UNITED NATIONS

ECONOMIC COMMISSION FOR WESTERN ASIA

SURVEY OF ECONOMIC AND SOCIAL DEVELOPMENTS IN THE ECWA REGION 1981

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INTRODUCTION

The world economy entered the 1980s preoccupied with the repercussions of the changes and problems which characterized it in the last decade. World economy problems relating to energy supply, international monetary systems, commodity prices and balance of payments have been among the main preoccupations of the region1/. Whereas the region has benefited from the sharp upward adjustment of the price of oil, which more than doubled over the last two years, it has been adversely affected by world inflation and the instability of the international monetary system.

In pursuing its development drive, the ECWA region is becoming steadily more involved with the world economy. Its concerns may be summed up by the desire to supply the developed countries with oil at rates consistent with its development requirements and in exchange for needed factor inputs, including technological know-how as well as other import needs, at equitable prices. In its economic interrelationships with the rest of the world, the region is ready for mutually beneficial and equitable ties, and greater economic co-operation within the framework of the New International Economic Order.

By importing large volumes of agricultural and industrial products, by recycling its surplus petro-revenues, and by increasing its foreign aid, the region has provided the slackening world economy with a welcome economic stimulus.

The countries of the ECWA region, about half of which are oil exporting countries, continued in the period 1979-1980 the oil spurred growth momentum, but at a more moderate pace. Economic conditions generally reflected more cautious development and spending policies than what characterized the period of the mid-1970s. Aided by anti-inflationary measures, the relative deceleration helped to slow down the rate of inflation which had persisted since the first half of the decade.

Depending on their particular economic environment and circumstances, individual member countries or groups of countries performed differently. As may be expected, the economies of the oil countries generally scored higher than the non-oil or least-developed countries. The slow-down in growth was felt more in the latter two groups, simply because of the presence of more and stronger constraints, notably financial constraints. However, this general assessment of the region's country groups has several exceptions. For example, the breakout of war between Iraq and Iran has undoubtedly strained their economies and interrupted production,

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1/ For more on the region's economic problems and priorities, please see the last part of this report.

including that of oil. By contrast, because of a favourable rainy season, both Jordan and the Syrian Arab Republic enjoyed, in 1980, bumper crops and, in many cases, record production levels.

The economies of ECWA countries, being relatively small and highly dependent on the external sector, remain sensitive to political developments directly or indirectly involving the region. The degree of economic co-operation among member countries is often influenced by the political atmosphere prevailing in the region.

Despite the persistent and serious efforts to promote the industrial, agricultural and financial services sectors, the oil sector remains by far the most dominant economic force affecting many countries in the region, particularly the oil countries. Hence, and in view of the present structure of the international oil market, the economy of the region is inextricably tied to world oil market developments. The region is not only a major oil producer but is also the major oil exporter, with Saudi Arabia becoming the world's oil supply "market balancer"1/.

The period 1979-1980 witnessed another stage of upward adjustment in the price of crude oil. The nominal dollar price of the Saudi "marker" crude rose from $ 12.70 per barrel at the end of 1978 to $ 32.00 in January 1981. This increase, together with the improvement, in 1980, of the exchange value of the US dollar, have helped to recover the decline in the real price of oil which continued through 1978. The strengthening of the dollar has also helped retrieve, at least in the short-run, the losses which oil member countries suffered on their accumulated financial investment which has been placed mostly in dollar instruments.

Oil production of the region, including Egypt and other non-OPEC member countries, which accounted for some 30 per cent of world oil production and 50 per cent of world crude trade, was 18.8 and 17.5 million barrels per day (b/d) in 1979 and 1980, respectively. Whereas production in 1979 represented an increase of 15 per cent over 1978, it registered a decline2/ in 1980 of about 7 per cent. This fluctuation in oil output is explained by the sluggish world demand for oil in 1978 and by the interruption of production in Iraq in the last quarter of 1980 because of the war.

1/ In July 1979, Saudi Arabia increased oil production by one million barrels a day to partly compensate for the decline in production in Iran.

2/ The decline would have been more if it were not for the increase in Saudi oil production from 9.5 to 9.9 mbd to partially offset the fall in the flow of oil from Iraq and Iran.

The economic situation in ECWA member countries at the closing end of the 1970s was thus generally characterized by slower rates of economic growth concomitant with persisting but moderating inflationary pressure. The average real growth rate of gross domestic product (GDP) in 1979 was provisionally estimated at about 7 per cent, while the corresponding rate at current prices was around 20 per cent (Appendix table 1).

Income disparity has tended to widen both between member countries and among various income groups at the country level. This situation, which has been acknowledged as serious and in need of remedial action, was declared as one of the priorities of the recently announced First Arab Development Decade of the 1980s.

The sectoral contribution to output did not exhibit any significant structural changes under the period reviewed. The relative set-back in agricultural production in 1979 was more than recovered in 1980 due to abundant rainfall. However, the position of the agricultural sector in the intermediate and longer terms and the resulting food security issue necessitate the intensification of efforts to develop the sector's potentials to increase the region's capacity for self-sufficiency. Oil price increases during 1979 raised further the share of oil in the mining and quarrying sector. The share of the manufacturing sector continued to be in the range of 7 per cent, except for Jordan, where it was close to 15 per cent. Finally, the distribution and services sector remained stable at no less than 48 per cent in the non-oil producing countries and at about 20 per cent in the oil countries (Appendix table 2).

Regarding expenditure on GDP, consumption continued in 1979 to be a major impetus to growth and remained very high in the non-oil countries where it exceeded GDP in both Jordan and Yemen compared to around 50 per cent in the oil producing countries (Appendix table 3). The share of the external sector, particularly imports in the non-oil countries and exports in the oil countries continued to grow steadily during the period reviewed.

Investment expenditure maintained its high levels of recent years. In terms of type of assets, investment in construction continued to account for no less than two thirds of total investment in most countries (Appendix table 5).

The gap between total investment allocations and realized savings continued to show surpluses in the oil countries. These surpluses tended to be relatively more moderate in recent years, ranging between one quarter and one third of GDP. By contrast, resource deficits in the non-oil countries rose gradually to reach, in some cases, two thirds of GDP (Appendix table 6).

The agricultural performance of the ECWA countries in 1980 was again highly dependent on the vagaries of the weather. Notable production increases were recorded in the Syrian Arab Republic and Jordan due to abundant rains, accompanied by positive but slow production growth in the rest of the region. Although the record cereal harvest is likely to result in improvement in the level of regional self-sufficiency in grains and some reduction in the volume of food imports during the current year, the long-term food security outlook continues to deteriorate. The growth of the livestock subsector fell below the historical trend for the seventies for the second year in succession, generally reflecting inadequate levels of investment, poor resource management of pastures, and rising input constraints for feed and fodder.

In spite of a 7.8 per cent increase in food production during 1978, regional agricultural imports rose by 10 per cent during 1979 to reach the record level of $ 10.5 billion1/. Regional agricultural export earnings correspondingly increased by only one per cent to the level of $ 1.5 billion. As a consequence, the overall agricultural trade deficit increased still further from $ 8.1 billion in 1978 to $ 9.0 billion in 1979. Concomitantly, regional per capita agricultural imports increased to the level of $ 120, as compared to $ 64 for the world as a whole and $ 68 for the Near East2/.

The inability of agriculture in the ECWA region to meet the burgeoning food demand and reduce the compounding levels of food imports during the recent past is due to several factors which continue to militate against any attempts to accelerate production. The cultivated area constitutes only 4 per cent of the total land area. Much of the region is arid or semi-arid and consequently the level of agricultural production is relatively low. Only 32 per cent of the cultivated area has been irrigated in 1978, and this limits the adoption of modern technology. Overgrazing has led to reduction in the productivity of pastures, while expansion of cereal production has pushed livestock into still poorer pasture lands and offtake rates3/ have been low.

It is estimated by the FAO that to improve the region's self-sufficiency in food, the gross value of agricultural production would have to grow at 4.8 per cent per annum. To achieve this growth target, a number of conditions and requirements would have to be met. Of these,

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1/ FAO, Printouts of Agricultural Trade; December 1980 (unpublished).

2/ The FAO defines the Near East to extend from Cyprus and Turkey in the North West to Afghanistan in the East and includes, in the African continent, Egypt, Libya and the Sudan.

3/ The percentage of livestock slaughter.

the followings are the most important: (a) the irrigated area will have to double by 1990 and irrigation be improved; (b) the pattern of production in irrigated land would shift away from cereals and cotton towards fruits, vegetables, sugar and oil seed; (c) fertilizers and mechanization would have to be utilized more extensively; (d) an improved system of incentives would be needed to diffuse modern technology; (e) the gap between domestic producer prices and international prices would have to be narrowed; and, (f) to retain the necessary labour, employment opportunities and incentives in the rural areas would have to be increased.

With the threat of desertification, future agricultural growth can only be sustained if sufficient efforts are directed towards the maintenance of the productive capacity of the land as the pressure on resources increases with the expansion in population.

The solution to the problem of erosion and salinity, especially in the fertile crescent, lies in the rehabilitation and improvement of existing irrigation systems and the provision for drainage in the development of new facilities, as well as by policies to ensure rational water use. Land erosion by water and wind, leading to desertification, has to be controlled through improved management of the ecosystem, including controlled grazing practices, extended planting of shelter belts and refraining from planting of marginal rainfed lands which should be left as permanent pastures.

Despite the efforts made by many ECWA members to accelerate the pace of industrial development, the contribution of industry to the gross product remains generally low, not exceeding 10 per cent, and the pattern of industrialization has changed little. Manufacturing as a whole continues to be characterized by a narrow product range and a low level of specialization. Furthermore, complementarity in production and intra-industrial linkages have been limited. Investment decisions were not systematically co-ordinated to build an industrial capacity in interrelated fields. The result has been a large number of mainly light import-substituting consumer industries.

The growing industrial involvement of most of member Governments, including direct industrial promotion, has emerged as a basic instrument of industrial policy. Industrial public enterprises now constitute the most important form of this promotion. Government efforts have been directed mostly at basic industries, requiring substantial investment and entailing greater risks. Generally speaking, government promotional activities have helped to provide an environment conducive to the development of manufacturing industry.

Aside from building or expanding the manufacturing capacity, increasing efforts have been made to improve the efficiency of existing enterprises, many of which have been suffering from, inter alia, high idle capacity, poor maintenances and bottlenecks.

Activities in mining and quarrying, other than oil, have generally been limited and the endowments of the region have not been fully exploited. However, some minerals like phosphate, sulphur, potash and, to a lesser extent, copper, salt, gold and iron are now extracted in sizable quantities.

Many ECWA countries are presently conducting or planning to undertake geological surveys. Investigation results are so far promising. However, the region's main wealth lies in its oil and natural gas. ECWA member countries possess 48 per cent of the world's proven reserves of oil, with Saudi Arabia alone accounting for 26 per cent of the world total. Natural gas reserves in the region are recognized as a vital part of the world's energy supplies, representing 10 per cent of the world total. Meanwhile, activities in the field of solar energy are still within the realm of research and development.

The ECWA countries are facing serious problems in balancing growing demand with limited supply of water resources. Extensive efforts are being exerted to develop available water resources through the utilization of surface and ground water and the establishment of desalination plants. The region's efforts to develop and improve water supply and waste disposal services have so far favoured urban areas. These efforts have been hindered by the shortage of financial resources in the non-oil countries and by the absence of efficient co-ordination among concerned national agencies.

The ECWA region continues to depend heavily on the external sector as a means to generate income and employment and to procure raw materials, consumer- and capital-goods, and technological know-how. Export earnings remain highly dependent on changes in the oil industry and on the level of agricultural output. Thus, the accelerated growth realized in 1979 in the value of exports of the oil producing countries was mainly due to the sharp rise in oil prices1/.

The rate of growth of total imports into the region declined from a peak of 82 per cent in 1974 to around 16 per cent in 1979 (text Table 5). However, imports may rebound strongly in response to the recent sizable increase in oil revenues.

Efforts at export diversification in favour of manufactures were met with some success in recent years2/. Nevertheless, exports of primary commodities account for the bulk of total exports. On the import side, manufactured goods continue to record significant increases.

1/ The highest rate of export growth in 1979 was 94 per cent for Iraq.

2/ Manufactured goods appear to be relatively significant only in Bahrain, Jordan, Lebanon and, to a lesser extent, in Kuwait and Qatar.

The geographical distribution of trade highlights the modest share of intraregional trade1/ and the important position of the European Economic Community (EEC) as a trading partner of both the oil and non-oil countries. Despite a relative decline, the EEC absorbed almost 35 per cent of the region's exports and around 37 per cent of the region's imports in 1979 (Appendix table 13). Other trading partners are gaining grounds, notably Japan, the United States and EFTA2/, in the case of the oil economies, and the Council for Mutual Economic Assistance (CMEA) for the non-oil economies.

A distinctive feature of the balance of payments position in the ECWA region is the spectacular difference between the performance of the oil and non-oil economies. For several years, the balance of payments position in the oil economies has been in surplus. Their trade balance, however, underwent some fluctuations showing a fall in 1978 and a sharp rise in 1979. In sharp contrast, the balance of payments situation in the non-oil economies is characterized by sizable and persistent trade deficit, which is covered in part by worker remittances and financial transfers.

The region's international reserves registered some improvement, rising from $ 29.3 billion in 1978 to $ 30.9 billion in 1979 (Appendix table 15). However, despite this increase, the region's overall reserves/imports ratio deteriorated in 1979 due to the rise in imports.

On the financial scene, the ECWA region has been active in the efforts to improve the operation of the present international monetary and financial system. Among other things, it has been channelling back an ever increasing portion of its petro-revenues and seeking sound investment outlets within and outside its boundaries. Intraregionally, it is continuing its efforts to promote a network of financial and development institutions to serve member countries and to facilitate their regional and extraregional financial relationships.

In fiscal matters, the government budget in almost all member countries emerged during the seventies as the most important economic force affecting the nature and magnitude of economic and social developments. Yet, the less-developed nature of the fiscal system in many ECWA countries has precluded the use of fiscal policy instruments in pursuing development objectives in an effective way.

1/ In 1979, it accounted for about 4 per cent of total exports and 8 per cent of total imports.

2/ European Free Trade Association.

Government revenues and expenditures in both the oil and non-oil countries continued their upward trend though at a more moderate pace. The moderation in expenditures was prompted mainly by the concern over rampant inflationary pressures. Not infrequently, budgetary provisions for capital expenditures turn out to be greater to what could realistically be expended. This reflects, among other things, technical weaknesses in project preparations and deficiencies in the budgetary systems. Whereas government revenues in the oil countries are derived mainly from oil proceeds, revenues in the non-oil countries rely for the most part on indirect taxes, receipts of public enterprises and budget support from abroad. With occasional exceptions, government budgets have shown surpluses in the oil countries and deficits in the non-oil countries.

As in fiscal development, monetary development, after experiencing rapid monetary and liquidity growth a few years ago, began to show a moderating trend in the last two years. Monetary changes reflected, to a considerable extent, modification in governments' spending policies. Because of the relatively low stage of development of the monetary system in most member countries, the high degree of openness of the economies and the nature, magnitude and the ways external transactions and financial relations are affected, domestic monetary policies are rendered less effective. This explains the high rates of inflation which swept the region since the mid-1970s. Other factors, which exasperated inflationary pressures, include the accelerating demand and the constrained supply of goods and services many of which originating from outside the region, thus, carrying with them an external inflationary element.

In building or expanding the region's physical infrastructure, transport, communications and tourism have been among the main beneficiaries. Development efforts in the transport sector appear to benefit most areas of transport except mass transit systems in major cities which have not so far been given the attention they deserve1/. The development of rail transport, though not neglected, also needs to be fostered. By contrast, air transport, shipping and roads seem to have been favoured the most in recent years. Intraregionally, it is encouraging to note that transport development activities have increasingly shown interest in strengthening road and other transportation links between the different parts of the region. Subregional links, including routes between the Mediterranean and the Gulf, have become important targets in the region. Nevertheless, co-ordination among individual country transport development efforts is still limited and will have to be promoted to avoid uneconomic duplication and competition.

1/ Traffic congestion and very high accident rates characterize many of the region's major cities.

As to telecommunications, the ECWA region is developing its capacity progressively. Related expenditure programmes, notably in the oil member countries, have made the region one of the largest telecommunication markets in the world. Thus, growth of telephone installations in the region has recently averaged 10 per cent per annum, with the oil countries realizing a rate of 13 per cent.

In tourism, development efforts have concentrated on the building of airports and accommodation facilities. Apart from the traditional travel to religious places and the increased business travel, the region has not attracted large numbers of tourists and group travellers. Political problems, cumbersome tourist regulations and procedures, and high cost of hotel accommodations are among the factors which have so far limited the flow of tourists, despite the region's many touristic attractions.

Total employment in the ECWA region has continued to grow at rates higher than world levels. The influx of expatriate workers in response to the oil-generated economic boom has obviously contributed to this employment growth, notably in the oil economies. It is believed, however, that the growth trend has been moderating somewhat recently. Meanwhile, the acceleration in the demand for labour, particularly skilled and semi-skilled, has given rise to high levels of intraregional labour mobility. Similarly, the degree of this mobility appears to be gradually easing off.

Despite the near absence of open unemployment in many ECWA countries, the region continues to be bogged down with the problems of manpower under-utilization and underemployment. The under-utilization of human resources which, to a certain degree, can be explained by environmental, social and traditional factors, is often accompanied by idle natural and capital resources. While this condition draws the attention to the vast economic potential of the ECWA region, it suggests that fundamental changes and improvement will have to be made, if the region is to realize its full potentials.

Aside from the problems created in the labour exporting member countries, as a result of labour outflow, it is maintained that the large scale of labour importation into the region's oil countries has confronted these countries with cultural, social and even potentially political problems and risks. The urgency and the magnitude of this issue appears to have been felt the most by those countries which are highly populated and which received relatively large numbers of expatriates from outside the Arab world. In some cases, the problem has been viewed serious enough to demand prompt action and changes in the long-term development strategy, with a view to reducing dependence on foreign labour.

Countries of the region have, with varying degrees of success, continued to make efforts to develop an effective base in science and technology, and to set up scientific and technological institutions and

related research facilities. Nevertheless, there is a general lack of appropriate policies to link technological strategies with socio-economic objectives. Furthermore, the educational systems in the region have not responded to the requirements of scientific and technological manpower needed to support the implementation of development objectives leading, therefore, to a heavy reliance on foreign expertise.

The increased awareness in the region during the seventies of the advantages of building up a national capacity in science and technology is expected to give impetus to serious efforts in this field. The 1980s may witness the translation of this awareness into action.

Efforts to forge closer regional co-operation and integration among ECWA countries, while proceeding steadily, have somewhat been frustrated by non-economic developments directly or indirectly involving the countries of the region. Nonetheless, a number of positive developments took place during the reviewed period, the latest of which was the Eleventh Arab Summit Meeting held in Amman in November 1980 which endorsed an economic strategy for Joint Arab Economic Action until the year 2000 and considering the 1980s as the First Arab Development Decade.

Co-operation efforts in recent years seem to follow a gradual approach, as opposed to full economic integration, by concentrating on joint projects and on the building of the institutional framework step by step. Meanwhile, expression of support for subregional forms of co-operation and integration has become more vocal in recent years, particularly among the Gulf countries. Another tendency is the growing view in favour of promoting the role of the private sector in regional co-operation efforts.

The ECWA region, which had traditionally been an aid recipient, emerged, since the mid-1970s, as a major aid donor. The distinction in the region between oil and non-oil countries corresponds almost fully to aid donors and aid receivers, respectively. Although the region itself, together with the rest of the Arab world, continue to absorb much of the financial aid emanating from the region, the share of beneficiaries from other parts of the world has increased very rapidly in recent years.

Sectoral allocation of aid indicates that over 60 per cent of the aid committed within the region, in the period 1974-1978, was in the form of budget and balance of payments support, with the share of the commodity producing sectors remaining low in the neighbourhood of only 5 per cent (Appendix table 33).

I. GROWTH AND STRUCTURE OF OUTPUT

The economic situation in the ECWA region during 1978/79 was generally characterized by slower rates of economic growth concomitant with persistent inflationary pressures and sharply rising oil prices. Being trade dependent, the economies of the region experienced a relative slackening in their performance as a result of the dampening effect of the slow world economic growth.

Available estimates for 1979 (Table 1) show that aggregate growth rates of gross domestic product (GDP), in real terms, were, on the average, in the neighbourhood of 7.0 per cent, ranging between 3.3 per cent in the Syrian Arab Republic and 8.1 per cent in Yemen. While these rates compare favourably with the growth performance of the world economy in general (3.4 per cent) and that of the developing countries in particular (5.0 per cent), they reflect a decline in growth for most member countries. An exception is Saudi Arabia where the economy experienced a relative recovery equivalent to two percentage points in 1978/79.

Inflation continued in recent years to exert pressure on the economies of the region as indicated by the wide gap in the growth performance measured at current and at constant prices1/. Because of the openness of the region's economy and the effect of imported inflation, domestic anti-inflationary measures have been rendered less effective.

Figures on per capita income (Appendix table 1) continued to display great disparities among the countries of the region and, in particular, between the oil and the non-oil countries. The first group is obviously the one privileged by high per capita incomes on account not only of dramatically rising oil revenues but of characteristically small populations. For example, Kuwait and the United Arab Emirates enjoyed in 1979 per capita incomes of US$ 14,074 and $ 14,918, respectively, which are the world highest.

Income disparity has tended to widen both between member countries and among various income groups at the country level. Income inequality has increasingly been acknowledged as a serious issue facing the Arab world. The Eleventh Arab Summit Meeting held in Amman in November 1980 has placed the problem of income equality among the priorities of the First Arab Development Decade.

1/ Whereas growth rates in real terms averaged in 1979 between 3 per cent and 8 per cent, corresponding rates at current prices averaged between 10 per cent and 54 per cent.

Table 1. Growth of Aggregate Output in Countries of the ECWA Region (1978-1979)

Country	Year	Annual percentage growth rates			
		GNP[a]		GDP[a]	
		Current	Constant	Current	Constant
Iraq	1978	21.4		22.3	12.2
Jordan (East Bank)	1978	14.5	7.1[d]	19.2	11.4[d]
	1979	19.5	4.6[d]	20.4	5.4[d]
Kuwait	1978	...	...	6.6	...
	1979	...	...	53.5	...
Oman	1978	4.8	...	1.4	...
	1979	...	...	31.3	...
Saudi Arabia[b]	1978	9.1	...	8.9	5.9
	1979	...	...	15.0	7.6
Syrian Arab Republic	1978	...	...	19.9	8.7
	1979	...	...	9.8	3.3
United Arab Emirates	1978	-1.2	...	-2.0	...
	1979	4.5	...	4.2	...
Yemen[c]	1978	...	-1.0	20.3	10.1
	1979	...	1.5	28.8	8.1

Source: ECWA, based on national and international sources.

a/ At market prices except for Iraq and Saudi Arabia (GDP only) where data are at factor costs.

b/ Fiscal year ending mid-May.

c/ Fiscal year ending 30 June.

d/ Deflated by cost of living index.

Note: ... = not available.

The sectoral performance to output did not exhibit during the period reviewed any significant structural changes (Appendix table 2). The agricultural sector did not provide any stimulus to overall growth. Food production growth failed to keep pace with population growth and member countries which experienced shortages in locally produced food supplies increased further their reliance on foreign food supplies. The setback in agricultural production was partly due to the adverse weather conditions in 1979.

Notwithstanding the recently intensified efforts1/ in many member countries which aim at greater income equality, there continues to be a number of factors militating against more equality of income and wealth distribution. Several of these relate to investment priorities which have favoured urban centres at the expense of rural areas. This bias is further augmented by the high priority given to industrialization at the expense of agriculture.

