44.65	48.78	52.12	15.40	23.66	27.05	26.77	26.80	49.43	22.83	50.62	...	...
Kuwait	3.96	3.60	4.43	3.71	3.93	4.22	8.25	10.06	6.64	7.29	35.16	47.56	49.28	....	...
Oman	21.22	22.47	18.06	18.79	22.89	0.34	3.32	6.32	5.33	4.20	30.77	86.07	75.37	59.65	49.74
Qatar	12.99	7.51	5.54	5.20	4.45	0.65	2.50	4.31	3.37	4.51	22.90	61.12	44.49	12.15	28.80
Saudi Arabia	23.57	3.27	2.56	2.56	2.77	3.41	3.25	4.98	6.15	7.94	42.14	53.10	27.68	18.98	...
United Arab Emirates	5.97	9.97	7.64	8.81	7.32	1.44	2.39	4.27	4.82	5.08	56.85	37.71	46.83	51.96	61.44
Others	5.36	8.32	3.93	4.86	4.29	2.42	1.56	3.56	3.34	3.06	10.96	13.69	12.32	10.46	11.74
Egypt	6.69	1.85	2.90	3.13	2.19	4.35	11.08	4.26	4.38	4.53	4.80	8.13	11.31	10.31	12.84
Iraq	2.46	5.28	6.13	7.90	7.18	1.28	0.15	2.92	2.71	2.42	41.25	15.57	21.04	16.74	13.08
Syrian Arab Republic	9.50	24.37	1.39	1.68	1.75	9.02	6.89	5.07	4.75	3.44	30.29	27.42	12.93	7.65	...
Non-Fuel Exporters	11.18	23.54	18.49	18.06	15.14	53.26	65.29	53.41	47.86	38.47	65.51	69.10	68.45	44.05	...
Democratic Yemen	27.19	47.48	53.26	45.03	51.57	6.62	47.54	20.27	20.76	18.26	36.02	14.26	33.50	...	...
Jordan	21.66	23.80	25.32	26.22	14.87	42.05	60.44	53.89	50.06	36.99	41.64	60.58	53.87	50.06	...
Lebanon	5.08	15.48	8.13	9.03	11.38	65.61	75.70	61.31	54.32	50.57	69.26	75.61	80.02	26.03	...
Yemen	13.69	22.54	21.94	13.63	12.88	16.84	49.79	68.65	42.79	22.92	16.84	49.76	14.97	...	...

Source: Compiled and computed by the ESCWA Secretariat from reporting countries' data and, in their absence, from the International Monetary Fund, Direction of Trade, 1986 for the years 1983-1985. See also Annex Tables 5 to 7.

While intraregional exports of fuels did not represent more than 2 to 3 per cent of the region's total fuel exports, they constituted the dominant, though fluctuating, share in intraregional exports, having expanded from 44 per cent in 1975 to 60 per cent in 1980, fluctuated thereafter and stood at 57 per cent in 1985. A similar picture emerges with respect to intraregional imports where around 60 per cent of the region's fuel needs in 1985 were satisfied from within. These were mainly directed to Bahrain, Democratic Yemen, Jordan and Lebanon to satisfy their refineries' needs. (See Table III.3)

Until the early eighties, the bulk of the region's non-fuel exports was carried out inside the region. Subsequently, this portion diminished as evidenced by the share of intraregional non-fuel exports in total non-fuel exports which after growing from 36 per cent in 1975 to 44 per cent in 1980, progressively shrank to 23 per cent in 1985. In fact, in recent years the developed market-economies, notably the EEC and, to a lesser extent, Japan and the United States, have come to account for a larger share in the region's non-fuel exports. The recent addition of petrochemicals and some fertilizers to the list of non-fuel export items may partially explain this growth, despite the marketing difficulties encountered.

The share of the GCC countries in intraregional non-fuel exports rose from 36 per cent in 1975 to 65 per cent in 1980 and averaged around 70 per cent during 1984-1985. Notwithstanding this, the region remains relatively more important as an outlet for the non-fuel exporters than it is for the fuel exporters. Although the share of the region in the combined exports of the non-fuel exporters diminished considerably from an average of 60 per cent during 1975-1983 to 38 per cent in 1985, it nevertheless remained highly significant as an export outlet. The corresponding share in the GCC countries' non-fuel exports grew from 40 per cent in 1975 to 45 per cent in 1983 and declined thereafter to average 31 per cent during 1984-1985. The relative importance of the region in the combined non-fuel exports of Egypt, Iraq and the Syrian Arab Republic somewhat wavered during 1975-1985, between 11 and 13 per cent of the total; however, it was almost six-fold as much as its share in their overall exports. At the country level, the relative

Table III.3 Commodity Structure of Intraregional Trade

by Major Categories (in per cent of total)

		Food items	Agricultural raw materials	Ores and metals	Fuels	Chemicals	Machinery and equipment	Other manufactured goods
	SITC	0+1+22 +4	2 less (22+27+28)	27+28 +67+68	3	5	7	6 + 8 less (67+68)
IMPORTS(cif)	1975	13.60	2.90	3.55	35.65	4.04	19.05	21.08
	1980	11.02	1.29	5.35	55.71	2.94	10.16	13.52
	1983	10.48	0.54	2.96	49.26	2.96	18.54	15.19
	1984	10.58	0.49	1.88	60.67	3.26	11.02	12.05
	1985	9.53	0.29	3.18	59.55	1.70	13.18	12.39
TOTAL EXPORTS(fob)	1975	12.04	2.79	3.74	43.73	3.88	14.65	18.42
	1980	8.56	0.75	3.97	59.66	2.43	11.09	13.51
	1983	12.15	0.47	3.29	52.42	3.51	9.14	17.99
	1984	10.96	0.51	1.90	59.26	3.38	11.36	12.52
	1985	10.16	0.34	3.35	57.34	1.79	13.85	12.98
NON-FUEL EXPORTS	1975	21.39	4.96	6.64	0.00	6.89	26.03	32.73
	1980	21.21	1.85	9.85	0.00	6.03	27.50	33.50
	1983	25.55	0.99	6.91	0.00	7.38	19.22	37.83
	1984	26.91	1.25	4.67	0.00	8.29	27.89	30.72
	1985	23.82	0.80	7.85	0.00	4.19	32.47	30.42

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

- 74 -

importance of the region as a market for non-fuel exports was more pronounced in the case of Oman, Qatar and the United Arab Emirates (essentially re-exports) and for Jordan and Lebanon, where between 25 and 50 per cent of their respective non-fuel exports during 1975-1985 went to the region.

Intraregional non-fuel exports were dominated by machinery and other manufactured goods (see Table III.3) which comprised over 60 per cent of the total, and mainly re-export items. Among the indigenous exports, food items (representing around one-fourth of the total in 1984-1985), chemicals, and ores and metals deserve attention. The region constitutes the most important market for its foodstuffs exports (fruits, vegetables). This is reflected by its having absorbed a growing proportion of such exports between 1975 and 1983, 46 per cent as compared to 69 per cent. Notwithstanding the decline in the region's share to 63 per cent in 1984 and to 55 per cent in 1985, it remained the major outlet for its member countries' exports of food items. The corresponding share for chemicals (mainly fertilizers) grew from 16 per cent in 1975 to 34 per cent in 1983 before it dropped to 22 per cent in 1984 and 7 per cent in 1985. By contrast, while the region had consumed in 1975 over 31 per cent of its exports of ores and metals (mainly phosphates, aluminium, iron and steel shapes and metal scrap), subsequently this share followed a downward sloping curve, and in 1985 only 12 per cent of such exports were marketed within the region. A similar pattern could be traced for the region's exports of agricultural raw materials (cotton), of which around one-tenth were absorbed within the region in 1975, but by 1985 this proportion had fallen to less than 2 per cent. (See Table III.4).

By contrast, the importance of the region as a source for non-fuel imports for its member countries is quite limited, both with respect to coverage and size. It has significantly diminished between 1975 and 1985, with the share in total imports falling from over 8 per cent to less than 2 per cent, revealing the intensification of the region's already heavy dependence on the outside world to meet its needs for intermediate and capital goods as well as food. However, for the non-fuel exporters, the region constitutes a relatively more important source of non-fuel imports than it is for the fuel exporters (8 per cent as opposed to 4 per cent in 1983, and 4 per cent as opposed to 2 per cent in 1984).

Table III.4 Relative Importance of Intraregional Trade in Total Trade by Major Categories (percentage shares)

	SITC Section	1975	1980	1983	1984	1985
IMPORTS (c.i.f.)						
Food items	0+1+22+4	8.35	7.68	6.59	3.29	2.9
Agricultural raw materials	2-22-27-28	14.40	7.84	3.20	1.76	0.76
Ores and metals	27+28+67+68	4.68	7.40	4.41	1.70	2.20
Fuels	3	70.74	74.60	52.88	73.06	70.68
Chemicals	5	7.11	5.93	4.72	2.77	1.08
Machinery & transport equipment	7	6.44	2.93	4.07	1.63	1.68
Other manufactured goods	6+8-67-68	12.22	5.28	4.97	2.50	2.25
Total	0 to 9	11.94	10.37	7.18	7.58	7.84
Excluding Fuels	0 to 9 less 3	8.17	4.98	4.70	2.23	1.99
EXPORTS (f.o.b.)						
Food items	0+1+22+4	45.74	67.41	69.22	63.14	54.62
Agricultural raw materials	2-22-27-28	9.92	9.06	3.67	2.21	1.41
Ores and metals	27+28+67+68	31.42	25.16	15.97	6.71	11.99
Fuels	3	2.11	2.68	3.17	2.73	2.51
Chemicals	5	15.76	14.87	33.96	21.97	6.98
Machinery & transport equipment	7	69.25	64.25	46.77	38.78	32.28
Other manufactured goods	6+8-67-68	44.40	63.29	53.86	43.43	37.24
Total	0 to 9	4.48	4.32	6.58	6.73	7.27
Excluding Fuels	0 to 9 less 3	36.35	43.58	39.76	27.04	22.96

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

C. Factors Limiting Intraregional Trade

The failure of intraregional trade to account for a more significant share of the region's aggregate trade (exports plus imports) 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, (i.e. the range of goods produced within the region is competitive rather than complementary),[1/] as well as the failure to conceive agricultural and industrial development within a regional perspective. This is particularly true of manufacturing industries which have emerged along import-substitution lines, sustained by protectionist measures, to cater for the home market alone and/or the markets of other less industrialized but rapidly growing markets of other countries in the region, notably the GCC countries and Iraq. The sharp rise in incomes and its skewed distribution, and the phenomenal expansion in developmental expenditures in the fuel-exporting countries, as a result of the oil boom of the seventies, have not only been reflected in higher demand for essential items such as food, but have also widened the range of imports and intensified the demand for quality consumer goods (durable and non-durable), capital goods and raw materials which the countries of the region are generally unable to supply.

Aside from oil, the bulk of which is virtually consumed outside the region in response to world demand and changes therein, a significant portion of the region's exports consists of cotton and, to a lesser extent, phosphates. These agricultural and non-agricultural primary products also find their markets in the industrialized countries outside the region. Moreover, the industrialization pattern which has emerged in the region has not been helpful in generating significant demand for its raw materials (mainly cotton and phosphates), nor in meeting the needs of the region in terms of machinery and capital equipment. Furthermore, the emergence of new product lines (e.g. petrochemicals, fertilizers and other oil-derivatives) where huge production

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1/ Refer to Table II.4 and Supplement in Chapter II.

capacities are involved and products are technologically more advanced, has further accentuated the limited absorptive capacity of the region for its own products.

The failure of intraregional trade may also be attributed to differences in levels of development, socio-economic systems and trade regimes, giving 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.

Built-in defects in multilateral trade agreements continue to be a disturbing factor to the expansion of intraregional trade. In connection with the 1982 Arab Trade Convention the following observations appear to be relevant. First, the aims of the Convention include a number of issues, such as the establishment of a common external tariff and the equitable distribution of costs and benefits, which have been at the centre of the preoccupations of regional groupings and concerned organizations, and for which workable solutions still need to be found. Second, the call of the Convention to take into consideration the circumstances of the various parties adhering to it could, in practice, set serious limitations on the ultimate scope of the agreed commitments. Flexibility in this respect could perhaps have been introduced through provisions enabling the Contracting Parties to adhere to certain parts of the Convention, rather than be faced with the choice, as it is, of full adherence or rejection.

Finally, 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. 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. The crucial issue is how to isolate co-operation efforts at various levels from the vicissitudes of political relations. One way is to avoid hasty commitments inspired by momentary considerations. Another is to ensure that sufficient economic interest and momentum are generated so as to reduce the chances of revoking agreements and commitments.[1/]

In conclusion, joint economic action at the regional and Pan-Arab level has been adversely affected by a combination of unfavourable economic and political developments. The spread of the world economic recession into the region coincided with a widening rift in relations among some member countries, inability to resolve peacefully the Iraq-Iran conflict and continued political instability in Lebanon. 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 ecnomic co-operation and trade expansion endeavours are more likely to succeed in an environment of economic growth and stable political relations, and to be retarded otherwise.

1/ See: United Nations Economic Commission for Western Asia, Current issues in Economic Co-operation and Integration in Western Asia (E/ECWA/DPD/84/17), November 1984.

CHAPTER IV. TRADE OF THE ESCWA REGION WITH OTHER DEVELOPING REGIONS*

A. Aggregate Trade Flows

The trade of the ESCWA region with other developing regions has shown considerable expansion since 1975 before it started sliding and underwent a severe setback in the early eighties. Thus, aggregate imports grew from $2.6 billion in 1975 to $13.2 billion in 1982 and declined thereafter to reach $4.3 billion in 1985. Exports to developing countries grew from $12.6 billion in 1975 to a peak of $40.8 billion in 1980, after which they fell sharply and stood at $7.2 billion in 1985, almost half their level in 1975. Moreover, non-fuel exports to other developing countries fluctuated along a declining trend during the latter half of the seventies ranging between $789 million in 1975 to $747 million in 1979. In 1980, these exports attained a peak of $1.2 billion but then started retreating to attain slightly more than half a billion dollars in 1985. (See Annex Table 1)

The early eighties were marked by severe economic recession in the developed countries which adversely affected the external sector of developing countries. The slackening in world demand in general, and depressed demand for exports of developing countries in particular, exerted a downward pressure on prices, including those of oil, and quantities of primary commodities exported by them leading to a contraction in their export earnings.

Thus, while impressive growth rates were recorded in the ESCWA region's trade with other developing countries between 1975 and 1980 - 31.6 per cent per annum for imports and 26.4 per cent for exports - the subsequent period witnessed a slowdown followed by sharp and rapid falls. In fact, the trend in the region's trade with other developing regions parallelled that of its trade

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* Covers the developing countries in Asia (excluding the ESCWA member States), Africa (excluding Egypt in North Africa), America and Oceania. For statistical details see: ESCWA, Statistical Developments in the External Sector of the ESCWA Countries: Intraregional Trade and Trade with Other Developing Regions, 1975-1985 (E/ESCWA/DPD/86/4), December 1986.

with the world, but with some divergence in pace and magnitude. Thus, the region's exports to other developing countries declined by 8.2 per cent during 1980-1983, while its exports to the world declined more rapidly by 20.0 per cent per annum. However, in the subsequent two years the region's exports to other developing countries declined more rapidly than its exports to the world, by 39.3 per cent in 1984 and 62.7 per cent in 1985 compared to 15.0 and 25.2 per cent, respectively. (See Annex Table 2)

Compared to the impressive growth rates recorded in the region's overall exports to other developing countries during 1975-1980 (26.4 per cent per annum), growth in non-fuel exports was very modest at 8.1 per cent per annum. During 1980-1983, non-fuel exports declined by 8.4 per cent per annum, recovered partially in 1984 by 7 per cent, and fell by 47.5 per cent in 1985. Thus, although the trend in total and non-fuel exports were basically similar; however, the declines, except for 1985, in the latter were less dramatic and slower in pace.

In contrast to exports, the region's imports from other developing regions continued to grow albeit at a much slower pace, by 8.2 per cent per annum during 1980-1983; at a time when the region's overall imports almost stagnated (growing by 1.8 per cent per annum). Subsequently, they retreated by 38.8 per cent in 1984 and by 45.6 per cent in 1985, a compared to 14.9 per cent and 18.4 per cent, respectively, in overall imports.

An examination of the trade balance of the ESCWA region with other developing regions reveals a substantial surplus that grew three-fold between 1975 and 1980, from $10.1 billion to a peak of $30.6 billion, before it started falling to reach $11.2 billion in 1984 and slumping to $2.8 billion in 1985.

Excluding trade in fuels, however, the region becomes a net importer from the other developing regions with a persistent and generally widening deficit that rose from $1.7 billion in 1975 to $10.8 billion in 1982. This deficit narrowed considerably thereafter to $3.7 billion in 1985.

Consequent to the developments noted above, the relative importance of developing countries in the region's trade grew rapidly at first but then deteriorated after 1983. The share of these countries in the imports of the ESCWA region grew from 10.6 per cent in 1975 to 15.3 per cent in 1983, before it shrank to 11.0 and 7.3 per cent in 1984 and 1985, respectively. Similarly, the relative importance of developing countries in the region's aggregate exports grew by 10 percentage points to 31.0 per cent between 1975 and 1983, despite considerable fluctuations. Subsequently, their share in total exports shrank first to 22.0 per cent in 1984 before it was slashed by half to around 11.0 per cent in 1985, in line with the deterioration witnessed in the overall trade performance of the region and in particular its fuel exports. (See Annex Table 8). As for non-fuel exports, the developing countries absorbed 18.5 per cent of the region's exports in 1975. This share fluctuated sharply thereafter and by 1985 was 10.3 per cent of the region's total non-fuel exports.

Aside from the relapse witnessed in 1984-1985, the developing countries have generally gained in relative importance with respect to total exports. Their share in non-fuel exports, however, deteriorated and fluctuated without a definite trend during 1975-1985. In effect, until the early eighties, the bulk of the region's non-fuel exports trade was being increasingly carried out inside the region as evidenced by the rise in the share of the regional market from 36 per cent in 1975 to average 51 per cent in 1981-1982.

At the level of individual ESCWA countries, the share of developing countries was most pronounced in the case of exports originating mainly in the GCC countries, Iraq, Jordan and Yemen. In 1984, this share averaged between 38 and 23 per cent of respective exports of Iraq, Bahrain, Yemen, Oman, Jordan and Saudi Arabia, in that order.

Excluding fuels, the share of developing countries had fallen in most of the ESCWA countries' exports with the exception of Saudi Arabia (largely re-exports of machinery and, to a lesser extent, fertilizers and petrochemicals) where it increased from 13.6 per cent in 1975 to 28.4 per cent in 1984 before falling to 11.4 per cent in 1985; the Syrian Arab Republic where it grew from less than 3 per cent to 20.6 per cent, and the two Yemens. The share of developing countries in the region's imports declined or remained stable in most of the ESCWA countries, except for Bahrain where it grew slightly from 6.6 per cent in 1975 to average 8 per cent in 1984-1985, and Egypt where it rose from 7.8 per cent to 9.5 per cent over the same period.

B. Participation in Mutual Trade

During the period 1975-1985, the bulk of trade between the ESCWA region and the other developing regions was carried out between the ESCWA fuel exporters and the developing countries in Asia, mostly South-East Asia. The leading trading partners in the two groups were on the one hand, Saudi Arabia since 1980 and to a lesser extent, the United Arab Emirates, Iraq and Kuwait; and on the other hand, mainly Taiwan (between 1978 and 1983) and Korea, followed by Singapore and Hongkong, Turkey and up to 1982, India. In Latin America, Brazil was also a significant partner, particularly as the largest single developing country consumer of the region's oil (followed by Singapore and Korea). Until recently, Malaysia and Pakistan were important sources of goods, and Iran a significant outlet for non-fuel exports.

The fuel exporters group has dominated the region's trade with the developing countries, accounting for 88 to 93 per cent of aggregate imports, 98 to 99 per cent of total exports, and for 69 to 89 per cent of non-fuel exports. Alone, the share of the GCC countries averaged 60 per cent for imports, 80 per cent for exports and 60 per cent for non-fuel exports. More specifically, in 1975 Iraq was responsible for 21 per cent of the ESCWA region's imports from other developing countries. It was followed by the United Arab Emirates, Saudi Arabia, Egypt and Kuwait, in that order, whose shares ranged between a maximum of 16 and a minimum of 11 per cent of regional imports. However, during the early eighties, Saudi Arabia emerged as the main importer and its share in the region's imports from developing countries gradually expanded from one-third in 1980 to around 37 per cent in 1985. At the same time, Iraq's share fell to 14 per cent in 1980 and fluctuated considerably thereafter to stand at around 2 per cent in 1985, while the shares of Kuwait and the United Arab Emirates fluctuated within a range of two to three percentage points around 11 and 13 per cent, respectively. Meanwhile, the share of Egypt fluctuated substantially in a declining trend, but in 1985 it emerged as second to Saudi Arabia on the list of the region's main importers from the other developing countries, and accounted for over one-fifth of regional imports from them. (See Table IV.1)

The fuel exporters, mainly the GCC countries, have dominated the region's exports to the other developing countries. Saudi Arabia alone contributed between 50 and 55 per cent of the total. The balance was largely accounted for by Kuwait and until 1984 Iraq, although their shares fluctuated considerably during the period reviewed; in 1985, the United Arab Emirates replaced Iraq on the list of leading exporters.

Excluding fuels, around three-fourths of the region's exports to developing countries in 1975 were supplied by three countries: Kuwait (40 per cent), Lebanon (25 per cent) and Egypt (10 per cent). Subsequently, a more even distribution emerged. For instance, in 1983, the Syrian Arab Republic was responsible for over 16 per cent of the region's non-fuel exports (phosphates and cotton) to the other developing countries, followed by the United Arab Emirates (14 per cent); while Qatar, Jordan, Saudi Arabia and Kuwait each supplied over one-tenth of the total. It is important to note that, while Lebanon had been a very active exporter to the developing countries, its contribution became negligible during the eighties as its ability to export was greatly impaired by civil strife. In 1984-1985, Saudi Arabia emerged as the main supplier of non-fuel exports from the region (fertilizers, petrochemicals, and re-exports) accounting for around one-third. Jordan, Egypt, and the United Arab Emirates were also significant exporters of non-fuel goods to the other developing regions.

During the period reviewed, the bulk of trade between the ESCWA countries and the other developing countries was carried out increasingly with the developing countries in Asia. The share of "Developing Asia" in this trade grew, between 1975 and 1985, from 72 to 90 per cent of imports, from 53 to 97

Table IV.1 Participation in Trade of ESCWA Region with Other Developing Regions (in per cent of mutual trade)

	Imports from Other Developing Regions					Exports to Other Developing Regions: Total Exports					Exports to Other Developing Regions: Non-Fuel Exports (excl. SITC 3)				
	1975	1980	1983	1984	1985	1975	1980	1983	1984	1985	1975	1980	1983	1984	1985
A. Participation Among ESCWA Countries															
Fuel Exporters	88.22	88.02	90.55	89.60	93.38	98.02	99.47	99.35	98.67	99.03	69.58	86.09	83.69	76.80	89.86
GCC	47.50	63.83	61.62	59.53	68.66	81.97	77.05	83.57	78.84	94.89	56.27	62.92	56.65	58.93	75.75
Bahrain	2.94	2.94	1.33	1.32	1.90	2.16	2.39	1.64	1.65	2.58	3.42	3.35	5.81	2.51	5.96
Kuwait	11.16	10.70	6.97	8.78	9.57	21.23	19.03	11.89	12.29	20.45	38.15	30.22	10.39	5.54	6.16
Oman	2.98	1.93	1.91	3.47	6.72	1.93	1.59	2.77	6.49	11.73	0.76	1.03	4.02	8.05	14.12
Qatar	1.01	1.47	1.55	0.75	1.05	2.06	2.69	2.49	1.84	2.40	3.04	5.92	11.62	4.28	3.58
Saudi Arabia	13.48	33.33	37.26	36.05	36.73	48.14	47.75	55.59	49.21	32.11	3.55	15.36	11.28	30.72	25.84
United Arab Emirates	15.88	13.45	12.60	9.17	12.69	6.44	3.59	9.19	7.36	25.63	7.48	6.95	13.63	7.84	20.28
Others	40.72	24.19	28.93	30.07	24.72	16.05	22.42	15.78	19.83	4.14	13.31	23.18	27.04	17.86	14.12
Egypt	11.89	3.98	6.49	13.19	21.31	0.76	0.27	0.56	0.77	2.72	10.52	4.64	8.94	9.51	13.12
Iraq	20.88	14.08	9.84	14.34	2.23	15.21	21.84	14.51	18.39	1.07	1.65	13.30	1.68	1.04	0.40
Syrian Arab Republic	7.98	6.13	12.60	2.53	1.18	0.08	0.31	0.71	0.67	0.35	1.01	5.32	16.54	7.21	0.60
Non-Fuel Exporters	11.78	11.98	9.45	10.40	6.62	1.98	0.53	0.65	1.33	0.97	30.54	13.99	16.31	23.30	9.94
Democratic Yemen	1.01	2.46	1.07	1.08	1.02	0.07	0.14	0.19	0.14	0.27	0.51	0.52	0.22	0.42	0.00
Jordan	2.05	2.17	2.58	3.95	1.86	0.32	0.22	0.33	1.00	0.63	5.07	7.55	11.62	20.06	8.95
Lebanon	5.97	4.30	3.53	3.36	1.56	1.59	0.17	0.11	0.12	0.04	24.84	5.84	3.91	2.40	0.60
Yemen	2.71	3.05	2.27	2.00	2.21	0.01	0.01	0.02	0.07	0.03	0.00	0.08	0.56	0.31	0.40
Mutual Trade	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
B. Participation Among Other Developing Regions															
Developing ASIA(ex. ESCWA)	71.52	82.65	84.36	90.87	90.17	53.18	70.31	69.86	72.40	97.17	60.96	81.54	85.14	77.12	93.04
Developing AMERICA	18.98	9.54	11.05	5.26	5.44	37.61	22.48	22.50	21.69	1.33	5.83	0.60	0.11	0.31	0.00
Developing AFRICA	9.45	7.69	4.58	3.87	4.39	7.69	6.94	7.59	5.91	1.50	33.21	17.85	14.41	22.57	6.96
North Africa(ex. Egypt)	2.32	5.52	3.00	2.81	3.62	3.35	3.33	4.63	5.51	0.42	27.25	14.42	11.17	21.53	5.96
Developing OCEANIA	0.08	0.12	0.01	0.00	0.00	1.52	0.27	0.05	0.00	0.00	0.00	0.00	0.34	0.00	0.00
Mutual Trade	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
For Reference: (in millions of US dollars)															
Mutual Trade	2581	10190	12906	7905	4304	12656	40760	31521	19133	7129	789	1165	895	957	503

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

of total exports and from 61 to 93 per cent of non-fuel exports. In 1975, India was the main supplier to the ESCWA countries among this group, followed closely by Iran, and at a distance by each of Singapore, Pakistan and Hongkong, then Turkey, Taiwan and Korea. In 1983, Taiwan assumed first position, followed by Korea, Iran and Turkey with Singapore, Hongkong and Pakistan relegated to a secondary position. During 1984-1985, the main suppliers were Turkey, Korea and Singapore. Throughout the period 1975-1985, the main consumers of the region's exports were Korea and Singapore, followed at a distance, by India, Turkey,[1/] Taiwan, Pakistan,[2/] Philippines and Thailand. The main outlets for the region's non-fuel exports were India and, until recently, Iran.[3/] Recently, Korea became a significant consumer of non-fuel exports from the region.

The balance of trade between the ESCWA region and the other developing regions was conducted mainly with Brazil in Latin America, and with the North African Arab States, in the case of non-fuel exports. The share of "Developing America" fell from 19 per cent in 1975 to 5 per cent in 1985 in the case of imports, and from 38 per cent to 22 per cent in the case of exports, which constituted almost entirely of oil. And while in 1975 the North African Arab States absorbed 27 per cent of the region's non-fuel exports, this share fluctuated sharply in a declining trend during the subsequent period dropping to around 6 per cent in 1985.

1/ Turkey and the Syrian Arab Republic signed an economic and commercial agreement on 27 October 1985.

2/ Pakistan and Saudi Arabia signed an agreement for purchasing Saudi crude oil in 1987. Pakistan's crude oil imports from Saudi Arabia account for more than half of its total imports (see: Middle East Economic Survey, 15 December 1986).

3/ The Syrian Arab Republic concluded a Trade and Co-operation Agreement with Iran in April 1982, the impact of which was felt immediately in Syria's exports which were virtually nil by the end of the seventies and reached over $100 million in 1983, making Iran the second largest market for Syrian non-fuel exports of manufactures and semi-manufactures.

C. Commodity Structure of Mutual Trade

Imports

In 1975, around half of the region's imports from other developing countries was accounted for by food items (mainly from Turkey and Brazil followed by India and recently Singapore) and around one-fourth by manufactured goods other than machinery and transport equipment (mainly from Korea, Hongkong and Singapore). Thereafter, the share of the latter category rose substantially while that of the former declined, both in the meantime exhibiting considerable fluctuation, until by 1985 their positions were reversed with imports of food items accounting for one-fourth and "other manufactures" accounting for over 45 per cent of imports from developing countries. At the same time, the share of imports of machinery and transport equipment (mainly from Korea, Singapore and until 1983 Taiwan) almost doubled to 15 per cent, while the shares of the remaining categories fluctuated by around 2 percentage points, and remained relatively insignificant in the structure of mutual trade. (See Table IV.2 and Annex Table 9.1)

The structural changes in the region's imports from other developing countries, as a whole, closely mirrored those of its imports from the developing countries in Asia, which have been the principal suppliers throughout the period reviewed, accounting for 90 per cent of imports in 1984-1985. In 1975, the region's imports from developing countries in Asia were also dominated by food items (36 per cent), followed closely by manufactured goods other than machinery and transport equipment (33 per cent). Subsequently, a shift in concentration occurred as these two categories exchanged positions; by 1985 their respective shares stood at 19 per cent and 50 per cent of the total. Meanwhile, imports of machinery and transport equipment gained in relative importance as their share in the total grew from 10 to 16 per cent between 1975 and 1985.

In 1975, imports from developing countries in America (mainly from Brazil), consisted almost entirely of food items which accounted for around 92 per cent of the total. During the period that followed, however, the share of

Table IV.2 Commodity Structure of Trade of the ESCWA Region with Other Developing Regions

		Total value (millions of dollars)	By Major Categories (in per cent of total)						
			Food items	Agricultural raw materials	Ores and metals	Fuels	Chemicals	Machinery and equipment	Other manufactured goods
	SITC	0 to 9	0+1+22 +4	2 less (22+27+28)	27+28 +67+68	3	5	7	6 + 8 less (67+68)
IMPORTS (cif)	1975	2581	48.51	5.31	6.39	4.34	2.25	8.37	24.72
	1980	10190	30.54	3.34	8.46	5.96	2.81	11.47	34.74
	1983	12906	24.23	2.27	5.94	16.08	2.26	13.88	28.86
	1984	7905	37.06	2.36	9.51	1.63	2.08	9.25	37.38
	1985	4304	24.93	3.07	7.09	2.09	1.97	14.48	45.49
TOTAL EXPORTS (fob)	1975	12655	0.96	0.10	0.58	93.76	2.36	0.85	1.34
	1980	40758	0.19	0.05	0.61	97.14	0.85	0.60	0.46
	1983	31521	0.28	0.15	0.67	97.16	0.77	0.34	0.51
	1984	19133	0.22	0.48	1.55	94.99	0.95	1.28	0.40
	1985	7129	0.36	0.31	1.58	92.94	1.56	2.13	0.74
NON-FUEL EXPORTS	1975	789	15.46	1.52	9.38	0.00	37.90	13.69	21.80
	1980	1165	6.78	1.80	21.20	0.00	29.87	21.03	16.14
	1983	895	9.94	5.25	23.46	0.00	27.26	12.07	18.10
	1984	957	4.49	9.51	31.03	0.00	19.02	25.60	8.05
	1985	503	5.17	4.37	22.46	0.00	22.07	30.22	10.54

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

food items gradually diminished to reach 71 per cent in 1985. This was offset by a rise in the shares of each of ores and metals and of manufactured goods from around one per cent to one-tenth of imports; and of agricultural raw materials from 1 to over 6 per cent over the same period.

Imports of the ESCWA region from the developing countries in Africa (predominantly foodstuffs) and from Oceania have remained relatively insignificant.

Fuel Exports

The region's exports to other developing regions are dominated by oil, the share of which grew steadily from around 94 in 1975 to 97 per cent in 1980 and 1983, before declining to account in 1985 for less than 93 per cent of the total. This was associated with an expansion in the already significant share of the developing regions in ESCWA's fuel exports from 21 per cent in 1975 to 32 per cent in 1983, highlighting the growing importance of developing countries as alternative markets for crude oil and oil products. However, the share of the region's fuels destined to the developing countries shrank by ten percentage points to about 22 per cent in 1984 and was virtually halved in 1985 to 11 per cent (see Annex Table 10).

The dominance of oil is evident in the region's exports to all developing regions. For example, the share of fuels in the ESCWA region's exports to the developing countries in Asia grew from 93 per cent to 97 per cent between 1975 and 1983 before falling to 93 per cent in 1985. Exports to developing countries in America consist almost entirely of oil (99 to 100 per cent during 1975-1985). The share of fuels in exports to developing countries in Africa grew from 73 per cent in 1975 to 95 per cent in 1983, then sharply declined to 67 per cent in 1985.

The bulk of the region's fuel exports to developing countries was largely consumed by those in Asia (mainly Singapore and Korea),[1/] the share of which

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1/ Turkey, Taiwan, India, Thailand, Pakistan, Indonesia and the Philippines were also significant consumers of ESCWA's fuel exports during the period reviewed.

in the total grew from 53 per cent in 1975 to 70 per cent in 1983 and 97 per cent in 1985. This represented more than doubling of their share in the ESCWA region's fuel exports to around 23 per cent in 1983, before this share declined to 16 per cent in 1984 and 11 per cent in 1985, yet remaining very significant considering the absolute value of fuel exports and their relative importance in the region's exports. For instance, over 65 per cent of Kuwait's crude oil exports and 28 per cent of its exports of refined products went to South-East Asia and the Far East.[1/]

The developing countries in America (mainly Brazil)[2/] accounted for most of the balance, though their share in ESCWA's fuel exports to the other developing regions dropped from around 40 per cent in 1975 to average 23 per cent during 1980-1984. Brazil remains the single largest consumer of fuel exports from the region directed to the other developing countries, accounting for between 20 and 23 per cent of the total during 1975-1984. In relative terms, this represented a doubling of Brazil's share in the region's total fuel exports from 4 per cent in 1975 to around 8 per cent in 1984.

Non-Fuel Exports

The region's non-fuel exports consist largely of primary agricultural and non-agricultural commodities (mainly cotton and phosphates) and, to a much lesser extent, indigenous semi-manufactured and manufactured products in some instances. The latter cover mainly fertilizers, petrochemicals, aluminium, iron and steel shapes, pipes and structures, woven textiles and cotton fabrics, articles of plastic, ceramics and asbestos, glass, leather and footwear; plywood sheets and miscellaneous products from assembly plants. Despite efforts aimed at export diversification, the share of non-fuel exports in the region's aggregate exports remained of limited significance, notwithstanding some expansion in its share in recent years. Hence, after

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1/ See: Middle East Economic Survey (2 June 1986).

2/ The Bahamas were also significant as consumers of the region's fuel exports up to the late seventies.

having declined from around 7 per cent in 1975 to 4 per cent in 1980, the share of non-fuel exports recovered during 1983-1985 to between 7 and 8 per cent of the total.

It should be noted that, although some new export industries have recently emerged in the region like petrochemicals, the increased share of non-fuel exports may be largely explained by the faster decline of fuel exports. In other words, the rise in the share of non-fuel exports reflects more the changes in relative importance of fuels than the growth in traditional exports and new product lines, the value of which has been declining. The limited growth witnessed is largely linked to petroleum and its derivatives including petrochemical products and manfuactured fertilizers.

During the period under review, manufactured goods apparently replaced traditional primary agricultural commodities as the leading non-fuel export category. This should be viewed against the fact that re-exports constitute a large proportion of non-fuel exports in a number of ESCWA countries, and to that extent cannot be taken as an indication of export diversification. The only category among exports of non-fuel primary goods[1/] which exhibited growth was ores and metals, the share of which in the total doubled to 15 per cent between 1975 and 1985. This category covers exports of rock phosphates from Jordan and, to a lesser extent, Egypt and the Syrian Arab Republic, aluminium from Bahrain and Kuwait, and iron and steel shapes from Qatar, the United Arab Emirates and Jordan. Exports of machinery and transport equipment (mainly re-exports) rose from 14 to 23 per cent between 1975 and 1985. At the same time, the share of food items declined from 17 to 10 per cent, agricultural raw materials from 18 to 13 per cent, chemicals from 16 to 14 per cent, and manufactured goods other than machinery and transport equipment from 27 to 19 per cent. (See Annex Table 9.3)

1/ This covers in the Major SITC Product Categories, food items, agricultural raw materials, in addition to ores and metals. For classification see Annex Tables 4, 9 and 10 on commodity structure by Major SITC Product Categories.

The predominance of machinery and transport equipment (mainly re-exports) in the region's non-fuel exports to other developing regions is similar to that in its overall non-fuel export trade. However, differences exist between the structural pattern of the region's total indigenous non-fuel exports and those to developing regions. While exports of food items lost ground and those of agricultural raw materials remained insignificant, chemicals and, recently, ores and metals assumed prominence, accounting for around half of the region's non-fuel exports to developing countries.

The decline, in absolute terms, in the region's non-fuel exports to other developing countries was reflected in their share in region's total non-fuel exports which diminished from over 18 per cent in 1975 to 10 per cent in 1985. This largely reflected the continued predominance of fuels, despite some fluctuations, in exports to developing countries, while the share of food items, chemicals, and manufactures other than machinery and transport equipment diminished considerably between 1975 and 1985.

For instance, chemicals (mainly fertilizers) continue to dominate indigenous non-fuel exports to developing countries despite considerable loss of ground as their share collapsed from 38 to 22 per cent between 1975 and 1985. The share of manufactured goods other than machinery and transport equipment (mainly from Saudi Arabia, Lebanon and the Syrian Arab Republic destined to the Libyan Arab Jamahiriya and Iran) also fell from 22 to 11 per cent; and that of food items dropped from 16 to 5 per cent over the same period. These shifts were offset by an expansion in the share of machinery and transport equipment and of ores and metals, from 14 to 30 per cent and from 9 to 22 per cent, respectively, between 1975 and 1985. Exports of machinery and transport equipment are largely re-exports from the GCC countries mostly to developing countries in Asia (mainly Iran and Pakistan), and to North African Arab countries like Sudan.

Disregarding such exports, some of the region's indigenous exports have come to occupy a significant position in its non-fuel exports to developing countries: notably fertilizers and petrochemicals from Kuwait, Saudi Arabia and Qatar to India and, until recently, Iran; phosphates from Jordan to India and until recently Turkey; and aluminium from Bahrain to Pakistan.

D. Relative importance of developing countries

Between 1975 and 1985, the relative importance of developing countries in the trade of the ESCWA region peaked in 1983 before it collapsed in the following two years. The share of developing countries in regional imports grew from 11 per cent in 1975 to over 15 per cent in 1983, but was slashed by half, to around 7 per cent, in 1985. Their share in total exports grew from 21 per cent in 1975 to 31 per cent in 1983, then lost considerable ground in 1984; and in 1985 did not account for more than 11 per cent of total exports, reflecting the impact of the declining fuel exports; while their relative importance in non-fuel exports declined from over 18 per cent in 1975 to 13 per cent in 1983, then grew to 17 per cent in 1984 before shrinking, still accounting for one-tenth of the region's non-fuel exports in 1985 (see Annex Table 10).

Developments in the ESCWA region's trade with other developing regions closely reflected those of its fuel exporters, mainly the GCC countries' trade with the developing countries in Asia, since these, by far, accounted for the bulk of mutual trade during the last ten years.

Measured in relative terms, the importance of the developing countries as a source of imports dwindled between 1975 and 1985. Thus, after having supplied the ESCWA region in 1975 with over 26 per cent of its needs of food items (mainly from Turkey and Brazil followed by India and Pakistan) and over 23 per cent of its agricultural raw materials, the developing countries' share, though still significant, fluctuated and diminished to reach around 12 per cent of the region's imports of each of these two product categories in 1985. During the same period, their share in the region's imports of manufactured goods other than machinery and transport equipment (mainly from Korea, Hongkong, Singapore and until recently Taiwan), generally remained stable at around 13 per cent, though attaining 17 per cent in 1983. The region's imports of machinery and transport equipment originating in developing countries remained relatively insignificant, between 3 to 5 per cent.

Thus, the developing regions continued to be marginal suppliers of the most important product categories imported by the ESCWA region, particularly of machinery and transport equipment which constitute an average of 40 per cent of total regional imports. Their contribution has been more significant in the case of foodstuffs and of other manufactured goods, satisfying at times up to one-fourth and 17 per cent, respecitvely, of the region's needs.

Regarding exports, the rise in relative importance of developing countries in the region's exports between 1975 and 1983 reflected the growth in their share of fuel exports from 21 per cent to 32 per cent. However, their importance as consumers of the region's fuel exports weakened considerably in 1984 and 1985, as their share shrank by ten percentage points to 22 per cent and further down to 11 per cent, respectively, almost half the 1975 level.

Oil aside, the relative importance of developing countries as outlets for the region's major non-fuel exports followed a fluctuating downward trend between 1975 and 1985. Their share in these exports declined from over 18 per cent in 1975 to 13 per cent in 1983 and 11 per cent in 1985. As an outlet for the region's exports, the developing countries' significance is most pronounced in the case of chemicals (mainly fertilizers and more recently petrochemicals)[1/] followed by the category of ores and metals.

After having absorbed almost 44 per cent of the region's exports of chemicals in 1975 (which at the time comprised 17 per cent of the region's non-fuel exports), the share of developing countries fluctuated sharply to reach 16.5 per cent of the value of chemicals exported from the ESCWA region in 1985. Their share in exports of ores and metals went up from 23 per cent in 1975 to 28 per cent in 1984, but diminished to 15 per cent in 1985. Meanwhile, the region's exports of food items lost considerable ground in the

1/ For example, in 1983-1984, these markets absorbed, on average, some 80 per cent of Qatar's exports, in volume terms, of ammonia, 50 per cent of ethylene, 39 per cent of polyethylene and 28 per cent of its exports of urea.

developing countries as their share progressively declined from 17 per cent in 1975 to 5 per cent in 1985, in favour of a growing share going to the regional market (from 46 per cent in 1975 up to 55 per cent in 1985).1/ Similarly, the share of developing countries in the region's exports of machinery and transport equipment (mainly re-exports) declined from 19 per cent in 1975 to 14 per cent in 1985, while their share in exports of other manufactured goods fell from 15 to 6 per cent, as these were being more easily absorbed within the region. And while the share of developing countries in the region's exports of agricultural raw materials (mainly cotton) grew ten-fold to account for one-tenth of such exports in 1984, it dropped to less than 4 per cent in 1985.

In brief, the other developing regions constituted a significant, and growing market for the ESCWA region's exports of fuels, fertilizers and phosphates up to 1983. During 1984 and 1985, their share in all three product categories declined, nevertheless these products remained the most significant commodities in the region's trade with developing countries. As an outlet for the region's exports of foodstuffs, the developing countries lost considerably in significance; while in the case of raw cotton exports they gained somewhat but remained relatively insignificant. On the other hand, the developing countries' relative importance as a source of food items and agricultural raw materials remained significant though considerably diminished; while remaining marginal suppliers of machinery and transport equipment. Their share in other manufactured goods imported by the region changed little over the period reviewed. Thus, one-tenth of the region's exports of fuels, 17 per cent of chemicals and 15 per cent of ores and metals were consumed by the other developing countries in 1985. At the same time, around 12 per cent of its needs of food items, agricultural raw materials and manufactured goods other than machinery and transport equipment were supplied by other developing regions.

1/ See Annex Tables 8 and 10 for a comparison between the relative importance of intraregional trade and trade with other developing regions.

The decline in relative importance of developing countries in the trade of the ESCWA region, particularly after having gained considerable ground until 1983, could probably be viewed against the universal recession, the debt crisis, the fall in prices of primary commodities, and the slump in exports and import restraints which they entailed.

At the international level, concerted efforts are being exerted to foster closer economic co-operation among developing countries. These included the recently-launched first round of negotiations of the Global System of Trade Preferences (GSTP), during the Ministerial meeting held in Brasilia in May 1986.[1/] In addition, at the bilateral level a wide range of trade and payments agreements have been concluded between the ESCWA member countries and the other developing countries.

1/ G77 Bulletin, (October-November 1986), No. 35; published by the Chairmanship of the Group of 77 in New York.

CHAPTER V. TRADE OF THE ESCWA REGION WITH SOCIALIST COUNTRIES OF EASTERN EUROPE*

The share of the socialist countries of Eastern Europe in the region's trade fluctuated around 3 per cent in the case of imports, and about one to two per cent for exports during the period 1980-1985. Thus, the socialist countries of Eastern Europe remain marginal suppliers of the region's imports and marginal consumers of its exports.

A. Economic Co-operation Mechanism

Economic co-operation between the ESCWA countries and the socialist countries of Eastern Europe dates back to the post World-War Two era, when most countries of the region acquired their independence. The emerging but slowly expanding economic relations were incorporated in institutional arrangements and legal instruments operating at the intergovernmental level. These relations, however, have been generally confined to few ESCWA countries where political and economic considerations favoured closer ties, notably Egypt, Iraq, the Syrian Arab Republic and Democratic Yemen. Direct and growing economic relations also exist with Jordan, Lebanon and Yemen.

Among the Gulf Co-operation Council (GCC) States, Kuwait and since late 1985, the United Arab Emirates and Oman have established formal diplomatic relations with the USSR. Currently, efforts are being exerted to establish

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* This Chapter is based to a large extent on a revised version of the paper entitled "Trade and Economic Co-operation between the ESCWA Countries and the Socialist Countries of Eastern Europe: with particular reference to Bulgaria (1975-1984)" (E/ESCWA/DPD/86/3). The paper was prepared and presented to UNCTAD/ESCWA Subregional Seminar on Trade and Economic Co-operation between the ESCWA Countries and Bulgaria, held in Sofia from 6 to 10 October 1986. The Socialist countries of Eastern Europe, otherwise referred to as European (CMEA), include Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, Romania and the Union of Socialist Soviet Republics (USSR).

and improve diplomatic relations with the remaining GCC States, namely with Saudi Arabia, Qatar and Bahrain. So far, no decision by the GCC has been taken in this respect.

For analytical purposes, the ESCWA countries have been classified under three groups: the ESCWA Socialist Economies comprising those countries following a socialist regime, namely Egypt, Iraq, Democratic Yemen and the Syrian Arab Republic; the six Gulf Co-operation Council (GCC) countries; and the remaining ESCWA countries grouped as Other Market Economies, namely Jordan, Lebanon and Yemen.

Co-operation mechanisms between the socialist countries of Eastern Europe and the ESCWA countries evolved from simple legal instruments, comprising bilateral trade and payments agreements of the "barter" and "clearing" types, to more complex and comprehensive arrangements, having longer-term perspectives and covering economic, industrial, scientific and technical aspects of co-operation. Recently, countertrade arrangements have become more appealing. To monitor these agreements, mixed intergovernmental commissions were created. Other institutional arrangements covered co-operation between chambers of commerce and industry, establishment of permanent trade representations, the exchange of official missions to disseminate information, and the participation in fairs and exhibitions.