In the light of the state of income inequality in the region, a good mechanism for equalization could be to look for means to raise labour productivity and to increase the percentage of skilled workers. This would increase the minimum income received and consequently the size of the middle income group. To arrive at this, it is necessary to invest heavily in human capital and in the application of science and technology in the economy.

Oil price increases during the second half of 1979 raised further the share of the mining and quarrying sector in total output in the oil producing countries. In Kuwait, for example, the surge in the price of oil was accompanied by a 17.3 per cent increase in crude production which generated 10 percentage points increase in the oil sector's contribution, accounting for 72 per cent of total output.

The modest share of the manufacturing sector in total output did not seem to have made any significant gains in 1979. With the exception of Jordan, where it was close to 15 per cent2/, it did not exceed 7 per cent. Nonetheless, the will to industrialize is still evident by the magnitude of industrial investment and in the various related efforts of member countries.

Finally, the distribution and services sector continued to account for a sizable share of total output. This share has been generally stable at no less than 48 per cent in the non-oil producing countries and at about 20 per cent in the oil producing countries.

1/ These efforts are setting minimum wage levels, upward revision of salary scales, and price subsidies.

2/ Actually, this relatively high share for Jordan represents a decline from 17 per cent in 1977.

Available estimates on GDP end uses during 1979 clearly suggest that consumption continued to be a major impetus to growth. Appendix table 3 shows that total consumption remained very high in several non-oil countries where it exceeded total GDP. In Jordan, for example, the ratio of total consumption to GDP amounted to 119 per cent in 1978 and 122 per cent in 1979. Nevertheless, because of the relatively sizable net factor income, total consumption was sufficiently accommodated by gross national product (GNP), of which it represented 94 per cent and 98 per cent in 1978 and 1979, respectively. In the oil producing countries, it approached 50 per cent of GDP. This relatively high demand pressure, together with supply factors, including rising import prices, helped to perpetuate the inflationary tendencies.

Whereas private and public consumption shares were about equal in the oil producing countries, private consumption was three times that of the public sector in the non-oil countries. This marked difference between the two groups of countries may be attributed to a number of factors, including variation in the size of population, divergence in magnitude of natural resources and the oil boom, and the consequent government-sponsored development campaign.

Gross capital formation maintained its growth momentum which started in the mid-seventies, attaining a large share roughly averaging one third. Available data indicate that in 1979 individual country investment share varied between 27 per cent and 43 per cent. It is worth noting that the share of investment in total output did not seem to be affected by the fact that the country belonged to the oil or the non-oil economy groups. Meanwhile, the handsome share of investment was realized despite the efforts by some member countries to restrain investment spending in an effort to mitigate inflationary pressures.

The growing significance of the external sector in the economies of the region did not show any sign of abatement during the period under consideration. This trend will probably continue at least through the first half of the eighties. Appendix table 3 shows that, in most cases, the share of imports increased in 1979 by at least 5 percentage points1/. However, available data on the share of exports indicate an increase of a few percentage points in three countries and a drop of 2 percentage points in one country. It shall be recalled that the larger the size of the external sector the more dependent the economy will be on the rest of the world, especially when the country is small and developing, and trading with a limited number of raw materials as is often the case in the ECWA region.

1/ While the share of imports in total expenditures is typically higher in the non-oil countries, the share of exports is higher in the oil countries. Thus, in 1979, imports were 111 per cent of total expenditure in Jordan and exports were 69 per cent in the United Arab Emirates.

Information about fixed investment allocation by economic activity is scarce. In 1979 it was limited to three countries only (Appendix table 5). However, one can safely say that the share of the agricultural sector is far below what is considered adequate for the eventual realization of the sector's potentials.

The share of investment in mining, quarrying and manufacturing, while maintaining the high levels attained in recent years, it declined in the Syrian Arab Republic from the record level of 50 per cent in 1977 to around 43 per cent in 1979. Similarly, the share of transport and communication in total investment in this country, declined from 17 per cent to 13 per cent over the same period. In the United Arab Emirates and Yemen it declined somewhat to less than one third of the total.

The breakdown of investment by type of asset for the year 1979 is available for the Syrian Arab Republic only (Appendix table 5). However, figures from earlier years, which are also available for Jordan and Saudi Arabia, indicate that the largest share went to construction, accounting for around two thirds of the total. Investment in machinery and equipment, though still relatively high in the Syrian Arab Republic, showed a steady decline from 45 per cent in 1977 to 35.2 per cent in 1979.

Because of the geographical distribution of the region's natural resources, notably oil, and the differing patterns of expenditures, member countries are split, in terms of resource balance1/ into deficit and surplus countries. Ever since the early years of the oil boom, the oil countries have characteristically become surplus countries. At the same time the non-oil countries have traditionally been deficit countries.

Appendix table 6 shows that the resources surplus in the major oil countries ranged over the period 1976 to 1979 between 26 per cent and 50 per cent of GDP. The surplus ratio has tended to vary in latter years between one quarter and one third of GDP. By contrast, the resources deficit in the non-oil countries rose gradually to reach in recent years between one half and almost two thirds of GDP. Exceptions are Lebanon and the Syrian Arab Republic. In the former, the ratio was one third in 1977. In the latter, the ratio varied between 15 per cent and 22 per cent in the second half of the seventies.

Both surplus as well as deficit countries are under heavy pressure to balance their resources. Yet, the problem is likely to stay at least through the first half of the eighties and until such

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1/ Resource balance is defined as the gap between total investment allocations and realized savings.

time when the absorptive capacity in the oil economies expand and the productive capacity in the non-oil economies grow. In the meantime, increasing the resource flows between the region's two groups of countries on sound bases offers a practical and sensible solution to the region's large resource discrepancies.

II. COMMODITY PRODUCING SECTORS

A. AGRICULTURE

1. Production

The physical index of agricultural production in the ECWA region rose by 4.1 per cent in 1980, compared to one per cent in 1979 (Table 2), and the level of food production per capita increased by one per cent. This was due, in large measure, to favourable growing conditions in the northern subregion. A brief assessment at the country level is given below.

Table 2. Index Numbers and Annual Change of Total Agricultural Production (Net) in the ECWA Countries, Selected Years

(1969/71 = 100)

Country	1978	1979	1980 a/	Annual percentage change 1969/71-1980 b/	Annual percentage change 1979-1980
Democratic Yemen	119	124	127	2.2	2.4
Egypt	111	113	114	1.3	0.9
Iraq	111	126	126	1.8	0.0
Jordan	132	102	124	0.9	21.6
Lebanon	109	107	109	-0.7	1.9
Saudi Arabia	154	132	136	5.4	3.0
Syrian Arab Republic	189	163	188	6.7	15.3
Yemen	108	112	113	1.3	0.9
ECWA (including Egypt)	123	122	127	2.3	4.1
ECWA (excluding Egypt)	137	131	140	3.3	6.9

Source: FAO, Interlinked Computer System (ICS) printouts of production index numbers, December 1980 (unpublished).

a/ Preliminary.

b/ Exponential trend.

The output of Egyptian agriculture increased by one per cent in 1980. Beside the fact that the structural capacity to expand production in Egypt remains low, agricultural growth in recent years has been impeded by the lack of farmer incentives, particularly remunerative prices. Despite increases in procurement prices in 1979, ranging from 10 to 40 per cent, the overall production response was disappointing, partly due to an offsetting rise in input prices, including fertilizers. Further readjustments will be required if a favourable balance between input and output prices is to be achieved.

The year 1980 was an exceptionally good year for agriculture in the Syrian Arab Republic and Jordan due to widespread and abundant rains throughout the growing season. The 15 per cent production expansion in the Syrian Arab Republic was also due to the continuing expansion of the irrigated area under cereals and increases in cropping intensity. The 22 per cent increase in Jordan makes a significant recovery from a five year period of drought, but also reflects the positive effects of a pronounced shift in the cropping pattern towards fruit and vegetables and an expansion of the irrigated area which was made possible by the completion of several irrigation projects between 1978 and 1979.

In spite of a relatively good agricultural year, output growth in Iraq was negligible during 1980, because of the exceptional 14 per cent increase registered in 1979. The level of agricultural production in 1980 was sustained despite a sharp reduction in cereal output, partly on account of expansion in output of cotton and fruit.

Agricultural output in Saudi Arabia in 1980 showed signs of recovery from the reversals of 1979, registering a 3 per cent increase with a notable expansion of oil crops and fruit. The levelling off in production of crops, particularly cereals, in recent years, continues to reflect rising shortages of farm labour and skilled management, and failure to provide sufficient social incentives to keep farmers on the land.

Agricultural output in Lebanon registered a 2 per cent increase in 1980, following a reduction of 2 per cent in 1979. This was largely due to the expansion in the output of fruit. The deceleration in the recovery of Lebanon's agricultural performance during the past two years partly reflects the deterioration of agricultural equipment caused by the reluctance to invest in agriculture as a result of continuing insecurity. Production is also constrained by insufficient producer incentives, bottlenecks in transport and increasing farm labour shortages.

The estimated growth of agricultural output in Yemen and Democratic Yemen fell back in 1980 to one per cent and 2.4 per cent, respectively, as compared to an estimated 4 per cent increase in both countries during 1979. The reduction in Democratic Yemen was largely on account of a prolonged drought during the early growing season, followed by floods later in the year. Output expansion was also constrained in the

Yemen subregion by labour shortages and rising wages, as well as by implementation bottlenecks in government projects due to inadequate government procedures.

a. Food and non-food production

As a result of the significant expansion in cereal output in 1980, the physical index of food production in the region rose by 3.7 per cent, compared to 1.5 per cent in 1979; the index of non-food production correspondingly fell by one per cent, compared to 5.5 per cent increase in 1979 (Appendix table 7). Although the gap between food and non-food production widened further in 1980, in response to the increased emphasis on cereal production, there has been an overall slow-down in the decline of non-food production since 1978, largely due to productivity increases in the growing of cotton which have tended to offset the secular decline in acreage in favour of food crops in Egypt, the Syrian Arab Republic and Jordan.

b. Crop production

Owing to generally favourable weather conditions in 1979/80, the regional production of crops rose by 4.9 per cent in 1980, compared to 0.8 per cent in 1979 (Appendix table 8). The most sizable output increases were recorded for cereals, fruits and vegetables in the northern subregion.

In spite of a reduction of 500,000 hectares in the area planted to cereals (chiefly in Iraq), regional production reached the record level of 15.8 million tons, largely due to a 19 per cent increase in yields. This represented an increase of 1.9 million tons over 1979, due, in large measure, to bumper harvests in the Syrian Arab Republic totalling 3.9 million tons.

Regional production of wheat was estimated to have increased by 790,000 tons in 1980 due mainly to an estimated 900,000 tons increase in the Syrian Arab Republic. This was achieved in spite of acreage reductions of 27,000 hectares in Egypt and 435,000 hectares in Iraq. Production in these two countries fell by an estimated 50,000 tons and 190,000 tons, respectively. Wheat output in Jordan rose to the level of 134,000 tons following several years of poor harvests.

Regional rice output totalled 2.6 million tons in 1980, falling by 171,000 tons compared to 1979, largely on account of a 6 per cent reduction in Egyptian yields. Output in Iraq, the second major producer, fell by 64,000 tons also due to reduced yields.

The region's maize harvest rose by 7 per cent over 1979 to reach the record level of 3.9 million tons during 1980, principally due to significant yield expansion in Egypt. A good harvest was also recorded in the Syrian Arab Republic, with output rising by 36,000 tons. Output in Iraq is estimated to have declined by 20,000 tons.

Although the regional acreage planted to coarse grains fell by 45,000 hectares in 1980, largely due to a sharp cutback of 220,000 hectares in Iraq, total production increased by 1.3 million tons due to an overall 22 per cent increase in yields. The bulk of the rise in regional production was due to significant acreage expansion in the Syrian Arab Republic, totalling 140,000 hectares which led to sizable growth in output from 444,000 tons in 1979 to an estimated 1.7 million tons in 1980. Output of coarse grains in the rest of the region remained relatively unchanged compared to 1979.

The total area planted to pulses in 1980 increased by 25,000 hectares mainly in Egypt. The regional level of production rose by 90,000 tons, most notably in the Syrian Arab Republic (by 40,000 tons) although the area planted was actually reduced.

The regional production of cane sugar rose by 3.6 per cent in 1980 to reach the level of 9 million tons. The area planted in Egypt and Iraq was increased by 3,000 hectares and 1,000 hectares, while the level of output is estimated to have increased by 260,000 tons and 50,000 tons, respectively.

Regional production of fruits and vegetables increased by 123,000 tons and 324,000 tons, respectively, falling well below the historical trend for the seventies; which for the second year reflects a gradual tightening of export market outlets as well as seasonal saturation of local markets in certain countries.

The acreage planted to seed cotton was raised by 44,000 hectares in Egypt during 1980 in response to a 35 per cent increase in producer prices, but yields fell significantly from the record level achieved in 1970. As a result, production remained unchanged at the level of 1.6 million tons. A similar situation was experienced in the Syrian Arab Republic, where the acreage planted was raised by 11,000 hectares but yields declined due to recurring problems of salinity. Hence, the level of output is not expected to have changed significantly over 1979.

c. Livestock

The regional level of livestock production increased by 2.1 per cent during 1980 compared to the trend growth rate of 4.1 per cent attained during the seventies. Output at the country level varied between one per cent and 2 per cent in all countries except in the Syrian Arab Republic (4.6 per cent) and Democratic Yemen (3.5 per cent). These rates of growth remain well below the level of regional demand for red meat and dairy products.

The rate of increase in all livestock products except red meat slackened for the second year in succession during 1980 (Appendix table 9). Slow growth in the production of red meat reflects the relative neglect of attempts to improve the level of productivity in the region, which is in part the result of failure to adopt balanced programmes of investment. The low level of output expansion for livestock is also increasingly

due to the gradual encroachment into pasture lands resulting from expansion of the cereal acreage and poor management and conservation of the open range. The highly subsidized dairy and poultry enterprises undertaken especially in the Gulf States, chronically beset by excessively high operational costs, have become increasingly constrained by problems of securing adequate levels of high quality feed and seasonal gluts in domestic markets for poultry products.

2. Food security

Volatile domestic production of strategic food commodities coupled with significantly higher rates of growth in urban demand has resulted in further decline in the region's food self-sufficiency during the latter half of the seventies. The disparity between production and demand appears certain to compound during the eighties, failing to raise the rate of growth in food output.

The immediate food security outlook for 1981 has, however, improved following the favourable upturn in the production of strategic food commodities during 1980. Regional production of cereals in 1980 rose by 2 million tons over 1979, reaching the highest output level since 1972. Output levels of fruit, vegetables, meat, milk and sugar also reached new peaks. This is likely to lead to increased levels of food self-sufficiency during 1981 and to a slow-down in the expansion of imports.

A measure of the magnitude of the food security situation which is likely to confront the region during the remainder of this century has recently been elaborated by the FAO1/. Under a relatively optimistic normative scenario envisaging annual growth rates in cereal output between 1975 and the year 2000 of one per cent for the fertile crescent2/ and 5.2 per cent for Iraq and the Arab Peninsula3/ countries, the cereal deficit in the ECWA region would still rise from 2.8 million tons in 1974-1976 to 6.3 million tons in 1990 and 12 million tons by the year 2000, while the overall level of cereal self-sufficiency would fall from 63 per cent in 1974-1976 to 54 per cent in 2000. During the same period, the net deficit in total food imports is expected to rise from US$ 1.2 billion to US$ 4.0 billion.

Although the expansion of irrigated areas in the region anticipated by 1990 and 2000 is expected to progressively dampen annual fluctuations in domestic food supplies, short-term fluctuations around the trend would continue to pose a problem and be a potential threat to food security. Programmes of collective self-reliance in food security including

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1/ FAO, Implications of AT 2000 for the Near East and North Africa Region, ESP: NEAP 80/4 July 1980.

2/ The fertile crescent comprises Jordan, Lebanon and the Syrian Arab Republic.

3/ The Arab Peninsula comprises Saudi Arabia, Yemen and Democratic Yemen.

the establishment of a wheat reserve scheme with adequate stocks to be maintained on a subregional basis would minimize this threat. Ability to rapidly distribute stocks held at subregional centres in times of emergency, and an equitable sharing of the costs and management responsibilities would, however, be essential to the success of any such scheme1/.

ECWA has recently intensified its efforts to promote food security projects at the country and inter-country level, and arrangements are currently underway to convene a donor's meeting for a number of identified projects in Yemen and Democratic Yemen related to wheat storage facilities and requirements and the nutritional fortification of bread2/.

Food security infrastructures including storage, transport and distribution facilities have developed rapidly in recent years, and the region is now relatively well placed to provide effective relief during emergencies. Minimum wheat stock reserves are being developed and storage facilities will be adequate to fulfil national requirements in all ECWA countries within the next three years. Major constraints related to the management of these facilities, however, persist. Training in methods of food storage and preservation, particularly in the minimization of post-harvest losses as well as in food contingency planning is urgently required.

A major aspect of the region's food security is the continued and increasing dependence on a few extraregional sources of supply for

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1/ Arab Food Reserve Stock, Arab Organization for Agricultural Development, Khartoum, April 1980. This Organization has recently formulated proposals for establishing a pan-Arab food reserve stock intended to serve as an insurance against failure of international supplies, bottlenecks in transport or potential food boycotts. It is initially proposed that three months' consumption of food and feed grains for the total Arab countries, or 5 million tons of wheat and 2 million tons of coarse grains, could be held in reserve at four subregional centres - in the Maghreb countries, the Eastern Mediterranean, the Red Sea and the Arab Gulf States. Strategic stocks could alternatively be distributed on a country basis under the direction of a fully autonomous centralized Arab authority. The source of funding is expected to originate in Arab countries.

2/ ECWA, Report of the Joint ECWA/FAO Food Security Policy Formulation and Project Identification Mission to Yemen and Democratic Yemen, December, 1980.

strategic imports particularly grains1/. The creation of new sources of supply within the region through collective and co-operative efforts would obviously help reduce this dependency. Any regional structural change would have to be undertaken within the framework of regional integration of the national agricultural sectors. In the short-run, it appears more realistic to improve security of supplies by negotiating long-term bilateral contracts with well established or new suppliers2/. The non-oil exporting countries would, however, continue to depend on concessional imports and food aid3/ in view of the magnitude of their cereal deficits and the low financial capacity to import.

The impact of rising oil revenues in the ECWA region has generally led to increased average per capita supplies of dietary energy at the national level during the seventies. At the regional level, daily per capita intake levels were estimated at 2,442 calories, 67.4 grams of protein and 44.3 grams of fat in 1977 (Appendix table 10). Although regional averages are now approaching average world intake level for calories and protein, average intake levels in Democratic Yemen, Jordan, Iraq and Yemen remain low. However, due to inadequate and often inequitable distribution of food supplies in several countries, it seems likely that the incidence of food deficits and malnutrition in the lowest income strata remains high. The share of animal protein intake is also low in all countries of the region, except Saudi Arabia. However, the annual growth rates for calories, protein and fat intake are generally positive in all ECWA countries with the exception of Jordan and Democratic Yemen (calories), Lebanon (protein) and Democratic Yemen, Iraq, Lebanon and Yemen (fats.) There is also increasing evidence that greater efforts should be directed towards enforcing minimum food quality standards for strategic commodities.

1/ The import unit values of strategic agricultural commodities generally increased at a faster rate during 1979 (wheat 27 per cent, sugar 14 per cent, beef 38 per cent, milk one per cent) as compared to prices of major exports (cotton 14 per cent, oranges 0 per cent, lemons 15 per cent); which led to a modest deterioration in the regional agricultural terms of trade as compared to a small improvement in 1978.

2/ FAO, Implications of AT 2000 for the Near East and North Africa Region, ESP: NEAP 80/4, July 1980, p. 26.

3/ Contributions by ECWA countries to the World Food Programme for the 1979-1980 period amounted to US$ 56 million in cash and US$ 600,000 in commodities, while food aid projects totalling US$ 179 million were approved in 1978 and 1979 for the ECWA countries.

B. INDUSTRY

Several ECWA countries have been endeavouring to accelerate their industrial development. However, the efforts so far have not altered the pattern of industrialization in any significant way. Manufacturing, as a whole, remains characterized by a narrow range of products manufactured and a low level of specialization. Complementarity in production is limited and reliance on extraregional markets for the importation of manufactured goods and for the exportation of primary commodities is all the more dominant in the region's trade. Artificial restrictions hindering the flow of intraregional trade are still common in the region and little has been done to improve industrial efficiency which is a prerequisite for the development of exports which, in turn, promotes an integrated industrial structure. Furthermore, the industrial infrastructure, especially regional infrastructure, remains inadequate and there is scarcely any co-ordination between the various national development policies and plans.

Historically, the ability of the region to achieve high rates of industrial growth over the last decade was mainly due to the fact that import substitution, at the national level, was playing a leading role in the industrialization process. Investment decisions, however, were not systematically co-ordinated to build an industrial capacity in interrelated fields. Thus, the structure that emerged consisted of a large number of mainly light consumer industries requiring simple technologies and having very little complementarity among themselves and with the rest of the economy. Furthermore, the contribution of manufacturing to domestic product in most countries was smaller than expected and generally did not exceed 10 per cent.

The relative contribution of the manufacturing sector to the increase in urban per capita income has been increasing at an annual rate of less than one per cent, as against an annual urban population growth rate of more than 5 per cent. This fact is of particular significance since demand for manufactured goods is largely conditioned by urban consumption pattern. In other words, manufacturing activity accounts for only a small part in generating urban income increases, whereas services play the major role in determining urban consumption levels. The contribution of domestic manufacturing to the increase in the availability of manufactured goods has not exceeded 35 per cent. This percentage would have been much lower if the output of oil-based industries (oil refining and products) were excluded.

The limited production base and the fragmented nature of the industrial set-up, combined with the lack of complementarity in production, are reflected in the pattern of trade in manufactured goods. The relative share of imports of manufactured intermediate products in total manufacturing imports is approaching 50 per cent at the regional level. When compared with the level of manufacturing output, intermediate imports of manufactured goods have accounted for 76 per cent of total manufacturing output in 1977, up from 41 per cent in 1971.

This increasing dependence on external markets for industrial inputs becomes more critical if other imported inputs, such as unprocessed materials and machinery and equipment for industrial use, are included.

This current approach to protectionism in the region has made it difficult to follow an import substitution policy while promoting the export of manufactures on any large scale. Fiscal and monetary policies have also been used in varying degrees to encourage industrial development. However, the effectiveness of promotional provisions and measures in terms of favouring industry and encouraging the channelling of resources into manufacturing, influencing certain lines of production and inducing a certain type of behaviour on the part of existing enterprises, and raising efficiency and productivity has been rather limited.

Direct state industrial promotion in the ECWA region has emerged as a basic instrument of industrial policy. Industrial public enterprises constitute the most important form of direct state promotion. As a general rule, state offorts have been directed at basic industrial activities, calling for relatively substantial investment and entailing greater risks. This is particularly true of the oil countries and of Jordan and Yemen, where the role of state enterprises has been to meet the growth requirements of industrial activities which the private enterprises are unable to meet. On the other hand, in countries where the economic system is more oriented towards controlled economic activities, such as Iraq and the Syrian Arab Republic, the role of the public industrial enterprises is steadily gaining importance. This importance is evidenced by the share of these enterprises in total planned investments.

Generally speaking, and aside from its "entrepreneurial" role, the promotional activities of the state have helped introduce more favourable conditions for the development of manufacturing industry.

Promotion through public enterprises has been supplemented by financial support aimed at assisting industrial establishments meet their financial requirements of long-term and short-term capital.