Chief among the recent agreements mention should be made of the one concluded between the USSR and Kuwait in February 1986. Bilateral relations between the two countries, the international oil situation and the need for co-operation among OPEC and non-OPEC oil exporters in the wake of the oil price slump were issues of major concern in the conclusion of the agreement. Trade in oil, oil products and petrochemicals, joint oil projects and banking co-operation were covered by the agreement. Kuwait offered to provide its expertise (KPC's) in developing offshore oil for the Soviets. In order to assist each other in meeting their obligations, separate clauses were also included to service each other's oil markets in Europe, Africa and Asia.[1/] Thus, the USSR promised to supply European and North African countries, while

1/ See: Middle East Economic Survey (27 January 1986).

Kuwait will supply the Asian and East African ones. The establishment of a Soviet-Kuwaiti permanent Committee was also considered.

Early in 1986, a mission from Hungary visited the United Arab Emirates and proposed the conclusion of an economic agreement. Hungary already has an official trade centre in Dubai. Moreover, it has recently been involved in two aforestation schemes in Abu Dhabi and the erection of a high tension power plant.

Among the ESCWA countries, those following a socialist regime namely: Egypt, Iraq, the Syrian Arab Republic and Democratic Yemen have maintained closer economic ties with the socialist countries of Eastern Europe. This is not only reflected in the number of bilateral trade and payments agreements concluded and the volume of trade exchanged, but also in the provision of technical assistance, credit facilities and concessionary and soft loans for development purposes.

As in the past, some recently concluded economic co-operation agreements aim to assist in infrastructural projects like building power plants, irrigation dams, ports, sewage systems, food processing plants, oil and gas pipelines, nuclear power plants (Iraq and the Syrian Arab Republic), seismic surveys, gold mining, phosphates explorations and fisheries. Countertrade arrangements are being extensively resorted to and credit facilities on concessionary terms are being provided in connection with development projects. The most recent of such agreements were signed between Czechoslovakia and Egypt (April 1985); Hungary and Egypt (November 1985); Czechoslovakia and the Syrian Arab Republic (early 1986); Romania and the Syrian Arab Republic (1986); the USSR and each of the following countries: Democratic Yemen (1985), Kuwait (November 1985), Lebanon (1986), Iraq (May 1986), Egypt (December 1986). It is, however, too early to measure the impact of these bilateral agreements on the expansion of mutual trade between the two groups of countries.

B. Performance of Trade with the Socialist Countries of Eastern Europe

The performance of trade between the ESCWA region and European CMEA has been modest and not very impressive.

Exports of the ESCWA region to European CMEA fluctuated around $1.3 billion between 1975 and 1983 before dropping to less than one billion in the subsequent two years. Imports from the socialist countries of Eastern Europe grew from $1.4 billion in 1975 to average $2.0 billion during 1980-1984, before falling to $1.3 billion in 1985. (See Annex Tables 11 and 12).

In relative terms, the share of the socialist countries of Eastern Europe, as a group, in the ESCWA region's trade was slashed by half between 1975 and 1985. Thus, after having absorbed 2.2 per cent of the region's exports and supplied 5.9 per cent of its imports in 1975, the share of European CMEA dropped to average one per cent of the region's exports and 2.3 per cent of its imports in the first half of the eighties.

Trade between the two groups of countries is largely governed by bilateral agreements and generally tied to imports of machinery and equipment in return for exports of crude oil, cotton, textiles and phosphates. Subsequent to the adjustments in oil prices of 1973 and until the late seventies, the trade balance had been generally in favour of the ESCWA region. However, since the early eighties the balance tilted in favour of the socialist countries of Eastern Europe. This reflected the decline in exports of crude oil from the region to the socialist countries of Eastern Europe; while imports of machinery and equipment from Eastern Europe continued to flow in the direction of the region. Thus, in 1975, the balance of trade was in favour of the GCC countries (mainly the United Arab Emirates and Kuwait) in addition to Egypt. This may largely be attributed to the composition of exports, being heavily weighted with oil. However, the first half of the eighties witnessed a reversal and a return to the pre-1973 era before the oil boom, with the deficit common to all ESCWA countries' trade with European CMEA.

Trade between the socialist countries of Eastern Europe and the ESCWA region is largely accounted for by the ESCWA socialist economies (Egypt, Iraq, Syrian Arab Republic and Democratic Yemen). During 1984-1985, these four countries were responsible, on the average, for around 85 per cent of regional imports from European CMEA and over 90 per cent of regional exports to it. In 1975, Egypt was the leading trading partner with European CMEA countries, accounting for over 70 per cent of exports and two-fifth of imports. In 1980, the Syrian Arab Republic replaced Egypt, and was responsible for 41 per cent of regional exports and one-third of imports; while Saudi Arabia emerged as a significant importer and Kuwait a significant exporter. In 1984 and 1985, Egypt regained its dominant position with the Syrian Arab Republic and Iraq following closely; while, Jordan and Lebanon remained significant as trading partners. (See Table V.1).

In terms of relative importance, European CMEA lost considerable ground in the trade of the four ESCWA socialist economies. Thus, after having absorbed 11 per cent of their combined exports in 1975, the share of European CMEA dropped to an average of 5.4 per cent during 1984-1985. Similarly, after having supplied these four countries with around 12 per cent of their import requirements in 1975, this share fell to an average of 7 per cent during 1984-1985.

As a market, European CMEA was extremely significant to Egypt in the mid-seventies, when it absorbed around 68 per cent of its exports (mainly oil and cotton) and supplied 16 per cent of its imports. This has tapered off during the last ten years, nevertheless remaining significant; in 1985 European CMEA absorbed over one-fifth of Egypt's exports and supplied one-tenth of its imports. During the early eighties, however, European CMEA became more pronounced in the trade of the Syrian Arab Republic. For instance, in 1983 European CMEA accounted for 43 per cent of Syrian exports and 15 per cent of its imports. Romania was Syria's single largest main market, having absorbed over 28 per cent of its exports. The Syrian Arab Republic has signed many trade and economic co-operation agreements with the socialist countries of Eastern Europe in the past five years. Thus, for the Syrian Arab Republic, the pendulum has been swinging back in favour of the East European countries,

Table V.1 Participation of ESCWA Countries in Overall Trade and Trade with the Socialist Countries of Eastern Europe and Bulgaria (in per cent of total and mutual trade)

	1975			1980			1984			1985		
	Bulgaria	CMEA*	World	Bulgaria	CMEA*	World	Bulgaria	CMEA*	World	Bulgaria	CMEA*	World
TOTAL ESCWA Region												
Exports	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Imports	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
ESCWA Socialist Economies												
Exports	78.4	82.0	16.7	89.8	75.9	16.9	90.2	91.8	16.0	100.0	99.5	18.5
Imports	64.5	81.5	41.0	68.3	55.4	26.8	76.1	79.8	29.0	84.3	90.2	31.3
Democratic Yemen												
Exports	0.0	0.0	0.4	0.0	0.0	0.2	0.0	0.0	0.3	0.0	0.0	0.4
Imports	0.2	0.3	0.6	0.0	0.0	1.4	0.0	0.6	0.7	0.0	0.2	0.6
Egypt												
Exports	54.5	70.8	2.3	30.4	35.0	1.5	17.9	83.5	3.6	21.0	98.3	5.7
Imports	31.6	43.2	16.2	19.8	23.2	6.1	32.8	43.0	15.0	38.3	79.3	17.0
Iraq												
Exports	18.8	1.8	12.5	...	0.0	14.2	24.4	4.5	10.8	...	0.5	11.0
Imports	25.2	22.2	17.3	...	0.0	14.2	31.5	19.8	10.4	31.2	8.0	10.7
Syrian Arab Republic												
Exports	5.1	9.4	1.5	17.2	40.9	1.0	48.0	3.7	1.3	...	0.6	1.4
Imports	7.5	15.8	6.9	26.8	32.1	5.1	11.7	16.4	2.9	14.8	2.6	3.0
Gulf Co-operation Council												
Exports	0.2	15.4	81.2	0.0	20.6	82.3	2.7	0.3	83.0	0.0	0.3	80.7
Imports	8.6	10.7	47.5	20.9	35.8	64.0	15.2	8.4	62.8	15.6	5.6	61.8
Bahrain												
Exports	0.0	0.0	1.9	0.0	0.0	1.9	0.0	0.0	1.1	0.0	0.0	1.2
Imports	0.0	0.3	4.8	0.0	0.2	4.3	0.0	0.05	4.0	0.0	0.0	4.3
Kuwait												
Exports	0.2	9.8	14.9	0.0	15.1	10.3	0.0	0.2	9.1	0.0	0.1	10.5
Imports	5.5	5.6	9.8	3.6	6.8	8.2	4.2	2.2	8.2	4.5	1.6	8.1
Oman												
Exports	0.0	0.0	2.4	0.0	0.0	1.9	0.0	0.0	4.7	0.0	0.0	6.4
Imports	0.2	0.4	2.8	0.04	1.2	2.2	0.0	0.0	3.8	0.0	0.1	5.4
Qatar												
Exports	0.0	0.0	2.9	0.0	0.0	2.9	0.0	0.0	5.1	0.0	0.0	4.7
Imports	0.1	0.2	1.7	0.0	0.4	1.7	0.0	0.0	1.3	0.0	0.0	1.5
Saudi Arabia												
Exports	0.0	1.4	48.2	0.0	5.5	55.1	0.0	0.0	46.6	0.0	0.0	36.6
Imports	0.9	2.0	17.1	14.7	23.7	37.4	9.7	4.4	37.8	9.7	3.1	33.4
United Arab Emirates												
Exports	0.0	4.2	10.9	0.0	0.0	10.2	2.7	0.2	16.3	0.0	0.1	21.3
Imports	1.9	2.3	11.3	2.6	3.5	10.1	1.2	1.7	7.7	1.5	0.9	9.0
Other ESCWA market economies												
Exports	21.4	2.6	2.1	10.2	3.5	0.7	7.0	7.9	1.0	0.0	0.3	0.8
Imports	26.9	7.8	11.5	10.8	8.9	9.2	8.8	11.7	8.2	0.1	4.3	7.0
Jordan												
Exports	5.1	1.3	0.2	10.2	3.5	0.2	7.0	7.3	0.8	0.0	0.0	0.5
Imports	5.9	3.4	3.0	8.1	6.9	3.0	8.7	5.8	3.7	0.0	0.9	2.9
Lebanon												
Exports	16.3	1.3	1.9	0.0	0.0	0.5	0.0	0.6	0.2	0.0	0.3	0.2
Imports	20.0	3.6	7.3	0.0	0.0	3.9	0.0	5.6	3.0	0.0	3.3	2.4
Yemen												
Exports	0.0	0.0	0.02	0.0	0.0	0.01	0.0	0.0	0.04	0.0	0.0	0.1
Imports	0.0	0.8	1.2	2.6	2.0	2.3	0.1	0.3	1.4	0.1	0.2	1.7

Source: Compiled and computed by the ESCWA Secretariat from national and international sources.
* For notes see Annex Table 11.

which were important trading partners in the 1960s. The relative importance of European CMEA should also be recognized in the case of Jordan's exports (mainly phosphates), as well as Lebanon's imports, accounting on the average for around one-tenth and 5 per cent, respectively, during the period 1975-1985 (see Table V.2).

C. Trade and Economic Relations with Bulgaria 1/

Economic co-operation between the ESCWA countries and Bulgaria took the form of credit arrangements and soft loans for the purpose of assisting these countries in their industrialization efforts. For example, Bulgaria has provided Democratic Yemen with credit for financing various development projects. It has provided Iraq with credit facilities for the purchase of machinery, equipment and complete industrial plants and projects. Repayment of such credit was made with Iraqi crude oil essentially, and the balance in freely convertible currencies. Bulgaria has also provided the Syrian Arab Republic with credit and soft loans for financing development projects, for the purchase of machinery and equipment for the development of phosphates production, food processing, leather and textile industries; repayment to be generally effected in Syrian commodities.

There were also other forms of economic co-operation between Bulgaria and the ESCWA countries during the course of the last three decades such as joint ventures. Examples include:

1. For the development of the Petroleum and Mining sector in Iraq, Bulgaria assisted in building warehouses for petroleum products in Rassafa and Karkh to be linked with the Baghdad - Basra oil pipeline.

2. For the development of hydro-electric energy in the Syrian Arab Republic, Bulgaria's input was in the development of power, electrical and electronic engineering industries.

1/ See foot-note on p.98.

Table V.2 ESCWA Region: Share of Socialist Countries of Eastern Europe (and Bulgaria) in Total Trade
(in per cent of respective trade)

	Bulgaria								European CMEA*							
	Exports				Imports				Exports				Imports			
	1975	1980	1984	1985	1975	1980	1984	1985	1975	1980	1984	1985	1975	1980	1984	1985
TOTAL ESCWA Region	0.1	0.02	0.04	0.05	0.4	0.3	0.2	0.2	2.2	0.5	0.7	1.2	5.9	2.2	2.8	2.2
ESCWA Socialist Economies	0.5	0.1	0.2	0.2	0.01	0.9	0.6	0.6	10.7	2.2	4.3	6.5	11.7	4.5	7.8	6.3
Democratic Yemen	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.7	0.0	2.3	0.9
Egypt	2.4	0.3	0.2	0.2	0.8	1.1	0.5	0.5	67.9	11.2	17.1	20.7	15.7	8.3	8.1	10.2
Iraq	0.2	1.0	0.1	...	0.6	...	0.7	0.7	0.3	0.0	0.3	0.1	7.5	0.0	5.4	1.6
Syrian Arab Republic	0.3	0.3	1.6	...	0.4	1.8	0.9	1.1	13.7	19.3	2.2	0.5	13.5	13.6	15.8	1.9
Gulf Co-operation Council	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.4	0.1	0.0	0.04	1.3	1.2	0.4	0.2
Bahrain	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.1	0.03	0.0
Kuwait	0.0	0.0	0.0	0.0	0.2	0.2	0.1	0.1	1.4	0.7	0.01	0.02	3.4	1.8	0.8	0.4
Oman	0.0	0.0	0.0	0.0	0.03	0.01	0.0	0.0	0.0	0.0	0.0	0.0	0.9	1.2	0.0	0.03
Qatar	0.0	0.0	0.0	0.0	0.02	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.5	0.0	0.0
Saudi Arabia	0.0	0.0	0.0	0.0	0.02	0.1	0.1	0.01	0.06	0.05	0.0	0.0	0.7	1.4	0.3	0.2
United Arab Emirates	0.0	0.0	0.01	0.0	0.1	0.1	0.04	0.04	0.8	0.0	0.01	0.01	1.2	0.8	0.6	0.2
Other ESCWA Market Economies	1.0	0.2	0.3	0.0	0.9	0.4	0.2	0.0	2.7	2.5	5.8	0.4	4.0	2.1	4.0	1.4
Jordan	2.5	0.8	0.4	...	0.8	0.9	0.5	...	14.3	8.5	6.9	0.0	6.7	5.0	4.4	0.6
Lebanon	0.9	0.0	0.0	0.0	1.2	0.0	0.0	0.0	1.5	0.0	2.4	1.6	2.9	0.0	5.3	3.0
Yemen	0.0	0.0	0.0	0.0	0.0	0.4	0.01	0.01	0.0	0.0	0.0	0.0	3.8	1.8	0.7	0.2

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

* For notes see Annex Table 11.

3. For the development of the agricultural sector in the Syrian Arab Republic, Bulgaria has played a major role in designing a number of irrigation systems (Khabour, Tigris, Hasaka) and the dam project of Al-Thawra..

4. For the development of the industrial sector in the Syrian Arab Republic, Bulgaria has helped set up a large number of agro-industrial complexes.

5. For the development of infrastructure in Iraq, Bulgaria has constructed hospitals. In Kuwait, it has assisted in the construction of telephone and communications network. And, in the Syrian Arab Republic, it has contributed to the construction of direct transport links.

Thus, close ties have been maintained between Bulgaria and the ESCWA countries since the nineteen-fifties. This manifested itself in the conclusion of a large number of bilateral economic and trade agreements. During the past three decades, Bulgaria was responsible for around one-fifth of the total number of agreements concluded between the socialist countries of Eastern Europe and the ESCWA countries, which placed Bulgaria, among the other socialist countries, as second only to the USSR in this respect.

This did not reflect itself, however, in a proportionate share in the ESCWA region's trade with the socialist countries of Eastern Europe. After having shown considerable improvement between 1975 and 1980, Bulgaria's average share in mutual trade between the two groups in 1984 and 1985 was slightly above its 1975 level. The share of Bulgaria in the ESCWA region's imports from the socialist countries of Eastern Europe more than doubled from 7 per cent in 1975 to 15.7 per cent in 1980 but then fell to an average of 9 per cent during 1984-1985; while its share in the region's exports dropped from 4.6 per cent in 1975 to less than 1 per cent in 1980 before it regained its 1975 level and averaged 4.8 per cent in 1984-1985 (see Table V.3).

Table V.3 Participation of Bulgaria in Trade of the ESCWA Region with European CMEA*

(in per cent of mutual trade)

	Exports				Imports			
	1975	1980	1984	1985	1975	1980	1984	1985
TOTAL ESCWA Region	4.6	3.4	5.7	3.8	6.8	15.7	8.1	10.5
ESCWA Socialist Economies	4.4	4.0	5.6	3.8	5.4	19.3	7.7	9.8
Democratic Yemen	0.0	0.0	0.0	0.0	5.0	0.0	0.0	0.0
Egypt	3.6	3.0	1.2	0.8	5.0	13.4	6.2	5.1
Iraq	49.2	...	31.0	...	7.7	...	12.9	40.8
Syrian Arab Republic	2.5	1.4	73.8	...	3.2	13.1	5.8	58.5
Gulf Co-operation Council	0.05	0.0	50.0	0.0	5.4	9.2	14.6	29.2
Bahrain	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Kuwait	0.1	0.0	0.0	0.0	6.6	8.4	15.5	28.6
Oman	0.0	0.0	0.0	0.0	3.3	0.5	0.0	0.0
Qatar	0.0	0.0	0.0	0.0	3.3	0.0	0.0	0.0
Saudi Arabia	0.0	0.0	0.0	0.0	3.2	9.7	17.8	32.5
United Arab Emirates	0.0	0.0	100.0	0.0	5.4	11.5	5.9	18.2
Other ESCWA Market Economies	38.3	10.0	5.1	0.0	23.3	19.1	6.1	0.2
Jordan	17.7	10.0	5.5	...	11.6	18.5	12.2	...
Lebanon	60.0	0.0	0.0	0.0	39.2	0.0	0.0	0.0
Yemen	0.0	0.0	0.0	0.0	0.0	21.2	1.4	5.0

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

* For notes see Annex Table 11.

The growth of Bulgaria's share in the region's exports to European CMEA conceals the fact that during 1984-1985 the absolute dollar value of regional exports to European CMEA stood one-third below its 1980 level and almost half that of 1975; while the region's exports to Bulgaria were considerably below their 1975 level.

Bulgaria occupied a prominent position among the other East European countries in the trade of a number of ESCWA countries. One-third of Iraq's exports to European CMEA, 100 per cent of the United Arab Emirate's and around three-fourths of Syria's exports to European CMEA in 1984 were taken by Bulgaria. At the same time, Bulgaria's share in the imports of Jordan, Iraq, Kuwait and Saudi Arabia from European CMEA ranged between 13 and 17 per cent. Preliminary data for 1985 indicate that the Syrian Arab Republic has more than regained its position among the list of significant importers from Bulgaria.

The value of the ESCWA region's exports to Bulgaria fell from $63 million in 1975 to $33 million in 1980 and $30 million in 1985. Similarly, ESCWA's imports from Bulgaria, after having grown from $97 million in 1975 to $273 million in 1980, dropped to $135 million in 1985. Among the ESCWA countries, only Syria's exports to Bulgaria and Iraq's imports from it expanded during the last decade.

In relative terms, Bulgaria did not absorb more than 0.1 per cent of the region's total exports and was responsible for 0.4 per cent of its imports during 1975-1985.

Bulgaria's relative importance in the trade of most ESCWA countries remains negligible. Bulgaria was somewhat more significant in the case of the Syrian Arab Republic, and to a lesser extent Iraq and Egypt, than the remaining ESCWA countries. For example, as it absorbed 1.6 per cent of Syria's exports and supplied it with 1.1 per cent of its imports in 1984-1985. This has also been reflected in its share in the region's trade with Bulgaria, accounting for the bulk of the region's exports to Bulgaria and its imports from it.

The ESCWA socialist countries as a group, are Bulgaria's leading trading partners. For instance during 1984-1985, together the Syrian Arab Republic, Iraq and Egypt (no trade with Democratic Yemen was recorded) accounted for an average of 90 per cent of the ESCWA region's exports to Bulgaria and around 80 per cent of the region's imports from it.

Jordan and Lebanon have always been significant trading partners with Bulgaria. Among the Gulf Co-operation Council countries, Saudi Arabia has emerged since the early eighties as a significant importer from Bulgaria followed at a distance by Kuwait and the United Arab Emirates.

The trade balance of all ESCWA member countries with Bulgaria has been consistently in its favour for years. This has been a source of major complaint from the ESCWA member states, particularly those with which trade transactions are governed by bilateral trade and payments agreements and protocols.

The structure of trade of the ESCWA region with Bulgaria consists largely of exports of oil and products from Iraq, the Syrian Arab Republic and Egypt, followed by cotton and textiles from Egypt and the Syrian Arab Republic, phosphates from the Syrian Arab Republic and Jordan and some sulphur from Kuwait. In exchange, Bulgaria supplied foodstuffs, some chemical products, fertilizers, iron and steel, glass and paper products, and electrical appliances.

The prospects for the promotion of trade between Bulgaria and the ESCWA region may best be discussed in connection with non-oil trade, possibilities for which exist and may yet be further explored. One area worth exploring may be ESCWA's new exports of manufactures and semi-manufactures, e.g. fertilizers, petrochemicals, aluminium, iron and steel shapes and structures produced within the region.

D. Factors Inhibiting Expansion of Trade with the Socialist Countries of Eastern Europe

1. Built-in defects of bilateral trade and payments agreements, which due to their non-binding character or the nature of commodities covered by the lists attached to these agreements or protocols, were either partially implemented or were implemented by only one of the contracting parties. Most of the time, these rarely resulted in balanced trade, which essentially is one of their main declared objectives.

With few exceptions, the agreements were not binding. As such, they performed as guidelines for carrying out trade transactions. Even when they were binding, penalty and compensation clauses were difficult to enforce and the cases of default or breach of commitments became common. More often than not, the agreements were implemented if and when they offered more advantageous conditions regarding terms of trade, modality of payments, quantities and specifications of goods for exchange.

The lists of commodities, whether indicative or binding, often included goods for which the demand was low either due to differences in consumption patterns, inferior quality, or inappropriateness in the recipient country. Barter and clearing-type agreements were often the source of annoyance and rarely resulted in balanced trade. This could be largely attributed to the continued resort to intermediaries in payments settlements, complications in central clearing systems and inabilities of partner countries to meet their side of the bargain by producing enough exportable goods. A case in point is Lebanon's inability in the past to meet its commitments within the context of a clearing-type agreement with Bulgaria due to unpredicted shortages in production of citrus fruits and tobacco.

2. Differences in economic systems is another area which gives rise to a wide spectrum of problems and disputes, and hampers the smooth running of

trade transactions. These relate to rigidities of centrally-planned economies, strict foreign exchange controls, complex bureaucratic procedures, cumbersome and time-consuming formalities.

The character of the annual trade programmes in the socialist countries restricts flexibility in responding to unforseen changes in supply and demand. This has forced their partner countries to search for alternative sources/markets for goods, often at a much higher cost and under pressure. Another area of difficulties lies in the prevalence of complex bureaucratic procedures, cumbersome and time-consuming formalities in carrying out trade transactions or in concluding trade contracts. This is often preceded by lengthy and undecisive negotiations, tedious inspection processes, exchange of a number of visits, difficulties in communications and decisions regarding quotations. Furthermore, cumbersome arrangements for transfer and settlement of payments through intermediaries and clearing accounts with designated central banks, and absence of direct currency linkages add immensely to the problems encountered.