While industrial development and promotional activities have been directed towards encouraging the building of a new manufacturing capacity, other types of activities, though modest, have aimed at improving the performance and efficiency of existing enterprises through technical assistance in the form of technical advice, training of skilled personnel and technological research.

In conclusion, industrialization in the region needs to go through a process of reorientation where the export of manufactures and, when appropriate, import substitution would form the basis for a new industrialization strategy. In formulating such a strategy, the following aspects need to be considered, both at the national and the regional levels:

1. The planning of "import substitution" within the larger framework of an adequate industrial structure;

2. The co-ordination of investments, along with the development of industrial complexes, so that the growth of industry becomes an organic process benefiting from an interflow of economies and stimulating a deepening of the technological base;

3. The creation of a balanced industrial structure through the development of a wide range of productive capacities in capital, intermediate and consumer goods, and technological capacities in engineering, chemical and electrical industries.

Any strategy adopted should eventually lead to a programme embracing a group of projects directly linked with one another so that the countries concerned could take advantage of the expanded market. In considering the formulation of such a programme at the national level, it would be essential to keep it within a regional context if the industrialization efforts are to succeed. This consideration points to the urgent need to promote co-operation and co-ordination among member countries in these efforts. Indeed, the rate and pattern of industrial growth in the region may well hinge on the extent to which these countries can adopt the necessary measures to co-ordinate related programmes and policies among themselves.

C. MINING AND QUARRYING, ENERGY AND WATER

1. Mining and quarrying

The state of development in the field of mining and quarrying has not changed substantially since last year. However, the following developments are worth noting:

The production of phosphate in Egypt, in Abu Tartur and Abu Zaable deposits, is planned to reach about 9 million tons/year by 1981/82. It is expected that phosphate ore would be processed to produce 175,000 ton per annum (tpa) of triple superphosphates and 350,000 tons of phospheric acid. Iron ore production from the Bahariya Oasis is to reach 3.5 million tons/year. Production of salt, sodium phosphates and manganese from lake Qarun is also expected to be increased. Uranium deposits at El-Mascat area have been reported to be brought into production in 1980, with an annual output ranging between 30 and 50 tons of uranium ore.

In Iraq, the major mining activity has been the extraction of sulphur from the Mishraq deposits. Production of sulphur is expected to reach one million tons by the end of 1980 and exploitation of phosphate rock deposits is due to start in the same year. A solar salt

recovery plant from sea water is expected to start production around 1981. Building materials and some industrial minerals are being extensively exploited. A programme of basic geological mapping is being executed and the date of its completion is planned for 1983. It is not yet known whether and to what extent the Iraqi-Iranian war has affected the mining and quarrying activities in the country.

Mining of phosphate rock in Jordan has expanded to cover 4 main areas: El-Hasa, Ruseifa, Wadi El-Abuith and Shidiyab deposits. The production capacity of the Jordan Phosphate Mining Company has increased and output of phosphate is expected to exceed 4 million tons in 1980. Plans are underway to reach the target level of 5.25 million tons in 1981. Production of potash from the Dead Sea brines has been in progress, despite the fact that only 10,000 tons/year of table salt were produced in 1980. The Arab Potash Company is planning to produce 300,000 tons of potash in 1982, along with 30,000 tpa of bromine and 50,000 tpa of ultra pure MgO. Copper reserves in Jordan have been estimated at 60 million tons while the manganese reserves total 3 million tons only. Further exploration, using geochemical methods, is being carried out and the Public Mining Company is making extensive efforts in this country for the development of construction materials.

A programme of mineral resources development is being implemented in Oman. Efforts to put the country's main copper deposits (Sohar) in operation are progressing satisfactorily. Other minerals known to exist in the country, such as chromite, manganese and some building materials, are being investigated.

Exploitation of minerals in Democratic Yemen is limited to the production of salt and some building materials. Exploration for minerals is continuing in several areas where positive results are expected. Scarcity of capital and shortage of professional staff seem to be the main obstacles facing mineral resources development in this country. Similarly, the mining sector in Yemen is still limited to quarrying, extraction of building materials, and production of portland cement. The decline in salt exportation is mainly due to the uncompetitiveness of Yemeni salt on the international market. However, some efforts have been made to modernize the existing salt mines. Co-operation has been sought from the Arab Mining Company for extracting, processing and exporting industrial minerals. This co-operation is expected to promote the development of a large number of quarries. Exploration for minerals continues to be undertaken and a number of contracts have been concluded with the aim of assessing the mineral potential of North Yemen. The Arab Fund for Economic and Social Development has begun to study the feasibility of launching a comprehensive programme for geological mapping of the two Yemens. Financial and technical aid are, however, needed to overcome the shortage of funds and technical staff in these countries.

Saudi Arabia is implementing an impressive programme of basic geological investigations and mineral exploration. During the last five years, allocations to mineral resources development increased by about 300 per cent. In December 1980, the mining of the Saudi gold deposits at Mahd Adh Dahab has been announced and reports estimate extraction of gold to be between 2 and 3 tons a year.

The Syrian Arab Republic's production of phosphate rock reached 1.17 million tons in 1979. Phosphate production from the Kneiffs region is expected to reach 2.5 million tons/year in 1980. A 3 million target level is planned for 1981-1982. Iron deposits in the Zabadani area, with reserves estimated at 150 million tons, are being investigated. Salt is also mined and some 48,000 tons were produced in 1979.

In the United Arab Emirates, a mineral survey has been carried out covering the northern parts of the country. Some deposits of copper, chromite, talc and building stones have been located. However, mining activity continues to be limited to the extraction of some building materials.

Finally, in Bahrain, Kuwait, Lebanon and Qatar, mineral resources consist almost exclusively of some building materials. Mining activities are, therefore, limited to quarrying, and to providing raw materials for the local cement plants. In Bahrain, however, a solar salt recovery plant from sea water has recently been established.

2. Energy

The economic development of the ECWA region is closely tied to developments in the world oil market. This is due to the fact that ECWA member States possess 48 per cent of the world's proven recoverable reserves of crude oil, with Saudi Arabia alone accounting for 26 per cent of the world total. In terms of oil production, the ECWA member countries accounted, during 1979 and 1980, for some 30 per cent of world oil production. The actual levels of oil production in the ECWA region in 1979 and 1980 are shown in Table 3. It must be noted that the 1980 figures reflect the dislocation of oil production and trade in Iraq during the last quarter of the year.

The ECWA region is not only a major oil producer, but is also the major crude oil exporting region, generally accounting for about one half of the world crude trade. Saudi Arabia is the world's major oil exporting country and has taken the role of "market balancer". In July 1979, Saudi Arabia increased its oil production by one million barrels per day from 8.5 million to 9.5 million. One reason given for this increase was to offset some of the reduction in oil supply from Iran, thereby stabilizing the world oil market.

Table 3. Oil Production in the ECWA Region in 1979 and 1980
(thousands of barrels per day)

Country	1979	1980
Bahrain	50	50
Egypt	506	600
Iraq	3,434	2,604
Kuwait[a/]	2,492	1,749
Oman	295	281
Qatar	499	465
Saudi Arabia[a/]	9,535	9,894
Syrian Arab Republic	163	160
United Arab Emirates	1,831	1,703
Total	18,805	17,506
Production change over preceding year (per cent)		- 6.9

Source: Oil and Gas Journal, 1980, estimated, based on data from Oil and Gas Journal and Oil and Energy Trends.

a/ Including share of neutral zone production.

The world oil market has seen major changes during 1980. For the first three quarters of the year, the market was in a surplus position, with most of the major oil companies and oil consuming countries taking advantage to build up their stocks. By September 1980 it was estimated that there was a 2-3 million barrels per day oil surplus. As a result, many of the OPEC countries announced a 10 per cent cut in production. With effect from October 1980, these countries included the United Arab Emirates and Iraq, but not Saudi Arabia. However, towards the end of September when the war between Iraq and Iran broke out, some 4 million barrels a day of crude oil exports were lost to the market and the previous surplus turned into a potential shortage. The response to the new situation was that Saudi Arabia indicated it would increase its production by 900.000 barrels a day to a record level of 10,400,000 barrels major oil exporting countries, such as Kuwait and the United Arab Emirates, also indicated they would increase their oil production on a temporary basis.

The official sales price of oil increased in 1980, but those increases were of a much more moderate nature than in 1979. As shown in Table 4, the official price increase for crude oil, for selected ECWA member States between January 1980 and late 1980, was around 15 per cent.

The official prices quoted in Table 4 do not reflect the whole story, because premiums and surcharges are included, in addition to official base prices. These premiums are market-related and often apply only to additional quantities or to certain customers. It was estimated in December 1980 that some 13 per cent of OPEC's crude oil was sold with premiums attached.

The spot market price for crude oil from ECWA countries in 1980 generally followed the market supply conditions. As can be seen from Table 4, spot prices weakened during the first nine months of 1980, but with the shortage caused by the Iraq/Iran war, spot prices increased in the last quarter of 1980.

With the ever growing concern over depletion of oil reserves, natural gas reserves are recognized as a vital part of the world's energy supplies. In 1980 the ECWA region had proven gas reserves of 253×10^{12} cubic feet, which represents about 10 per cent of the world total. Unfortunately, a large quantity of the gas produced with oil (associated gas) is flared or wasted. The latest available estimates indicate that about two thirds of the region's gas produced is flared. However, there is a growing awareness that gas resources must be fully utilized and in an efficient manner. An OAPEC symposium on natural gas1/ held in 1980 stressed the need to implement a policy and long-term strategy for the exploration, production and industrialization of natural gas, to rationalize consumption in order to meet the basic development requirements of the Arab region including energy, food and water.

1/ See the Ideal Utilization of Natural Gas in the Arab World, Algiers, 1980.

Table 4. Oil Prices for Selected ECWA Member Countries

(US $ per barrel)

Country	Crude oil type	Official Prices				Spot Prices		
		January 1980	May 1980	September 1980	January 1981	January 1980	May 1980	September 1980
Saudi Arabia	Arabian light 34°API	26.00	28.00	30.00	32.00	38.13	36.22	32.92
Iraq	Kirkuk 36°API	28.18	30.18	32.18	32.18	38.38	36.45	33.00
Kuwait	Burgan 31°API	27.50	29.50	31.50	31.50	36.88	34.85	32.08
United Arab Emirates	Murban 39°API	29.56	31.56	33.56	33.56	39.50	37.35	33.67

Source: For the official prices up to September 1980, see Oil and Energy Trends, November 1980; for January 1981, see Petroleum Intelligence Weekly, 5 January 1981; for spot prices, see OPEC Bulletin, November 1980.

There is now a clear agreement among the ECWA gas producers on the priorities for the utilization of natural gas which are: (i) development of the petrochemical and fertilizer industry; (ii) utilization of gas as a local source of energy; (iii) reinjection of the gas; and, (iv) promoting gas export. In addition, the countries of the ECWA region which export gas indicate that the export price of gas must be aligned with that of crude oil.

With the growing concern in the world over the availability and price of oil, there has been a strong call for the development of new and renewable forms of energy. As a reflection of this concern, the United Nations is to hold a world conference on new and renewable sources of energy in Nairobi in 1981. Preparations for this conference were underway in the ECWA region in 1979 and 1980. From the preparatory, work it is clear that the study of new and renewable sources of energy has aroused great interest in all ECWA member countries. It is accepted that new and renewable forms of energy can fulfill many specific needs in connexion with rural development; a major issue in the ECWA region. Studies are being undertaken on many aspects of the subject, with most attention being paid to research and development activities on the mapping of the potential, utilization and application of new and renewable sources of energy.

Solar energy is undoubtedly the most favoured form of renewable energy in the ECWA region. Most of the activities in this field are in the research and development area and cover solar heating, crop drying and solar thermal electric power generation. There are indications that certain applications of solar energy, especially on a small scale in rural areas are already a commercial proposition and are competitive with other forms of energy. Other forms of new and renewable sources of energy such as wind and biomass are at a much earlier stage in their modern development, but the studies so far undertaken in the ECWA region show that there is good potential for their development.

Finally, it must be recognized that lack of adequate financial allocation and skilled manpower resources could limit the development of new and renewable sources of energy in the ECWA region. The ECWA member countries have therefore stressed the need for close co-operation at the regional and global level. This co-operation should not be limited to the scientific and technical aspects of the subject, but should also address the general question of integrating renewable sources of energy in national energy balances and energy policy.

3. Water resources

The problem of drinking water supply and sanitation facilities in the developing countries has received greater attention in recent years, particularly since the United Nations Conference on Human

Settlements (HABITAT) which was held in mid-1976. It was estimated that, at the time of the Conference, about two thirds of the population in the developing countries did not have reasonable access to safe and ample water supply, and greater proportion lacked the means for hygienic waste disposal. The Conference stressed the need for urgent action to provide water for urban and rural areas, and to adopt and accelerate programmes for sanitary disposal of waste water. In another development, the First ECWA Regional Water Meeting was held in Baghdad in December 1976. Later, the UN Water Conference, which took place in March 1977, called for improved co-ordination at the country level and regular consultations among governments, international organizations and non-governmental organizations concerned. These UN activities led to the concept of launching an international decade (1981-1990) on Water Supply and Sanitation. Hence, water-related activities in the ECWA region were primarily carried out towards the fulfilment of the objectives and goals of the Community Water Supply and Sanitation Decade.

a. Community water supply

The percentage of the population using untreated water supply remains high throughout the region. Some countries reported that no treated water was being used in rural areas. Treated water is, however, being used in the urban areas of Iraq, Jordan, Kuwait, Lebanon, Saudi Arabia, the Syrian Arab Republic and Yemen (see Appendix table 11). World Health Organization standards for drinking water supply were reported to be met in most of the region. In Iraq, where much of the community water supply is from streams and storage reservoirs, it was reported that untreated water was being used by only 20 per cent of the urban population and by about 70 to 80 per cent of the rural population.

Most of the ECWA region belongs to the arid or semi-arid zones which are characterized by scarce or limited water resources. The demand in recent years for water in almost all member States has been accelerated by the rapid socio-economic development of the region. Thus, ECWA countries face serious problems in balancing growing demand with limited supply of water resources. In fact, the region may soon suffer from overdraft1/ conditions, in the form of water quality deterioration and/or resource depletion due to excessive exploitation. In Bahrain, Kuwait, Qatar and the United Arab Emirates, for example, ground-water resources are being depleted, leading to more emphasis on desalination as a main source of water supply. Other countries are either looking for new sources of ground-water or resorting to increased surface storage projects, as in Iraq and Lebanon, where surface water is abundant. In Jordan, water resources are not only scarce but their geographical distribution does not coincide with the needs of the

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1/ That is, when the discharge of water exceeds the recharge to the water basin.

various localities. This results in the additional financial burden of water transportation.

b. Sanitation services

As shown in Appendix table 11, urban areas have been provided with more and better sanitation services than rural areas. Sanitation facilities in rural areas of some member coungries are almost non-existent. In others, such as Democratic Yemen, Egypt, Iraq, Oman, the Syrian Arab Republic and Yemen, they are very inadequate.

In most countries, sewage effluent is untreated1/. Iraq provides primary treatment for most of its urban areas, and plans are underway to commence secondary treatment in some areas. Jordan has primary treatment for most urban areas. Kuwait has secondary treatment for urban areas, while Bahrain has primary treatment in some areas, but is moving towards secondary treatment levels in all urban areas. Oman has a plant under construction for secondary treatment for greater Muscat. Qatar has secondary treatment for the capital Doha and its vicinity. Saudi Arabia has both primary and secondary treatment in selected areas, and has plant to upgrade treatment levels throughout the country.

Typically, sewage effluent flows of cities adjacent to coastal areas are destined to the sea. In landlocked cities, waste disposal often finds its way to existing streams and sometimes through open channel systems. However, in Iraq some waste water is treated and reintroduced to the stream systems, and some is fed into depressions and eventually evaporates or recharges ground-water aquifiers. In Kuwait, some effluent flows are used for irrigation purposes. In Qatar and in the United Arab Emirates, treated sewage effluent is being used in public gardens. In Saudi Arabia, studies are currently underway on better ways to dispose of waste waters.

On the planning side, community water supply and water disposal planning is generally integrated with the overall socio-economic development plans. Water programmes are usually given higher priority order in the overall budget and sanitation services.

Although it is believed that comprehensive programmes for community water supply and sanitation are still lacking in the region, ten ECWA countries indicated that they had national plans relating to

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1/ Few countries of the region, notably Bahrain, Iraq and Kuwait, have regulations to control treatment and disposal of industrial waste water. Others are studying the problem and expect to have such regulations in the future.

community water supply1/. These are Bahrain, Democratic Yemen, Egypt, Iraq, Jordan, Kuwait, Lebanon, Oman, Saudi Arabia and Yemen. With the exception of Kuwait and Yemen, these countries set both rural and urban targets. Kuwait, Lebanon and Saudi Arabia did not report about plans for sanitation services in either rural or urban areas.

Aside from the most serious natural resource problem facing the region, namely, the shortage of water supply in many member countries, there exist a number of problems which hinder the ability of these countries to achieve their water resources targets. These problems include (a) shortage in the non-oil countries of financial resources to execute the projects; (b) lack or absence of efficient co-ordination among concerned national agencies; (c) absence of central authority at the country level; and, (d) lack of water resources data, particularly in the countries of the Arabian Peninsula.

A review of the community water supply and waste disposal situation in the ECWA region shows recent improvement in related services in several countries, in both rural and urban areas. However, much remains to be accomplished. Cheaper methods of producing desalinated water are being sought and more thought has been given to preserving aquifers. The ambitious and highly expensive desalination

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1/ In some countries, only project areas have been delineated, while in others, major projects have been identified and formulated. In Democratic Yemen, nine sanitation projects have been identified. In Bahrain, the proposed projects deal with (i) the construction of major elevated tanks, ground storage tanks, pumping stations, boreholes and trunk mains; (ii) rehabilitation of the existing distribution systems; and, (iii) increasing the desalinated water production and improving water quality. In Egypt, in addition to six projects currently in progress, four major projects have been identified and ten others proposed for water supply and sanitation, to be implemented over the 1980s. In Iraq, six sanitation and ten water supply projects are currently underway. In Jordan, the process of project identification for water supply distribution and sewerage systems has reached an advanced stage. At present six consulting firms are engaged in preparing feasibility studies and final designs for eight major projects and three additional ones are being implemented. In Kuwait, distillation plant installations have been proposed in anticipation of the growing water demand. Most of these projects are planned for the early part of the 1980s.

projects which has so far characterized water supply plans might not be the best answer. Using high quality desalinated water for average uses is clearly uneconomical, particularly when major cities are producing large quantities of water effluents which can be treated and converted at low cost.

The region's efforts to develop and improve water supply and waste disposal services have typically favoured urban areas to the neglect of rural areas. More even and geographically balanced efforts are essential, inter alia, to help slow down rural to urban migration and to protect the country side from pollution.

III. SERVICES SECTORS

A. TRADE AND PAYMENTS

The rate of growth of world trade is expected to have decelerated in 1980 as a result of the decline in the volume of crude petroleum traded. The expected growth of 2-3 percentage points in the volume of world trade is significantly lower than the 5.5 per cent increase recorded in 1978 and the 6 per cent rise estimated for 1979. Accordingly, the rise in the value of world trade in 1979 and 1980 is largely attributed to the high rates of inflation registered in most countries1/. While the prices of primary commodities other than oil increased by 17 per cent in 1980, compared with 14 per cent in 1979, the prices of manufactured goods slowed down slightly, falling from 14 per cent in 1979 to 12 per cent in 1980.

In nominal terms, the export performance of the developing countries was characterized by considerable fluctuations during the period reviewed. In 1978, exports from developing countries grew by less than 5 per cent, which was in line with the expansion in volume. In 1979, the expansion in the value of exports by about 33 per cent was virtually due to price increases.

The ECWA region is characterized by the extreme dependence on the external sector, as a means to generate income and employment and to procure raw materials, consumer and capital goods, and technological know-how. The highly concentrated commodity structure of exports and the uneven geographical distribution of trade highlight the vulnerability of member countries to exogenous factors.

1. International trade

a. Export trade

Following their phenomenal increase by 246 per cent in 1974, the region's aggregate dollar value of exports grew slowly at an average annual rate of 9.4 per cent between 1975 and 1978 (Table 5), reaching about $ 79 billion in 1978. A marked acceleration in growth was recorded in 1979 where exports grew by 55 per cent, following a slight decline of 0.7 per cent in the preceding year. This high growth was associated with the oil economies which realized an average growth rate of 56 per cent, than with the non-oil economies which attained an average rate of 32 per cent. Country differences were also in strong evidence, with rates ranging between a high of 94 per cent for Iraq and a low of 28 per cent for Bahrain.

1/ World trade increased by nearly 25 per cent in 1979 and 30 per cent in the first half of 1980, compared with the first half of 1979 (IMF Survey, October 27, 1980).

Table 5. Average Annual Percentage Change in the Value of Exports and Imports of Western Asia a/

1975-1979

	Export			Import		
	1975-78	1978	1979	1975-78	1978	1979
Total ECWA region	9.4	-0.7	55.0	30.0	14.3	15.6
Oil economies	9.7	-1.0	56.0	34.0	19.0	...
Bahrain	18.2	2.7	28.0	21.0	0.8	...
Iraq	10.1	14.6	94.0	-	-6.0	...
Kuwait	4.4	7.3	67.0	24.0	-5.0	16.6
Oman	3.2	-1.4	43.0	6.6	11.5	9.3
Qatar	9.4	12.6	59.0	42.0	-3.3	20.2
Saudi Arabia	11.1	-6.3	46.0	70.0	39.4	...
United Arab Emirates	9.6	-4.9	50.0	26.0	19.5	22.7
Non-oil economies	0.4	13.4	32.0	13.1	-6.4	...
Democratic Yemen	8.7	22.0	...	...	...	...
Jordan	25.0	19.3	35.0	27.0	8.5	30.0
Lebanon	-12.3	45.0	...	...	...	...
Syrian Arab Republic	4.2	-0.9	55.0	13.6	-8.0	35.4
Yemen	-14.0	-36.0	...	60.0	23.4	...

Source: ECWA, based on data compiled from international sources.

a/ Based on the dollar value of exports and imports with compound annual growth rates calculated on the basis of the initial and end years.

Note: ... = nil or negligible.

The two factors affecting the volume of the region's exports most remain the changes in the oil industry and the level of agricultural output. However, other factors particular to individual countries influenced export performance differently. For example, industrialization efforts began to bear fruits. Thus, Bahrain greatly benefited from the rapid development of aluminium exports, particularly as output from the onshore oil field declined and the rate of growth of other non-oil exports and re-exports dropped.

The highest rate of export growth in 1979 was recorded by Iraq, reflecting a sharp expansion in crude oil exports. In Kuwait, the sharp recovery in the export performance in 1979 was mainly attributed to the rise in the value of oil exports1/. Non-oil exports and re-exports also contributed to the overall growth in the value of exports. Following their decline by 62 per cent in 1976, fertilizer exports rose by 11 per cent, 42 per cent and by 16 per cent in 1977, 1978 and 1979, respectively. Shrimp exports increased by 5 per cent and 7 per cent in 1978 and 1979, respectively. Re-exports, which declined for the first time in 1978 as a result of decongestion in neighbouring Gulf ports and the political developments in Iran, grew by 42 per cent in 1979.

Crude oil, which was virtually Oman's only export item in the early 1970s, still accounted for 94 per cent of total export earnings in 1978. However, exports of Omani origin quadrupled in 1978, reflecting sales of asbestos pipes and flour to the United Arab Emirates, and an increase in fresh fish and tobacco exports, along with the traditional dried limes and dates. Meanwhile, re-exports, consisting mainly of automobiles, construction equipment and consumer non-durables, like cigarettes, gained importance since 1976, following the clearing of port congestion in Oman and the improvements in regional road links.