3. <u>Regular commercial practices</u> form a third category of common complaints covering questions of adherence to the terms of trade, recurring requests for extensions of credit lines, raising of prices after contracts were concluded, transportation bottle-necks, delays in delivery time, difficulties in settlements of compensation and penalty clauses in cases of default or damage, delays in acquisition of regular supplies of appropriate spare parts and reluctance in the provision of post-sales service for imported machinery and equipment. It should be noted that, transportation linkages are generally inadequate and tend to be costly on account of long distances and low volume of trade exchanged. Delays in delivery time of shipments were often at the root of problems. These covered complete or partial damage to shipments of perishable goods; delays in completion of projects under construction or start of operations of completed plants (in the case of machinery, equipment or spare parts); and breach of contract for a consignment where a third party was involved.

A pervasive problem is the prevalence of an information gap and deficiency in disseminating pertinent information related to markets of partner countries. This poses a serious handicap to the promotion and smooth flow of trade between the socialist countries of Eastern Europe and the ESCWA countries. Some ESCWA countries are reluctant to replace their traditional suppliers by new ones, particularly in the case of advanced and sophisticated technology which has, so far, proven satisfactory to the users as far as problem-free and quick negotiatons, quality, prices, maintenance and, more importantly, speed of acquisition are concerned.

The poor performance of trade between the ESCWA countries and the socialist countries of Eastern Europe has been also constrained by the inherent characteristics of the region's external sector, with its heavy concentration on a limited range of primary commodities, narrowness of the production base, high cost of production, quality of goods produced, inadequate marketing arrangements - labeling, grading, packaging, and the prevalence of strong quantitative and qualitative barriers to trade.

One way of overcoming the obstacles that beset trade with the socialist countries of Eastern Europe may be through the establishment of adequate and effective machinery at the intergovernmental level and reactivating or strengthening the existing joint commissions. It may be useful to review thoroughly the outstanding bilateral trade agreements with a view to introducing more flexibility and pragmatism in their implementation. And, to prepare for the conclusion of new ones, if necessary, by conducting marketing research to identify readily marketable products which are appropriate to the recipient country and do not compete with local products. Moreover, in order to ensure a stable market or outlet for the goods, these bilateral trade agreements could preferably be of longer-term duration.

Negotiations should be carried out at high levels. An attempt should be made to speed-up the process of concluding trade contracts by designating senior officials with power to give immediate quotations on prices and terms of trade; and to resolve pending problems without resort to higher authorities. Negotiations should center on the problems of settlement of payments modalities. Resort to intermediaries might best be discontinued and replaced by direct arrangements to reduce the number of disputes. Moreover, serious effort should be exerted to solve the transportation bottle-necks in order to avoid delays in delivery of shipments and their consequences.

The exchange of trade delegations could be expanded and encouraged in view of the positive role these could play in expanding mutual trade. Trade fairs and exhibitions should be organized in various markets to disseminate information on types of goods produced and to promote their exchange. Regular and rotating bilateral meetings should be held to speed-up the problem-solving process and to take concrete measures to facilitate processes and cumbersome procedures.

A promising area for export diversification lies in semi-manufactured and manufactured goods produced by means of plants erected within the framework of industrial and economic co-operation schemes concluded between the two parties. In this connection, it is worth mentioning that the preferential trade arrangements provided by the socialist countries of Eastern Europe (like the GSP) could be extended to cover petrochemicals. This is particularly timely, since the oil-producing countries of the Gulf have already embarked on producing and exporting petrochemcial products, the thrust of which has been felt in the world markets beginning in the mid-eighties. This will definitely assist these countries in overcoming the world-wide marketing problem of petrochemicals with the increasing protectionist tendencies in developed markets (EEC and Japan) and, therefore, in diversifying and expanding mutual trade.

E. Prospects

Co-operation and trade promotion between the socialist countries of Eastern Europe and the countries of the ESCWA region may be carried out on the basis of intensifying existing trade relations for mutual benefit and through creation of new markets, especially with the Gulf area. The exploitation of market co-operation mechanisms like participation in trade fairs and exhibitions, exchange of trade missions, establishment of joint committees, and setting up of trade centres in capital cities and industrial centres will push towards bridging the existing information gap and dissemiating essential trade information. These are basic instruments for promoting trade and fostering closer economic co-operation.

Between the ESCWA countries and Bulgaria, co-operation opportunities exist mainly in the field of agro-industries, small-scale industries, construction and building materials, dairy products, processing, canning and preservation of fruits and vegetables, wood products, iron and steel manufactures, and electrical appliances. This will assist the ESCWA countries in enlarging the production base and providing greater opportunities for trade exchanges. Trade in petrochemicals, fertilizers, aluminium, iron and steel products and oil derivatives should be given more weight. It may be possible to conclude new agreements providing preferential treatment under the Generalized Scheme of Preferences (GSP) to facilitate entry of these ESCWA new export items into Bulgaria and the other socialist countries of Eastern Europe. This will enable the trading partners to arrive at a new formula for ensuring balanced trade.

The fall in foreign exchange earnings arising from the decline in unit prices and volume of oil, entailed the application of import restrictions in the ESCWA region. With import restraints and controls, and foreign exchange shortages, capital goods and luxury imports will be restricted to those countries willing to offer better credit terms. This represents a possibility for the socialist countries of Eastern Europe to assume a more important role in supplying favourable credit facilities and, hence, capturing a larger portion of ESCWA's trade. The prospects in this direction may be worthwhile, with trade contracts being actively pursued and countertrade arrangements being extensively used with the Eastern bloc. For instance, the recent reactivation of the trade agreement between Lebanon and the USSR, which had lapsed in 1970, stipulates counterpurchases for at least 40 per cent of Soviet exports to Lebanon, amounting to $50 million.

Although the performance of trade between the socialist countries of Eastern Europe, and the ESCWA countries has been modest, the co-operation mechanisms that were evolved in the past, involving the utilization of a wide spectrum of arrangements and schemes especially geared to the promotion of trade and to enhancing the development process, provide a basis for improved trade relations.

SUMMARY

A. The International and Regional Setting in Recent Years

In 1985, the volume of world trade is estimated to have grown by 3.7 per cent. This represents a setback from the short-lived recovery of 8 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.

The volume of exports of developing countries, which had fallen by 7 per cent per annum during 1980-1982, picked up during 1984, growing by 6.6 per cent, due mainly to expansion of exports from non-oil developing countries. In 1985, the volume of exports increased by a mere one per cent.

The recovery in 1984 failed to improve the terms of trade of the developing countries, and in particular those of the fuel-exporters. Their terms of trade deteriorated by 8.8 per cent in 1983, recovered slightly (by 1.1 per cent in 1984) and then fell by 4.2 per cent in 1985.

The slackening world demand for crude oil, and the ensuing decline in its price, provide most of the explanation for the overall poor trade performance of developing countries in recent years. In addition, the average dollar price of non-fuel primary commodities, which declined considerably during the 1980-1982 recession and then moderately recovered in 1983-1984, dropped by 9.5 per cent in 1985 to the lowest level since 1976 and 26 per cent below its 1980 peak.

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.

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 has fallen by 18.8 per cent below 1981.

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 GATT 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 trade in services for the first time.

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. 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 balance of payments difficulties and securing export outlets.

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.

Under the Generalized System of Preferences (GSP), only modest improvements in product coverage and in tariff cuts have been introduced.

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.

The weakening of the external payments position of the major ESCWA fuel exporters and the ensuing recession have had direct and indirect adverse implications for the rest of the region. The Gulf region, until recently, provided an expanding market for the non-oil countries' 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.

The trade of the region with the outside world and among its own members continued to suffer from the prevailing overall political situation in the region and the state of bilateral relations between some of its member States.

B. Overall Trade Performance

The region is characterized by its extreme external dependence and high vulnerability to changes in the international economic environment, the last of which is the recession and the oil crisis from which it is still suffering. Its external trade is characterized by heavy reliance on and a predominance of few primary export items mainly, oil, and to a lesser extent cotton and phosphates, the absorptive capacity for which remains limited within the region. In addition to this high commodity concentration, the region's trade tends to show a marked degree of geographical dependence on the developed market-economies as outlets for their major export items (oil, cotton and phosphates) and source for imports.

Aggregate export and import flows

For the fourth year in succession, the aggregate dollar value of exports from the region declined in 1984. However, the decline was less pronounced than in the preceding two years (15 per cent compared with 25 and 28 per cent) causing exports to shrink to $87 billion, or around 44 per cent below their level in 1980. This reflected the combined impact of lower prices and volumes, though the decline in the latter was more pronounced. Preliminary data for 1985 indicate a further sharp decline in exports by around 25 per cent. Oil aside, exports from the region declined by around 13 per cent in 1985.

The region's 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 associated with 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 27 per cent in 1985, 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 non-fuel exporters group (Democratic Yemen, Jordan, Lebanon and Yemen) in the ESCWA region was also adverse, with their initially and relatively small exports contracting from $1.8 billion in 1980 to $1.1 billion in 1984 and $0.7 billion in 1985.

Compared to 1975-1980, when only in Lebanon did the value of exports decline, the period 1980-1983 witnessed declines in ten out of the thirteen ESCWA countries, ranging between a mild 2.4 per cent per annum in the case of the Syrian Arab Republic to a steep 31.8 per cent in the case of Iraq. In the remaining three countries exports expanded slightly: in Oman by 3.6 per cent, Jordan by 3.1 per cent and in Egypt by 1.8 per cent. In 1984, the situation was equally dismal with exports contracting in all but four of the thirteen ESCWA countries, namely Qatar, Iraq, Jordan and Yemen. Preliminary data for 1985 indicate that exports continued declining in all of the GCC countries and Iraq, while increasing in both Oman and Egypt, both being non-OPEC members and, therefore, not having to pursue OPEC's policy of oil production cuts.

In contrast to exports, the level of which began to slip after 1980, the region's imports continued to grow rapidly through 1982, before drastically falling by 20 per cent in 1983 and continuing their steep decline thereafter.

The curtailment of imports was common to all the ESCWA member States with the exception of Oman and, until 1984, Egypt, whose imports continued to expand. The overall import situation has deteriorated under the impact of falling export earnings, the weakened international reserves position, and stagnating or declining workers' remittances.

After deteriorating in 1983 by 8.8 per cent and remaining unchanged in 1984 as both export and import prices fell equally, the region's terms of trade deteriorated by another 3.5 per cent in 1985.

Between 1980 and 1984, the share of the region in world exports was more than halved, falling from 9.9 per cent to 4.6 per cent. Further shrinking occurred in 1985 with the region accounting for only 3.3 per cent of world exports. Similarly, its share in world imports dropped from 3.9 per cent in 1980 to 3.6 per cent in 1984 and further down to 2.8 per cent in 1985.

The oil boom and the subsequent rise in export earnings allowed the ESCWA fuel exporters to expand their imports very rapidly with only a small decline in the region's overall export/import ratio between 1975 and 1980. With the onset of recession, the ratio of exports to imports deteriorated between 1980 and 1985. The persistent decline in exports, the rise in imports through 1982 and their slower - compared to exports - decline thereafter, produced a sharp fall in the export/import ratio for the region as a whole (from 2.5 in 1980 to 1.1 in 1985) and for most individual countries. The decline has been most pronounced in the case of the GCC countries, especially Kuwait and Saudi Arabia.

The region's exports are largely destined to the world markets, while the outside world supplies most of its imports. Intraregional trade has occupied a small and fluctuating share in the region's overall trade, ranging between 5 and 7 per cent of total trade during 1975-1985.

The developed market-economies continued to supply a growing share (64 - 77 per cent) of the region's aggregate imports, and to absorb, between 60 and 74 per cent of its exports between 1975 and 1985. Some significant shifts, however, in the distribution of the region's trade occurred in that interval.

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 41 per cent of the region's exports in 1985 compared to 20 per cent in 1980 and 18 per cent in 1975. 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. At the same time, the European Economic Community (EEC) lost considerable ground, albeit remaining quite significant, as a major market for the region. The United States and other European markets (East and West) also lost some ground.

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; its share in the total contracting from around 40 to 23 per cent between 1983 and 1985.

The main sources of imports have generally remained stable, with the EEC maintaining its lead and supplying a growing share of the total. Its share rose from 34 per cent in 1975 to 39 per cent in 1984 and up to 42 per cent in 1985. Japan emerged as the second leading supplier with its share growing from 12 per cent in 1975 to 16 per cent in 1980 and 17 per cent in 1985. Another significant development was the rise in the share of other developing regions until 1983, from 11 per cent in 1975 to 15 per cent. This share, however, fell to 7.3 per cent in 1985.

The structure of imports of the ESCWA region did not undergo significant changes between 1975 and 1985, though reduced export earnings compelled member countries to curtail their imports, particularly of luxury items, in the last few years. 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. 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.

Over the same period, the share of food items declined from around 20 to 16 per cent and that of fuels from 6 to 4 per cent.

The exports of the ESCWA region are heavily weighted by oil, a concentration which deepened subsequent to the first upward adjustment of oil prices in 1973 before retreating to its 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 the adoption of energy conservation measures, 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. The reduced significance of crude oil has highlighted the growing importance of refined products and, to a lesser extent, gas in total exports. 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. 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.

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.

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 during the period 1975-1985, despite concerted efforts aimed at export diversification.

Non-fuel exports, having accounted for less than 7 per cent of total exports in 1975, declined to 4 per cent in 1980; they recovered in 1984 and grew slightly to account for little less than 8 per cent in 1985. This improvement may be illusionary, reflecting more the situation in the oil sector and the decline in relative importance of fuels than real growth in traditional and new exports. Notwithstanding this, the limited diversification experienced in a number of countries is closely linked to petroleum, i.e. oil-derivatives such as fertilizers and petrochemicals; and a few other indigenous 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.

Among the group of manufactured goods (defined to include 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 also shrank from 27 to 19 per cent.

C. 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 $6.0 billion in 1985. Economic recession, strained political relations and internal strife have exerted a depressing influence.

Intraregional exports fluctuated within a narrow range of 5 to 7 per cent between 1975 and 1985; while imports progressively contracted from 12 to around 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.

The region constitutes an important market for the agricultural and industrial products of the non-fuel exporters as well as Egypt, Iraq and the Syrian Arab Republic; 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.

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 the other fuel exporters (Egypt, Iraq and the Syrian Arab Republic) and the non-fuel exporters. The relative importance of the non-fuel exporters in intraregional trade is much more evident in the case of imports than in exports.

The regional 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 (textiles, leather goods), or quality and specifications of goods produced, transportation costs and/or bottle-necks and bulky nature of merchandise traded. The regional market also serves as a testing ground for new product lines and potential 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. 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 ecnomic co-operation and trade expansion endeavours are more likely to succeed in an environment of economic growth and stable political relations.

D. Trade with Other Developing Regions

The trade of the ESCWA region with other developing regions showed considerable expansion before it started sliding in the early eighties. Aggregate imports grew from $2.6 billion in 1975 to $13.2 billion in 1982 and declined thereafter to reach $4.3 billion in 1985. Exports grew from $12.6 billion in 1975 to a peak of $40.8 billion in 1980, afterwhich they fell sharply to reach $7.2 billion in 1985. Non-fuel exports declined from $789 million in 1975 to around half a billion in 1985, having peaked in 1980 at $1.2 billion.

The overall trade balance with other developing regions reveals a substantial surplus that grew three-fold between 1975 and 1980 (from $10.1 billion to a peak of $30.6 billion), before it started falling to reach $11.2 billion in 1984, and $2.8 billion in 1985. Excluding oil, however, the region becomes a net importer from the other developing regions with a persistent and generally widening deficit that rose from $1.7 billion in 1975 to $10.8 billion in 1982. This deficit narrowed considerably thereafter to $3.7 billion in 1985.

The relative importance of developing countries in the trade of the ESCWA region peaked in 1983 before it collapsed in the following two years. Their share in imports grew from 11 per cent in 1975 to over 15 per cent in 1983, but was slashed by half to around 7 per cent in 1985. Their share in total exports grew from 21 per cent in 1975 to 31 per cent in 1983, then lost considerable ground to account for about 11 per cent of total exports in 1985. The share of other developing regions in non-fuel exports declined from over 18 per cent in 1975 to 13 per cent in 1983, then grew to 17 per cent in 1984 before shrinking to one-tenth of the region's non-fuel exports in 1985. Thus, aside from the relapse witnessed in 1984-1985, the developing countries have generally been gaining ground as markets for exports from the region.

The bulk of trade has been carried out between the ESCWA fuel exporters and the developing countries in Asia, mostly South-East Asia. The leading trading partners were on the one hand, Saudi Arabia since 1980 and to a lesser extent, the United Arab Emirates, Iraq and Kuwait; and on the other hand, mainly Taiwan (between 1978 and 1983) and Korea, followed by Singapore and Hongkong, Turkey and up to 1982, India. In Latin America, Brazil was also a significant partner, particularly as the largest single developing country consumer of the region's oil (followed by Singapore and Korea). Until recently, Malaysia and Pakistan were important sources of goods, and Iran a significant outlet for non-fuel exports. In 1984-1985, Saudi Arabia emerged as the main supplier of non-fuel exports from the region (fertilizers, petrochemicals, and re-exports) accounting for around one-third. Jordan, Egypt, and the United Arab Emirates were also significant exporters of non-fuel goods to the other developing regions.

In 1975, around half of the region's imports from other developing countries was accounted for by food items and around one-fourth by manufactured goods other than machinery and transport equipment. By 1985, the situation was reversed, with imports of the former category accounting for one-fourth and the latter accounting for over 45 per cent of the total. At the same time, the share of imports of machinery and transport equipment almost doubled to 15 per cent.

Exports to other developing regions are dominated by oil (93 per cent in 1985). Developing regions accounted for 21 per cent of the region's fuel exports in 1975. This share expanded to 32 per cent in 1983 before it was reduced to 11 per cent in 1985.

Disregarding re-exports, some of the region's indigenous manufactures have come to occupy a significant position in its non-fuel exports to developing countries: notably fertilizers and petrochemicals from Kuwait, Saudi Arabia and Qatar to India and, until recently, Iran; phosphates from Jordan to India and until recently Turkey; and aluminium from Bahrain to Pakistan. Thus, while exports of food items lost ground and those of agricultural raw materials remained insignificant, chemicals and, recently, ores and metals assumed prominence, accounting for around half of the region's non-fuel exports to developing countries.

The developing countries constituted a significant, and growing market for the ESCWA region's exports of fuels, fertilizers and phosphates up to 1983. During 1984 and 1985, their share in all three product categories declined; nevertheless these products remained the most significant commodities in the region's trade with other developing countries. As an outlet for the region's exports of foodstuffs, the developing countries lost considerably; while in the case of raw cotton exports they gained somewhat but remained relatively insignificant. On the other hand, the developing countries' relative importance as a source of foodstuffs and agricultural raw materials remained significant though considerably diminished; while remaining marginal suppliers of machinery and transport equipment. Their share in other manufactured goods imported by the region changed little over the period reviewed. Thus, one-tenth of the region's exports of fuels, 17 per cent of chemicals and 15 per cent of ores and metals were consumed by the other developing countries in 1985. At the same time, around 12 per cent of its needs in each of food items, agricultural raw materials and manufactured goods other than machinery and transport equipment were supplied by other developing regions.

At the international level, concerted efforts are being exerted to foster closer economic co-operation among developing countries including the recently-launched first round of negotiations of the Global System of Trade Preferences (GSTP) - Ministerial meeting held in Brasilia in May 1986. In addition, at the bilateral level a wide range of trade and payments agreements have been concluded between the ESCWA member countries and the other developing countries.

E. Trade with the Socialist Countries of Eastern Europe

Co-operation mechanisms between the socialist countries of Eastern Europe (European CMEA) and the ESCWA countries evolved from simple legal instruments, comprising bilateral trade and payments agreements of the "barter" and "clearing" types, to more complex and comprehensive arrangements, having longer-term perspectives and covering economic, industrial, scientific and technical aspects of co-operation. Recently, countertrade arrangements have become more appealing.

Economic and trade relations between the socialist countries of Eastern Europe and the ESCWA countries have been generally confined to few countries where political and economic considerations favoured closer ties, notably Egypt, Iraq, the Syrian Arab Republic and Democratic Yemen. Direct and growing economic relations also exist with Jordan, Lebanon and Yemen. Among the Gulf Co-operation Council (GCC) States, Kuwait and since late 1985, the United Arab Emirates and Oman have established formal diplomatic relations with the USSR.

The performance of trade between the ESCWA region and European CMEA has been modest and not very impressive. Exports of the ESCWA region to European CMEA fluctuated around $1.3 billion between 1975 and 1983 before dropping to less than one billion in the subsequent two years. Imports from European CMEA grew from $1.4 billion in 1975 to average $2.0 billion during 1980-1984, before falling to $1.3 billion in 1985. In relative terms, the share of the socialist countries of Eastern Europe in the region's trade fluctuated around 3 per cent in the case of imports, and between one and two per cent for exports during the period 1980-1985. Thus, the socialist countries of Eastern Europe remain marginal suppliers of the region's imports and marginal consumers of its exports.

Trade between the two groups of countries is largely governed by bilateral agreements and generally tied to imports of machinery and equipment in return for exports of crude oil, cotton, textiles and phosphates. Subsequent to the adjustments in oil prices of 1973 and until the late seventies, the trade balance had been generally in favour of the ESCWA region. However, since the early eighties the balance tilted in favour of the socialist countries of Eastern Europe.

Trade between the socialist countries of Eastern Europe and the ESCWA region is largely accounted for by the ESCWA socialist economies (Egypt, Iraq, Syrian Arab Republic and Democratic Yemen). During 1984-1985, these were responsible, on the average, for around 85 per cent of regional imports from European CMEA and over 90 per cent of exports to it. However, after having absorbed 11 per cent of these countries' combined exports and 12 per cent of imports in 1975, the share of European CMEA averaged 5.4 per cent and 7 per cent, respectively, during 1984-1985.

The factors inhibiting the expansion of mutual trade may be grouped in three categories. First, built-in defects of bilateral trade and payments agreements, which due to their non-binding character or the nature of commodities covered by the lists attached to these agreements or protocols, were either partially implemented or were implemented by only one of the contracting parties. Often, these rarely resulted in balanced trade, which essentially is one of their main declared objectives. Second, differences in economic systems is an area which gives rise to a wide spectrum of problems and disputes, and hampers the smooth running of trade transactions. These relate to rigidities of centrally-planned economies, strict foreign exchange controls, complex bureaucratic procedures, cumbersome and time-consuming formalities. Third, regular commercial practices form an area of common complaints covering questions of adherence to the terms of trade, recurring requests for extensions of credit lines, raising of prices after contracts were concluded, transportation bottle-necks, delays in delivery time, difficulties in settlements of compensation and penalty clauses in cases of default or damage, delays in acquisition of regular supplies of appropriate spare parts and reluctance in the provision of post-sales service for imported machinery and equipment. A pervasive problem is the prevalence of an information gap and deficiency in disseminating pertinent information related to markets of partner countries.

A promising area for export diversification lies in semi-manufactured and manufactured goods produced by means of plants erected within the framework of industrial and economic co-operation schemes concluded between the two parties. In this connection, it is worth mentioning that the preferential trade arrangements provided by the socialist countries of Eastern Europe (like the GSP) could be extended to cover petrochemicals. This may serve as a basis of intensifying existing trade relations for mutual benefit and through creation of new markets, especially with the Gulf area.