In Qatar, oil receipts rose by 11 per cent in 1978 as a result of an increase in the volume of exports. However, the high rate of growth in export value in 1979 resulted from higher oil prices as oil export volume increased by only 2.4 per cent over the preceding year. Fertilizers' exports rose rapidly since 1977 owing to an increase in output and export demand. Finally, steel exports expanded by about 223 per cent in 1979, the first full year of operations of the steel plant.

Following the large rise in 1974, the value of Saudi Arabia's oil exports fluctuated considerably in the subsequent four years2/.

1/ Oil exports increased by around 79 per cent in 1979; this resulted from a rise of 17.3 per cent in volume and 50 per cent in official oil prices (Central Bank of Kuwait, Economic Report for 1979).

2/ Oil prices rose moderately in the early part of the 1975-1978 period and remained unchanged between mid-1977 and the end of 1978.

In 1979, the substantial increases in oil prices, coupled with a 13.7 per cent rise in export volume produced a 56 per cent increase in the value of oil export. Non-oil exports remained insignificant, with the rising level of non-oil production largely absorbed in the domestic market.

In the United Arab Emirates, little change was recorded in the volume of crude oil export during 1979, compared with 1978. The production and exports of natural gas declined. However, the Government policy of diversification of domestic production, has contributed to the development of non-oil exports including paper products, beverages, pipes, cement and fabricated structural parts of iron and steel. In the meantime, re-exports registered a substantial increase during the first half of 1979.

In Democratic Yemen, exports of fresh fish dropped in 1978 to less than half the level of 1977, while salt-exports increased by about 61 per cent. The rise in re-exports was due to the expansion in the free zone activity.

The share of phosphates, Jordan's main export product, declined from 49 per cent of domestic exports in 1974 to about 25 per cent in 1978. However, an increase in earnings from phosphate exports, as a result of higher international prices, was recorded during the year. Earnings from the second major category of export products, namely, fruits and vegetables, experienced a rapid expansion in recent years as a result of increased production due to new irrigation facilities and improved prices. In 1978, however, the sharp rise in vegetable exports was offset by a decline in those of citrus fruits. Exports of chemicals and manufactured goods, particularly shoe polish, pharmaceuticals and building materials, have expanded rapidly in recent years, with the exception of cement which, since 1975, was switched from an export item to a large import commodity.

The export performance of Lebanon in 1978 reflected many changes. Building materials declined as percentage of the total while agricultural products, foodstuffs, beverages, chemicals and textiles increased their contribution1/.

Since 1974, crude petroleum replaced cotton as the leading export item of the Syrian Arab Republic. However, the value of petroleum exports remained rather stagnant in 1977 and 1978, declining in the former year and growing by only 5 per cent in the latter.

1/ The share of building materials is estimated to have declined from 40 per cent of total exports in 1977 to 28 per cent in 1978; as for agricultural products, foodstuffs and beverages, they increased from 24 to 31 per cent.

The year 1979 is likely to show a sharp increase in the value of oil exports due to substantial increases in world prices. In contrast, cotton exports are expected to have decreased in 1979 as a result of reduced production and further diversion of production into domestic consumption.

In Yemen, the extremely poor performance of exports illustrates the narrow domestic resource base and the limited number of exportable items. In 1977/78, the situation was further compounded by the decline in cotton exports, Yemen's main export commodity.

b. Import trade

The growth in the dollar value of total imports into the region started declining after 1974, falling from a peak of 82 per cent in that year to an average of 30 per cent during the 1975-1978 period and 16 per cent in 1979 (Table 5). During 1976-1978, imports of the oil economies expanded much more rapidly than those of the non-oil economies, with growth rates varying from virtually no change for Iraq to a maximum of 70 per cent for Saudi Arabia.

The low rate of growth of imports in Bahrain during 1978 reflected the slow-down in economic activity as well as the decline in re-exports to other Gulf countries. In Oman, import growth decelerated in 1978 and 1979, following the slow-down in the economy and the decrease in public investment. In Kuwait, Qatar and the United Arab Emirates, imports increased in 1979, recording rises of about 17, 20 and 30 per cent, respectively, following the decline in 1978 of about 5 and 3 per cent in the first two countries, respectively.

The increase in the rate of growth of imports of Jordan and the Syrian Arab Republic during 1979 was linked to the jump in investment expenditure, enhanced by the rise in aid and remittances from their nationals working abroad, notably in the Gulf area. As for Yemen, government imports increased substantially in 1977/78, partly reflecting an increase in the utilization of aid to finance commodity imports and project loans, and partly the importation of consumer goods for sale to government employees through co-operatives.

c. Trade balances and export/import ratios

The trade surplus of the oil economies reached a peak of $ 53 billion in 1974, and declined thereafter to $ 38 billion in 1978. Available statistics for Kuwait, Oman, Qatar and the United Arab Emirates show higher surpluses in 1979, varying from around $ 12 billion in Kuwait to about $ 0.9 billion in Oman. In sharp contrast, the non-oil economies recorded increased overall trade deficits reaching $ 4.7 billion in 1978, with Jordan, the Syrian Arab Republic and Yemen accounting for $ 1.2, $ 1.4 and $ 1.3 billion of the deficit, respectively.

The overall export/import ratio of the oil economies declined sharply from 6 in 1974 to an average of 2.6 in 1975-1978. In 1978, Iraq had the highest ratio of 2.6. In 1979, Kuwait registered a 3.3 export/import ratio. In the non-oil economies, the export/import ratio remained during the period 1975-1978, very low, at less than a half, with Yemen recording a mere 0.01 ratio in 1978. Thus, it may be concluded that the relationship between exports and imports, whether expressed in terms of trade balances or export/import ratios, has generally deteriorated in recent years.

d. Commodity structure of trade

Fuel continued to account for the bulk of the region's export trade, constituting about 97.6 per cent of total exports in 1978[1/] (Appendix table 12). Crude oil accounts for most of fuel exports, except for Bahrain, where refined oil products represented 80 per cent of the fuel exports in 1978[2/].

Efforts at export diverfisication in the direction of manufactures were met with some success in recent years, as reflected in the small decline in the relative importance of oil in favour of manufactured goods. Viewed against the totality of exports of the oil economies, manufactured goods appear to be relatively significant only in the case of Bahrain and, to a much lesser extent, in Kuwait and Qatar. In Bahrain, the share of manufactures in total exports almost doubled, rising from an average of 7.2 per cent in 1974-1975 to 13.4 per cent in 1977. However, this share dropped to 9 per cent in 1978, due to a fall in re-exports. In Kuwait and Qatar, manufactures appear to dominate the non-oil export trade, attaining in Kuwait 90.1 per cent of the total in 1977 and in Qatar almost 100 per cent in 1979[3/]. With the exception of the United Arab Emirates, exports of manufactures have been growing in importance in the remaining oil economies, namely, Iraq, Oman and Saudi Arabia.

In the non-oil economies, while manufactured goods were responsible for almost three-fourths of total exports from Lebanon in 1977, they gained considerable ground in Jordan. In Yemen, exports of manufactured goods registered a remarkable increase reaching 38.2 per cent of total exports in 1979, compared with only 5 per cent in 1974-1975. As for Democratic Yemen and the Syrian Arab Republic, there

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1/ Data excluding Kuwait, Lebanon and the two Yemens.

2/ Exports of oil products are also significant in the case of Iraq, Kuwait and Saudi Arabia.

3/ In Qatar, fertilizer exports increased by 145 per cent in 1978, over 1977, and by 36 per cent in 1979. Shrimps contributed a modest amount to export receipts in 1979.

appears to have been a slight decrease in the relative importance of manufactured goods in recent years.

The non-oil economies are greatly dependent on the export of primary commodities, which accounted in 1977 for about 30.6 per cent of total exports and 56 per cent of non-oil exports. In Jordan, the average share of primary commodities in total exports fell from 79 per cent in 1974-1975 to 64.4 per cent in 1979, mainly as a result of the substantial decline in ore and metal exports, with exports of fruits and vegetables increasing slightly over the same period. In the Syrian Arab Republic, cotton exports decreased substantially during 1979, reflecting reduced output and further diversion into domestic consumption, as a result of the completion of new textile factories. The share of agricultural raw materials dropped from 18.7 per cent of total exports in 1978 to 13.5 per cent in 1979.

The share of manufactured goods in the import trade of the ECWA countries recorded significant increases in recent years, rising from about 63 per cent of total imports in 1974-1975 to 75 per cent in 1977 and to 77 per cent in 1978[1/]. The growing importance in import trade of machinery and transport equipment is best illustrated in countries like Iraq, Kuwait, Qatar, Saudi Arabia and the United Arab Emirates.

Imports of primary commodities are dominated by food items in the oil economies, reflecting dependency on external sources for food supplies, self-sufficiency with respect to fuels and a relatively low demand for raw materials[2/]. In the non-oil economies, the larger share of primary commodities was generally more evenly distributed among food, fuels and raw materials.

Finally, the classification of imports by end-uses reflects their changing pattern as economic development proceeds[3/]. In the United Arab Emirates, the share of final consumption goods in total imports declined slightly from 47.8 per cent in 1974-1975 to 46.6 per cent in 1979, while the share of intermediate goods appears to have increased from 12.4 to 15.8 per cent; the share of capital goods in the total remained virtually the same.

1/ The percentage shares exclude Yemen for 1977 and Kuwait, Lebanon and the two Yemens for 1978.

2/ With the exception of Bahrain, where fuel (crude oil) imports accounted for 45.5 and 43.6 per cent of total imports in 1977 and 1978, respectively.

3/ The apparent changes in the composition of imports could also be attributed to an improvement in the allocation of imported items among various categories.

In Kuwait, available data show a dramatic rise in the share of capital goods in 1977, reaching 29.3 per cent, compared with 19.9 per cent in 1974-1975. The share of consumption goods dropped sharply from 47 per cent in 1974-1975 to 38.3 per cent in 1977. In Jordan the imports of raw materials increased in importance, rising from 25.6 per cent of the total in 1978 to 30.4 per cent in 1979. Over the same period, the shares of consumption and capital goods declined from 38.2 and 35.1 per cent to 36.5 and 32.8 per cent, respectively. A similar trend was observed in the Syrian Arab Republic where the share of intermediate goods rose from 54.4 per cent in 1974-1975 to 60.7 per cent in 1979. Over the same interval, the share of consumption goods fell from 20.8 per cent to 16.9 per cent, and that of capital goods from 24.8 per cent to 22.4 per cent.

e. Geographical distribution of trade

Intraregional trade continues to play a modest role in the ECWA region, accounting, in 1979, for about 4 per cent of exports and 8 per cent of imports (Appendix table 13). This situation reflects, on the export side, the predominance of crude oil, which is, to a large extent, marketed outside the region. For the non-oil economies, however, the ECWA region represents a major outlet for their exports of food products and manufactured goods, absorbing 32 per cent of their exports in 1979.

In 1979, Saudi Arabia supplied 31 per cent of intraregional exports1/, followed by Kuwait, with 19 per cent, and by Iraq and Lebanon with 12 per cent each. On the import side, Bahrain became the main import market since 1978, accounting for 25 per cent of intraregional imports in 1978, and 24 per cent in 1979. Saudi Arabia came next with 19 per cent and 13 per cent in 1978 and 1979, respectively.

Despite the decline in its share, the EEC still represents the most important export market for both the oil and non-oil economies, absorbing, on the average, 35 per cent of regional exports in 1979. With the exception of Kuwait, the oil countries registered a decrease in the share of their exports destined to the EEC in 1979, compared with the 1974-1975 period. This decline was most spectacular in Oman, where the share of exports fell from 34 to 14 per cent. The United States increased in relative importance as a market for this group, with its share rising from 4 per cent in 1974-1975 to 11 per cent in 1979. Japan maintained its market share at about one-fifth. With respect to the exports of the non-oil economies, the share of the EEC market increased, on the average, from about 20 per cent in 1974-1975 to 34 per cent in 1979. The position of the Council for Mutual Economic Assistance (CMEA), which is a relatively important market

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1/ Largely reflecting the importance of crude petroleum supplied to Bahrain.

for the exports of this group, deteriorated somewhat in recent years, absorbing only 9 per cent of exports in 1979. In contrast, the United States, which absorbed only 2 per cent of exports of the non-oil economies in 1974-1975, gained considerable ground in 1979, with its share increasing to 6 per cent.

The EEC stands as the leading extraregional supplier of imports, providing 37 per cent of the region's aggregate imports in 1979. Japan emerged second in importance with its share (14.4 per cent) slightly surpassing that of the United States. The share of the CMEA countries in total imports declined in 1979 to 4 per cent, compared with 5 per cent in 1974-1975. Similarly, China's share, already very small, recorded some decline. Meanwhile, the share of the European Free Trade Association (EFTA) improved by about one percentage point, to 4.9 per cent over the same interval reflecting the sharp increase in imports by Iraq, Saudi Arabia and Yemen.

It should be noted, however, that while Japan, the United States and EFTA are much more important import suppliers from the point of view of the oil economies, the CMEA assume greater significance in the case of the non-oil economies.

2. International payments and reserves

a. The oil economies

A distinctive feature of the balance of payments of the oil economies is the existence of large trade surpluses1/. These trade surpluses, however, have fluctuated in recent years, declining in 1978 and rising substantially in 1979 (Appendix table 14). In Oman, the decrease in the 1978 trade surplus was related to the large growth of unrecorded imports, comprising mostly military hardware and services. In Saudi Arabia and the United Arab Emirates, the decline in the trade surplus could be traced back to the fall in exports combined with a continued rise in imports. The year 1979, however, showed a marked increase in the trade surpluses of the oil countries, as a result of the substantial increase in the price of crude oil, coupled with a modest expansion in export volume.

The trade surpluses have been partially utilized to pay for factor services rendered by non-residents in the field of oil operations, but increasingly for services associated with non-oil activities2/. It should be noted, however, that returns on international investment also grew very rapidly in recent years, particularly in the larger oil

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1/ Except in Bahrain, which registered a persistently deteriorating trade deficit over the period 1976-1978.

2/ In Saudi Arabia, for example, remittances of expatriate workers rose from $ 1,473 million in 1976 to $ 2,505 million in 1979; over the same period, these remittances increased from $ 315 million to $ 532 million in Kuwait and from $ 470 million to $ 710 million in Qatar.

producers1/. With the exception of Kuwait, the larger oil producers registered growing deficits in their services account, reflecting the large and increasing payments for freight, insurance and travel2/. The services account of the other oil countries, with the exception of Oman, remained in surplus since 1976. As for private and public transfers abroad, they showed a continuous growth over the period reviewed.

The current account balance of the larger oil producers greatly deteriorated in 1978, recording in Saudi Arabia a deficit of $ 1,026 million, compared with an average surplus of $ 13,246 million in 1976-19773/. In the United Arab Emirates current account surplus dropped from $ 1,413 million to $ 646 million over the same period. The year 1979, however, presented a completely different picture, with current account surpluses ranging between $ 3,192 million for the United Arab Emirates and $ 14,219 million for Kuwait.

Among the other oil producers, Qatar experienced a continuous surplus on its current account over the period 1976-1979. Bahrain's current account remained in deficit, while that of Oman varied from $ 95 million surplus in 1976-1977 to a deficit of $ 83 million in 1978.

In general, current account surpluses of the oil economies have been utilized to finance capital outflows, mainly long-term capital, and as of 1978 short-term capital in the case of Kuwait, Oman and Saudi Arabia.

b. The non-oil economies

In sharp contrast to the surplus position of the oil economies, the balance of payments situation of the non-oil economies continues to be characterized by sizable and persistent trade deficits (Appendix table 14). However, substantial financial transfers from

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1/ Available information shows that investment income receipts have risen in Saudi Arabia from $ 2,890 million in 1976 to $ 4,916 million in 1979 and from $ 1,631 million in 1976 to $ 2,964 million in 1978 in Kuwait.

2/ In Kuwait, investment income receipts and earnings from the rapidly developing shipping industry offset payments for other services.

3/ In 1978, Saudi Arabia registered a deficit in its current account due to contraction in exports, continued expansion in imports, rising remittances by expatriates and huge official transfers.

the oil producing countries, as well as remittances from expatriates working in the Gulf area, have contributed to reducing the deficit and, in some cases, to realizing a surplus on current account.

In the case of Jordan, the trade deficit has, in recent years, been largely offset by public transfers and factor income, mainly from within the region and from tourism and travel, leading to a surplus in the current account1/.

The services account in Lebanon has shown a surplus in recent years, rising from an average of $ 351 million in 1976-1977 to $ 433 million in 1978. Incoming transfer payments increased from $ 572 million to $ 675 million, over the same period. The combined effect of these factors resulted in a surplus on current account.

In the case of the Syrian Arab Republic, the services account deteriorated further in 1979, thus accentuating the trade deficit. However, the substantial rise in public transfers from abroad, which reached $ 1,627 million in 1979, from $ 783 million in 1978, produced a current account surplus of $ 86 million. And despite a decrease in capital inflows, a significant addition to the country's international reserves was recorded in 1979.

In Democratic Yemen, the current account deficit declined in recent years, mainly as a result of the growth of workers' remittances, from $ 153 million in 1976-1977 to $ 312 million in 1979. In contrast, the other least-developed member country, Yemen, was able over the period 1976-1978 to sustain, on account of sizable remittances and capital inflow, a large and widening deficit on goods and services and simultaneously make significant additions to its international reserves. In 1979, however, Yemen registered a deficit on its current account despite an increase in remittances from Yemenis working abroad and a substantial rise in aid and loans, mainly from within the region.

c. International liquidity

The region's international reserves (as defined in Appendix table 15), increased from $ 29.30 billion in 1978 to $ 30.92 billion in 19792/. The overall level of reserves of the non-oil economies rose slightly from $ 5.25 billion in 1978 to $ 5.42 billion in 1979. Significant declines, however, were recorded in the case of Lebanon.

1/ Except in 1978 where Jordan recorded for the first time in a number of years a deficit on its current account as a result of widening trade deficit, marginal decline in the services account surplus and a drop in foreign aid.

2/ Data exclude Iraq for lack of recent information.

Despite the increase in reserves in 1979, the region's overall reserves/imports ratio deteriorated compared to 1978, due to the sharp rise in imports, dropping from 0.64 in 1978 to 0.58 in 1979.

At the country level, however, Oman experienced an improvement in its reserves/imports ratio which rose from 0.33 in 1978 to 0.44 in 1979. The United Arab Emirates and Qatar also witnessed some improvement over the same period.

B. FINANCIAL DEVELOPMENTS

The international monetary and financial system has been characterized by such problems as the unpredictability of exchange rate fluctuations, foreign reserves levels and imbalances in international liquidity, as well as inadequacies in development financing. The consequences of these chronic ills have been reflected in part in slower growth rates, higher rates of inflation and growing imbalances in the external accounts.

To bring about a reform of the international monetary and financial system, international efforts have focused on achieving an appropriate structural reform of the International Monetary Fund, the World Bank and affiliated agencies. The progress, so far, though significant, is not considered adequate enough to meet the formidable tasks facing the world, in general, and the developing countries, in particular.

For their part, the ECWA countries are intensifying their participation in measures and schemes aimed at improving the operation of the present international financial system. Attempts are made to secure, both within and outside the region, sound investment outlets for the accumulated financial surpluses of the oil countries. However, the policy instruments and approaches pursued have, to a large extent, been reflective of the institutional framework of the financial systems prevailing in these countries.

Significant progress has been achieved in developing and establishing appropriate financial institutions aimed at facilitating the co-ordination of financial policies and promoting the development of mutually supporting financial markets within the region. In this, a number of oil and non-oil countries have succeeded in creating the nucleus of a network of banking and financial institutions to serve as financial centres in the region with different orientation and specialization, if necessary. For example, Bahrain, through its off-shore banking system, is concentrating on developing its capabilities, in short-term transactions mainly in dollars, while Kuwait is developing as a supplier of long-term financing in Kuwaiti dinars. Beirut is striving to resume its role of serving essentially as a centre for the financing of regional trade and the management of private accounts.

No doubt the establishment of the institutional framework is expected to facilitate, in the long-run, the co-ordination and harmonization of the fiscal and monetary policies and systems of member countries, leading to the creation of a fully integrated Arab financial market, and to promote economic co-operation and integration in the region. However, efforts need to be intensified to devise policies and measures aimed at improving the operations of these institutions and increasing their involvement in the mobilization and allocation of resources at both national and regional levels within an environment supported by adequate legal and auxiliary institutional infrastructures. The crucial role of the central banks of member countries and of regional institutions in this process cannot be over-emphasized.

1. Fiscal developments

The rapid expansion in government financial resources and expenditures has rendered the government budget as the most important economic force affecting the magnitude of economic and social activities. Neverthelsss, the undeveloped nature of the fiscal systems in the region has prevented governments from making an effective use of fiscal policy instruments in pursuing development objectives. This section briefly reviews fiscal developments in ECWA member countries during the period 1979-1980 and highlights the problems which confront policy-makers. In view of the differences in the prevailing fiscal systems and due to the lack of adequate data, the examination is confined to broad comparable categories of revenues and expenditures.

a. Government revenues

Government revenues continued their upward trend in all the countries of the region, as depicted in Appendix table 16. The rate of increase in total revenues in the oil countries was more significant during the period 1977-1980, mainly because of the developments in the price of oil. At the country level, while oil revenues were projected to remain virtually unchanged in Bahrain during 1978-1979, provisional actual receipts for 1978 exceeded the budget by over Bahraini dinars 30 million, and because of the 1979 increase in oil prices, oil revenues are expected to have exceeded the budget estimates by BD 45 million for that year.

In Qatar, after increasing four-fold to Qatari riyals 6.8 billion in 1974, oil revenues fluctuated within a relatively narrow range and averaged QR 7.3 billion in 1975-1978. During this period, oil production showed a declining trend while official sales prices rose moderately. But in 1979, total oil revenues increased to QR 11 billion as a result of the doubling of oil prices. Thus, on the basis of prices prevailing at the end of 1979, oil revenues in 1980 are expected to have been substantially higher than previously estimated.

In Saudi Arabia, the level of total government expenditures was set on the basis of expected revenues of Saudi riyals 185 billion, i.e., 41 per cent above the revenues for 1978/79, due mainly to higher oil receipts. Because of the increase in oil prices in November 1979, both total government expenditures and revenue targets for 1979/80 were revised upward to a level of SR 215 billion and SR 230 billion, respectively. On the basis of preliminary estimates available in January 1980, a substantial overall budget surplus is anticipated.

In the oil countries of the region, proceeds from the oil sector have continued to constitute the bulk of governments' revenues. On the average, receipts from oil amounted in 1979 to 83 per cent of total government revenues in Kuwait, 88 per cent in Saudi Arabia, and 90 per cent in each of Oman, Qatar and the United Arab Emirates. The share of non-oil revenues, though gradually rising in some cases, remains low. The major source of non-oil revenues consists of return on government investments, which is made up mostly of foreign financial assets.

In Kuwait, investment income arising from the external financial assets accounted for 83 per cent of the total investment income of Kuwaiti dinars 388 million in 1977/78. While investment income grew by nearly 45 per cent annually on average between 1973/74 and 1977/78, the growth gradually declined from year to year. In Saudi Arabia, such revenue source increased sharply up to 1976/77 but levelled off in the following two years as total official assets declined moderately.

Other non-oil revenue sources include customs duties, taxes and fees which have also shown an increasing trend during the period under review. The increasing trend is largely attributed to some expansion in the non-oil sectors of the economy. In Saudi Arabia, for example, receipts from income taxes and customs duties reflected the rising profits of foreign companies operating in Saudi Arabia and the sharp growth in imports.

Apart from those mentioned above, there are no other broad-based direct or indirect taxes in the oil countries. However, some of the countries, like Bahrain and Oman, have been receiving supplementary financing in terms of grants and loans which represented in Bahrain over 10 per cent of total receipts during 1977/78. In Oman, even though oil revenues increased only slightly in 1977, grants reached a peak of 92 million riyals, resulting in an overall budget surplus.

During the period under review, the structures and trends of government revenues in the non-oil economies, including the least-developed, have not undergone much change. Receipts from taxes in

general, and indirect taxes in particular, remained the major source of government revenues (Appendix table 16).

In Lebanon, the largest portion, or 54 per cent, of government receipts in 1979 was estimated to have originated from indirect taxes, representing mainly LL 700 million from customs duties. Receipts from other sources, i.e., fees and dues and the share of profits from the Central Bank, were budgeted to yield some LL 516 million, while direct taxes were estimated to provide about LL 325 million.

In Jordan, the tax system relies heavily on indirect taxes with import duties being the most important item accounting for about two thirds of the total tax revenues during the period 1978-1979. Taxes on net income and profits accounted for 21 per cent and those on goods and services for 11 per cent of tax revenues in 1979.

In the Syrian Arab Republic, while there were no major changes in the tax system during 1979, transfers of surpluses from public sector enterprises are expected to have risen appreciably, mainly due to the sharp increase in the value of petroleum exports.

An important source of revenue to the region's non-oil member countries has been the flow of financial aid from the oil countries which has been instrumental in bridging the budgetary gap and in financing development projects. Thus, in Jordan, a 52 per cent increase in revenue in 1979 over 1978 resulted essentially from a large inflow of foreign aid in the form of grants and loans which grew by around 130 per cent.

Similarly, the Syrian Arab Republic also benefited from both bilateral and multilateral Arab aid which began to grow since mid-seventies.

b. Government expenditures

Government expenditures continued their upsurge during 1979-1980 in both the oil and non-oil countries, as shown in Appendix table 17. The scale and pattern of these expenditures, both in terms of current and capital outlays, varied depending on, inter alia, the resource endowment, productive capacity, consumption habits, employment and redistribution considerations, as well as on the individual country development strategies.

A common feature in the oil countries in recent years has been the intensification of efforts to maintain a better balance between effective demand and supply and consequently to combat the pervasive inflationary pressures. Reflecting this trend, retrenchment in Qatar's government spending was intensified in 1978. Capital outlays dropped by 25 per cent as a result of reduced spending on land acquisition and a halt on new projects. Current expenditures grew only slightly, due to government's policy on wage and salary restraint and to a decline

in external grants. Similarly, government outlays in Bahrain which grew at an average annual rate of about 70 per cent between 1974 and 1976, rose by 27 per cent in 1977, as the government adopted a restrained fiscal policy. In 1978, growth of government expenditures was further reduced to 9 per cent mainly by curtailing capital expenditures including housing outlays which were cut by over 20 per cent. As a result, the overall budget deficit in 1979 was reduced from the 1977 level. The 1979 budget continued the conservative fiscal stance of 1978, although estimates of expenditures were later revised upward due to the rise in oil prices.

During the period 1979-1980, the large increases in both ordinary and development expenditures in some of the oil countries were expected to have resulted in a budget deficit. This was primarily due to the fact that oil revenues had been projected for the period 1979-1980 on the basis of a relatively modest price increase of 5 per cent which proved to be substantially lower than actual increases. As a result, the recent oil price increases are expected not only to cover anticipated budgetary deficits but also to show surpluses.

In the non-oil countries of the region, the upsurge in both current and development expenditures continued to result in increasing budgetary deficits. In Jordan, expenditure allocations for 1979 have been increased by nearly 41 per cent, with current and capital outlays growing by 35 per cent and 49 per cent, respectively, over the previous year. The rise in current expenditures was partly due to a cost of living adjustments of 15-25 per cent granted to civil servants at the beginning of 1979 and to higher prices of goods and services bought by the government.

In Democratic Yemen, expenditure allocations for 1979 increased by 26 per cent over actual figures for 1978. The major part of the increase was allocated to defence and security with significant increases for education and health.

In some of the oil and non-oil countries, budgetary provisions for capital expenditures appear to be over-estimated to be actually expended during a particular budgetary period. In a number of cases, project implementation rates have averaged relatively low in recent years. Budget estimates of capital expenditures have invariably exceeded actual expenditures by a considerable margin. This reflects, inter alia, technical shortcomings in project preparation and implementation as well as deficiencies in the government budgetary systems. The undeveloped stage of the accounting system has further aggravated the situation.

2. Monetary developments

Monetary developments in the region were characterized by moderation during the last two years compared to the sharp expansionary

trend of the early seventies (Appendix table 18). This was reflected in some cases by precautionary measures to limit excessive government expenditures and to regulate banking operations, thus reducing excess liquidity in the economy.

Following the initial major increase of oil prices of 1973-1974, rapid growth in government spending together with severe bottlenecks resulted in sharp increases in domestic liquidity in the oil countries which fueled inflationary pressures. However, in recent years, financial policies were reoriented towards a more restrained fiscal and monetary growth with the view to containing the adverse impact of excessive increases in money supply on income, prices and the balance of payments.

In Saudi Arabia, money and quasi-money increased by 61 per cent in 1974/75, by 75 per cent in 1975/76 and by about 48 per cent during the following two years. The deceleration during the latter years was partly due to a slow-down in the growth of government expenditures which was intended as an anti-inflationary measure. Restraint on government spending continued in the year 1979/80 causing a decline in the growth of money and quasi-money to 6.4 per cent from 9.5 per cent in the preceding years.

Similarly the rate of domestic liquidity expansion in Qatar which averaged 52 per cent during the period 1974/76, fell to 32 per cent in 1977 and to 15 per cent in 1978. A decline in the growth rate of government net domestic spending and the associated slow-down in business activity which dampened the demand for bank credit by the private sector were behind this fall.

The above monetary developments correspond closely to the situation in the non-oil countries where the average annual increase in liquidity dropped to 20 per cent in 1977 from 40 per cent during the period 1973/76.

3. Price movements

The region in general and the oil countries in particular experienced rapid socio-economic changes within a relatively short period of time. Through the inter-play with a number of exogenous factors, these changes have had, inter alia, a strong impact on the level of prices. As shown in Table 6, consumer prices rose in Bahrain, Kuwait and Saudi Arabia by 70 per cent, 31 per cent and 47 per cent, respectively, between 1975 and 1979. In the non-oil countries, the rate of increase during the same period was 56 per cent and 37 per cent in Jordan and the Syrian Arab Republic, respectively.

Table 6. Consumer Price Index in ECWA Countries, Selected Years
(1975 = 100)

Country	1973	1976	1977	1978	1979	1980
Bahrain	69.2	122.6	144.3	167.0	170.8	179.0 a/
Democratic Yemen	74.5	103.7	109.1	114.9	...	...
Iraq	84.3	112.8	123.1	128.7	140.1	...
Jordan	74.8	111.5	127.8	136.6	156.1	172.7
Kuwait	81.1	105.5	114.2	124.5	130.9	138.7 b/
Saudi Arabia	61.2	131.6	146.5	144.2	146.8	149.0
Syrian Arab Republic	75.0	111.4	125.0	131.0	137.0	163.0 c/
Yemen	64.0	117.0	146.0	179.1	...	...

Source: ECWA, based on national and international sources.

a/ Covers the first eight months of 1980.

b/ Covers the first five months of 1980.

c/ Covers the first half of 1980.

Note: ... = not available.

Both in the oil and non-oil countries, the dramatic growth in aggregate demand was not matched by similar growth in the supply of goods and services. This resulted in excessive domestic liquidity which led in turn to the emergence of strong inflationary pressure. For example, in Bahrain, the high level of economic activity in 1976 exerted strong pressure on resources which resulted in a high rate of inflation since the flow of goods from abroad was constrained by port congestion. In addition, import prices added an element of external inflation to domestic inflationary pressures. From 1977 onwards, however, demand pressures were reduced considerably as a result of a slower growth in government expenditures, and the easing of supply constraints upon the completion of the port expansion programme. Hence, the rate of price increase moderated significantly.

Similarly, in the United Arab Emirates, during the five year period of 1973-1977, strong inflationary pressures emerged, leading to an annual rate of price increases estimated at 25-30 per cent. But since 1977, financial policies have been directed at reducing inflationary pressures by moderating the growth in government spending and by tightening bank credit to the private sector. In consequence, the rate of inflation declined to 15 per cent in 1979.

Thus, although consumer prices in the region have shown a rising trend, there are indications that the various stabilization measures which have been taken in a number of member countries have helped to remedy the situation. These measures included, inter alia, regulating the rate of growth in demand, increasing domestic supplies of goods and services, subsidizing certain essential commodities and liberalizing trade procedures.

C. TRANSPORT, COMMUNICATIONS AND TOURISM

1. Shipping

The low participation of the developing countries in transporting their foreign trade has attracted considerable attention in recent years, as evidenced by UNCTAD Resolution 70 (III) and more recently Resolution 120 (V) which called upon Governments to take steps to ensure for developing countries equitable participation in the transport of all cargoes, particularly bulk cargoes generated by their own foreign trade.

The total gross registered tonnage (GRT) of the merchant fleets, raising flags of ECWA countries, amounted to 6,308,965 GRT (10,432,255 dead-weight tonnage) in July 1979, representing 1.55 per cent of the world total fleet. Compared to the situation a year earlier, the region's overall gross registered tonnage grew by some 17.6 per cent. However, this capacity remains far from being commensurate with the trade generated by the region.

Appendix table 19 shows the composition as well as the distribution of ECWA countries' fleets by type of vessel and by country. The dead-weight tonnage of the region's tanker fleets grew by 5.5 per cent during the period 1978/79. It is estimated that these fleets carry less than 15 per cent of the region's total crude exports which represent approximately 50 per cent of the world's crude oil trade. One major constraint on the development of the region's tanker fleet has so far been the practice that oil is usually exported FOB and tied in with long-term contracts by major oil companies.

Similarly, in spite of the rapid growth in its bulk fleet, which reached almost 71 per cent in 1979, the region's bulk shipping capacity remains negligible. It is believed, however, that the phasing out of the "flags of convenience" will pass on to the region a significant addition of shipping capacity.

The absence of bulk grain carriers in the majority of ECWA countries constitutes an important deficiency in the region's already serious food security problem1/. The practice has so far been to import grains C&F or CIF, leaving transportation arrangements to the exporter.

The general cargo tonnage of the region which is usually transported on conference liners has grown at the rate of 29.2 per cent in 1979.

a. Containerization

Appendix table 20 shows the growth of the container traffic in the ECWA region over the period 1976 through 1979. Jeddah, Dammam, Dubai and Shuwaikh achieved a combined throughput of 995,000 twenty feet equivalent unit (TEU) in 1979. ECWA's share of container traffic has grown from 9 per cent of developing countries' total in 1976 to 31 per cent in 19792/.

In spite of this rapid expansion of container traffic, the capacity of the container-carrying vessels owned by the ECWA countries, is negligible, with Kuwait being the only member country which owns such vessels. It is believed that the rapid growth of container traffic in the preceding years in the region will be more moderate in the future. Given current port expansion programmes, the Gulf area, and particularly the United Arab Emirates, may experience an over capacity of container terminals.

1/ Given the price levels prevailing in 1980, it is estimated that using chartered grain carriers would reduce the transportation cost of wheat.

2/ The share of the developing countries in the world's total container traffic rose to 12 per cent in 1979.

b. Suez Canal

Phase 1 of the present development scheme of the Suez Canal was completed in December 1980. The scheme included the widening and deepening of the Canal to accommodate larger vessels up to 150,000 DWT laden and 350,000 to 370,000 DWT in ballast1/. Appendix table 21 shows the savings in distance and cost on oil traffic from the Gulf to selected destinations as a result of Phase 1 2/. Their cost figures take into account capital, operating and bunkering costs.

c. Ship repair

In contrast to its operational difficulties in 1979, the Arab Ship Repair Yard in Bahrain has reportedly performed relatively better at least in the first half of 1980 during which time revenues amounted to $ 11 million with an average occupancy of 90 per cent. In the first 9 months of 1980, 78 vessels called on the yard, of which 30 vessels were more than 175,000 DWT. This satisfactory performance may be adversely affected by the sharply increased maritime insurance premium in the wake of the Iraq/Iran war.

In the United Arab Emirates (Dubai) a new ship repair complex was opened in 1979 with the capacity of 3 dry docks capable of accommodating one million, 500,000 and 350,000 DWT ships.

d. Port

Alongside the remarkable trend towards containerization in the region in recent years, other port developments proceeded at a fast pace. Thus, in Shuaiba (Kuwait) seven new berths are under construction. Annual throughput is expected to be raised from 1.2 million to over 4 million tons. In Jebel Ali (Dubai), 3 break bulk berths were opened in 1979. In Jeddah, the most important Saudi port, stage four of the port's development programme is underway. This consists of building 19 berths3/ (16 general cargo, a cement bulk berth and two container berths) as well as storage facility for refrigerated containers, and 130,000 square meters of sheds and warehousing.

1/ The ultimate objective of Phase 2 is to accommodate vessels of up to 260,000 DWT fully loaded at a draft of 67 feet.

2/ A new scale of canal tanker tolls came into effect as of November 1980. The per ton rates in SDR are as follows:

Up to 5,000 tons	SDR 3.55
between 5,000 and 15,000 tons	SDR 2.10
more than 15,000 tons	SDR 1.30

3/ By the end of 1981, Jeddah will have 45 berths.

In May 1980, six berths were opened in Mina Sulman (Bahrain), thus making the port's deep sea accommodation to rise to a total of 16 berths. When fully operational the potential throughput of the port will rise to about 3.5 million tons of cargo per annum.

Target throughputs of the Syrian ports of Tartous and Latakia are 10 and 7 million tons per annum, respectively. In 1979, almost 50 per cent of the port development programme at Latakia and 30 per cent of that at Tartous were completed. However, the partial implementation so far has not solved the congestion problem. According to the present traffic projections, additional facilities other than those to be provided by the present plans may be needed.

Other port development projects in the region involve the expansion of Aqaba Port (Jordan) which is to include a $ 30 million container terminal. The expansion of Aqaba Port will facilitate transit trade between Europe and the Gulf and reduce freight charges by about 30 per cent. In Yemen an expansion project of the Mokha Port was almost completed last year. This Port handles mainly general cargo imports destined mostly to the southern region of the Republic.

The outbreak of war between Iran and Iraq has had several important consequences on shipping in the region. Thus, although most of the shipping lines have maintained their scheduled trips to Gulf ports not directly affected by the war, insurance premiums have been raised to prohibitive levels1/. Furthermore, activities in the strategically located ports, including those of Kuwait and Aqaba, have increased considerably causing congestion as a result of the closure of the Iraqi ports.

2. Railways

The railway systems in the ECWA region are at different stages of development. While the northern countries (Iraq, Jordan, Lebanon and the Syrian Arab Republic) maintain a relatively reasonable level of rail infrastructure, there is only a single track line in the Arab Peninsula from Riyadh to Dammam. However, Saudi Arabia is to build under the current five-year plan four new railway lines totalling 2,200 kms; in addition to modernizing the existing lines. Rebuilding work is also planned on the 570 kms, single track between Riyadh and Dammam2/

1/ Lloyds raised its premium for war risk on ships using the Gulf from the rate of 0.0375 per cent of the value of the vessels' hull to 7 per cent.

2/ 250 kms. of track will be renewed and on the Hofuf-Dammam line the track will be doubled. The new section from Hofuf to the capital will cut the trip time from Dammam to Riyadh from 7 to 4 hours. A 100-km line between Dammam and the Jubail industrial area is also included in the 1981-1985 Five-Year Plan.

In Lebanon, plans for the first stage of a project to develop the Sidon-Beirut railway have been approved. The project will serve 34,200 travellers a day in addition to freight service.

In the Syrian Arab Republic, a joint agreement was reached with the Greek Government to start a railway ferry link between Latakia and Volos by the end of 1980. This Greek Port is at present connected with the Syrian Arab Republic through a ro/ro service to Tartous.

3. Roads

Table 7 shows the length of the paved road network of the ECWA countries as of the end of 1978 and 1979. Recent road developments of regional significance include the followings: the 24 km causeway connecting Bahrain with Dhahran which is due for completion by 1985 has made a headstart. Construction was started on some sections of the Aleppo-Yaroubia highway which provides direct access from the Syrian ports on the Mediterranean to Iraq. The El-Jafr-Highway M10 link in Jordan, which is currently under construction, is likewise significant for Iraqi imports via Aqaba. At the southern end of the Arabian Peninsula, a road link between Ashihr (Democratic Yemen) and the border's line with Oman is under construction. This road will provide a direct connection between the road network in Yemen and Democratic Yemen and the network of the Gulf.

In Iraq the first stage of the important 1200 km expressway connecting Basra and Baghdad with the Syrian/Jordanian borders was started. When completed this project will link the Mediterranean with the Gulf. In addition, construction of the 144 km 4-lane section between Nasiriya and Rumaila on the Diwariya-Basrah highway got underway.

In other developments, a north-south road project, in Oman, from Nizwa to Thurait (850) has been started. In Egypt, the construction of the first tunnel under the Suez Canal connecting Sinai to the Egyptian mainland was completed in October 1980.

4. Civil aviation

Appendix table 22 gives the size of the civil aviation fleets of the ECWA region airlines which were members of the International Air Transport Association as of 31 December 1979, and Appendix table 23 gives the operational performance of these airlines.

Announced airlines expansion programmes include the addition of five aircrafts to the national airlines of each of Egypt, Kuwait and Lebanon. Jordan and Saudi Arabia will be adding 11 and 6 aircrafts, respectively1/.

1/ The great majority of the presently operating aircrafts are Boeing made. However, with the exception of Jordan, all expansion programmes involve the purchase of Airbuses.

Table 7. Paved Roads in the ECWA Countries[a/]

Country	End of 1978 (Kms)	End of 1979 (Kms)	Percentage change
Bahrain	196[b/]	216[b/]	16[b/]
Democratic Yemen	1,056	1,410	33
Iraq	6,566	7,551[b/]	15[b/]
Jordan	3,488	4,832	38
Kuwait	2,255	2,481[b/]	10[b/]
Lebanon	5,470	5,470	0
Oman	1,487	1,635[b/]	10[b/]
Qatar	1,080	1,200	11
Saudi Arabia	18,000	21,583	20
Syrian Arab Republic	12,051	13,713	14
United Arab Emirates	902	1,900	111
Yemen	1,039	1,170	13
Total	53,580	63,161	18

Source: Data compiled by ECWA.

a/ Urban roads are not included.

b/ Estimates.

Along with fleet expansion, airports expansion programmes have been proceeding in several ECWA member countries to cope with the ever-increasing air traffic. For examples, new airports are planned for Basrah in Iraq and for Abha, Jeddah, Dhahran and Riyadh in Saudi Arabia1/.

5. Communications

The accelerated rate of development in member countries has necessitated the upgrading of their telecommunications systems. The ECWA region is now considered one of the largest telecommunications markets in the world. A recent survey2/ estimates that the average annual growth rate in the number of telephone installations in 17 middle eastern countries is around 10 per cent. Oil countries such as Iraq, Kuwait, Saudi Arabia and the United Arab Emirates are leading in this respect with an average rate of 13 per cent. In Saudi Arabia, a three-year project was completed in 1979 adding 476,000 new telephones to the existing 200,000 telephone system. In addition, this project provided a national microwave link and coaxial cable grids connecting the Kingdom with its neighbours. Gulf member countries have also achieved major results in developing their telephone systems3/. Push-button international dialing to Europe and Japan is presently possible from most of these Gulf countries as well as from Saudi Arabia.

In contrast to the remarkable achievement of the oil countries in developing their telephone networks, the non-oil countries have attained much more modest results with financial requirements representing the main constraint.

Telex traffic in the region has grown at rapid rates. In Saudi Arabia, for example, telex subscribers in 1980 numbered 10,000 compared to only 65 in 1973.

Aside from the terrestrial communication network, and although most of the countries of the region are connected to the "Intelsat" earth satellite stations, a joint Arab project based in Riyadh has recently been established to launch a fixed orbit satellite in the near future to relay telephone, telex and television communications throughout the region.

1/ Although most of the new airports, whether already constructed or under construction in the region, satisfy growing need for expanding facilities, some airports may have been prompted not only by economic but also by non-economic considerations such as national prestiges.

2/ By the U.S. Bell Telephone Company.

3/ Telephone expansion programmes call, for example, for an increase of 140 per cent in the United Arab Emirates and 50 per cent in Kuwait.

6. Tourism

According to the latest WTO statistics, the Middle East1/ attracts about 1.5 per cent of the total world international tourist arrivals and earns roughly 2 per cent of the world international tourism receipts.

The Middle East area does not draw a large number of travellers from major tourism generating markets. Apart from the traditional pilgrimage to the holy places of Islam and the increased business travel to the oil producing countries in recent years, there has been very little increase in holiday tourism and group travels to and within the region. This tourism faces a number of obstacles including political instability, cumbersome visa procedures, high airfares due to lack of organized group travel and exceptionally high costs of hotel accommodation.

Table 8 gives daily costs of accommodation plus meals in ECWA member countries in 1979 as they compare with selected tourist cities. As can be seen, accommodation costs in the oil countries are quite high even by the standards of some of the most expensive tourist cities such as New York, London and Paris.

The priority area of tourism development in ECWA countries has been the construction of new accommodation facilities and the improvement of related infrastructure, such as airports. Appendix table 24 shows the expansion of hotel capacity in member countries which involves the addition of at least 24,112 of main hotel rooms.

In an effort to promote tourism in the region, the first international travel exhibition and conference for Arab tourism was held in November 1980 in Dubai (United Arab Emirates). Most of the countries of the ECWA region have shown increasing interest in organizing courses and in establishing training institutes for the tourist and hotel industries2/.

1/ According to the World Tourism Organization (WTO) the Middle East covers the ECWA countries, the Libyan Arab Jamahiriya and the Sudan.

2/ Bahrain, Iraq, Jordan and the Syrian Arab Republic have been receiving technical assistance from the U.N. System in this area.

Table 8. Daily Costs of Accommodation and Meals in ECWA Countries (middle of 1979)

Country	Cost in U.S. Dollars a/	Cost in ECWA countries as a per cent of cost of corresponding services in major tourist cities (in percentages)		
		New York	London	Paris
Bahrain	218	179	173	160
Democratic Yemen	78	64	62	57
Egypt	132	108	105	97
Iraq	108	89	86	79
Jordan	98	80	78	72
Kuwait	244	200	194	179
Lebanon	70	57	56	51
Oman	176	144	140	129
Qatar	206	169	163	151
Saudi Arabia	252	207	200	185
Syrian Arab Republic	90	74	71	66
Yemen	132	108	105	97

Source: International Hotels and Travel Annual 1980, International Hotel Association, Paris-London.

a/ The daily rates cover the cost of a single room in a first class city centre hotel, as well as the cost of breakfast, lunch and dinner, and service charges.

IV. HUMAN RESOURCES DEVELOPMENT

A. DEMOGRAPHIC LEVELS AND TRENDS

In spite of the significant progress the ECWA region has made in the collection of demographic and related data, notably during the seventies1/, the need for basic and systematic data remains acute. Many ECWA countries lack centralized system of registration of births and deaths, and census tabulations often lack control over such basic variables as age, marital status and educational attainment.