STATISTICAL ANNEX

EXPLANATORY NOTES

1. Source: Unless otherwise mentioned, this Annex is based on United Nations Economic and Social Commission for Western Asia, Statistical Developments in the External Sector of the ESCWA Region: Intraregional Trade and Trade with Other Developing Countries, 1975-1985 (E/ESCWA/DPD/86/4) December 1986. These are based on the United Nations Statistical Office data derived from the Commodity Trade Statistics according to SITC Statistical Papers Series - D: (COMTRADE DATABASE, SITC Rev.1). The data base used was constructed from officially reported statistics and, in their absence, from partner countries' trade data and United Nations estimates. The source of data used for each of the ESCWA member States is given below:

Source of data*

ESCWA Country	Reporter	Partner	UN Estimates
Bahrain	1975-1980	1984-1985	1983
	1981 excl. M331, X332	1981 (M331, X332)	
	1982 excl. SITC(3)	1982 SITC(3)	
Democratic Yemen	-	1975, 1978-1979	1976-1977
		1984-1985	1980-1983
Egypt	1975-1985	-	-
Iraq	1975-1976,excl.SITC(3)	1975-1976,SITC(3)	1977-1983
		1984-1985	
Jordan	1975-1984	1985	-
Kuwait	1975-1982	1984-1985	1983
Lebanon	1977	1975-1976, 1978	1979-1983
		1984-1985	
Oman	1975, 1979-1981		-
	1976-1978,excl.X331	1976-1978,X331	
	1982-1985,excl.X331	1982-1985,X331	
Qatar	1975-1976, 1978-1979	1984-1985	1983
	(1977 & 1980-1982) M	(1977 & 1980-1982) X	
Saudi Arabia	1975-1982	1984-1985	1983
Syrian Arab Republic	1975-1979, 1981-1983	1984-1985	1980
United Arab Emirates	(1979-1982) M	(1979-1982) X	1975-1978
		1984-1985	1983
Yemen Arab Republic	1975-1976	1977, 1984-1985	
	1978-1981	(1982-1983) X	(1982-1983) M

Source: United Nations Statistical Office, COMTRADE DATABASE (SITC Rev.1), as on 31 October 1986.

*In the absence of reporting countries' data, intraregional trade flows for the years 1983-1985, were revised using the International Monetary Fund, Direction of Trade, 1986. Therefore, they may differ from those given in the aforementioned source.

2. The classification used is intended for statistical convenience and does not necessarily imply any judgement regarding the stage of development of any particular country or region. Thus,

TOTAL DVLPG (less ESCWA) represents the sum of the four developing regions listed below, other than the ESCWA region:

DVLPG ASIA (less ESCWA) stands for the developing countries in Asia, excluding the ESCWA region, i.e. Cyprus, Iran and Turkey plus South and South-East Asia.

DVLPG AMERICA covers the developing countries in America.

DVLPG AFRICA comprises the developing countries in Africa including the North African Arab countries except Egypt.

DVLPG OCEANIA covers the developing countries in Oceania.

ESCWA REGION is defined to cover:

Bahrain	Jordan	Qatar	Yemen Arab Republic
Democratic Yemen	Kuwait	Saudi Arabia	
Egypt	Lebanon	Syrian Arab Republic	
Iraq	Oman	United Arab Emirates	

ESCWA FUEL EXPORTERS comprise in addition to Bahrain, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates which were formerly classified as "Oil Economies", Egypt and the Syrian Arab Republic. On the basis of data for 1980, the ESCWA countries whose fuel exports (SITC 3) accounted for at least 50 per cent of their total merchandise exports were assigned to this group. Since Egypt and the Syrian Arab Republic meet this criterion and are net oil exporters (i.e. their oil exports exceed their oil imports) they were included in this group. This group is broken down to two subgroups, the Gulf Co-operation Council (GCC) countries and the Other Fuel Exporters:

GULF CO-OPERATION COUNCIL (GCC):		OTHER FUEL EXPORTERS:
Bahrain	Qatar	Egypt
Kuwait	Saudi Arabia	Iraq
Oman	United Arab Emirates	Syrian Arab Republic

ESCWA NON-FUEL EXPORTERS:

Democratic Yemen	Lebanon
Jordan	Yemen Arab Republic

3. <u>Definition of Major SITC Product Categories</u>:

Food items	:	SITC (0+1+22+4)
Agricultural raw materials	:	SITC (2-22-27-28)
Ores and metals	:	SITC (27+28+67+68)
Fuels	:	SITC (3)
Chemicals	:	SITC (5)
Machinery and transport equipment	:	SITC (7)
Other manufactured goods	:	SITC (6+8+67+68)
All commodities	:	SITC (0 to 9)

4. <u>Definition of markets</u>:

CMEA (European): European members of the Council for Mutual Economic Assistance comprising Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, Romania and the Union of Soviet Socialist Republics (USSR); otherwise referred to as Socialist countries of Eastern Europe.

EEC (9) : European Economic Community comprising Belgium, Denmark, France, Federal Republic of Germany, Ireland, Italy, Luxembourg, Netherlands and the United Kingdom.

EEC (12) : Comprises the nine EEC countries listed above in addition to Greece, Spain and Portugal. The enlarged EEC became effective in January 1986.

EFTA : European Free Trade Association comprising Austria, Faeroe Islands, Finland, Iceland, Norway, Portugal, Sweden and Switzerland.

Other Developing Regions : Covers developing countries in Asia (excluding ESCWA), America, Africa (excluding Egypt), and Oceania.

5. SITC (331): Crude oil

6. SITC (332): Petroleum products

7. Data for 1984 and 1985 are preliminary

8. Zero or (0.00) denotes nil or negligible

9. n.a.: Not available

10. The ($) is the United States dollar

11. Details may not add up due to rounding

12. (X) stands for exports

13. (M) stands for imports

Table 1 ESCWA REGION: OVERALL TRADE FLOWS AND TRADE WITH OTHER DEVELOPING REGIONS (millions of US dollars)

	World					Other Developing Regions				
	1975	1980	1983	1984	1985	1975	1980	1983	1984	1985
A. Total Imports (c.i.f.)										
ESCWA Region	24268	80001	84422	71868	58626	2581	10190	12906	7905	4304
Fuel Exporters	21326	71519	76644	65488	54190	2277	8969	11686	7083	4019
GCC	11519	51216	53342	45122	36203	1226	6504	7952	4706	2955
Bahrain	1158	3479	3281	2896	2547	76	300	172	104	82
Kuwait	2388	6554	6326	5879	4726	288	1090	900	694	412
Oman	671	1732	2492	2748	3158	77	197	246	274	289
Qatar	406	1395	1288	904	903	26	150	200	59	45
Saudi Arabia	4141	29957	32927	27155	19611	348	3396	4809	2850	1581
United Arab Emirates	2754	8098	7027	5540	5263	410	1371	1626	725	546
Others	9807	20303	23302	20366	17987	1051	2465	3734	2377	1064
Egypt	3934	4860	10275	10766	9961	307	405	838	1043	917
Iraq	4205	11334	8485	7488	6278	539	1435	1270	1134	96
Syrian Arab Republic	1669	4109	4542	2113	1747	206	625	1626	200	51
Non-Fuel Exporters	2942	8482	7778	6380	4436	304	1221	1220	822	285
Democratic Yemen	150	1104	637	510	350	26	251	138	85	44
Jordan	731	2394	3016	2686	1699	53	221	333	312	80
Lebanon	1767	3130	2714	2142	1388	154	438	455	266	67
Yemen	293	1853	1411	1040	999	70	311	293	158	95
B. Total Exports (f.o.b.)										
ESCWA Region	61532	198166	101922	86683	64883	12656	40758	31521	19133	7129
Fuel Exporters	59982	196402	100485	85555	64141	12405	40543	31316	18878	7060
GCC	49956	163171	86444	71965	52369	10374	31405	26341	15084	6765
Bahrain	1147	3795	1549	947	798	274	974	517	316	184
Kuwait	9186	20435	8340	7919	6818	2687	7755	3748	2352	1458
Oman	1450	3748	4169	4106	4123	244	650	873	1241	836
Qatar	1809	5788	3505	4411	3061	261	1097	786	352	171
Saudi Arabia	29669	109113	53307	40430	23753	6092	19464	17522	9415	2289
United Arab Emirates	6696	20293	15575	14152	13815	815	1465	2896	1409	1827
Others	10026	33231	14041	13590	11772	2031	9138	4975	3794	295
Egypt	1402	3046	3215	3140	3714	96	110	178	148	194
Iraq	7694	28120	8903	9348	7128	1925	8901	4573	3519	76
Syrian Arab Republic	930	2065	1923	1102	930	10	127	225	128	25
Non-Fuel Exporters	1551	1764	1437	1127	742	250	215	205	255	69
Democratic Yemen	265	414	288	243	248	9	58	61	27	19
Jordan	126	402	440	678	325	40	88	104	192	45
Lebanon	1149	926	688	169	129	201	68	35	23	3
Yemen	11	23	21	38	40	0	1	5	13	2
C. Non-Fuel Exports (excluding SITC 3)										
ESCWA Region	4271	7919	6882	5620	4885	789	1165	895	957	503
Fuel Exporters	3037	6534	5720	4750	4450	549	1003	749	735	452
GCC	1413	4795	3813	2915	2993	444	733	507	564	381
Bahrain	213	242	465	209	201	27	39	52	24	30
Kuwait	778	2278	443	279	172	301	352	93	53	31
Oman	16	144	349	366	348	6	12	36	77	71
Qatar	51	232	256	109	90	24	69	104	41	18
Saudi Arabia	203	887	1054	1036	1139	28	179	101	294	130
United Arab Emirates	152	1013	1248	916	1044	59	81	122	75	102
Others	1624	1739	1907	1835	1457	105	270	242	171	72
Egypt	1269	1089	1210	1332	1183	83	54	80	91	66
Iraq	79	246	98	169	144	13	155	15	10	2
Syrian Arab Republic	276	404	599	334	129	8	62	148	69	3
Non-Fuel Exporters	1233	1385	1162	870	433	241	163	146	223	50
Democratic Yemen	18	39	17	10	22	4	6	2	4	0
Jordan	125	401	440	678	268	40	88	104	192	45
Lebanon	1079	922	687	168	129	196	68	35	23	3
Yemen	11	23	18	14	14	0	1	5	3	2

For source, see Explanatory Notes to this Annex.

Table 2 ESCWA REGION: ANNUAL AVERAGE GROWTH OF OVERALL TRADE AND TRADE WITH OTHER DEVELOPING REGIONS (in per cent)

	World				Other Developing Regions			
	1975-1980	1980-1983	1983-1984	1984-1985	1975-1980	1980-1983	1983-1984	1984-1985
				A. Total Imports (c.i.f.)				
ESCWA Region	26.94	1.81	-14.87	-18.43	31.60	8.20	-38.75	-45.56
Fuel Exporters	27.38	2.33	-14.56	-17.25	31.54	9.22	-39.39	-43.26
GCC	34.77	1.37	-15.41	-19.77	39.62	6.93	-40.82	-37.21
Bahrain	24.61	-1.94	-11.73	-12.05	31.54	-16.92	-39.40	-21.27
Kuwait	22.37	-1.17	-7.08	-19.61	30.47	-6.18	-22.87	-40.69
Oman	20.90	12.90	10.26	14.72	20.57	7.64	11.48	5.64
Qatar	27.98	-2.64	-29.82	-0.08	42.40	10.00	-70.61	-24.07
Saudi Arabia	48.55	3.20	-17.53	-27.78	57.70	12.30	-40.74	-44.51
United Arab Emirates	24.07	-4.62	-21.15	-5.01	27.30	5.83	-55.39	-24.72
Others	15.70	4.70	-12.60	-11.68	18.60	14.90	-36.34	-55.24
Egypt	4.32	28.35	4.77	-7.47	5.70	27.47	24.43	-12.10
Iraq	21.94	-9.20	-11.75	-16.15	21.64	-3.99	-10.70	-91.54
Syrian Arab Republic	19.75	3.39	-53.49	-17.30	24.88	37.54	-87.72	-74.46
Non-Fuel Exporters	23.59	-2.85	-17.97	-30.47	32.04	-0.04	-32.59	-65.33
Democratic Yemen	49.04	-16.76	-19.95	-31.44	56.85	-17.97	-38.35	-48.73
Jordan	26.79	8.00	-10.86	-36.79	32.90	14.56	-6.14	-74.52
Lebanon	12.11	-4.65	-21.08	-35.19	23.22	1.28	-41.55	-74.77
Yemen	44.57	-8.68	-26.31	-3.90	34.68	-1.92	-45.97	-40.30
				B. Total Exports (f.o.b.)				
ESCWA Region	26.35	-19.90	-14.95	-25.15	26.35	-8.21	-39.30	-62.74
Fuel Exporters	26.77	-20.00	-14.86	-25.03	26.73	-8.25	-39.72	-62.60
GCC	26.71	-19.10	-16.75	-27.23	24.80	-5.69	-42.73	-55.16
Bahrain	27.03	-25.82	-38.85	-15.72	28.82	-19.02	-38.88	-41.79
Kuwait	17.34	-25.82	-5.04	-13.90	23.61	-21.52	-37.24	-38.00
Oman	20.92	3.61	-1.51	0.42	21.62	10.31	42.25	-32.66
Qatar	26.19	-15.40	25.87	-30.60	33.30	-10.51	-55.30	-51.35
Saudi Arabia	29.75	-21.00	-24.16	-41.25	26.15	-3.44	-46.27	-75.69
United Arab Emirates	24.83	-8.44	-9.13	-2.39	12.44	25.49	-51.35	29.67
Others	27.00	-25.00	-3.21	-13.38	37.00	-18.30	-23.74	-92.22
Egypt	16.79	1.81	-2.33	18.29	2.87	17.22	-16.97	31.82
Iraq	29.59	-31.84	4.99	-23.74	35.83	-19.91	-23.04	-97.85
Syrian Arab Republic	17.30	-2.35	-42.67	-15.64	65.36	21.03	-43.20	-80.26
Non-Fuel Exporters	2.61	-6.61	-21.55	-34.20	-2.95	-1.62	24.05	-72.98
Democratic Yemen	9.30	-11.40	-15.53	1.97	46.07	1.70	-56.36	-30.19
Jordan	26.16	3.08	54.09	-52.12	16.85	5.89	83.86	-76.78
Lebanon	-4.22	-9.43	-75.48	-23.24	-19.44	-20.15	-33.65	-85.77
Yemen	15.72	-2.13	77.49	5.78	19.86	60.22	165.77	-82.39
				C. Non-Fuel Exports (excluding SITC 3)				
ESCWA Region	13.14	-4.57	-18.34	-13.11	8.11	-8.42	6.95	-47.50
Fuel Exporters	16.56	-4.34	-16.96	-6.32	12.82	-9.26	-1.93	-38.43
GCC	27.69	-7.35	-23.56	2.68	10.51	-11.56	11.35	-32.50
Bahrain	2.60	24.30	-54.95	-3.95	7.37	9.81	-53.87	23.87
Kuwait	23.96	-42.08	-37.02	-38.35	3.21	-35.92	-42.32	-42.81
Oman	54.78	34.36	4.93	-4.98	15.08	43.27	112.66	-7.67
Qatar	35.43	3.31	-57.47	-17.21	23.64	14.77	-60.07	-57.25
Saudi Arabia	34.32	5.93	-1.72	9.96	45.51	-17.57	192.41	-55.77
United Arab Emirates	46.21	7.19	-26.55	13.88	6.55	14.72	-38.57	36.39
Others	1.40	3.10	-3.78	-20.60	21.00	-3.60	-29.34	-57.89
Egypt	-3.02	3.57	10.11	-11.18	-8.43	14.19	14.10	-27.53
Iraq	25.44	-26.52	73.15	-14.75	63.50	-54.52	-28.28	-82.71
Syrian Arab Republic	7.89	14.07	-44.31	-61.30	51.91	33.73	-53.53	-94.94
Non-Fuel Exporters	2.34	-5.67	-25.12	-50.20	-7.51	-3.53	52.44	-77.37
Democratic Yemen	16.73	-24.41	-38.81	111.97	8.25	-26.32	97.34	-92.94
Jordan	26.27	3.16	54.14	-60.52	16.85	5.89	83.86	-76.78
Lebanon	-3.10	-9.33	-75.52	-23.14	-19.05	-20.14	-33.65	-85.77
Yemen	15.69	-7.55	-23.39	5.59	19.86	60.22	-30.08	-33.06

For source see Explanatory Notes to this Annex.

Table 3 ESCWA REGION: DIRECTION OF TRADE (in per cent of total)

	Total					Non-Fuel (excl. SITC 3)				
	1975	1980	1983	1984	1985	1975	1980	1983	1984	1985
					IMPORTS (c.i.f.)					
ESCWA Region	11.94	10.37	7.18	7.58	7.84	8.17	4.98	4.70	2.23	1.99
Other Developing Regions	10.64	12.74	15.29	11.00	7.34	10.83	12.98	13.94	11.33	7.48
ASIA (excl. ESCWA)	7.61	10.53	12.90	9.99	6.62	7.65	10.98	11.52	10.31	6.74
AMERICA	2.02	1.21	1.69	0.58	0.40	2.15	1.32	1.80	0.60	0.42
AFRICA	1.00	0.98	0.70	0.43	0.32	1.02	0.67	0.62	0.41	0.33
North Africa(ex. Egypt)	0.25	0.70	0.46	0.31	0.27	0.24	0.38	0.38	0.30	0.27
OCEANIA	0.02	0.04	0.00	0.00	0.00	0.02	0.04	0.00	0.00	0.00
Developed Market-Economies										
EEC (9)	34.06	33.95	34.49	38.75	41.51	35.59	36.13	36.68	40.04	42.68
EEC (12)	35.76	36.81	37.51	42.06	45.10	37.36	39.17	39.80	43.40	46.31
EFTA	4.07	4.31	4.46	4.89	5.71	4.31	4.67	4.84	5.10	5.94
U.S.A.	14.23	13.56	13.91	12.86	12.87	14.96	14.53	14.98	13.36	13.26
JAPAN	11.73	15.34	15.57	15.89	17.03	12.48	16.62	16.91	16.62	17.72
Centrally-Planned Economies										
CMEA (European)	5.88	2.17	1.65	2.83	2.19	5.89	2.02	1.60	2.81	2.18
CHINA	1.46	0.92	0.21	0.44	0.09	1.51	0.99	0.22	0.45	0.09
Rest of the World	5.98	6.64	7.24	5.76	5.42	6.26	7.07	6.13	8.05	8.66
WORLD 100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	
					EXPORTS (f.o.b)					
ESCWA Region	4.48	4.32	6.58	6.73	7.27	36.35	43.58	39.76	27.04	22.96
Other Developing Regions	20.57	20.57	30.93	22.07	10.99	18.48	14.72	13.01	17.03	10.29
ASIA (excl. ESCWA)	10.94	14.46	21.60	15.98	10.68	11.27	12.00	11.08	13.13	9.57
AMERICA	7.74	4.62	6.96	4.79	0.15	1.08	0.09	0.01	0.05	0.01
AFRICA	1.58	1.43	2.35	1.30	0.16	6.14	2.62	1.87	3.85	0.71
North Africa(ex.Egypt)	0.69	0.69	1.43	1.22	0.05	5.03	2.12	1.46	3.67	0.61
OCEANIA	0.76	0.06	0.06	0.00	0.00	0.00	0.00	0.20	0.01	0.00
Developed Market-Economies										
EEC (9)	36.11	31.58	20.52	20.69	25.09	7.05	17.90	22.68	26.04	32.94
EEC (12)	41.13	36.76	26.51	26.64	31.77	7.54	18.71	23.91	27.84	35.01
EFTA	2.28	3.36	1.34	1.84	2.37	1.08	3.30	2.73	4.28	4.46
U.S.A.	3.84	10.27	5.11	7.11	5.66	2.40	2.10	3.07	4.57	9.10
JAPAN	17.83	20.11	28.54	34.29	40.99	4.19	6.73	5.74	8.56	9.01
Centrally-Planned Economies										
CMEA (European)	2.19	0.49	1.31	0.74	1.20	24.88	5.53	9.24	6.73	7.60
CHINA	0.18	0.10	0.05	0.13	0.00	2.55	1.26	0.71	2.07	0.01
Rest of the World	12.53	9.21	5.62	6.40	6.43	3.02	4.87	3.06	3.68	3.63
WORLD	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

For source, see Explanatory Notes to this Annex.

Table 4 ESCWA REGION: COMMODITY STRUCTURE OF OVERALL TRADE

Imports by Major Categories (in per cent of total)

SITC	Total value (millions of dollars) 0 to 9	Food items 0+1+22 +4	Agricultural raw materials 2 less (22+27+28)	Ores and metals 27+28 +67+68	Fuels 3	Chemicals 5	Machinery and equipment 7	Other manufactured goods 6 + 8 less (67+68)
				ESCWA REGION				
1975	24268	19.47	2.42	9.09	6.02	6.76	35.32	20.60
1980	80001	14.88	1.71	7.51	7.74	5.14	35.96	26.56
1983	84422	13.55	1.43	5.72	7.94	5.36	38.78	26.03
1984	71868	17.39	1.50	5.93	4.50	6.40	36.70	26.08
1985	58626	15.55	1.87	6.84	3.98	7.38	37.14	26.02
				FUEL EXPORTERS				
1975	21326	19.14	2.38	9.58	5.89	6.77	35.69	20.29
1980	71519	14.44	1.76	7.65	6.29	5.04	37.27	27.02
1983	76644	12.90	1.41	5.81	7.13	5.27	40.13	26.25
1984	65488	16.64	1.51	5.91	3.94	6.20	38.11	26.22
1985	54190	14.96	1.93	6.89	4.11	7.23	37.73	26.02
				GULF CO-OPERATION COUNCIL				
1975	11519	13.67	1.05	6.93	7.49	4.18	39.95	26.29
1980	51216	13.30	1.24	6.98	6.54	4.14	36.56	30.60
1983	53342	9.55	0.78	5.57	6.48	4.28	42.65	29.36
1984	45122	12.56	0.69	5.24	4.52	4.84	40.63	29.71
1985	36203	11.47	0.67	5.71	4.99	5.88	40.43	29.47
				BAHRAIN				
1975	1158	6.43	0.53	3.41	50.82	3.68	18.77	16.35
1980	3479	6.91	0.56	3.26	58.33	3.82	15.02	11.98
1983	3281	4.07	0.37	1.80	60.92	2.06	17.36	12.19
1984	2896	4.71	0.29	1.88	58.40	2.31	18.47	12.61
1985	2547	4.93	0.33	1.73	60.97	2.73	15.23	13.42
				KUWAIT				
1975	2388	17.07	0.72	4.86	0.59	3.87	45.62	26.64
1980	6554	14.80	0.97	6.20	0.76	4.21	36.15	36.31
1983	6326	9.36	0.44	6.04	4.87	3.54	45.01	29.94
1984	5879	13.00	0.45	5.91	0.47	3.77	43.90	29.27
1985	4726	10.97	0.43	5.19	0.38	5.18	48.01	28.67
				OMAN				
1975	670	13.29	2.21	6.64	4.67	3.89	41.42	27.88
1980	1732	15.21	1.47	4.08	10.79	3.48	39.40	19.74
1983	2492	14.69	1.15	5.56	1.63	3.68	45.53	24.18
1984	2748	15.03	1.14	6.61	1.56	3.80	41.04	25.85
1985	3153	13.46	1.07	6.80	1.75	4.01	41.45	28.86
				QATAR				
1975	406	13.51	1.22	8.18	0.92	4.42	51.69	20.05
1980	1395	14.96	1.13	7.24	1.22	5.33	43.34	26.79
1983	1288	9.30	0.78	4.63	5.24	4.14	46.61	27.68
1984	904	12.95	0.63	4.57	0.73	6.08	43.33	30.26
1985	903	11.26	0.77	4.42	0.58	5.16	46.49	29.79
				SAUDI ARABIA				
1975	4141	15.64	1.44	5.42	0.68	4.86	41.05	30.76
1980	29957	14.12	1.32	7.34	0.64	4.00	38.86	33.34
1983	32928	10.05	0.88	5.89	1.32	4.62	45.65	30.26
1984	27155	13.40	0.81	5.27	0.67	5.28	42.61	30.83
1985	19611	12.26	0.76	6.13	0.50	6.41	41.68	30.92
				UNITED ARAB EMIRATES				
1975	2754	10.94	0.66	12.33	7.16	3.71	40.22	23.96
1980	8098	11.12	1.38	8.46	10.80	4.67	35.87	26.85
1983	7027	8.18	0.73	5.62	8.62	4.63	36.52	34.82
1984	5540	10.79	0.38	5.62	1.59	5.43	38.42	35.42
1985	5263	11.03	0.44	6.09	1.44	7.31	39.50	32.89

Exports by main categories (in per cent of total)