1/ The population and housing censuses which have taken place since 1970, as well as future plans for ECWA member countries are as follows:

Country	Conducted census	Planned census
Bahrain	April 1971	April 1981.
Democratic Yemen	May 1973	1983.
Egypt	November 1976	A sample census is being considered for 1981.
Iraq	October 1977	No census scheduled.
Jordan	November 1979	A sample census considered for 1984.
Kuwait	April 1970,1975,1980	April 1985.
Lebanon	None	No census scheduled.
Oman	None	The first census is being considered for 1981.
Palestine Liberation Organization (PLO)	None	Census of the Palestinian Arab people is in progress under the auspices of ECWA.
Qatar	April/May 1970 a/	No census scheduled.
Saudi Arabia	September 1974	No census scheduled.
Syrian Arab Republic	September 1970	September 1981.
United Arab Emirates	December 1971 b/ 1975	December 1980.
Yemen	31 Jan/February 1975	A sample census is being considered for 1980.

NOTE: a/ The enumeration was considered largely incomplete.

b/ The results were not processed.

With more than 80 million persons, the ECWA region account for about 2 per cent of the world population. The combined territories of member countries are relatively vast, yielding an average density of only 11 persons per square kilometre. However, this low average density results from the fact that the greater part of the territory is largely an uninhabitable desert. The densities of the inhabitable land are often as high as those of some of the more densely populated countries of Europe.

The region's population is characterized by high levels of geographic mobility, be it from rural or desert areas to urban centres or from the non-oil to the oil countries1/. On the one hand, non-nationals represent over 80 per cent of the work force in the United Arab Emirates and Qatar, 69 per cent in Kuwait, and more than 40 per cent in Bahrain and Saudi Arabia. On the other hand, it is estimated that over one fourth of the potential work force of Jordan (East Bank only), Oman and Yemen, and over one sixth of the work force of Democratic Yemen are abroad. Given these high levels of international migration and their serious demographic, social, economic and political effects, the situation has developed into one of the most important and pressing issues facing the region.

Rapid rates of urban population growth are common place in the ECWA region. In Bahrain, Kuwait, Qatar and the United Arab Emirates more than 80 per cent of the population now resides in urban areas. These levels of urbanization are among the highest in the world. In addition, primate cities now dominate the rest of the country in Iraq, Jordan and Lebanon. In Democratic Yemen, Jordan and Qatar, the annual rate of urban growth exceeds 10 per cent; a rate, if continued, double the size of the urban population every 7 years. Such rapid growth places severe pressure on the urban infrastructure to provide education, employment and social and health services to the urban population.

Another demographic feature of the ECWA region is the high rates of fertility with crude birth rates of many member countries clustering around 50 per thousand. Meanwhile, the patterns of mortality vary considerably among the countries depending, inter alia, on economic, social and environmental conditions. Life expectancy at birth ranges from 40 years in Yemen to 70 years in Kuwait2/.

The combination of high fertility and relatively low mortality produces very high rates of reproductive change. In the case of the oil countries, this source of population growth is augmented by

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1/ The region has now a large number of displaced persons, including mainly Palestinians.

2/ Infant mortality rates range from 43 per thousand in Kuwait to 210 per thousand in Yemen.

substantial net immigration. The annual rate of population growth in Kuwait of 6 per cent is sufficient to double the size of the population every 11.6 years. Corresponding rates in Qatar and the United Arab Emirates are even higher, averaging 8.5 per cent and 11.1 per cent, respectively. In other member countries, however, the natural increase created by high fertility and relatively low mortality is partially offset by massive net emigration. But even those countries are experiencing population growth that is high by world standards. For instance, Yemen, which has an annual rate of natural increase of 2.4 per cent, has the lowest rate of population growth in the region, 1.8 per cent per annum. Overall population growth in the region is expected to remain high throughout the next two decades.

In sum, the demographic situation in the region is marked by high rates of fertility, decreasing mortality, relatively high rates of population growth, large population movements and increasing urbanization, and dependency on primate cities. These demographic conditions have important social, economic and political implications, and give rise to further development requirements which, if left unmet, would create new problems and complicate old ones.

B. EMPLOYMENT GROWTH AND LABOUR DEVELOPMENT

The pace of growth of employment in the ECWA region is believed to have, on the whole, slowed down over the past year. A moderating trend in construction, which provided the largest number of employment opportunities in recent years, is apparently behind this slow-down. Meanwhile, intraregional labour mobility seems to have reached its peak in 1978-1979 as some current indications appear to point to a declining trend. In the meantime, the structure and the qualitative composition of the labour force have continued to improve.

1. The employment situation

As was reported in last year's Survey, employment growth in the ECWA region in the first half of the seventies was above world levels. The average annual growth rate of employment in the oil economies ranged between 3 per cent (Iraq) and 6.6 per cent (Saudi Arabia). In the non-oil economies, the rate varied between 3 per cent (Jordan) and 3.5 per cent (Syrian Arab Republic). In the second half of the seventies, information is available for only two ECWA member countries. The Syrian Arab Republic achieved an average annual rate of 5 per cent between 1975 and 1979, while the United Arab Emirates attained an exceptionally high average annual rate of 28 per cent in the 1975-1977 period. Needless to say that the high rates in the oil economies is mainly caused by the influx of expatriate workers.

Despite the rapid economic development in the region during the last decade and the resulting sharp increase in the demand for labour which presumably minimized open unemployment, the problems of

manpower under-utilization and underemployment are not overcome. The dominance of youth in the population and the social and educational status of women are among the major factors behind the very low participation rate (not exceeding 28 per cent) and consequently the high dependency ratio of around 75 per cent.

Notwithstanding the extensive disguised unemployment and various other forms of underemployment1/, particularly in the countries where labour is available in good supply, open unemployment, which reached in some countries 5.9 per cent of the labour force in 1975, has evidently decreased in the last few years due to the economic boom and the subsequent growth in intraregional labour mobility2/.

The sectoral distribution of the labour force in the ECWA region did not seem to have undergone any significant changes in recent years. Despite the considerable differences among member countries, the tertiary sector continues to absorb an increasing share of the labour force (between one third and two thirds of total labour force) due to the continuous growth of government services, business and financial institutions, trade and other services. The industrial sector, in contrast, accounts for a small proportion of the total, reflecting, on the one hand, the moderate stage of industrialization and, on the other hand, the adoption of capital intensive techniques in newly established industries. A decelerating trend in the construction industry which absorbed, in the last few years, exceptionally high proportions of total employment is discernible.

2. Migrant workers in the region

The increased economic activity in the oil- and the relatively lightly-populated countries led to a remarkable influx of migrant workers. It is estimated that more than 70 per cent of total labour exported by ECWA member countries was absorbed by Saudi Arabia, followed by Kuwait at 14 per cent. On the supply side, Yemen supplied 97 per cent of its migrant work force to Saudi Arabia. And more than 70 per cent of total labour from Iraq, Democratic Yemen and Jordan went either to Kuwait or Saudi Arabia. However, this sizable movement of skills has resulted in quantitative and qualitative labour shortages in the traditional labour exporting countries such as Jordan and the Syrian Arab Republic. Hence, Jordan has been obliged to import an

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1/ While adequate information about underemployment is lacking, this problem is acknowledged as serious, requiring systematic investigation and remedial action.

2/ It is believed that the number of migrant workers exceeded, in 1979, 2 million, no less than 75 per cent of whom were Arabs.

increasing number of foreign workers1/. Similarly, the outflow of Syrian skills has hindered the implementation of development plans2/.

Importation of labour to the region has not been limited to intraregional sources, but has extended to other regions, including the Far East, particularly since the mid-seventies.

The large scale importation of foreign labour, with all that it means in terms of social change, has prompted several labour importing countries to pass new laws to control and restrict the flow of expatriate workers. The conditions created by this importation of labour have been assessed by some member countries as serious enough to call for changes in investment policies, and even for rethinking of the long-term development strategy. However, in the short- and the medium-term foreign labour is indispensable. In the longer-run, the problem could be tackled on both the supply and the demand side for labour. Labour importers have obviously been endeavouring to increase their indigenous supply of skilled worker. On the demand side, some countries might keep their development targets and the resulting demand for foreign labour within the limits they consider acceptable politically, socially and culturally.

Any change in policy towards the utilization of migrant labour by the labour-importing countries will naturally have far reaching effects on labour-exporting countries such as Yemen which has traditionally provided large numbers of semi-skilled and unskilled manpower3/.

3. Manpower development

Published official data on the educational structure of the labour force in the region is scarce, being limited to four countries only (Appendix table 25). Illiteracy rates remained quite high despite the improvement that took place since the early seventies4/. Similarly,

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1/ Non-Jordanian workers increased from approximately 33,000 in 1975 to 60,000 in 1976, with indications of even higher levels in 1977.

2/ To counteract this, the Syrian Arab Republic has in fact taken various measures, including informal restrictions, through the selective granting of passports and travel visas.

3/ With more than half a million workers in Saudi Arabia and the Gulf States, this country was able to draw substantial income through workers' remittances, to the extent that it has become dependent on these remittances to finance its imports. In 1979-1980, private transfer payments were projected to reach 600 times the export earnings.

4/ For example, in the Syrian Arab Republic, illiteracy dropped by around 15 per cent in four years, 1975-1979.

although the proportion of the labour force with less than intermediate level of education has gradually declined, it continued to be very high at 83 per cent in the Syrian Arab Republic (1976), 71 per cent in Saudi Arabia (1977) and 70 per cent in Kuwait (1975). However, the proportion of the labour force with intermediate, secondary and university education increased sharply between 1970 and 1976 in the Syrian Arab Republic, doubling from about 6 per cent to 12 per cent. Needless to say that the more educated the labour force is the higher will be its productivity and its propensity to absorb new technologies. Hence, the presently low rates of educational attainment represent a major obstacle to the assimilation of developed countries' technology needed for economic development.

Regarding the occupational structure of the labour force, Appendix table 26 indicates that the proportion of the first two occupational groups, which demand the highest level of skill, began a rising trend. Another definite trend in both Saudi Arabia and the Syrian Arab Republic is the decline in the proportion of agricultural workers. In the Syrian Arab Republic, this decline was mainly in favour of industrial workers.

4. Wages and salaries1/

The massive inflow of labour into the capital rich ECWA countries has not only affected the wage level but also the structure of wages. For example, in Saudi Arabia, the level of wages has varied according to nationality, on the assumption that the efficiency of expatriate labour varies with its source. Such wage differentiation is mainly found in the construction sector, a major foreign labour absorber. In Kuwait, two wage scales are in use, one for nationals and one for non-Kuwaitis. While regional and local market factors dictate non-Kuwaiti wages, the Kuwaiti wage rate is determined by institutional factors.

Wage differentials remain the principle motivator of labour mobility among member countries. In early 1970s, these differentials were highest between Kuwait and Jordan. In more recent years and with Egypt aside, the widest gap in wages is believed to exist between Democratic Yemen and the Syrian Arab Republic, on one end, and the United Arab Emirates, on the other end. However, since 1977, wage differentials appear to have narrowed reflecting, inter alia, the increased volume of international labour mobility, increased competition among labour suppliers, and the shortages of skilled labour in the labour-exporting countries.

1/ The reader is referred to last year's Survey, page 126 to 128 for information under this heading which is still the latest available. The discussion here simply supplements last year's information.

C. SOCIAL DEVELOPMENT AND HUMAN SETTLEMENTS

Assessment of progress in social development must take into account the problems inherited from the past in terms of illiteracy, ill health, and lack of social integration. Steady progress is being made in reducing the magnitude of these problems, through the allocation of economic and human resources to the appropriate institutions and programmes. Full assessment of this progress and the forecasting of future trends must await the availability of improved data. At present, however, the sector with the best current data is education and an example of trend forecasting is provided below.

1. Education

Access to education has been considerably facilitated during the 1970s in all the countries of the region. Further development of human resources in the region depends in the first instance on the reduction of illiteracy and the growth of educational enrolments. It is important to note that the increased enrolments place a heavy burden on the financial and institutional capacities of the individual countries. Appendix table 27 gives the extent of education enrolment and illiteracy rates in ECWA member countries for the years 1970, 1980, 1990 and 2000.

An examination of this table shows the great range of educational enrolments and illiteracy rates in the region. In 1980, enrolment at the elementary level ranged between a low of 27.6 per cent and a high of 100 per cent. The highest figures were achieved by countries with relatively small populations and large financial resources.

The trends in illiteracy rates show that it will take many years to reduce the burden of illiteracy, even with relatively high enrolment ratios. By the year 2000, illiteracy ratios will range between 11.9 per cent and 70.1 per cent, with most of the countries falling in the 20-30 per cent range. This reduction in illiteracy is to be achieved through heavy expenditures on education.

2. Integrated rural and community development

Most of the countries of the ECWA region are stressing, in their current national development plans, the development of both the rural and agricultural sectors. However, such emphasis has not been sufficient, especially as a sizable portion of the population in these countries is considered rural and the share allocated to the development of their agricultural sector is relatively low as compared to total allocations. In the Syrian Arab Republic, for example, 23.9 per cent of total allocations during the plan period 1976-1980 was devoted to the development of agriculture compared to 12.2 per cent and 5.2 per cent for Saudi Arabia and Jordan, respectively, during the same plan period.

Despite the relatively low allocations in most ECWA countries for the development of their agricultural sector, these countries have increasingly recognized the importance of applying the integrated approach to rural and community development in which both the development of human resources and that of agriculture are considered to be equally important.

At present, there are 30 integrated rural and community development projects in eight countries of the region: 8 in Iraq, 7 in Yemen, 5 in Jordan, 4 in Democratic Yemen, 3 in the Syrian Arab Republic and one in each of Bahrain, Oman and Saudi Arabia. It is expected that more integrated rural and community development projects will be implemented in the future in spite of the limited success so far in narrowing the economic gap between urban and rural populations in those areas in which these projects were located. The little success is basically a reflection of the region's recent experience with the integrated approach to rural development and the unfamiliarity with its requirements.

Many of the problems and constraints faced by ECWA countries in their integrated rural development (IRD) efforts tend to be common. The current development plans in most countries of the region lack a clear national policy and perspective on IRD. The aim of such a policy should be to achieve balanced rural development through increasing agricultural productivity, creating employment opportunities, building-up the necessary institutions and/or strengthening existing ones, reducing income inequalities and ensuring local involvement in rural development activities. The elaboration of a national IRD policy and plan is essential for effective local rural development. In addition, appropriate machineries to help plan, implement and co-ordinate IRD projects and programmes will have to be established. At present, different ministries and/or departments are in charge of different projects, and various components of such projects are carried out independently. It is important, therefore, that the limited resources available for IRD projects be co-ordinated to ensure their efficient utilization. Such co-ordination can be pursued through the establishment of a national body in which all ministries and departments concerned with rural development can be represented.

Another barrier confronting the implementation of IRD projects and programmes in countries of the region is the unavailability of multi-purpose IRD centres, on the district or project area level1/, into which other available services and resources can be integrated. The team serving at such centres should represent the various ministries and departments concerned with rural development and should be able to extend the various services and programmes needed for agricultural and social development.

1/ At the project level, most of the IRD projects in the region suffer from inadequate planning, lack of qualified personnel, absence of participation and involvement of beneficiaries, ineffective communication for reaching farmers and insufficient institutional support.

V. SCIENCE AND TECHNOLOGY

Countries of the ECWA region endeavouring to develop through industrialization and modernization have recognized the importance of building up a national capacity for science and technology. In the absence of this capacity, imported technology may be ill chosen, difficult to absorb and adapt, and its application may delay or even hinder the attainment of national development objectives. Any hesitation in developing their technological capabilities will perpetuate the state of technological dependence which has characterized development activities in the ECWA countries. Furthermore, the process of technology transfer cannot, without this capacity, be exploited for achieving further development in this field.

Aware of these problems, some countries of the region have, with varying degrees of success, continued to make efforts to develop an effective scientific and technological base. This base, however, remains weak and not effectively mobilized to support developmental activities. This is because the link between technological and socio-economic objectives has not yet been clearly established. Attempts are nevertheless being made by Egypt, Iraq, Jordan and, to a lesser extent, the Syrian Arab Republic to effect this linkage. For this purpose, central policy-making bodies in science and technology have been established in several member countries. These include the Academy of Scientific Research and Technology in Egypt; the Planning Board, the Foundation for Scientific Research and the National Centre for the Transfer and Development of Technology in Iraq; The National Planning Council in Jordan; the National Council for Scientific Research in Lebanon; and, the National Centre for Science and Technology in Saudi Arabia. In the remaining countries of the region, central policy-making bodies are yet to be established and scientific and technological activities continue to be fragmented and suffer from the lack of a defined policy direction.

Despite the absence of well-designed technological policies in the region, some countries have been active in setting up scientific and technological institutions and related facilities1/. This is

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1/ The evidence of this institutional development is also shown by the expansion of the activities of some research institutions. In Egypt, scientific research and experimental development are performed by the National Research Centre and various sectoral research institutions. Efforts are made to increase the utilization of the output of scientific research in the production process. The establishment of the Organization for Promotion of Inventions and Innovations has facilitated this process. In Iraq, the Foundation for Scientific Research, together with institutions and organizations for applied basic and specialized research, provide the

shown by (a) the increase in the number of institutions of higher education, especially in the oil producing countries; (b) the existence of research centres, notably in Egypt, Iraq and the Syrian Arab Republic and, to a lesser extent, in Jordan, Kuwait and Lebanon; (c) the emphasis on building scientific and technological information facilities in countries like Egypt, Iraq, Kuwait and Jordan; and, (d) the increasing, though still limited, role played by national consulting and engineering firms in most of the ECWA countries.

National consulting and engineering firms have not developed at a rate commensurate with the development needs of most of the ECWA countries. Quite often, the countries of the region continue to rely on foreign expertise to provide design and engineering services for development projects. This has generally resulted in (a) the payments of large sums of foreign exchange which is, for some countries, in short supply; (b) a limited participation by local engineering skills in the development process; (c) restrictions on the choice of technology; and (d) limitations on the accumulation of local engineering

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.... institutional support in the field of science and technology. In Jordan, the Royal Scientific Society (RSS) has been particularly active in undertaking research in solar energy applications and in providing consulting services for installing and maintaining electromechanical and electronic equipment in both the public and private sectors. Efforts are also underway to expand the technical services and consultancy capability of this institution to enable it to provide a spectrum of services in the electronics field, ranging from maintenance and rapair to testing and quality control. In addition, RSS is now able to provide computer services to various institutions for the collection, storage and processing of data. It also carries out research on the development of computer software suitable for Jordan's needs. The Kuwait Institute for Scientific Research has continued to conduct applied studies in the field of solar energy, including its potential use for cooling and heating and its application in agriculture and electricity. It also carries out research in the fields of food and natural resources and assesses the adaptability of new technologies to local conditions. In Lebanon, most of the applied research is carried out in the agricultural field through the Agricultural Research Institute and other related bodies such as the Animal Production Office and the Green Plan. In the Syrian Arab Republic, various research centres have been established to undertake applied research in specialized areas. These centres include the Scientific Study and Research Centre, the Atomic Energy Commission, the Industrial Experimental and Research Centre, the Centre for the Development of Management and Productivity and the Public Study and Design Institute.

capabilities and on the utilization of locally-generated research in the design and operation of production facilities. These considerations have prompted some member countries, like Iraq and the Syrian Arab Republic, to take remedial action and to encourage the formation of national consulting and engineering firms in both the private and public sectors.

Meanwhile, the educational system has not responded to the requirements for the scientific and technological manpower needed to support the implementation of development plans. Appendix table 28 shows that most ECWA countries are still lacking in qualified personnel, particularly in such fields as natural science, agriculture, engineering and medical sciences. In 1976, Egypt alone accounted for about 65 per cent of total third level graduates1/ in these four fields, followed by Iraq and the Syrian Arab Republic which accounted for about 25 per cent and 10 per cent, respectively. The table also shows that at the national level, graduates in the four fields, as a percentage of total graduates, vary widely from about 9 per cent in Jordan to 56 per cent in the Syrian Arab Republic. The table further reveals that third level graduates tend to be more concentrated in the fields of social sciences and humanities than in natural sciences and engineering.

As for enrolment at the third level, which is an important indicator of future scientific and technological capability, Appendix table 29 shows that again Egypt alone accounts for 66.52/ per cent of all students enrolled in these fields in the seven ECWA countries. In other countries, this share ranges from as low as 0.02 per cent in Yemen to 45.8 per cent in the Syrian Arab Republic. As in the case of graduates, Appendix table 29 also shows that enrolment at the third level is very low in natural sciences and engineering, compared to humanities and social sciences.

It may therefore be concluded that the impact of the efforts to enhance the region's capabilities in Science and Technology on the economic and social development in member countries will be a slow and long-term process. These efforts have, in fact, been confined mainly to the initial stage of setting up scientific institutions. With the increased awareness in the region during the 1970s3/ of the advantages of applying science and technology to development, the 1980s may witness the translation of this awareness into interest and action in order to strengthen the scientific and technological base.

1/ For the definition of third level graduates, see footnote 1/ in Appendix table 28.

2/ This percentage is based on 1976 data for eight ECWA countries.

3/ This increased awareness resulted in the allocation of more funds to science and technology which had been considered in the past of minor importance to development.

Future efforts in science and technology are likely to focus on the following areas (a) formulation of national technology policies and plans; (b) development of scientific and technological capabilities, with special emphasis on the technicians' category; (c) elimination of the causes of the brain drain while taking measures to reverse it; (d) development and rationalization of infrastructure, as well as improvement of managerial capabilities in science and technology; (e) regulating the transfer and acquisition of technology, including the adoption of an International Code of Conduct in this field; (f) promotion and mobilization of applied scientific research; (g) effective participation of engineering skills in the implementation of development projects; and, (h) co-operation at the subregional and regional levels to achieve a higher degree of self-reliance in science and technology.

VI. REGIONAL CO-OPERATION AND INTEGRATION

1. Recent co-operative developments

During the period reviewed, efforts to forge closer economic links among the ECWA countries continued to be frustrated by the recent political developments in the region. The adverse effects of these developments have been particularly felt in the activities of regional organizations and institutions which were disrupted, among other things, by the relocation of their headquarters. Also, strained political relations between some member countries do not augur well for regional co-operation and integration efforts.

Against this, a number of developments (with positive implications for regional co-operation prospects) have taken place. First, the Eleventh Arab Summit Meeting held in Amman in November 1980 accorded unprecedented importance to economic issues, endorsing a Strategy for Joint Arab Economic Action until the year 2000. Within the framework of this Strategy, the Summit approved a project considering the 1980s as the First Arab Development Decade. To finance this project, it allocated $ 5 billion (in addition to the resources provided by Arab multilateral and national funds) which could be increased in the light of needs and capabilities1/. The Summit also approved a Unified Agreement for the Investment of Arab capital in the Arab countries which was aimed at encouraging the private sector to participate in financing Arab development projects and programmes2/.

Second, efforts have been underway for some time within the framework of the Economic and Social Council of the Arab League to elaborate a new Arab Trade Convention to replace the 1953 Convention in the light of past experiences and emerging situations. Two important features which distinguish the new Arab Trade Convention from its predecessor are under discussion: (a) incorporation of preferential treatment for commodities and commodity groups, in contrast to the main and broad schedules included in the existing convention; and, (b) the setting-up of a permanent organization concerned with trade matters among the Arab countries. It would appear that a prerequisite for success of the new Trade Convention will be its flexibility and ability

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1/ The project aims at providing soft loans to finance Arab development efforts with priority accorded to major projects that strengthen relations and achieve economic integration among the Arab countries, and which raise the economic and social standards.

2/ The Arab Summit decided also to strengthen the resources of the Arab Fund for Technical Assistance to Arab and African countries.

to respond to the different circumstances of Arab States. Such flexibility could be enhanced by the incorporation of provisions enabling members to adhere to certain parts of it, rather than be faced with a choice of full adherence or rejection.

Third, the sharp rise in crude oil prices in the period 1979-1980 can be expected to have a stimulating effect on both intraregional and interregional co-operation, at least in the short-run and in the area of financial co-operation.