SITC	Total value (millions of dollars) 0 to 9	Food items 0+1+22 +4	Agricultural raw materials 2 less (22+27+28)	Ores and metals 27+28 +67+68	Fuels 3	Chemicals 5	Machinery and equipment 7	Other manufactured goods 6 + 8 less (67+68)
				ESCWA REGION				
1975	61532	1.18	1.26	0.53	93.06	1.10	0.95	1.86
1980	198166	0.55	0.36	0.68	96.00	0.70	0.74	0.92
1983	101922	0.99	0.72	1.16	93.25	0.58	1.10	1.88
1984	86683	0.75	1.01	1.22	93.52	0.66	1.26	1.24
1985	64883	0.75	0.95	1.13	92.47	1.03	1.74	1.41
				FUEL EXPORTERS				
1975	59982	0.76	1.18	0.37	94.94	0.92	0.59	1.20
1980	196402	0.35	0.35	0.55	96.67	0.65	0.69	0.72
1983	100485	0.68	0.70	1.00	94.31	0.44	1.04	1.52
1984	85555	0.58	0.98	0.95	94.45	0.46	1.25	0.99
1985	64141	0.71	0.90	0.99	93.06	0.98	1.54	1.32
				GULF CO-OPERATION COUNCIL				
1975	49956	0.24	0.03	0.34	97.17	0.94	0.66	0.57
1980	163171	0.22	0.03	0.55	97.06	0.71	0.81	0.60
1983	86444	0.36	0.02	1.00	95.59	0.42	1.15	1.11
1984	71965	0.30	0.04	0.87	95.95	0.41	1.39	0.66
1985	52369	0.44	0.05	0.86	94.28	1.11	1.74	0.96
				BAHRAIN				
1975	1147	1.51	0.06	8.79	81.45	0.26	2.88	5.03
1980	3795	0.58	0.02	2.99	93.62	0.10	1.43	1.25
1983	1549	0.11	0.02	12.20	70.00	0.31	2.21	11.98
1984	947	0.01	0.01	17.00	77.90	0.26	3.64	0.66
1985	798	0.16	0.05	13.30	74.81	2.12	6.92	1.67
				KUWAIT				
1975	9186	0.36	0.08	0.37	91.53	4.56	2.01	1.09
1980	20435	0.50	0.10	0.36	88.85	4.60	2.68	2.90
1983	8340	0.31	0.07	0.66	94.69	0.81	0.78	2.25
1984	7919	0.18	0.09	0.50	96.48	0.61	0.92	0.56
1985	6818	0.12	0.06	0.45	97.48	0.16	1.26	0.28
				OMAN				
1975	1450	0.56	0.02	0.01	98.88	0.01	0.38	0.09
1980	3748	0.82	0.00	0.06	96.16	0.01	2.53	0.31
1983	4169	0.94	0.02	0.21	91.63	0.06	5.99	0.31
1984	4106	1.19	0.01	0.54	91.08	0.06	5.56	0.32
1985	4123	1.51	0.02	0.71	91.56	0.07	4.68	0.44
				QATAR				
1975	1809	0.10	0.01	0.03	97.19	2.06	0.48	0.04
1980	5788	0.03	0.01	2.22	95.99	1.29	0.29	0.12
1983	3505	0.03	0.01	2.73	92.71	3.65	0.32	0.41
1984	4411	0.00	0.01	0.17	97.54	1.71	0.23	0.26
1985	3061	0.00	0.01	0.68	97.06	1.40	0.29	0.47
				SAUDI ARABIA				
1975	29669	0.09	0.00	0.02	99.32	0.02	0.23	0.33
1980	109113	0.10	0.01	0.07	99.19	0.10	0.42	0.12
1983	53307	0.18	0.01	0.14	98.02	0.18	0.86	0.40
1984	40430	0.06	0.08	0.38	97.44	0.35	1.22	0.33
1985	23753	0.06	0.13	0.39	95.21	1.97	1.22	0.45
				UNITED ARAB EMIRATES				
1975	6696	0.53	0.08	0.44	97.74	0.10	0.41	0.36
1980	20293	0.44	0.06	2.49	95.01	0.18	0.71	0.96
1983	15575	1.01	0.03	2.82	91.99	0.39	1.11	2.25
1984	14152	0.93	0.05	1.73	93.52	0.21	1.13	2.03
1985	13815	1.06	0.04	1.24	92.45	0.29	2.02	2.55

Table 4 (Continued)

Imports by main categories (in per cent of total)

SITC	Total value (millions of dollars) 0 to 9	Food items 0+1+22 +4	Agricultural raw materials 2 less (22+27+28)	Ores and metals 27+28 +67+68	Fuels 3	Chemicals 5	Machinery and equipment 7	Other manufactured goods 6 + 8 less (67+68)
				OTHER FUEL EXPORTERS				
1975	9807	25.55	3.95	12.68	4.01	9.80	30.69	13.25
1980	20303	17.30	3.09	9.35	5.66	7.33	39.05	17.99
1983	23302	20.57	2.84	6.37	8.63	7.53	34.37	19.11
1984	20366	25.67	3.33	7.38	2.67	9.24	32.54	18.50
1985	17987	21.99	4.48	9.26	2.36	9.93	32.30	19.08
				EGYPT				
1975	3934	35.92	5.48	8.48	6.92	13.18	20.46	9.54
1980	4860	32.39	6.18	9.18	1.08	9.44	27.33	14.34
1983	10275	25.54	4.60	6.91	5.68	7.46	30.81	18.96
1984	10766	27.68	4.66	7.69	4.50	8.61	28.70	18.14
1985	9962	27.08	6.83	10.16	3.78	9.14	25.01	17.97
				IRAQ				
1975	4205	17.51	2.84	17.07	0.28	5.88	41.01	15.33
1980	11334	12.02	1.69	8.64	0.26	6.11	50.40	20.60
1983	8485	14.97	0.74	5.73	0.67	7.49	45.25	23.59
1984	7488	23.84	1.76	6.59	0.34	9.57	36.54	19.99
1985	6278	15.21	1.42	7.67	0.30	9.87	44.01	20.10
				SYRIAN ARAB REPUBLIC				
1975	2942	21.89	2.68	5.57	6.97	6.73	32.56	22.81
1980	4110	14.00	3.29	11.52	25.99	8.22	21.58	15.10
1983	4542	19.80	2.78	6.32	30.17	7.76	22.08	11.08
1984	2113	21.88	2.16	8.56	1.63	11.24	37.88	15.03
1985	1747	17.35	2.02	9.89	1.63	14.59	31.73	21.74
				NON-FUEL EXPORTERS				
1975	2942	21.89	2.68	5.57	6.97	6.73	32.56	22.81
1980	8482	18.58	1.24	6.26	19.98	5.95	24.90	22.64
1983	7778	19.93	1.68	4.80	15.88	6.26	25.50	23.93
1984	6380	25.11	1.40	6.13	10.20	8.42	22.16	24.64
1985	4436	22.70	1.08	6.20	2.37	9.24	29.89	25.95
				DEMOCRATIC YEMEN				
1975	150	22.95	1.07	2.01	26.58	4.70	25.36	16.99
1980	1104	10.96	1.25	1.54	61.48	2.44	13.17	8.85
1983	637	22.46	0.92	2.94	34.51	4.83	21.64	12.50
1984	510	34.37	0.64	4.05	7.11	6.39	29.17	14.95
1985	350	37.82	0.70	4.72	6.48	8.53	24.32	16.62
				JORDAN				
1975	731	22.40	1.99	5.57	10.64	5.21	31.76	21.06
1980	2394	18.16	1.53	7.14	17.06	5.48	27.93	22.20
1983	3016	17.71	1.96	5.32	19.37	5.19	23.43	22.41
1984	2689	19.73	1.80	5.34	20.69	7.69	20.63	21.21
1985	1699	15.02	1.33	4.68	1.09	7.30	39.72	25.26
				LEBANON				
1975	1767	17.66	3.52	6.30	4.09	7.69	36.34	23.68
1980	3130	15.80	1.64	7.02	15.16	8.05	25.05	26.88
1983	2714	19.01	1.26	4.96	8.34	7.02	27.22	31.52
1984	2142	26.97	1.23	6.69	2.20	9.37	19.80	32.65
1985	1388	20.73	0.98	7.27	3.79	10.91	21.14	34.46
				YEMEN				
1975	293	45.49	0.11	3.03	5.05	5.59	15.62	25.11
1980	1853	28.36	0.16	6.67	7.21	5.11	27.73	24.26
1983	1411	25.26	2.24	4.16	14.48	7.70	28.32	17.72
1984	1040	30.67	1.01	8.06	1.10	9.34	27.56	21.72
1985	999	33.21	0.92	7.80	1.10	10.46	27.30	18.59

Exports by main categories (in per cent of total)

SITC	Total value (millions of dollars) 0 to 9	Food items 0+1+22 +4	Agricultural raw materials 2 less (22+27+28)	Ores and metals 27+28 +67+68	Fuels 3	Chemicals 5	Machinery and equipment 7	Other manufactured goods 6 + 8 less (67+68)
				OTHER FUEL EXPORTERS				
1975	10026	3.37	6.92	0.52	83.78	0.78	0.25	4.38
1980	33231	1.03	1.91	0.53	94.77	0.34	0.13	1.27
1983	14041	2.63	4.88	1.05	86.43	0.60	0.35	4.01
1984	13590	2.03	5.92	1.37	86.50	0.71	0.52	2.73
1985	11772	1.89	4.66	1.56	87.63	0.40	0.65	2.96
				EGYPT				
1975	1402	17.41	38.54	2.39	9.45	4.43	1.05	26.71
1980	3046	6.78	15.55	3.01	64.25	0.63	0.10	9.68
1983	3215	7.62	15.04	3.48	62.37	1.62	0.06	9.76
1984	3140	7.34	16.86	4.84	57.57	2.14	0.02	11.18
1985	3714	5.60	12.09	4.12	68.14	0.78	0.07	9.16
				IRAQ				
1975	7694	0.58	0.18	0.03	98.97	0.18	0.01	0.06
1980	28120	0.16	0.06	0.22	99.12	0.32	0.07	0.05
1983	8903	0.38	0.12	0.10	98.90	0.03	0.29	0.11
1984	9348	0.17	0.16	0.18	98.19	0.29	0.62	0.08
1985	7128	0.13	0.08	0.24	97.98	0.24	0.96	0.05
				SYRIAN ARAB REPUBLIC				
1975	930	5.25	15.00	1.67	70.31	0.22	1.04	6.50
1980	2065	4.40	7.02	1.22	80.46	0.14	1.07	5.44
1983	1923	4.66	9.91	1.48	68.85	1.56	1.11	12.41
1984	1102	2.67	23.56	1.56	69.74	0.08	1.07	1.18
1985	930	0.52	10.24	1.47	86.12	0.10	0.70	0.57
				NON-FUEL EXPORTERS				
1975	1551	17.28	4.26	6.83	20.44	8.51	14.96	27.21
1980	1764	22.22	1.81	15.70	21.48	7.09	6.52	23.87
1983	1437	22.41	2.16	12.18	19.14	10.30	5.78	27.56
1984	1127	13.49	3.37	21.65	22.80	16.06	2.31	20.14
1985	742	4.58	5.53	13.61	41.51	5.66	18.73	8.89
				DEMOCRATIC YEMEN				
1975	265	2.52	1.03	0.34	93.19	0.11	0.96	1.80
1980	414	5.93	1.73	0.17	90.53	0.09	0.49	0.83
1983	288	2.44	1.67	0.26	94.12	0.08	0.77	0.61
1984	243	1.01	1.26	0.05	95.74	0.02	1.56	0.19
1985	248	6.83	0.93	0.07	91.15	0.01	0.79	0.10
				JORDAN				
1975	126	28.95	0.52	49.91	0.70	4.85	1.16	13.90
1980	402	24.95	0.51	41.79	0.25	9.11	1.99	21.41
1983	440	25.82	0.42	32.86	0.03	22.98	1.22	16.65
1984	678	18.06	0.62	33.37	0.00	25.91	0.72	21.31
1985	325	0.49	0.41	25.36	17.55	12.09	37.63	3.95
				LEBANON				
1975	1149	19.31	4.83	3.71	6.04	10.88	19.84	34.79
1980	926	27.78	2.42	11.62	0.40	9.49	10.75	35.47
1983	688	29.02	2.99	3.56	0.06	6.68	10.22	46.58
1984	169	15.37	15.97	9.03	0.20	2.88	6.94	48.57
1985	129	10.98	25.16	12.87	0.07	1.82	7.36	40.27
				YEMEN				
1975	11	26.26	66.47	0.45	0.00	1.83	0.30	4.69
1980	23	44.98	3.93	4.39	0.14	2.81	25.13	14.69
1983	21	10.44	16.87	22.83	15.84	5.28	22.63	2.33
1984	38	2.66	9.03	7.76	63.67	0.03	14.61	0.86
1985	40	3.13	10.85	4.32	63.74	0.31	12.35	2.87

For source, see Explanatory Notes to this Annex.

Table 5 INTRAREGIONAL TRADE: OVERALL FLOWS AND ANNUAL AVERAGE GROWTH

	Value in millions of US dollars					Percentage rate of change			
	1975	1980	1983	1984	1985	1975-1980	1980-1983	1983-1984	1984-1985
					A. Total Imports (c.i.f.)				
ESCWA Region	2898	8297	6329	6624	5918	23.42	-8.60	4.66	-10.66
Fuel Exporters	2569	6300	4752	5228	4734	19.66	-9.00	10.02	-9.45
GCC	2043	4610	3775	4060	3736	17.67	-6.40	7.55	-7.98
Bahrain	613	2093	1492	1719	1548	27.82	-10.70	15.22	-9.95
Kuwait	95	236	280	279	252	20.10	5.88	-0.36	-9.68
Oman	142	389	450	516	722	22.29	4.96	14.72	39.81
Qatar	53	105	71	60	54	14.69	-12.01	-15.49	-10.00
Saudi Arabia	976	980	842	864	661	0.08	-4.95	2.61	-23.50
United Arab Emirates	164	807	639	621	500	37.46	-7.50	-2.82	-19.48
Others	526	1690	977	1168	998	26.00	-16.70	19.55	-14.56
Egypt	263	90	298	337	218	-19.30	48.97	13.06	-35.08
Iraq	103	599	616	773	722	42.08	0.90	25.49	-6.60
Syrian Arab Republic	159	1001	63	58	57	44.57	-60.23	-7.94	-1.72
Non-Fuel Exporters	329	1996	1577	1396	1184	43.42	-7.60	-11.48	-15.19
Democratic Yemen	41	524	201	200	181	66.61	-27.50	-0.50	-9.50
Jordan	158	570	764	705	548	29.20	10.25	-7.68	-22.27
Lebanon	90	485	303	266	249	40.13	-14.50	-12.21	-6.39
Yemen	40	418	310	226	206	59.73	-9.50	-27.10	-8.85
					B. Total Exports (f.o.b.)				
ESCWA Region	2758	8555	6951	6584	5970	25.40	-6.70	-5.28	-9.33
Fuel Exporters	1933	7403	6199	5835	5335	30.82	-5.70	-5.87	-8.57
GCC	1690	6883	5732	5369	4880	32.43	-5.90	-6.33	-9.11
Bahrain	177	898	866	840	679	38.42	-1.20	-2.93	-19.21
Kuwait	388	1687	1161	692	678	34.18	-11.70	-40.40	-2.02
Oman	5	124	264	219	173	90.28	28.47	-16.96	-20.84
Qatar	12	145	156	154	150	65.26	2.50	-1.41	-2.79
Saudi Arabia	1012	3545	2856	2608	2360	28.48	-6.90	4.78	-9.51
United Arab Emirates	96	484	796	855	840	38.19	18.00	7.41	-1.75
Others	243	520	468	466	455	16.40	-3.45	-0.43	-2.36
Egypt	61	337	137	137	168	40.81	-25.97	0.39	22.49
Iraq	98	41	233	245	231	-15.99	80.00	5.15	-5.71
Syrian Arab Republic	84	142	98	84	55	11.17	-11.84	-13.92	-34.25
Non-Fuel Exporters	826	1152	752	749	635	6.80	-13.25	-0.40	-15.22
Democratic Yemen	18	197	40	40	38	62.14	-41.50	0.91	-5.26
Jordan	53	243	237	339	282	35.65	-0.79	43.14	-15.72
Lebanon	754	701	457	342	291	-1.44	-13.30	-25.16	-14.91
Yemen	2	11	18	28	24	43.74	17.80	55.56	-14.29
					C. Non-Fuel Exports (excluding SITC 3)				
ESCWA Region	1552	3451	2736	1520	1121	17.33	-7.45	-44.46	-26.23
Fuel Exporters	745	2495	1941	1137	1098	27.36	-8.03	-41.44	-3.37
GCC	567	2257	1706	945	927	31.81	-8.91	-44.59	-1.95
Bahrain	105	55	235	2	4	-12.08	62.07	-99.05	93.95
Kuwait	274	1083	218	39	12	31.67	-41.39	-82.27	-68.57
Oman	5	124	263	218	173	90.12	28.55	-16.96	-20.77
Qatar	12	142	114	13	26	64.81	-7.07	-88.38	96.16
Saudi Arabia	85	471	292	197	70	40.68	-14.75	-32.58	-64.27
United Arab Emirates	86	382	584	476	641	34.69	15.21	-18.50	34.66
Others	178	238	235	192	171	6.00	-0.40	-18.30	-10.94
Egypt	61	89	137	137	152	7.76	15.60	0.40	10.59
Iraq	33	38	21	28	19	3.22	-18.76	37.76	-33.39
Syrian Arab Republic	84	111	77	26	1	5.76	-11.22	-67.06	-97.77
Non-Fuel Exporters	808	957	795	383	23	3.44	-5.97	-51.81	-94.03
Democratic Yemenm	7	6	6	0	0	-3.01	0.48	-99.29	59.26
Jordan	52	243	237	339	11	36.10	-0.80	43.22	-96.63
Lebanon	747	697	550	44	11	-1.38	-7.60	-92.04	-74.29
Yemen	2	11	3	0	0	43.69	-38.05	-94.92	-18.66

Source: Compiled and computed by the ESCWA Secretariat from reporting countries' data and, in their absence, from the International Monetary Fund, Direction of Trade, 1986 for the years 1983-1985.

Table 6.1 ESCWA REGION: INTRAREGIONAL TOTAL IMPORTS MATRIX (in per cent of respective trade)

From		Bahrain	Dem. Yemen	Egypt	Iraq	Jordan	Kuwait	Lebanon	Oman	Qatar	Saudi Arabia	Syria	UAE	Yemen	ESCWA Region
Bahrain	1980		0.00	0.05	0.03	0.00	0.22	0.07	0.11	0.22	57.75	0.01	1.68	0.00	60.14
	1983		0.00	0.00	0.00	0.00	0.13	0.30	0.05	0.06	43.05	0.00	1.06	0.00	44.65
	1985		0.00	0.00	0.00	0.00	0.13	0.30	0.11	0.13	50.34	0.00	1.12	0.00	52.12
Dem. Yemen	1980	0.00		22.54	0.00	0.08	12.91	0.00	0.00	5.25	5.82	0.00	0.00	0.87	47.48
	1983	6.41		0.06	0.00	0.44	1.16	0.00	0.00	11.02	4.83	0.10	24.81	4.45	53.26
	1985	9.62		0.00	0.00	0.72	1.00	0.00	0.00	9.59	4.20	0.14	21.59	4.77	51.57
Egypt	1980	0.00	0.00		0.06	0.01	0.06	0.53	0.08	0.00	0.97	0.13	0.00	0.00	1.85
	1983	0.06	0.00		0.00	0.01	0.10	0.31	0.05	0.03	2.32	0.02	0.00	0.00	2.90
	1985	0.05	0.00		0.19	0.11	0.89	0.10	0.12	0.01	0.72	0.00	0.00	0.00	2.19
Iraq	1980	0.00	0.00	0.00		0.93	3.61	0.00	0.02	0.00	0.19	0.53	0.00	0.00	5.28
	1983	0.00	0.00	0.04		0.78	3.99	0.21	0.01	0.00	0.47	0.00	0.64	0.00	6.13
	1985	0.00	0.00	0.19		1.49	4.19	0.15	0.01	0.00	0.49	0.00	0.67	0.00	7.18
Jordan	1980	0.00	0.00	0.67	0.33		0.97	3.09	0.00	0.00	17.03	1.68	0.02	0.00	23.80
	1983	0.00	0.00	0.42	0.58		1.27	1.03	0.00	0.13	20.58	1.30	0.02	0.00	25.32
	1985	0.00	0.00	0.45	0.43		0.60	0.63	0.00	0.13	12.30	0.34	0.00	0.00	14.87
Kuwait	1980	0.31	0.00	0.20	0.10	0.65		1.16	0.11	0.33	0.37	0.16	0.20	0.02	3.60
	1983	0.00	0.00	0.19	0.00	0.50		0.00	0.10	0.00	3.65	0.00	0.00	0.00	4.43
	1985	0.17	0.00	0.12	0.80	0.42		0.75	0.02	0.25	0.61	0.09	0.70	0.00	3.93
Lebanon	1980	0.00	0.00	0.58	0.00	0.40	0.51		0.00	0.00	13.37	0.62	0.00	0.00	15.48
	1983	0.49	0.01	0.47	1.72	0.15	0.92		0.00	0.00	3.39	0.70	0.29	0.00	8.13
	1985	1.11	0.02	0.61	2.37	0.23	1.27		0.00	0.00	4.69	0.29	0.39	0.00	11.38
Oman	1980	4.44	0.00	0.03	0.00	0.02	0.39	0.18		0.07	0.03	0.00	17.30	0.00	22.47
	1983	0.24	0.00	0.03	0.00	0.02	0.08	0.07		0.01	0.06	0.00	17.54	0.00	18.06
	1985	0.45	0.00	0.02	0.00	0.02	0.21	0.05		0.78	0.26	0.01	21.09	0.00	22.89
Qatar	1980	0.47	0.00	0.12	0.12	0.57	1.01	0.99	0.04		0.69	0.59	2.93	0.00	7.51
	1983	0.00	0.00	0.21	0.00	0.44	1.89	0.00	0.48		2.53	0.00	0.00	0.00	5.54
	1985	0.14	0.00	0.00	0.00	0.66	0.30	0.75	0.00		0.00	0.00	2.61	0.00	4.45
Saudi Arabia	1980	0.03	0.01	0.27	0.01	0.41	0.39	1.25	0.01	0.21		0.20	0.20	0.02	3.27
	1983	0.00	0.00	0.26	0.00	0.41	1.53	0.00	0.34	0.00		0.00	0.00	0.01	2.56
	1985	0.21	0.01	0.26	0.11	0.00	0.56	0.53	0.03	0.29		0.04	0.69	0.04	2.77
Syria	1980	0.00	0.01	0.17	20.11	1.11	0.27	2.43	0.01	0.01	0.24		0.01	0.01	24.37
	1983	0.00	0.01	0.00	0.00	0.38	0.02	0.76	0.01	0.00	0.15		0.00	0.06	1.39
	1985	0.00	0.02	0.00	0.00	0.58	0.04	0.91	0.00	0.00	0.20		0.01	0.00	1.75
UAE	1980	5.30	2.34	0.08	0.02	0.16	0.54	0.62	0.00	0.62	0.22	0.08		0.00	9.97
	1983	3.52	0.01	0.08	0.11	0.40	1.71	0.59	0.01	0.36	0.80	0.06		0.00	7.64
	1985	4.50	0.00	0.07	0.06	0.00	0.78	0.47	0.07	0.44	0.91	0.03		0.00	7.32
Yemen	1980	0.18	0.27	0.37	0.12	0.08	1.03	0.32	0.13	0.01	19.31	0.04	0.69		22.54
	1983	0.00	0.00	0.62	0.00	0.06	0.68	0.00	0.14	0.00	20.43	0.00	0.00		21.94
	1985	0.28	2.33	0.18	0.11	0.17	0.64	0.16	0.00	0.00	8.82	0.01	0.21		12.89
Intraregional Imports															
	1980														10.37
	1983														7.18
	1985														7.84

Source: Compiled and computed by the ESCWA Secretariat from reporting countries' data and, in their absence, from the International Monetary Fund, Direction of Trade, 1986 for the years 1983 and 1985.