Regional co-operation efforts continued in several directions. Thus, a number of intergovernmental and mixed (private and public) joint ventures, including the Gulf Petrochemical Industries Company 1/ and the Joint Arab Fishing Company 2/, the Arab Iron and Steel Company 3/, the Consolidated Gulf Services and Industry Company 4/, the

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1/ The Gulf Petrochemical Industries Company was established in Bahrain in December 1979 with a capital of $ 160 million, shared by Bahrain, Kuwait, and, as of June 1980, Saudi Arabia. The purpose of the Company is to build ammonia and methanol plants at an estimated cost of $ 400 million, with production scheduled for the end of 1983.

2/ The Arab Fishing Company was established in March 1979 under the auspices of the Arab League with headquarters in Riyadh. Its capital of Saudi Rials (SR) 70 million is shared by Egypt, Iraq, Kuwait, Libya, Mauritania, Qatar, Saudi Arabia, Somalia, Sudan, Syrian Arab Republic, Tunisia and Yemen. Its purpose is to undertake fishing operations on its account or for others in territorial waters and on the high seas, as well as to engage in related activities.

3/ The Arab Iron and Steel Company was established in September 1980 in Bahrain with a capital of $ 150 million contributed by private and public investment firms from Bahrain, Iraq, Kuwait and the United Arab Emirates. The Company intends to build an iron pelletisation plant close to the drydock at an estimated cost of $ 300 million. Production of pellets is envisaged during 1983 after which it plans to produce steel also.

4/ The Consolidated Gulf Services and Industry Company was established in September 1980 in Bahrain with a capital of $ 100 million shared by public and private firms from the Gulf countries. Its purpose is to engage in contracting and engineering works and administration of ports and hospitals.

Gulf Medical Projects Company1/ and the Arab International Insurance Company2/ were established. It is worth noting that, with only one exception, these joint ventures have been located in Bahrain and involve participation from within the Gulf subregion3/.

During the period reviewed a number of new trade, technical co-operation and other agreements4/ were also concluded among ECWA member countries.

At the institutional level, a number of significant developments can be noted. First, the Industrial Development Centre for Arab States (IDCAS) was transformed officially into the Arab Organization for Industrial Development and held its first meeting in this capacity in September 1980 in Baghdad - its temporary Headquarters.

1/ The Gulf Medical Projects Company was established in Bahrain in October 1980. Its capital of $ 19.3 million is shared by the Government of Sharjah, a group of private investors (banks and investment companies) chiefly from Sharjah and Kuwait, and the London-based Hospital Affiliates International. Its purpose is to build hospitals and engage in the manufacture of and trade in pharmaceutical products.

2/ The Arab International Insurance Company was established in Bahrain in November 1980 with a capital of $ 10 million contributed by insurance companies from Bahrain, Iraq, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

3/ Saudi Arabia has bought a 20 per cent share in Bahrain Aluminium (ALBA) and, consequently, abandoned its plans to build an aluminium smelter at Jubail in the eastern province.

4/ Trade and co-operation agreement between Iraq and Qatar (October 1979) providing for the establishment of joint projects and the facilitation of movement of their nationals and capital; technical co-operation agreement between the Syrian Arab Republic and the United Arab Emirates (January 1979); technical co-operation agreement between Iraq and Saudi Arabia (February 1979); telecommunications agreement between Bahrain and Qatar (February 1979); an agreement between Jordan and Yemen providing for close co-operation in the field of information and its exchange; agreements between Iraq (Iraq Inland Transport Company) and each of Jordan, Kuwait and the United Arab Emirates for the use of their ports and their territories for the transit of goods into Iraq; and, an agreement to improve and expand the telephone network between Bahrain, Qatar and the United Arab Emirates.

Second, the OPEC Special Fund, which was established in 1976, was converted into a permanent international agency for financial co-operation and development under the name of the OPEC Fund. Third, the capital of the Arab Monetary Fund was raised to $ 1.1 billion as a result of an increased commitment by Iraq. Fourth, the major Arab Development Funds continued to show increasing interest in co-operation among themselves and in co-ordinating their activities, particularly in the area of co-financing. This has been reflected also in greater specialization and permitted a more efficient use of their "scarce" resource, namely, managerial and technical expertise. As a result, the Funds were better able to promote a wider range of research and, to a certain extent, standardize their conditions of lending.

Recent developments in the field of regional co-operation and integration have tended to confirm a number of emerging trends and situations. The Economic and Social Council of the League of Arab States has been reasserting its role as the focal point for inter-Arab co-operation and integration efforts. This is particularly evident in the efforts to prepare a Pan-Arab Development Strategy and Plan, and a new Arab Trade Convention.

Expression of support for subregional forms of co-operation and integration has become more vocal in recent years, particularly among the Gulf countries. This is reflected in the gradual1/ and, at times, informal approach followed, ranging from co-ordination meetings among officials to co-operation in research and to the setting-up of multilateral joint ventures2/.

Another tendency is the growing view in favour of enabling the private sector to play an active role in regional co-operation efforts. Opinions differ greatly, however, regarding the nature of this role and how to bring it about.

Among the main economic challenges facing the region is the absorption of the accumulated financial surpluses in investments inside the region. The experience so far with new joint ventures, or with the speed at which they are making use of the resources at their disposal, underlines the urgency and extent of further efforts. A major obstacle in this respect is the lack of clearly identified investment opportunities and well studied projects. A significant yet far from sufficient effort to help overcome this obstacle is the joint UNDP/Arab Fund "Project for the Identification and Preparation

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1/ For different reasons, the Gulf countries appear to be interested in promoting co-operation among themselves through a gradual approach.

2/ Such as the Gulf Organization for Industrial Consulting, Gulf Banks' Federation and Gulf Insurance and Reinsurance Company.

of Inter-Arab Projects and Related Feasibility Studies".

In reviewing the operations of inter-Arab joint ventures, it appears that, while economic viability is the long-term objective, for some (including major ones) it is not the overriding consideration in the short- or the medium-term. Entering certain "strategic" activities (such as oil exploration and transport or ship repair), which involve know-how and manpower training, is considered sufficient to justify the incurrence of losses initially.

Competition from similar national enterprises could prove to be a serious threat to the success of some joint ventures, especially where large capital outlays and world-wide competition are also involved. The Arab Maritime Petroleum Transport Company (AMPTC) has faced such competition. Similarly, the Arab Ship Repair Yard (ASRY) could encounter similar competition once the large dry-dock in Dubai becomes operational. In contrast, building on the experience of national enterprises could be a positive element, as in the example of the United Arab Shipping Company, which was established through a merger with the Kuwait Shipping Company.

There is limited evidence of co-operation among joint ventures1/. Relations among them are essentially informal. Examples of co-operative possibilities which have been considered or are being explored involve the Arab Mining Company with the Arab Company for Drugs and Medical Appliances and with the Arab Industrial Investments Company to manufacture pharmaceutical glass and mining machinery. Other forms of co-operation have involved equity participation and the supply of project ideas and pre-feasibility studies. Links between the Council of Arab Economic Unity and the joint ventures it sponsored have remained informal, weak and confined basically to bi-annual meetings2/.

An interesting new type of joint venture is exemplified by the Syrian-Saudi Corporation for Industrial and Agricultural Investments and the Syrian-Libyan Corporation for Agricultural Investments. Both are located and operate in the Syrian Arab Republic and are established along similar lines. The Syrian-Saudi venture has a capital of $ 50 million, equally shared, with the Saudi share paid in dollars and the

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1/ Similarly, hardly any links exist between joint ventures and Arab producers' federations and associations operating in the same fields.

2/ An attempt by the Council to strengthen such links and enhance its role in these ventures is embodied in a draft project proposal on the Law for Joint Arab Ventures. This Law has been under consideration for sometime. However, it would seem that an important consideration for its acceptance by the concerned joint ventures is its non-interference in their operations.

Syrian share paid in Syrian pounds. In a sense, such ventures could be considered as a variant of bilateral financial assistance.

Finally, the experience of co-operation between Jordan and the Syrian Arab Republic, in the context of their 1975 agreement, proceeded smoothly until recently (1980), when it started losing momentum because of strained political relations. However, some of the projects conceived earlier have been brought to fruition, including the establishment of the Syrian-Jordanian Industrial Company, the joint Syrian-Jordanian Commercial Bank1/, the Land Transport Company, and the joint Industrial Free Zone Company. Other projects, however, have been frozen and no new ones considered. This experience is instructive in that it shows that once sufficient economic interest and momentum are generated, the chances of revoking agreements and commitments become much less.

2. Intraregional resource transfers

Available statistical information on net disbursements of financial aid by individual ECWA countries to other countries in the region relates basically to bilateral flows. Information on assistance received through multilateral channels is incomplete, being readily available only for the component of aid disbursed through Arab/OPEC multilateral aid institutions.

Figures in Appendix table 30 indicate the extension of the geographical scope of the aid activities of the ECWA/OPEC countries beyond the region. The share of the region in total bilateral aid disbursed by these countries fell sharply from 82 per cent in 1973, to 55.7 per cent in 1978, averaging 66.5 per cent in the period 1974-1978. To a considerable degree, this reflected the trend in aid going to Egypt, the share of which dropped from about 46 per cent in 1973 to 20 per cent in 1978, and the steadily expanding number of beneficiaries from other parts of the world.

Another, but somewhat less accentuated trend, characterizing the flow of concessional aid, reflected the continuation of the practice to accord more favourable treatment to ECWA member countries.

Appendix table 30 also shows that, of the aid flows channelled through the Arab/OPEC multilateral aid institutions in the period 1974-1978, Egypt obtained 51.5 per cent, compared to a mere 4.6 per cent for the remaining 12 ECWA countries. The significant (43.9 per cent) share going to developing countries outside the region points to the expanded activities of aid institutions in those countries.

1/ The Bank began operations in the summer of 1980.

Appendix table 31 provides a matrix of the flow of bilateral aid between member countries in the period 1974-1978. Aside from Egypt, whose share was 50.7 per cent, the other main beneficiaries of aid have been the Syrian Arab Republic, Jordan and Yemen which absorbed 19.6 per cent, 11.1 per cent and 6.1 per cent of the total, respectively. Exceptions to the convergence of aid towards these main recipients can be observed. Thus, Qatar allocated a significant portion of its aid to Bahrain, Iraq and Lebanon, and Qatar and the United Arab Emirates to Oman. For other recipients, there is a clear association with one or two donors, with Bahrain depending mostly on Saudi Arabia and Kuwait; Democratic Yemen on Saudi Arabia, Kuwait and Iraq; Lebanon on Saudi Arabia and Iraq; and, Oman on the United Arab Emirates and Saudi Arabia.

Some of these flows have also been characterized by considerable irregularity and uncertainty over time, causing variations in their volume and/or discontinuation, as illustrated by flows to Democratic Yemen, Lebanon and Oman.

The volume of bilateral aid received from within the region during 1974-1978 have been sufficient to cover about 50 per cent of the balance of payments' deficit on account of goods and services in the Syrian Arab Republic and two thirds of that in each of Democratic Yemen and Jordan (Appendix table 32). In contrast, for Oman, the volume of aid was more than twice the size of the deficit. This ex-post comparison, however, should not be taken as indicative of actual needs for external financing and/or the absorptive capacity of the countries in question, since the realized deficit is often largely governed by the availability (actual or anticipated) of foreign exchange, including short- and medium-term aid prospects.

Information on the distribution of intraregional official financial flows by purpose is available on the basis of commitments made rather than actual disbursements. This, however, should provide an adequate reflection of the broad sectoral allocation of aid. It appears (Appendix table 33) that over 60 per cent of the aid committed within the region in the period 1974-1978 was in the form of budget and balance of payments support. The share of the commodity producing sectors (agriculture and industry) remained low in the neighbourhood of 5 per cent, while power generation accounted for less than 4 per cent of total commitments1/. The predominance of budget and

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1/ Egypt aside, the funds committed to agriculture were directed mainly to Yemen (57 per cent) and Democratic Yemen (23 per cent). In the case of industry, Oman, Jordan and the Syrian Arab Republic were the main beneficiaries, with 52 per cent, 27 per cent and 17 per cent of commitments, respectively. The aid committed to finance power generation projects was geographically more diffused, with Oman obtaining 30 per cent, the Syrian Arab Republic 25 per cent, Bahrain 19 per cent and Jordan 14 per cent.

balance of payments support is most evident in the case of Jordan, the Syrian Arab Republic and Egypt where it represented about 81 per cent, 77 per cent and 63 per cent of aid commitments, respectively. It has been also of great significance for the two Yemens.

From the donor's point of view, budget and balance of payments' support was relatively more significant in the case of Iraq and Kuwait, accounting for more than 68 per cent of commitments in each case, compared to between 47 and 60 per cent for the remaining three donors. Agriculture also accounted for a higher share (5.7 per cent) in Iraq, while industry was of relatively greater significance (6.3 per cent) in the aid commitments of the United Arab Emirates. In contrast, while Iraq and Qatar do not appear to have committed any aid to power generation during the period reviewed, the other three and much larger donors, particularly Saudi Arabia, committed relatively substantial sums to this sector.

The predominance of budget and balance of payments support, relative to other forms of aid commitments, is partly due to the convenience of this form of aid which involves minimal preparations and follow-up once the aid decision has been made. In contrast, the provision of aid to finance specific project activities, such as in agriculture or industry, presupposes the existence of a machinery to identify and evaluate projects at the national and/or regional level. This is normally a time-consuming process even where the requisite expertise and institutions which are generally lacking in the region exist.

Programme-oriented aid and overall support for national development efforts are increasingly being advocated for those developing countries, where foreign exchange is a serious constraint, local financing and recurring costs are important, and the need to invest in not-directly productive activities (e.g., education and health) are pressing. Nevertheless, the excessive resort to budget and balance of payments support as a form of aid is to be interpreted to reflect a predominance of political over economic considerations1/, especially when large sums are involved. Perhaps the only test of the use of this form of aid is the overall developmental impact which may be difficult to assess. In contrast, the link between spending and the results is easier to identify in the case of more specific forms of aid.

1/ Even where the motive for aid giving is entirely political, the donor is generally interested in putting the funds into good use that will contribute to promoting economic and social development in the receiving country.

DEVELOPMENT PROBLEMS AND PROSPECTS

While the ECWA region continues to be burdened by such developmental limitations as under-utilization of resources, low productivity and structural disequilibrium, it emerged during the seventies with a somewhat differentiated set of development issues and challenges. Whereas a number of these issues are common to all member countries, others are unique to individual or groups of these countries.

The region's growth pattern of the past decade, which is likely to continue in the 1980s, conceals many weaknesses. The economies of the region continue to suffer from structural imbalances, with the result of continuing vulnerability to external shocks. The development of regional technological capabilities, particularly the choice of the appropriate technology and indigenous technology, is still at its embryonic stage. The region lacks adequate skilled indigenous manpower and the manpower problem is exacerbated by unregulated intra-regional flows of skilled labour. Mainly due to lagging agricultural development, the region has been adversely affected by the food security problem and, consequently, the rapidly escalating food import bills. Despite the relative abundance of capital in the region, the investment of surplus-capital within the region has been nowhere near the level commensurate with the region's development potentials. For lack of regional co-operation in development efforts, duplication of projects throughout the region is not infrequent.

In agriculture, of the factors contributing to the chronic food shortages and the low agricultural productivity, are low cropping intensity, limited water resources and inefficient use of water, soil salinity, water-logging, drought, disease and land fragmentation which inhibits the use of modern inputs. Equally limiting is the imbalance in agricultural investment which favoured irrigation systems at the expense of expanding and enhancing the effectiveness of institutional support structures concerned with research, extension, marketing, the provision of credit, reduction of post-harvest losses and improvement of technical competence of farmers. Furthermore, the lack of regional co-operation in food importation has resulted in high import costs and has aggravated food shortages and wastes. This points to the urgent need for the development of regional food and feed grain policies, particularly with respect to collective imports and stocking policies.

Improving agricultural and rural practices and institutions is an essential prerequisite for raising farm productivity in the ECWA region. This should focus on (a) rationalization and reorganization of the farming systems; (b) re-evaluation of price policies to spur farm productivity; and, (c) promotion of agricultural extension and improving the marketing system.

The pattern of industrialization has been characterized by a narrow range of products, a low level of specialization, and a scanty intraregional trade. Import substitution which dominated the industrialization process has failed to develop an integrated industrial structure or to generate important industrial linkages with the other sectors of the regional economy, thus accentuating the phenomenon of the modern traditional dual economy.

The industrialization strategy for the region should focus in the 1980s on (a) the development of integrated and balanced industrial sector; (b) the development of an efficient and competitive industrial sector capable of exporting manufactured goods; and, (c) the development and the efficient use of advanced industrial technology. Basic engineering and capital goods industries, and high technology industries need to be developed throughout the region as an essential link for initiating the upgrading of the industrialization process.

The ECWA region suffers from inadequate utilization of its labour force, coupled with a general shortage of skilled and technical labour and an abundance of poorly trained manpower. The limited supply of indigenous skilled labour has led to a considerable dependence on migrant labour.

The unmanaged labour mobility within the region has created serious problems for both the importing and the exporting countries. Intraregional labour movement needs to be co-ordinated with a comprehensive regional plan consistent with a regional development strategy. Such regional manpower planning has to deal with crucial manpower problems confronting both oil and non-oil economies. For the oil countries, labour priorities include the formulation of a consistent labour inflow policy which serves the manpower needs of economic development and, at the same time, minimizes the political and social repercussions of the presence of migrant workers. It also includes education of nationals and motivation of national work force and increasing the participation of women in economic activities. For the non-oil countries, the two important issues are the "brain drain" and the lack of an adequate balance in labour requirements of the modern and the informal sectors. What is most urgently needed is a regional assessment of the demand for and supply of migrant workers and the establishment of agreed levels of labour migration by both labour-exporting and importing countries in order to permit the latter to plan in a more certain and predictable environment. Such an orderly and predictable flow of labour would also facilitate the formulation of a rational educational and training programmes of all the countries involved.

Despite the massive expenditures on foreign technology embodied in machinery, equipment and turn-key projects, little technology absorption and diffusion has occurred. Hence, a comprehensive science

and technology policy needs to be formulated with a view to strengthening the scientific and technological capacities of choosing, unpackaging and adopting foreign technology and accelerating the development of indigenous technology. Furthermore, a proper machinery should be set up for regulating the import of technology.

To work towards collective self-reliance in the field of science and technology, member countries should facilitate the transfer of scientific knowledge and technology among themselves, undertake joint projects requiring high technological inputs, and establish regional management and consultancy organizations as well as new regional education and training centres. Equally important is the establishment of institutional linkages between the R&D systems in the ECWA countries and their counterparts in the developed countries to undertake joint research projects/programmes, exchange personnel and share experience and results.

The region's present preoccupations and priorities may be summarized in the following points:

1. Developing regional technological capabilities, by promoting an indigenous technological base through the pooling of resources and the co-ordination of national policies;

2. Attempting to achieve a greater level of collective self-reliance in food supply through both intensive and extensive agricultural expansion programmes;

3. Encouraging the investment of a greater portion of the available financial resources within the region by providing the necessary incentives and by properly identifying economically viable investment projects;

4. Co-ordinating development efforts among member countries, with a view to minimizing duplication and unwarranted competition;

5. Rationalizing the mobility of labour within the region, by formulating and implementing a comprehensive regional manpower strategy designed to meet the rapidly growing needs for skilled labour and to set up an effective mechanism for regulating the intraregional flows of labour in a manner least damaging to the development efforts of both labour-importing and labour-exporting countries;

6. Realizing a more balanced and diversified economic development which entails structural transformation essential for sustaining future growth by reducing sectoral imbalances, augmenting intersectoral dependencies and expanding the commodity producing sectors;

7. Rationalizing and making more efficient the use of the region's human and natural resources by raising, among other things, the participation rate of the former and maximizing the long-term benefits derived from the latter;

8. Reducing income disparities between different income groups and among various geographical areas through the location of new projects in a balanced and equitable way;

9. Strengthening the region's institutional, administrative and physical infrastructure;

10. Reducing the region's economic dependence on the rest of the world and, therefore, its vulnerability, in terms of technology, strategic commodities and expatriate labour, while promoting co-operation with the rest of the Arab world and the developing countries;

11. Fostering economic co-operation and integration efforts among member countries by, inter alia, insulating joint economic activities and projects from political developments.

Most of the problems listed above lend themselves to regional solutions. Therefore, economic co-operation and integration become more essential for the future course of development if the region is to make any real and lasting progress towards realizing its economic potential. To achieve a greater level of regional economic co-operation, a number of conditions must be met. Of these, at least three are important: (a) economic co-operation should, as much as possible, be guided by economic considerations; (b) the concept of collective self-reliance should be adhered to; and, (c) development plans and strategies should be harmonized.

Economic complementarity in the region is reflected in the diversity of the economies of member countries. Thus, balance of payments' surpluses in the oil countries co-exist with the balance of payments' deficits of the non-oil countries. Accumulated investible capital funds in the oil economies stand in sharp contrast with the vast investment opportunities regionwide. Labour-short countries

have relied and will continue to benefit from a significant supply of workers originating in the region. Many national industries must have a big market and the region offers the natural and perhaps the only feasible market.

Although it is difficult to assess growth prospects in the medium- and long-terms with any measure of accuracy, it is useful to make some observations on the growth prospects in the 1980s. For the oil economies, the 1980s should witness a gradual but steady correction of the structural imbalances of the economy which has so far depended very heavily on the export of crude oil. Development efforts will emphasize a more balanced growth than hitherto was possible. Meanwhile, through the determined efforts in education, training and social and medical services, the size and the quality of the labour force are expected to be enhanced, thereby reducing dependence on expatriate workers. Investment in the physical infrastructure will probably be relatively reduced and limited to what relates to the commodity producing sectors.

Industry is likely to register major gains even though the path of industrialization may diverge considerably among member countries depending, inter alia, on differences in resource endowments. Agriculture should also benefit from a renewed interest by policy-makers in this sector which, on the one hand, is a main source of livelihood for a large segment of the region's population and, on the other hand, is potentially the major supplier of strategic food commodities and industrial inputs.

If world efforts to promote alternative energy sources and conserve the use of oil begin to yield results in the 1980s, it would be possible for the oil countries to formulate their oil production policies in a way consistent with their absorptive capacity and with their long-term development interest. Meanwhile, and aside from the production levels issue, the region's oil producers are expected, during the 1980s, to process and market an increasing portion of their oil. The argument of building oil-refining capacity for export purposes appears to be strong, even though the location of oil processing industries in the proximity of the main consumption centres may prove to be more economically viable.

The oil countries will continue to face in the 1980s the challenge of finding secure investment outlets which can protect the purchasing power of their surplus funds. The problem would be particularly grave if the value of major reserve currencies continued to fluctuate around a declining trend and if it were not possible to bring oil production in line with development requirement. It should be noted here that intraregional investment possibilities offer, at least in part, a logical solution, provided that the difficulties facing the deployment of investment funds within the region can be overcome.

As to development prospects in the non-oil economies, the outlook is generally less optimistic, with the financial constraints likely to continue. External financial support will be indispensable, at least through the first half of the 1980s. Thereafter, some of these economies may be able to come closer to financial self-sufficiency, aided, inter alia, by the coming-on-stream of many agricultural and industrial projects and by a relative decline in the requirement for infrastructural undertakings. Thus, although financial constraints will continue to be a limiting factor in the coming few years, they could be overcome in the intermediate- or long-run.

Like the oil economies, this group of countries will emphasize the commodity producing sectors. However, whereas oil economies will lean toward petrochemical industrialization, the non-oil economies may go into light and/or agro-based industrialization. Furthermore, since the region's agricultural potential lies significantly in this group, the agricultural sector is expected to be stressed.