Table 6.2 ESCWA REGION: INTRAREGIONAL NON-FUEL IMPORTS MATRIX (in per cent of respective trade)

From		Bahrain	Dem. Yemen	Egypt	Iraq	Jordan	Kuwait	Lebanon	Oman	Qatar	Saudi Arabia	Syria	UAE	Yemen	ESCWA Region
Bahrain	1980		0.01	0.12	0.08	0.01	0.54	0.16	0.26	0.54	1.71	0.02	3.72	0.00	7.15
	1983		0.00	0.18	0.00	0.07	0.76	0.00	0.18	0.00	2.81	0.00	0.00	0.00	4.00
Dem.Yemen	1980	0.00		0.01	0.00	0.21	0.60	0.00	0.00	0.00	2.57	0.01	0.00	2.25	5.64
	1983	0.00		0.02	0.00	1.35	0.25	0.00	0.00	0.00	5.18	0.00	0.00	2.64	9.44
Egypt	1980	0.00	0.00		0.06	0.01	0.06	0.53	0.08	0.00	0.98	0.14	0.00	0.00	1.87
	1983	0.00	0.00		0.00	0.01	0.11	0.32	0.04	0.03	0.93	0.02	0.00	0.00	1.46
Iraq	1980	0.00	0.00	0.00		0.93	3.54	0.00	0.02	0.00	0.18	0.53	0.00	0.00	5.20
	1983	0.00	0.00	0.00		2.68	11.59	0.00	0.04	0.00	0.64	0.00	0.00	0.00	14.94
Jordan	1980	0.00	0.00	0.81	0.29		1.12	3.56	0.00	0.00	1.30	2.01	0.02	0.00	9.13
	1983	0.01	0.00	0.52	0.71		1.57	1.27	0.00	0.16	2.32	1.62	0.02	0.00	8.18
Kuwait	1980	0.26	0.00	0.20	0.10	0.65		1.17	0.01	0.34	0.37	0.16	0.17	0.02	3.44
	1983	0.00	0.00	0.20	0.00	0.52		0.00	0.10	0.00	0.82	0.00	0.00	0.00	1.64
Lebanon	1980	0.00	0.00	0.67	0.00	0.47	0.60		0.00	0.00	0.35	0.73	0.00	0.00	2.82
	1983	0.00	0.00	0.84	0.00	0.28	0.60		0.01	0.00	0.50	0.00	0.00	0.04	2.26
Oman	1980	0.18	0.00	0.03	0.00	0.02	0.24	0.20		0.08	0.03	0.00	14.20	0.00	14.99
	1983	0.07	0.00	0.03	0.00	0.02	0.08	0.07		0.01	0.06	0.00	17.18	0.00	17.52
Qatar	1980	0.47	0.00	0.12	0.12	0.57	1.00	1.00	0.04		0.68	0.60	2.94	0.00	7.55
	1983	0.00	0.00	0.22	0.00	0.46	1.98	0.00	0.50		2.66	0.00	0.00	0.00	5.83
Saudi Arabia	1980	0.30	0.01	0.27	0.01	0.41	0.40	1.26	0.01	0.21		0.20	0.16	0.02	3.26
	1983	0.00	0.00	0.26	0.00	0.42	1.25	0.00	0.35	0.00		0.00	0.00	0.01	2.29
Syria	1980	0.00	0.00	0.23	15.91	1.48	0.36	1.92	0.01	0.01	0.32		0.01	0.02	20.27
	1983	0.00	0.01	0.00	0.00	0.55	0.03	1.09	0.01	0.00	0.12		0.01	0.08	1.90
UAE	1980	0.14	0.00	0.08	0.02	0.17	0.15	0.69	0.00	0.65	0.11	0.09		0.00	2.12
	1983	0.00	0.00	0.00	0.00	0.24	1.15	0.00	1.97	0.00	0.85	0.00		0.06	4.27
Yemen	1980	0.19	0.19	0.40	0.13	0.09	0.14	0.35	0.14	0.01	16.14	0.04	0.52		18.32
	1983	0.00	0.00	0.73	0.00	0.07	0.80	0.00	0.17	0.00	16.84	0.00	0.00		18.61
Intraregional Non-Fuel Imports															
	1980														4.98
	1983														4.70

For source, see Explanatory Notes to this Annex.

Table 7.1 ESCWA REGION: INTRAREGIONAL TOTAL EXPORTS MATRIX (in per cent of respective trade)

To		Bahrain	Dem. Yemen	Egypt	Iraq	Jordan	Kuwait	Lebanon	Oman	Qatar	Saudi Arabia	Syria	UAE	Yemen	ESCWA Region
Bahrain	1980		0.87	0.05	0.54	0.04	0.36	0.00	2.41	0.68	1.12	0.27	17.25	0.05	23.66
	1983		0.69	1.23	0.00	0.00	0.45	0.52	0.58	3.27	4.08	0.00	15.88	0.35	27.05
	1985		1.21	1.50	0.00	0.00	0.41	0.87	0.41	0.50	2.84	0.00	18.89	0.16	26.80
Dem. Yemen	1980	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.53	0.03	45.77	1.20	47.54
	1983	0.00		0.05	0.00	0.00	0.00	0.00	0.00	0.00	2.74	0.12	0.09	17.27	20.27
	1985	0.00		0.68	0.00	0.00	0.00	0.00	0.00	0.00	1.10	0.22	0.03	16.23	18.26
Egypt	1980	0.01	8.17		0.00	0.00	0.13	0.59	0.13	0.02	1.82	0.03	0.00	0.17	11.08
	1983	0.05	0.01		0.12	0.12	0.42	0.49	0.21	0.08	2.54	0.01	0.00	0.22	4.26
	1985	0.03	0.00		1.06	0.25	0.29	0.61	0.14	0.07	2.01	0.00	0.00	0.08	4.53
Iraq	1980	0.00	0.00	0.01		0.03	0.02	0.00	0.00	0.01	0.01	0.05	0.01	0.01	0.15
	1983	0.00	0.00	0.00		0.15	0.55	2.03	0.00	0.00	0.06	0.00	0.10	0.02	2.92
	1985	0.00	0.00	0.08		0.16	0.48	1.38	0.00	0.00	0.25	0.00	0.04	0.02	2.42
Jordan	1980	0.11	0.22	0.00	23.60		4.45	1.82	0.25	0.61	16.42	11.34	1.42	0.22	60.44
	1983	0.27	0.35	0.01	16.25		6.53	1.13	0.11	1.54	22.00	2.23	2.98	0.49	53.89
	1985	0.16	0.30	0.42	17.95		2.59	0.59	0.04	0.64	12.09	1.68	0.20	0.33	36.99
Kuwait	1980	0.02	0.70	0.19	2.05	0.09		0.09	0.02	0.12	2.47	0.09	2.01	0.40	8.25
	1983	0.14	0.04	0.71	3.16	0.23		0.27	0.07	0.18	3.42	0.04	1.69	0.12	10.06
	1985	0.04	0.03	0.57	4.10	0.22		0.27	0.04	0.03	1.31	0.02	0.52	0.13	7.29
Lebanon	1980	0.00	0.00	2.76	0.00	7.95	7.73		0.30	1.36	40.46	9.14	5.35	0.64	75.70
	1983	1.21	0.85	3.84	2.54	3.80	8.18		0.22	1.12	29.10	4.22	5.95	0.31	61.31
	1985	1.42	1.08	2.79	2.36	3.64	7.62		0.28	1.42	19.89	4.67	5.02	0.38	50.57
Oman	1980	0.02	0.00	0.01	0.11	0.00	0.02	0.00		0.07	0.47	0.01	2.02	0.59	3.32
	1983	0.06	0.00	0.02	0.07	0.05	0.15	0.00		0.15	2.72	0.00	3.04	0.05	6.32
	1985	0.10	0.00	0.06	0.13	0.06	0.04	0.00		0.12	0.39	0.01	3.12	0.17	4.20
Qatar	1980	0.14	0.00	0.00	0.00	0.00	0.38	0.00	0.02		1.10	0.00	0.86	0.00	2.50
	1983	0.05	1.04	0.00	0.00	0.12	0.37	0.00	0.01		1.96	0.00	0.75	0.00	4.31
	1985	0.10	0.92	0.05	0.00	0.13	0.42	0.00	0.16		1.90	0.00	0.82	0.00	4.51
Saudi Arabia	1980	1.97	0.06	0.04	0.02	0.38	0.05	0.38	0.01	0.02		0.01	0.03	0.28	3.25
	1983	2.62	0.03	0.44	0.09	1.06	0.07	0.23	0.00	0.00		0.01	0.12	0.32	4.98
	1985	4.57	0.04	0.54	0.15	1.54	0.12	0.31	0.02	0.00		0.02	0.19	0.43	7.94
Syria	1980	0.00	0.00	0.37	1.48	1.59	0.35	0.63	0.00	0.03	2.12		0.17	0.13	6.89
	1983	0.01	0.02	0.00	0.00	1.77	0.24	1.24	0.00	0.10	1.52		0.15	0.03	5.07
	1985	0.01	0.02	0.00	0.00	0.70	0.33	0.35	0.00	0.86	0.93		0.22	0.02	3.44
UAE	1980	0.29	0.00	0.00	0.00	0.00	0.07	0.00	1.48	0.20	0.29	0.00		0.06	2.39
	1983	0.17	0.46	0.00	0.31	0.00	0.21	0.05	2.13	0.17	0.74	0.00		0.02	4.27
	1985	0.18	0.42	0.04	0.37	0.00	0.25	0.05	2.69	0.17	0.90	0.00		0.02	5.08
Yemen	1980	0.00	45.42	0.03	0.00	0.26	0.00	0.03	0.00	0.00	5.43	0.66	0.96		49.79
	1983	0.00	57.09	0.00	0.00	0.00	0.37	0.00	0.00	0.00	11.19	0.00	0.00		68.65
	1985	0.00	14.34	0.09	0.00	0.00	0.00	0.00	0.00	0.00	8.30	0.00	0.19		22.92
Intraregional Exports	1980														4.32
	1983														6.58
	1985														7.27

Source: Compiled and computed by the ESCWA Secretariat from reporting countries' data and, in their absence, from the International Monetary Fund, Direction of Trade, 1986 for the years 1983 and 1985.

Table 7.2 ESCWA REGION: INTRAREGIONAL NON-FUEL EXPORTS MATRIX (in per cent of respective trade)

/To		Bahrain	Dem. Yemen	Egypt	Iraq	Jordan	Kuwait	Lebanon	Oman	Qatar	Saudi Arabia	Syria	UAE	Yemen	ESCWA Region
Bahrain	1980		0.00	0.00	8.53	0.59	3.34	0.00	0.23	0.75	6.77	0.00	2.61	0.00	22.83
	1983		0.00	0.00	0.00	0.00	1.51	0.00	0.35	1.04	46.60	0.00	1.09	0.02	50.62
Dem. Yemen	1980	0.00		0.00	0.00	0.00	0.04	0.00	0.00	0.00	5.56	0.34	0.07	8.26	14.26
	1983	0.00		2.06	0.00	0.00	0.06	0.00	0.00	0.00	18.55	0.00	0.35	12.48	33.50
Egypt	1980	0.03	0.00		0.01	0.00	0.36	1.65	0.37	0.06	5.10	0.08	0.00	0.47	8.13
	1983	0.14	0.02		0.31	0.31	1.12	1.30	0.55	0.21	6.75	0.02	0.00	0.60	11.31
Iraq	1980	0.00	0.00	1.23		2.37	2.63	0.00	0.00	0.67	1.18	5.94	0.65	0.89	15.57
	1983	0.00	0.00	0.94		4.20	5.92	0.00	0.12	0.20	1.66	0.00	7.24	0.74	21.04
Jordan	1980	0.11	0.22	0.00	23.65		4.46	1.82	0.25	0.61	16.46	11.36	1.42	0.22	60.58
	1983	0.27	0.35	0.01	16.23		6.53	1.13	0.11	1.54	22.00	2.22	2.98	0.49	53.87
Kuwait	1980	0.23	0.20	0.63	18.02	0.76		0.83	0.17	1.08	20.90	0.78	2.60	1.34	47.56
	1983	0.00	0.00	0.88	0.00	6.30		0.00	0.47	1.83	35.46	0.00	3.68	0.65	49.28
Lebanon	1980	0.00	0.00	2.77	0.00	7.64	7.76		0.30	1.37	40.62	9.14	5.37	0.64	75.61
	1983	0.00	0.00	5.18	0.00	8.32	10.78		0.25	1.99	45.64	0.00	7.43	0.43	80.02
Oman	1980	0.58	0.00	0.25	2.80	0.14	0.40	0.10		1.75	12.21	0.30	52.22	15.31	86.07
	1983	0.66	0.00	0.28	0.88	0.65	1.81	0.04		1.76	32.48	0.00	36.21	0.59	75.37
Qatar	1980	3.37	0.00	0.10	0.00	0.01	9.43	0.00	0.52		27.36	0.00	20.22	0.10	61.12
	1983	0.00	0.00	1.59	0.00	0.04	1.16	0.00	0.12		28.91	0.00	12.56	0.11	44.49
Saudi Arabia	1980	2.39	1.23	4.87	2.24	1.45	4.90	1.05	0.07	1.71		1.29	2.74	29.16	53.10
	1983	0.00	0.00	4.95	0.00	3.73	1.94	0.00	0.13	0.91		0.00	2.50	13.52	27.68
Syria	1980	0.00	0.00	1.91	2.14	8.11	1.80	0.91	0.01	0.16	10.86		0.86	0.67	27.42
	1983	0.03	0.06	0.00	0.01	5.70	0.76	0.64	0.00	0.30	4.88		0.48	0.08	12.93
UAE	1980	5.32	0.00	0.00	0.00	0.05	1.09	0.00	21.65	4.00	4.72	0.00		0.88	37.71
	1983	0.00	0.00	0.00	0.00	0.01	1.30	0.00	33.73	3.82	7.48	0.00		0.48	46.83
Yemen	1980	0.00	42.46	0.03	0.00	0.26	0.00	0.03	0.00	0.00	5.36	0.66	0.96		49.76
	1983	0.00	0.00	0.37	0.00	0.15	0.00	0.00	0.03	0.00	0.00	14.42	0.00		14.97
Intraregional Non-Fuel Exports															
	1980														43.58
	1983														39.76

For source, see Explanatory Notes to this Annex.

Table 8 ESCWA REGION: SHARE OF INTRAREGIONAL TRADE AND TRADE WITH OTHER DEVELOPING REGIONS IN TOTAL TRADE (in per cent of respective trade)

	IMPORTS (c.i.f.)					EXPORTS (f.o.b.)									
						Total Exports					Non-Fuel Exports (excl. SITC 3)				
	1975	1980	1983	1984	1985	1975	1980	1983	1984	1985	1975	1980	1983	1984	1985
						ESCWA Region									
ESCWA Region	11.94	10.37	7.18	7.58	7.84	4.48	4.32	6.58	6.73	7.27	36.35	43.58	39.76	27.04	22.96
Fuel Exporters	12.04	8.81	5.97	6.56	6.99	3.22	3.77	5.94	6.06	6.63	24.51	38.18	33.93	23.93	24.68
GCC	17.74	9.00	5.83	7.29	8.42	3.38	4.22	6.29	6.52	7.45	40.15	47.07	44.74	32.43	30.97
Bahrain	52.95	60.14	44.65	48.78	52.12	15.40	23.66	27.05	26.77	26.80	49.43	22.83	50.62	...	...
Kuwait	3.96	3.60	4.43	3.71	3.93	4.22	8.25	10.06	6.64	7.29	35.16	47.56	49.28	....	...
Oman	21.22	22.47	18.06	18.79	22.89	0.34	3.32	6.32	5.33	4.20	30.77	86.07	75.37	59.65	49.74
Qatar	12.99	7.51	5.54	5.20	4.45	0.65	2.50	4.31	3.37	4.51	22.90	61.12	44.49	12.15	28.80
Saudi Arabia	23.57	3.27	2.56	2.56	2.77	3.41	3.25	4.98	6.15	7.94	42.14	53.10	27.68	18.98	...
United Arab Emirates	5.97	9.97	7.64	8.81	7.32	1.44	2.39	4.27	4.82	5.08	56.85	37.71	46.83	51.96	61.44
Others	5.36	8.32	3.93	4.86	4.29	2.42	1.56	3.56	3.34	3.06	10.96	13.69	12.32	10.46	11.74
Egypt	6.69	1.85	2.90	3.13	2.19	4.35	11.08	4.26	4.38	4.53	4.80	8.13	11.31	10.31	12.84
Iraq	2.46	5.28	6.13	7.90	7.18	1.28	0.15	2.92	2.71	2.42	41.25	15.57	21.04	16.74	13.08
Syrian Arab Republic	9.50	24.37	1.39	1.68	1.75	9.02	6.89	5.07	4.75	3.44	30.29	27.42	12.93	7.65	...
Non-Fuel Exporters	11.18	23.54	18.49	18.06	15.14	53.26	65.29	53.41	47.86	38.47	65.51	69.10	68.45	44.05	...
Democratic Yemen	27.19	47.48	53.26	45.03	51.57	6.62	47.54	20.27	20.76	18.26	36.02	14.26	33.50	...	...
Jordan	21.66	23.80	25.32	26.22	14.87	42.05	60.44	53.89	50.06	36.99	41.64	60.58	53.87	50.06	...
Lebanon	5.08	15.48	8.13	9.03	11.38	65.61	75.70	61.31	54.32	50.57	69.26	75.61	80.02	26.03	...
Yemen	13.69	22.54	21.94	13.63	12.88	16.84	49.79	68.65	42.79	22.92	16.84	49.76	14.97	...	...
						Other Developing Regions									
ESCWA Region	10.64	12.74	15.29	11.00	7.34	20.57	20.57	30.93	22.07	10.99	18.48	14.72	13.01	17.03	10.29
Fuel Exporters	10.68	12.54	15.25	10.82	7.42	20.68	20.64	31.16	22.07	11.01	18.06	15.34	13.10	15.47	10.16
GCC	10.64	12.70	14.91	10.43	8.16	20.77	19.25	30.47	20.96	12.92	31.46	15.28	13.29	19.36	12.73
Bahrain	6.57	8.62	5.24	3.59	3.22	23.92	25.66	33.38	33.37	23.04	12.91	16.20	11.17	11.44	14.75
Kuwait	12.07	16.63	14.23	11.81	8.71	29.25	37.95	44.94	29.70	21.39	38.65	15.47	20.94	19.18	17.79
Oman	11.52	11.37	9.85	9.96	9.17	16.85	17.35	20.93	30.23	20.27	37.53	8.53	10.34	20.96	20.37
Qatar	6.31	10.75	15.51	6.50	4.94	14.41	18.96	22.44	7.97	5.59	46.66	29.60	40.58	38.10	19.68
Saudi Arabia	8.41	11.33	14.61	10.50	8.06	20.53	17.84	32.87	23.29	9.64	13.57	20.25	9.54	28.38	11.42
United Arab Emirates	14.89	16.94	23.13	13.09	10.37	12.18	7.22	18.59	9.95	13.22	38.79	7.97	9.77	8.17	9.79
Others	10.72	12.14	16.02	11.67	5.92	20.26	27.50	35.43	27.92	2.51	6.46	15.53	12.69	9.32	4.94
Egypt	7.80	8.33	8.16	9.69	9.20	6.83	3.62	5.53	4.70	5.24	6.56	4.92	6.60	6.84	5.58
Iraq	12.82	12.66	14.97	15.15	1.53	25.02	31.65	51.36	37.64	1.06	16.68	62.77	14.88	6.16	1.25
Syrian Arab Republic	12.32	15.20	35.79	9.45	2.92	1.10	6.13	11.68	11.57	2.71	2.77	15.31	24.67	20.59	2.69
Non-Fuel Exporters	10.34	14.40	15.68	12.89	6.43	16.14	12.22	14.28	22.58	9.27	19.51	11.76	12.58	25.60	11.64
Democratic Yemen	17.60	22.72	21.74	16.75	12.52	3.30	14.07	21.28	11.00	7.53	20.81	14.27	13.22	42.62	1.42
Jordan	7.30	9.24	11.03	11.61	4.68	32.14	21.90	23.74	28.33	13.74	32.37	21.96	23.75	28.33	16.66
Lebanon	8.73	14.00	16.78	12.43	4.84	17.47	7.36	5.04	13.64	2.53	18.15	7.38	5.04	13.67	2.53
Yemen	23.89	16.77	20.77	15.23	9.46	4.33	5.16	22.64	33.90	5.64	4.33	5.17	26.90	24.55	15.57

For source, see Explanatory Notes to this Annex.

Table 9.1 ESCWA REGION: IMPORT STRUCTURE BY MAJOR CATEGORIES AND SELECTED DEVELOPING REGIONS

Origin		Imports by Major Categories (in per cent of total)							
		All Commodities	Food items	Agricul- tural raw materials	Ores and metals	Fuels	Chemicals	Machinery and equipment	Other manufactured goods
	SITC	0 to 9	0+1+22 +4	2 less (22+27+28)	27+28 +67+68	3	5	7	6 + 8 less (67+68)
WORLD	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
ESCWA Region	1975	100.00	13.60	2.90	3.55	35.65	4.04	19.05	21.08
	1980	100.00	11.02	1.29	5.35	55.71	2.94	10.16	13.52
	1983	100.00	10.48	0.54	2.96	49.26	2.96	18.54	15.19
	1984	100.00	10.58	0.49	1.88	60.67	3.26	11.02	12.05
	1985	100.00	9.53	0.29	3.18	59.55	1.70	13.18	12.39
Other Developing Regions	1975	100.00	48.51	5.31	6.39	4.34	2.25	8.37	24.72
	1980	100.00	30.54	3.34	8.46	5.96	2.81	11.47	34.74
	1983	100.00	24.23	2.27	5.94	16.08	2.26	13.88	28.86
	1984	100.00	37.06	2.36	9.51	1.63	2.08	9.25	37.38
	1985	100.00	24.93	3.07	7.09	2.09	1.97	14.48	45.49
ASIA (excl. ESCWA)	1975	100.00	35.75	5.31	7.48	5.47	2.38	10.35	33.15
	1980	100.00	25.17	2.87	9.06	3.80	3.15	12.75	40.05
	1983	100.00	19.86	1.84	5.27	17.77	2.54	12.43	32.70
	1984	100.00	33.40	2.16	10.09	1.46	1.98	9.97	40.16
	1985	100.00	19.09	2.73	7.14	2.24	2.11	15.87	49.83
AMERICA	1975	100.00	91.63	1.02	1.63	0.00	1.22	3.26	1.02
	1980	100.00	61.42	8.44	7.51	0.10	1.23	8.85	11.83
	1983	100.00	44.60	3.65	11.08	2.10	0.28	30.22	7.43
	1984	100.00	79.81	5.53	3.12	0.24	2.40	3.12	5.77
	1985	100.00	70.94	6.41	9.40	0.00	0.86	2.56	9.40
AFRICA	1975	100.00	58.20	13.93	7.38	4.10	3.28	3.69	8.61
	1980	100.00	49.49	2.04	3.19	36.61	1.02	0.89	6.25
	1983	100.00	55.50	7.11	5.75	18.78	1.52	1.18	9.98
	1984	100.00	65.03	2.94	4.58	7.19	3.92	0.65	15.36
	1985	100.00	87.83	5.82	3.17	1.58	0.53	0.53	1.06
North Africa(ex. Egypt)	1975	100.00	53.33	8.33	8.33	8.33	8.33	3.33	11.67
	1980	100.00	43.77	0.36	0.18	49.82	1.07	0.71	3.38
	1983	100.00	59.17	2.07	0.26	22.74	2.07	1.81	11.63
	1984	100.00	62.16	2.25	0.45	9.01	4.96	0.90	20.72
	1985	100.00	92.31	3.20	0.00	1.92	0.64	0.64	1.28

For source, see Explanatory Notes to this Annex.

Table 9.2 ESCWA REGION: EXPORT STRUCTURE BY MAJOR CATEGORIES AND SELECTED DEVELOPING REGIONS

Destination		All Commodities	Food items	Agricul-tural raw materials	Ores and metals	Fuels	Chemicals	Machinery and equipment	Other manufactured goods
	SITC	0 to 9	0+1+22 +4	2 less (22+27+28)	27+28 +67+68	3	5	7	6 + 8 less (67+68)
WORLD	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
ESCWA Region	1975	100.00	12.04	2.79	3.74	43.73	3.88	14.65	18.42
	1980	100.00	8.56	0.75	3.97	59.66	2.43	11.09	13.51
	1983	100.00	12.15	0.47	3.29	52.42	3.51	9.14	17.99
	1984	100.00	10.96	0.51	1.90	59.26	3.38	11.36	12.52
	1985	100.00	10.16	0.34	3.35	57.34	1.79	13.85	12.98
Other Developing Regions	1975	100.00	0.96	0.10	0.58	93.76	2.36	0.85	1.34
	1980	100.00	0.19	0.05	0.61	97.14	0.85	0.60	0.46
	1983	100.00	0.28	0.15	0.67	97.16	0.77	0.34	0.51
	1984	100.00	0.22	0.48	1.55	94.99	0.95	1.28	0.40
	1985	100.00	0.36	0.31	1.58	92.94	1.56	2.13	0.74
ASIA(ex. ESCWA)	1975	100.00	0.96	0.13	0.77	92.85	3.15	1.17	0.94
	1980	100.00	0.16	0.05	0.78	96.68	1.15	0.60	0.45
	1983	100.00	0.29	0.10	0.92	96.54	1.02	0.43	0.56
	1984	100.00	0.23	0.24	1.40	94.66	1.24	1.76	0.29
	1985	100.00	0.29	0.26	1.62	93.24	1.57	2.16	0.49
AMERICA	1975	100.00	0.04	0.02	0.23	99.03	0.63	0.02	0.00
	1980	100.00	0.07	0.00	0.00	99.92	0.00	0.01	0.00
	1983	100.00	0.00	0.00	0.00	99.99	0.00	0.00	0.00
	1984	100.00	0.00	0.00	0.05	99.93	0.00	0.02	0.00
	1985	100.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00
AFRICA	1975	100.00	5.65	0.31	1.13	73.07	5.76	2.88	11.20
	1980	100.00	0.99	0.25	0.88	92.64	0.64	2.51	2.09
	1983	100.00	1.09	1.09	0.25	94.65	0.84	0.42	1.63
	1984	100.00	0.97	5.13	8.94	80.88	0.80	0.09	3.19
	1985	100.00	5.61	2.80	0.93	67.29	1.87	1.87	17.76
North Africa(ex. Egypt)	1975	100.00	11.32	0.47	1.65	49.29	10.14	5.19	21.93
	1980	100.00	1.32	0.44	1.47	87.64	1.10	4.56	3.53
	1983	100.00	1.30	1.78	0.27	93.15	0.89	0.48	2.05
	1984	100.00	1.04	5.50	9.38	80.47	0.28	0.09	3.32
	1985	100.00	20.00	10.00	3.33	0.00	3.33	6.67	53.33

For source, see Explanatory Notes to this Annex.

Table 9.3 ESCWA REGION: NON-FUEL EXPORT STRUCTURE BY MAJOR CATEGORIES AND DEVELOPING REGIONS

Destination		Non-fuel Exports by Major Categories (in per cent of total)						
		All Commodities	Food items	Agricultural raw materials	Ores and metals	Chemicals	Machinery and equipment	Other manufactured goods
	SITC	0 to 9	0+1+22 +4	2 less (22+27+28)	27+28 +67+68	5	7	6 + 8 less (67+68)
WORLD	1975	100.00	16.99	18.15	7.68	15.92	13.67	26.81
	1980	100.00	13.70	8.99	17.05	17.64	18.64	23.07
	1983	100.00	14.68	10.69	17.19	8.65	16.35	27.91
	1984	100.00	11.51	15.53	18.84	10.21	19.47	19.13
	1985	100.00	9.99	12.64	15.05	13.72	23.10	18.78
ESCWA Region	1975	100.00	21.39	4.96	6.64	6.89	26.03	32.73
	1980	100.00	21.21	1.85	9.85	6.03	27.50	33.50
	1983	100.00	25.55	0.99	6.91	7.38	19.22	37.83
	1984	100.00	26.91	1.25	4.67	8.29	27.89	30.72
	1985	100.00	23.82	0.80	7.85	4.19	32.47	30.42
Other Developing Regions	1975	100.00	15.46	1.52	9.38	37.90	13.69	21.80
	1980	100.00	6.78	1.80	21.20	29.87	21.03	16.14
	1983	100.00	9.94	5.25	23.46	27.26	12.07	18.10
	1984	100.00	4.49	9.51	31.03	19.02	25.60	8.05
	1985	100.00	5.17	4.37	22.46	22.07	30.22	10.54
ASIA (ex. ESCWA)	1975	100.00	13.51	1.87	10.81	44.08	16.42	13.10
	1980	100.00	4.74	1.47	23.37	34.74	18.21	13.47
	1983	100.00	8.27	2.76	26.64	29.40	12.34	16.14
	1984	100.00	4.34	4.47	26.29	23.31	33.06	5.42
	1985	100.00	4.27	3.85	23.93	23.29	32.05	7.26
AMERICA	1975	100.00	4.35	2.17	23.91	65.22	2.17	0.00
	1980	100.00	85.71	0.00	0.00	0.00	14.29	0.00
	1983	100.00	0.00	0.00	0.00	0.00	0.00	0.00
	1984	100.00	0.00	0.00	66.67	0.00	33.33	0.00
	1985	100.00	0.00	0.00	0.00	0.00	0.00	0.00
AFRICA	1975	100.00	20.99	1.14	4.20	21.37	10.69	41.60
	1980	100.00	13.46	3.36	12.02	8.65	34.14	28.36
	1983	100.00	20.16	20.16	4.65	15.50	7.75	30.23
	1984	100.00	5.09	26.85	46.76	4.17	0.46	16.67
	1985	100.00	17.14	8.57	2.86	5.71	5.71	54.29
North Africa(ex. Egypt)	1975	100.00	22.33	0.93	3.26	20.00	10.23	43.26
	1980	100.00	10.71	3.57	11.90	8.93	36.90	28.57
	1983	100.00	19.00	26.00	4.00	13.00	7.00	30.00
	1984	100.00	5.34	28.16	48.06	1.46	0.48	16.99
	1985	100.00	20.00	10.00	3.33	3.33	6.67	53.33

For source, see Explanatory Notes to this Annex.

Table 10 ESCWA REGION: COMMODITY STRUCTURE OF TRADE BY ORIGIN AND DESTINATION AND BY MAJOR CATEGORIES

	SITC Section	IMPORTS (c.i.f.) Share by origin (in per cent) 1975	1980	1983	1984	1985	EXPORTS (f.o.b.) Share by destination (in per cent) 1975	1980	1983	1984	1985
ESCWA Region											
Food items	0+1+22+4	8.35	7.68	6.59	3.29	2.9	45.74	67.41	69.22	63.14	54.62
Agricultural raw materials	2-22-27-28	14.40	7.84	3.20	1.76	0.76	9.92	9.06	3.67	2.21	1.41
Ores and metals	27+28+67+68	4.68	7.40	4.41	1.70	2.20	31.42	25.16	15.97	6.71	11.99
Fuels	3	70.74	74.60	52.88	73.06	70.68	2.11	2.68	3.17	2.73	2.51
Chemicals	5	7.11	5.93	4.72	2.77	1.08	15.76	14.87	33.96	21.97	6.98
Machinery & transport equipment	7	6.44	2.93	4.07	1.63	1.68	69.25	64.25	46.77	38.78	32.28
Other manufactured goods	6+8-67-68	12.22	5.28	4.97	2.50	2.25	44.40	63.29	53.86	43.43	37.24
Total	0 to 9	11.94	10.37	7.18	7.58	7.84	4.48	4.32	6.58	6.73	7.27
Excluding Fuels	0 to 9 less 3	8.17	4.98	4.70	2.23	1.99	36.35	43.58	39.76	27.04	22.96
OTHER DEVELOPING REGIONS											
Food items	0+1+22+4	26.50	26.15	27.34	23.44	11.77	16.81	7.29	8.83	6.72	5.36
Agricultural raw materials	2-22-27-28	23.44	24.94	24.22	17.30	12.07	1.61	2.93	6.42	10.43	3.52
Ores and metals	27+28-67+68	7.48	14.36	15.86	17.65	7.60	22.57	18.26	17.72	28.01	15.36
Fuels	3	7.66	9.80	30.97	3.99	3.86	20.72	20.81	32.22	22.42	11.04
Chemicals	5	3.53	6.95	6.44	3.58	1.96	43.90	24.91	41.05	31.64	16.54
Machinery & transport equipment	7	2.52	4.06	5.47	2.77	2.86	18.57	16.59	9.57	22.41	13.46
Other manufactured goods	6+8-67-68	12.77	16.66	16.95	15.77	12.84	15.05	10.29	8.44	7.12	5.82
Total	0 to 9	10.64	12.74	15.29	11.00	7.34	20.57	20.57	30.93	22.07	10.99
Excluding Fuels	0 to 9 less 3	10.83	12.98	13.94	11.33	7.48	18.48	14.72	13.01	17.03	10.29
OTHER MARKETS a/											
Food items	0+1+22+4	65.15	66.17	66.07	73.27	85.33	37.45	25.30	21.95	30.14	40.02
Agricultural raw materials	2-22-27-28	62.16	67.22	72.58	80.94	87.17	88.47	88.01	89.91	87.36	95.07
Ores and metals	27+28+67+68	87.84	78.28	79.73	80.65	90.20	46.01	56.58	66.31	65.28	72.65
Fuels	3	21.60	15.60	16.15	22.95	25.46	77.17	76.51	64.61	74.85	86.45
Chemicals	5	89.36	87.12	88.84	93.65	96.96	40.34	60.22	24.99	46.39	76.48
Machinery & transport equipment	7	91.04	93.01	90.46	95.60	95.46	12.18	19.16	43.66	38.81	54.26
Other manufactured goods	6+8-67-68	75.01	78.06	78.08	81.73	84.91	40.55	26.42	37.70	49.45	56.94
Total	0 to 9	77.42	76.89	77.53	81.42	84.82	74.95	75.11	62.49	71.20	81.74
Excluding Fuels	0 to 9 less 3	81.00	82.04	81.36	86.44	90.53	45.17	41.70	47.23	55.93	66.75
Developed Market Economies b/											
Total	0 to 9	64.09	67.16	68.43	72.39	77.12	60.06	65.32	55.51	63.93	74.11
Excluding Fuels	0 to 9 less 3	67.34	71.95	73.41	75.12	79.60	14.72	30.03	34.22	43.45	52.51
WORLD (Value in millions of US dollars = 100 per cent)											
Food items	0+1+22+4	4725	11900	11440	12498	9116	726	1085	1010	647	488
Agricultural raw materials	2-22-27-28	587	1365	1210	1080	1095	775	712	736	873	617
Ores and metals	27+28+67+68	2206	6005	4828	4260	4008	328	1350	1183	1059	735
Fuels	3	1461	6196	6702	3233	2333	57262	190247	95040	81062	60000
Chemicals	5	1641	4113	4523	4600	4326	680	1397	595	574	670
Machinery & transport equipment	7	8571	28767	32740	26374	21771	584	1476	1125	1094	1128
Other manufactured goods	6+8-67-68	4999	21247	21977	18743	15253	1145	1827	1921	1075	917
All Commodities	0 to 9	24268	80001	84422	71868	58626	61532	198166	101922	86683	64883
Excluding Fuels	0 to 9 less 3	22807	73806	77720	68635	56293	4271	7919	6882	5620	4883

For source, see Explanatory Notes to this Annex.

a/ EEC (9), EFTA, U.S.A., Japan, China, CMEA (European) and Rest of the World.
b/ EEC (9), EFTA, U.S.A. and Japan.

Table 11 ESCWA REGION: TRADE WITH THE SOCIALIST COUNTRIES OF EASTERN EUROPE (millions of US dollars)

	1975			1980			1984			1985		
	Bulgaria	CMEA*	World	Bulgaria	CMEA*	World	Bulgaria	CMEA*	World	Bulgaria	CMEA*	World
TOTAL ESCWA Region												
Exports	62.6	1345.0	61532.0	33.2	976.0	198166.0	36.9	644.0	86683.0	30.0	782.0	64883.0
Imports	96.9	1428.0	24268.0	272.7	1739.0	80001.0	165.0	2032.0	11868.0	134.5	1283.0	58626.0
Trade Balance	-34.3	-83.0	37264.0	-239.5	-763.0	118165.0	-128.1	-1388.0	14815.0	-104.5	-501.0	6257.0
ESCWA Socialist Economies												
Exports	49.1	1103.0	10291.0	29.8	741.0	33645.0	33.3	591.0	13833.0	30.0	778.0	12020.0
Imports	62.5	1164.0	9958.0	186.2	963.0	21407.0	125.5	1622.0	20877.0	113.4	1157.0	18336.0
Trade Balance	-13.4	-61.0	333.0	-156.4	-222.0	12238.0	-92.2	-1031.0	-7044.0	-83.4	-379.0	-6316.0
Democratic Yemen												
Exports	0.0	0.0	265.0	0.0	0.0	414.0	0.0	0.0	243.0	0.0	0.0	248.0
Imports	0.2	4.0	150.0	0.0	0.0	1104.0	0.0	12.0	510.0	0.0	3.0	350.0
Trade Balance	-0.2	-4.0	115.0	0.0	0.0	-690.0	0.0	-12.0	-267.0	0.0	-3.0	-102.0
Egypt												
Exports	34.1	952.0	1402.0	10.1	342.0	3046.0	6.6	538.0	3140.0	6.3	769.0	3714.0
Imports	30.6	617.0	3934.0	54.0	404.0	4860.0	54.2	874.0	10766.0	51.5	1017.0	9961.0
Trade Balance	3.5	335.0	-2532.0	-43.9	-62.0	-1814.0	-47.6	-336.0	-7626.0	-45.2	-248.0	-6247.0
Iraq												
Exports	11.8	24.0	7694.0	...	0.0	28120.0	9.0	29.0	9348.0	...	4.0	7128.0
Imports	24.4	317.0	4205.0	...	0.0	11334.0	52.0	402.0	7488.0	42.0	103.0	6278.0
Trade Balance	-12.6	-293.0	3489.0	...	0.0	16786.0	-43.0	-373.0	1860.0	...	-99.0	850.0
Syrian Arab Republic												
Exports	3.2	127.0	930.0	5.7	399.0	2065.0	17.7	24.0	1102.0	...	5.0	930.0
Imports	7.3	226.0	1669.0	73.2	559.0	4109.0	19.3	334.0	2113.0	19.9	34.0	1747.0
Trade Balance	-4.1	-99.0	-739.0	-67.5	-160.0	-2044.0	-1.6	-310.0	-1011.0	...	-29.0	-817.0
Gulf Co-operation Council												
Exports	0.1	207.0	49956.0	0.0	201.0	163171.0	1.0	2.0	71965.0	0.0	2.0	52369.0
Imports	8.3	153.0	11519.0	57.1	622.0	51216.0	25.0	171.0	45122.0	21.0	72.0	36203.0
Trade Balance	-8.2	54.0	38837.0	-57.1	-421.0	111955.0	-24.0	-169.0	26843.0	-21.0	-70.0	16166.0
Bahrain												
Exports	0.0	0.0	1147.0	0.0	0.0	3795.0	0.0	0.0	947.0	0.0	0.0	798.0
Imports	0.0	4.0	1158.0	0.0	3.0	3479.0	0.0	1.0	2896.0	0.0	0.0	2547.0
Trade Balance	0.0	-4.0	-11.0	0.0	-3.0	316.0	0.0	-1.0	-1949.0	0.0	0.0	-1749.0
Kuwait												
Exports	0.1	132.0	9186.0	0.0	147.0	20435.0	0.0	1.0	7919.0	0.0	1.0	6818.0
Imports	5.3	80.0	2388.0	10.0	119.0	6554.0	7.0	45.0	5879.0	6.0	21.0	4726.0
Trade Balance	-5.2	52.0	6798.0	-10.0	28.0	13881.0	-7.0	-44.0	2040.0	-6.0	-20.0	2092.0

Table 11 (Continued)

	1975			1980			1984			1985		
	Bulgaria	CMEA*	World	Bulgaria	CMEA*	World	Bulgaria	CMEA*	World	Bulgaria	CMEA*	World
Oman												
Exports	0.0	0.0	1450.0	0.0	0.0	3748.0	0.0	0.0	4106.0	0.0	0.0	4123.0
Imports	0.2	6.0	671.0	0.1	20.0	1732.0	0.0	0.0	2748.0	0.0	1.0	3153.0
Trade Balance	-0.2	-6.0	779.0	-0.1	-20.0	2016.0	0.0	0.0	1358.0	0.0	-1.0	970.0
Qatar												
Exports	0.0	0.0	1809.0	0.0	0.0	5788.0	0.0	0.0	4411.0	0.0	0.0	3061.0
Imports	0.1	3.0	406.0	0.0	7.0	1395.0	0.0	0.0	904.0	0.0	0.0	903.0
Trade Balance	-0.1	-3.0	1403.0	0.0	-7.0	4393.0	0.0	0.0	3507.0	0.0	0.0	2158.0
Saudi Arabia												
Exports	0.0	19.0	29669.0	0.0	54.0	109113.0	0.0	0.0	40430.0	0.0	0.0	23753.0
Imports	0.9	28.0	4141.0	40.0	412.0	29957.0	16.0	90.0	27155.0	13.0	40.0	19611.0
Trade Balance	-0.9	-9.0	25528.0	-40.0	-358.0	79156.0	-16.0	-90.0	13275.0	-13.0	-40.0	4142.0
United Arab Emirates												
Exports	0.0	56.0	6696.0	0.0	0.0	20293.0	1.0	1.0	14152.0	0.0	1.0	13815.0
Imports	1.8	33.0	2754.0	7.0	61.0	8098.0	2.0	34.0	5540.0	2.0	11.0	5263.0
Trade Balance	-1.8	23.0	3942.0	-7.0	-61.0	12195.0	-1.0	-33.0	8612.0	-2.0	-10.0	8552.0
<u>Other ESCWA Market Economies</u>												
Exports	13.4	35.0	1286.0	3.4	34.0	1351.0	2.6	51.0	885.0	0.0	2.0	494.0
Imports	26.1	112.0	2791.0	29.4	154.0	7377.0	14.5	238.0	5871.0	0.1	55.0	4086.0
Trade Balance	-12.7	-77.0	-1505.0	-26.0	-120.0	-6026.0	-11.9	-187.0	-4986.0	-0.1	-53.0	3592.0
Jordan												
Exports	3.2	18.0	126.0	3.4	34.0	402.0	2.6	47.0	678.0	...	0.0	325.0
Imports	5.7	49.0	731.0	22.2	120.0	2394.0	14.4	118.0	2689.0	...	11.0	1699.0
Trade Balance	-2.5	-31.0	-605.0	-18.8	-86.0	-1992.0	-11.8	-71.0	-2011.0	...	-11.0	-1374.0
Lebanon												
Exports	10.2	17.0	1149.0	0.0	0.0	926.0	0.0	4.0	169.0	0.0	2.0	129.0
Imports	20.4	52.0	1767.0	0.0	0.0	3130.0	0.0	113.0	2142.0	0.0	42.0	1388.0
Trade Balance	-10.2	-35.0	-618.0	0.0	0.0	-2204.0	0.0	-109.0	-1973.0	0.0	-40.0	-1259.0
Yemen												
Exports	0.0	0.0	11.0	0.0	0.0	23.0	0.0	0.0	38.0	0.0	0.0	40.0
Imports	0.0	11.0	293.0	7.2	34.0	1853.0	0.1	7.0	1040.0	0.1	2.0	999.0
Trade Balance	0.0	-11.0	-282.0	-7.2	-34.0	-1830.0	-0.1	-7.0	-1002.0	-0.1	-2.0	-959.0

<u>Source:</u> Compiled and computed by the ESCWA Secretariat from national sources and, in their absence, from the International Monetary Fund, <u>Direction of Trade</u>, 1986.

*<u>Socialist countries of Eastern Europe</u> (European CMEA) is defined to include: Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, Romania and the Union of Soviet Socialist Republics (USSR).

Table 12 ESCWA REGION: **ANNUAL AVERAGE GROWTH OF TRADE WITH THE SOCIALIST COUNTRIES OF EASTERN EUROPE*** (in per cent)

	Bulgaria									European CMEA*								
	Exports			Imports			Trade Turnover a/			Exports			Imports			Trade Turnover a/		
	1975-1980	1980-1984	1984-1985	1975-1980	1980-1984	1984-1985	1975-1980	1980-1984	1984-1985	1975-1980	1980-1984	1984-1985	1975-1980	1980-1984	1984-1985	1975-1980	1980-1984	1984-1985
TOTAL ESCWA Region	11.9	2.2	-18.7	23.0	-11.8	-18.5	13.9	-10.0	-18.5	-6.2	-9.9	21.4	4.0	4.0	-36.9	-0.4	-0.3	-22.8
ESCWA Socialist Economies	-9.5	2.8	-9.9	24.0	-9.4	-9.6	14.2	-13.1	-9.7	-7.6	-5.5	31.6	-3.7	13.9	-28.7	-5.5	6.7	-12.6
Democratic Yemen	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n.a	-75.0	0.0	n.a	-75.0
Egypt	-21.0	-10.1	-4.5	12.0	0.1	-4.9	-0.2	-20.0	-4.9	-18.5	12.0	42.9	-8.1	21.0	16.4	-13.8	17.3	26.5
Iraq	...	...	...	...	...	19.2	...	...	...	0.0	n.a	-86.2	0.0	n.a	-74.4	0.0	n.a	-75.2
Syrian Arab Republic	12.2	32.5	...	58.6	-28.0	3.1	49.7	-17.6	...	26.0	-50.0	-79.2	19.9	-12.1	-89.8	22.0	-21.0	-89.1
Gulf Co-operation Council	0.0	n.a	0.0	47.0	-18.6	-16.0	47.0	-6.5	-19.2	-0.6	-70.0	40.0	32.0	-28.0	-57.9	18.0	-33.0	-57.2
Bahrain	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-5.4	-24.0	0.0	-5.6	-24.0	0.0
Kuwait	0.0	0.0	0.0	13.5	-8.5	-14.3	13.1	-8.3	-14.3	2.2	-70.0	0.0	8.3	-21.0	-53.3	4.6	-35.0	-52.2
Oman	0.0	0.0	0.0	-12.9	0.0	0.0	-12.9	0.0	0.0	0.0	0.0	0.0	27.0	0.0	n.a	27.0	0.0	n.a
Qatar	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.5	0.0	0.0	18.4	0.0	0.0
Saudi Arabia	0.0	0.0	0.0	113.5	-20.0	-18.8	113.5	-15.8	-18.8	23.0	0.0	0.0	70.0	-32.0	-55.6	60.0	-34.0	-55.6
United Arab Emirates	0.0	0.0	0.0	31.5	-27.0	0.0	31.5	-8.4	-33.3	0.0	n.a	0.0	13.1	-13.5	-67.6	-7.3	-13.0	-65.7
Other ESCWA Market Economies	-24.0	-6.5	0.0	2.4	-16.2	-99.3	-3.7	-6.5	-99.4	-0.6	10.7	-96.1	6.6	11.5	-76.9	5.0	11.3	-80.3
Jordan	1.2	-6.5	...	31.2	-10.3	...	24.0	-3.9	...	13.6	8.4	0.0	19.6	-0.4	-90.7	18.1	1.7	-93.3
Lebanon	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n.a	50.0	0.0	n.a	-62.8	0.0	n.a	-62.4
Yemen	0.0	0.0	0.0	n.a	-60.0	0.0	n.a	-60.0	0.0	0.0	0.0	0.0	25.0	-32.0	-71.4	25.0	-33.0	-71.4

Source: Compiled and computed by the ESCWA Secretariat from national sources and, in their absence, from the International Monetary Fund, Direction of Trade, 1986.

Notes: Compound rates of growth were computed on the basis of terminal years.
n.a: Not applicable means that the value of the denominator is zero;
* See also Table 11.

a/ Trade turnover is defined as exports plus imports.