The non-oil countries have generally been and are expected to be in a state of disequilibrium in their external balances (both trade and payments' balances). The sources of the difficulty are on the export as well as on the import side. As to exports, the poor historical performance is explained by (a) the paucity of exportable commodities, many of which are agricultural and are, therefore, governed by climatic conditions; and, (b) weak competitive position of these countries' exports, partly because of low product quality and partly because of inaccessibility to foreign markets. This situation can be remedied by promoting export-oriented industries in more efficient commodity producing sectors.

On the import side, these countries, which have committed themselves to ambitious development programmes, have found it extremely difficult to control the level of imports, let alone the unfavourable changes in the terms of the trade. Hence, balance of payments deficits in the 1980s will have to be met increasingly through domestic efforts, including export promotion and austere import policies, particularly if the prospects for the inflow of foreign aid are not very promising.

The question of rationality and efficiency in the use of available resources in respect of the non-oil economies has become an important issue. Actual operating capacity, as well as workers' productivity, will have to be raised significantly. Maintenance and servicing of plants and physical assets need to be upgraded, and the administrative and managerial infrastructure will have to be greatly improved.

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APPENDIX TABLES

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Appendix table 1. Growth of Aggregate Output in Countries of the ECWA Region (1976-1979)

Country	Year	Annual percentage growth rates				Absolute values		
		GNP[a]		GDP[a]				
		Current	Constant	Current	Constant	GNP (million US$)	GDP (million US$)	GNP per capita (US$)
Bahrain	1976	46.2	24.3	47.8	27.2			
	1977	13.3	1.1	21.8	8.8	1,386.1	1,656.3	5,133.7
Democratic Yemen	1976	37.3	28.2	29.0	19.8			
	1977	24.6	15.1	16.6	7.0	584.8	435.2	338.2
Iraq	1976	38.2	...	31.0	12.1			
	1977	11.6	...	9.4	17.3			
	1978	21.4	...	22.3	12.2	22,830.1	23,840.9	1,852.0
Jordan (East Bank)	1976	58.4	42.0[d]	44.2	29.3[d]			
	1977	14.9	0.4[d]	18.9	3.8[d]			
	1978	14.5	7.1[d]	19.2	11.4[d]			
	1979	19.5	4.6[d]	20.4	5.4[d]	2,838.6	2,279.7	918.6
Kuwait	1976	...	...	12.2	...			
	1977	...	...	3.7	...			
	1978	...	...	6.6	...			
	1979	...	...	53.5	...		17,873.6	14,073.7[e]
Lebanon	1976	...	...	-47.6	...			
	1977	...	...	157.6	...		2,671.9	908.8[e]
Oman	1976	17.6	...	14.2	...			
	1977	12.4	...	6.4	...			
	1978	4.8	...	1.4	...			
	1979	...	...	31.3	...		3,394.6	3,947.2[e]
Saudi Arabia[b]	1976	31.9	...	17.7	8.6			
	1977	25.6	...	24.4	14.8			
	1978	9.1	...	8.9	5.9			
	1979	...	...	15.0	7.6		76,012.3	9,372.7[e]
Syrian Arab Republic	1976	...	...	20.3	8.1			
	1977	...	...	9.4	-2.5			
	1978	...	...	19.9	8.7			
	1979	...	...	9.8	3.3		9,143.1	1,057.3[e]
United Arab Emirates	1976	28.9	...	30.8	...			
	1977	27.7	...	24.8	...			
	1978	-1.2	...	-2.0	...			
	1979	4.5	...	4.2	...	13,500.7	14,363.5	14,917.9
Yemen[c]	1976	16.2	3.6	15.8	3.3			
	1977	48.4	13.4	45.6	11.3			
	1978	...	-1.0	20.3	10.1			
	1979	...	1.5	28.8	8.1	3,389.0	2,563.3	576.19[f]

Source: ECWA, based on national and international sources.

a/ At market price except for Iraq and Saudi Arabia (GDP only) where data are at factor cost.

b/ Fiscal years ending mid-May.

c/ Fiscal years ending 30 June.

d/ Deflated by cost of living index.

e/ GDP/capita.

f/ According to alternative official population estimates, per capita GDP is given at US$ 393.

... = not available.

Appendix table 2. Structure of Output - Percentage Sectoral Contribution at Current Prices a/ in Countries of the ECWA Region

(1976-1979)

Country	Year	GDP (mns of national currency units)	Agriculture	Mining and quarrying Total	Mining and quarrying Oil	Manufacturing b/	Construction	Transport	Trade	All others c/
Bahrain	1976	538.0	1.3	31.1	(30.9)	18.4	10.1	5.8	15.3	11.7
	1977	655.3	1.4	29.6	(29.5)	18.1	9.5	5.9	16.3	11.7
Democratic Yemen	1976	112.3	21.5	0.2	-	9.2	7.9	12.0	21.3	27.9
	1977	140.0	18.2	0.3	-	12.1	9.4	12.5	20.8	26.7
Iraq	1976	5,113.3	- - - - - - - - -		79.3	- - - - - - - - -		- - - 11.6 - - -		9.1
	1977	5,593.4	- - - - - - - - -		77.8	- - - - - - - - -		- - - 13.7 - - -		8.5
	1978	6,838.2	- - - - - - - - -		78.9	- - - - - - - - -		- - - 11.3 - - -		9.8
Jordan (East Bank)	1976	358.5	10.4	5.0	-	16.3	6.5	9.1	18.1	34.6
	1977	403.3	10.4	4.9	-	17.2	6.7	8.9	16.4	35.5
	1978*	487.1	10.5	4.6	-	13.7	7.2	13.8	17.9	32.3
	1979*	588.2	8.2	5.2	-	14.9	7.3	13.4	17.9	33.1
Kuwait	1976	3,788.6	0.3		63.9	7.1	3.4	2.2	7.6	15.5
	1977	3,927.3	0.3		59.0	8.0	4.0	2.1	9.0	17.6
	1978	4,188.2	0.3		60.7	7.7	3.6	1.9	7.6	18.2
	1979*	6,430.5	0.2		72.3	5.8	2.5	1.3	5.2	12.7
Lebanon	1977	8,200.0	8.5	- - - - - -	18.5	- - - - - -	3.4	7.7	28.3	33.6
Oman	1976	827.0	2.6		64.1	1.1	10.0	3.1	6.1	13.0
	1977	880.1	2.7		60.8	1.7	9.6	3.2	7.4	14.6
	1978	892.8	3.0		55.8	2.2	9.6	3.7	8.1	17.6
Saudi Arabia	1976	163,892.0	1.0	67.2	(66.9)	5.1	9.7	2.5	3.8	10.8
	1977	203,942.0	0.9	63.4	(63.0)	4.6	12.5	3.3	4.2	11.1
	1978	222,164.0	1.0	57.2	(56.8)	4.6	14.4	4.5	5.0	13.3
	1979p/	255,462.0	...	...	(57.1)	...	...	...	...	...
Syrian Arab Republic	1976	24,915.0	19.3	...	19.9	...	6.1	7.7	23.8	23.2
	1977	27,264.4	18.3	...	19.5	...	5.9	6.4	26.7	23.2
	1978	32,695.4	21.2	...	20.6	...	5.4	5.9	24.1	22.9
	1979*	35,886.5	18.2	...	21.0	...	6.8	5.1	21.8	27.1
United Arab Emirates	1976	44,655.3	0.8	66.4	(66.3)	2.1	8.4	4.4	6.8	11.1
	1977	55,066.2	0.8	59.3	(59.2)	4.2	10.4	4.8	8.3	12.2
	1978p/	53,938.5	0.9	56.5	(56.5)	5.6	10.1	5.1	8.5	13.3
	1979*	56,287.9	0.9	54.2	(54.1)	6.8	10.1	5.2	8.6	14.2
Yemen	1976	5,181.0	44.5	0.6	-	5.2	4.4	2.9	21.9	20.5
	1977	7,545.0	35.2	1.0	-	5.0	8.2	2.7	22.0	25.9
	1978	9,080.0	32.6	1.4	-	4.9	8.4	3.7	21.2	27.8
	1979	11,695.0	29.4	1.5	-	5.5	10.7	4.4	21.0	27.5

Source: ECWA, based on national and international sources.

a/ GDP at factor cost for Democratic Yemen, Iraq, Jordan, Saudi Arabia and United Arab Emirates and at market prices for the remaining countries.

b/ Including electricity gas and water. Oil refining is the major manufacturing activity in Bahrain and Saudi Arabia.

c/ Mainly public administration and defence.

Note: See footnotes b & c of Appendix table 1.

* Estimates. p = provisional.

... = not available.

- = nil or negligible.

Appendix table 3. Structure of Expenditures on the Gross Domestic Product in Countries of the ECWA Region (1976-1979) (in percentages)

Country	Year	GDP (mns of national currency units)	Consumption			Gross capital formation		Exports of goods and services	Imports of goods and services
			Total	Private	Public	Total	Changes in stocks		
Democratic Yemen	1976	128.9	112.0	82.0	30.0	39.0	5.0	- - - - 51.0[a/] - - - -	
	1977	149.2	108.7	81.3	27.4	46.0	5.0	24.0	78.7
Jordan (East Bank)	1976	401.7	116.8	84.4	32.4	40.4	3.0	47.8	105.0
	1977	477.6	120.1	87.3	32.8	42.4	1.1	50.7	113.2
	1978*	569.1	119.2	87.4	31.8	40.8	1.6	46.4	106.4
	1979*	685.2	121.7	90.3	31.4	43.0	2.1	46.7	111.4
Kuwait	1976	3,788.6	37.3	20.0	17.3	12.9	0.4	79.4	29.5
	1977	3,927.3	41.0	25.4	15.6	29.3	3.3	75.1	45.4
Lebanon	1977	8,200.0	112.5	...	...	20.9	...	18.1	51.5
Oman	1976	827.0	43.7	14.2	29.5	38.8	...	66.7	49.2
	1977	881.0	48.5	23.2	25.3	35.3	...	63.6	47.4
	1978	892.8	57.9	29.9	28.0	31.5	...	61.9	51.3
	1979*	1,172.5	50.5	26.3	24.2	27.1	...	67.2	44.8
Saudi Arabia	1976	164,526.0	32.0	14.4	17.6	21.0	0.5	73.1	26.0
	1977	205,056.0	36.6	16.6	20.0	25.5	0.4	68.4	30.6
	1978	223,747.0	43.8	22.8	21.0	30.4	0.4	62.4	36.6
Syrian Arab Republic	1976	24,915.0	80.0	60.0	20.0	34.7	3.6	19.4	34.1
	1977	27,264.4	88.2	68.8	19.4	34.0	-1.2	18.0	40.4
	1978	32,695.4	86.0	66.1	19.9	30.2	3.0	14.7	30.9
	1979*	35,886.5	89.7	70.7	19.0	28.2	-0.2	19.8	37.7
United Arab Emirates	1976	43,637.7	22.8	11.7	11.1	30.7	1.9	80.8	43.3
	1977[p/]	54,443.3	30.8	19.1	11.7	35.3	1.5	73.8	39.9
	1978[p/]	53,338.1	35.3	21.8	13.5	34.7	0.2	71.7	41.7
	1979*	55,603.9	36.0	22.0	14.0	35.1	-	69.3	40.4
Yemen	1976	5,181.0	105.7	92.6	13.1	22.6	7.7	7.7	36.0
	1977	7,545.0	105.1	92.4	12.7	34.7	12.0	6.7	46.5
	1978	9,080.0	107.7	...	...	34.4	8.4	6.9	49.0
	1979	11,695.0	111.2	...	...	37.9	8.8	8.6	57.7

Sources: ECWA, based on national and international sources.

a/ Trade balance

Note: See footnotes b & c of Appendix table 1.

* Estimates. p = provisional.

... = not available.

- = nil or negligible.

Appendix table 4. Gross Fixed Capital Formation: Distribution by Private and Public Sectors

(1976-1979)

Country	Year	Gross fixed capital formation (mns of national currency units)	Percentage distribution	
			Private	Public
Democratic Yemen	1976	44.0	4.1	95.9
	1977	62.0	3.2	96.8
Iraq	1976	1,336.5	16.8	83.2
	1977	1,259.2	20.3	79.7
	1978	1,573.5	19.9	80.1
Jordan (East Bank)	1976	150.2	...	...
	1977	197.0	...	...
	1978*	223.0	...	...
	1979*	280.0	...	...
Kuwait	1976	460.2	28.8	71.2
	1977	1,006.7	...	...
Lebanon	1977	1,718.0	...	...
Oman	1976	321.2	18.8	81.2
	1977	310.8	26.0	74.0
	1978	281.0	32.3	67.7
	1979	318.0	...	...
Saudi Arabia	1976	33,704.0	48.1 a/	51.9
	1977	51,416.0	46.8 a/	53.2
	1978	67,136.0	39.7 a/	60.3
Syrian Arab Republic	1976	7,759.0	26.7	73.3
	1977	9,597.0	37.6	62.4
	1978	8,887.0	33.2	66.8
	1979*	10,194.0	23.4	76.6
United Arab Emirates	1976	6,021.9	46.6	53.4
	1977 p/	18,362.8	47.0	53.0
	1978 p/	18,364.3	40.1	59.9
	1979*	19,501.0	34.7	65.3
Yemen	1976	773.0	33.0	67.0
	1977	2,016.0	...	...
	1978	2,363.0	...	...
	1979	3,399.0	...	...

Source: ECWA, based on national and international sources.

a/ Including investment in the oil sector.

Note: See footnotes b & c of Appendix table 1.

* Estimates. p = provisional.

... = not available

Appendix table 5. Percentage Distribution[a] of Gross Fixed Capital Formation (1976-1979)

Country	Year	By economic activity a/				By type of asset			
		Agriculture	Mining & quarrying b/	Manufacturing c/	Transport & communication	Construction Total	Construction Residential	Machinery equipment	Transport equipment
Iraq	1976	- - - -	49.7	- - - - -	34.0 d/	...	...	...	...
	1977	- - - -	52.5	- - - - -	21.4 d/	...	...	...	...
	1978	- - - -	53.1	- - - - -	21.5 d/	...	...	...	...
Jordan (East Bank)	1976	...	...	...	...	71.6	25.5	13.7	14.7
	1977	...	...	...	...	64.7	24.7	15.3	19.9
Kuwait	1977	...	...	...	...	33.5	10.6	- - - - 66.5 - - - -	
Saudi Arabia	1976	....	16.1	...	...	80.5	15.3	8.3	10.2
	1977	...	14.2	...	...	74.0	15.0	14.7	10.4
	1978	...	12.0	...	...	77.3	11.1	11.6	9.3
Syrian Arab Republic	1976	7.0	- - - 44.3	- - - - -	17.5	50.7	15.1	45.2	4.1
	1977	4.9	- - - 50.0	- - - - -	17.0	44.5	14.8	53.6	1.9
	1978	6.6	- - - 44.4	- - - - -	13.6	53.2	18.3	44.9	1.8
	1979*	7.9	- - - 43.1	- - - - -	13.1	63.3	15.1	35.2	1.5
United Arab Emirates	1976	0.8	6.5	34.3	28.5	55.2	...	...	...
	1977 p/	0.9	5.1	27.1	31.0	57.8	...	...	...
	1978 p/	1.2	5.5	31.7	33.2	54.8	...	...	...
	1979*	1.1	5.5	33.1	27.5	54.2	...	...	...
Yemen	1976	13.7	- - - 6.6	- - - - -	30.0	65.7	37.0	- - - - 34.3 - - - -	
	1977	5.4	- - - 10.6	- - - - -	31.2	...	...	...	...
	1978	9.5	- - - 8.2	- - - - -	29.8	...	...	...	...
	1979	7.8	- - - 8.1	- - - - -	31.7	...	...	...	...

Source: ECWA, based on national sources.

a/ Distribution of fixed investment by major activities only.

b/ For Saudi Arabia investment in oil only.

c/ Including electricity gas and water.

d/ Including all other distribution sectors.

Note: See footnotes b & c of Appendix table 1.

* Estimates. p = provisional.

... = not available.

Appendix table 6. Resources Balance as a Percentage of Gross Domestic Product

(1976-1979)

Country	Year	Domestic savings	Gross capital formation [a/]	Resources balance [b/]
Democratic Yemen	1976	-12.0	39.0	-51.0
	1977	- 8.7	46.0	-54.7
Jordan (East Bank)	1976	-16.8	40.4	-57.2
	1977	-20.1	42.4	-62.5
	1978*	-19.2	40.8	-60.0
	1979*	-21.7	43.0	-64.7
Kuwait	1976	62.7	12.9	49.8
	1977	59.0	29.3	29.7
Lebanon	1977	-12.5	20.9	-33.4
Oman	1976	56.3	38.8	17.5
	1977	51.5	35.3	16.2
	1978	42.1	31.5	10.6
	1979	49.5	27.1	22.4
Saudi Arabia	1976	68.0	21.0	47.0
	1977	63.4	25.5	37.9
	1978	56.2	30.4	25.8
Syrian Arab Republic	1976	20.0	34.7	-14.7
	1977	11.8	34.0	-22.2
	1978	14.0	30.2	-16.2
	1979*	10.3	28.2	-17.9
United Arab Emirates	1976	77.2	30.7	46.5
	1977	69.2	35.3	33.9
	1978 p/	64.7	34.7	30.0
	1979*	64.0	35.1	28.9
Yemen	1976	- 5.7	22.6	-28.3
	1977	- 5.1	34.7	-39.8
	1978	- 7.7	34.4	-42.1
	1979	-11.2	37.9	-49.1

Source: ECWA, based on national and international sources.

a/ For Lebanon and Oman, data pertain to gross fixed capital formation only.

b/ Resources balance = GDP - (consumption + investment)

Note: See footnotes b & c of Appendix table 1.

* Estimates. p = provisional.

Appendix table 7. Index Numbers and Annual Change of Food, Non-food and Agricultural Production (Gross) in the ECWA Region, Selected Years

(1969/71=100)

Item	1970	1976	1977	1978	1979	1980[a]	Annual percentage change	
							1969/71-1980 [b]	1979-1980
Food production	96	124	122	132	134	139	3.4	3.7
Non-food production	98	84	85	90	95	94	-0.9	-1.0
Agricultural production	96	119	117	127	129	134	2.9	3.9

Source: FAO, ICS printouts of production index numbers, December 1980 (unpublished).

a/ Preliminary.

b/ Exponential trend.

Appendix table 8. Annual Percentage Changes in the Volume of Production (Gross) of the Crop and Livestock Subsectors in the ECWA Region, Selected Years

(in percentages)

Item	1975	1976	1977	1978	1979	1980[a]	1974-1980[b]	1970-1980[b]
Crops subsector	-	6.4	-3.4	7.9	0.8	4.9	2.4	2.2
Livestock subsector	4.4	3.4	4.9	7.7	2.2	2.1	4.1	3.8
Agricultural sector	1.8	5.3	-1.7	8.5	1.6	3.9	2.9	2.7

Source: FAO, ICS printouts of agricultural production, December 1980 (unpublished).

a/ Preliminary.

b/ Exponential trend.

Appendix table 9. Livestock Production in the ECWA Region, Selected Years

(in thousand tons)

Commodity	1977	1978	1979	1980[a/]	Annual percentage change 1969/71-1980 b/	Annual percentage change 1979-1980
Fresh milk	3,796	4,031	4,143	4,217	3.4	1.8
Indigenous red meat	557	575	583	592	1.4	1.5
Indigenous poultry meat	284	339	354	361	9.2	2.0
Eggs	195	222	244	251	6.9	2.9

Source: FAO, ICS printouts of agricultural production, December 1980 (unpublished).

a/ Preliminary.

b/ Exponential trend.

Appendix table 10. Average Daily Per Capita Energy, Protein and Fat Intake in the ECWA Region, 1977
(units, grams, per cent)

Country	Calories	Protein		Fat	Annual growth rate[a] 1961/65 - 1977		
		Total	Animal origin		Calories	Protein	Fat
Democratic Yemen	1,945	55.4	9.6	37.7	-1.1	0.1	-1.6
Egypt	2,723	74.7	8.4	49.2	0.3	0.1	0.8
Iraq	2,134	56.7	7.2	31.4	1.1	0.9	-0.2
Jordan (East Bank)	2,107	55.9	7.7	41.4	-0.3	9.2	0.4
Lebanon	2,495	68.1	9.9	48.7	0.1	-0.3	-1.2
Saudi Arabia	2,624	69.9	16.9	49.8	2.6	1.6	1.8
Syrian Arab Republic	2,684	77.4	11.7	59.7	1.0	1.5	1.4
Yemen	2,192	68.4	8.0	33.6	0.4	0.2	-0.1
ECWA region	2,442	67.4	9.9	44.3	...	...	...
World average (1974)	2,563	68.7	23.9	61.3	...	...	...

Source: Food Supply Analysis Printouts, FAO, Rome, 1979 (unpublished).

a/ Exponential trend.

Note: ... = not available.

Appendix table 11. Access to Community Water Supply and Sanitation Services in ECWA Countries

(in percentages)

Country	Urban population served				Rural population served		
	Safe water supply		Sanitation		Safe water supply	Sanitation	
	House connexion	Public stand-points	Public sewerage	Septic tanks buckets & others	Reasonable access	Adequate disposal	Poor
Bahrain	100 (1980)	-	45	55	100 (1980)	100 (1980)	-
Democratic Yemen	68.3		7	6	34.4	...	...
Egypt	88 (1980)	8.9(1980)	...	...	56 (1980 4.5 house connexion	5	95
Iraq	96 have reasonable access		10% of Baghdad	80-90	30	Still in the initial stages	
Jordan (East Bank)	67	33	19	81	55	35	-
Kuwait	70	30 tankers	20	80	-	-	-
Lebanon	98	-	30-40	n.a.	85	...	...
Oman	32.6	4.2	4.7	37.4	72.2	15.5	Very poor 80
Qatar	99	1	54	46	83	100	-
Saudi Arabia	55	42	26	...	56	35	...
Syrian Arab Republic	70-80	10-20	65-75	-	55	10-15	-

Source: ECWA, based on national and international sources.

Note: ... = not available. - = nil or negligible.

Appendix table 12. Structure of Exports in the ECWA Region
(percentage shares; period averages)

	Food items	Agricultural raw materials	Ores and metals	All primary commodities	Fuels	Manufactured goods
Total ECWA						
1974-1975 a/	0.4	0.4	0.3	1.0	97.8	1.2
1977 b/	0.5	0.4	0.4	1.1	96.8	2.0
1978 a/ b/ c/ d/	0.4	0.4	0.5	1.4	97.6	1.1
Oil Economies						
1974-1975	0.2	-	0.2	0.4	98.4	1.1
1977	0.2	0.05	0.2	0.4	98.0	1.4
1978 c/	0.2	0.1	0.4	0.8	98.5	0.9
Bahrain						
1974-1975	1.8	0.1	7.9	8.8	83.0	7.2
1977	1.5	0.1	6.6	7.5	78.5	13.4
1978	1.3	0.2	9.6	15.2	79.9	9.0
Iraq						
1974-1975	0.5	0.2	-	0.8	99.1	0.1
1977	0.6	0.2	-	0.8	99.0	0.2
1978	0.7	0.2	-	1.0	98.5	0.5
Kuwait						
1974-1975	0.4	0.05	0.3	0.5	95.1	4.2
1977	0.6	0.1	0.6	0.8	91.6	7.2
Oman						
1974-1975	0.2	-	-	0.2	99.8	-
1977	0.2	-	-	0.2	99.8	-
1978	1.8	-	-	1.8	94.2	3.9
Qatar						
1974-1975	0.1	-	-	0.2	97.7	2.1
1977	0.1	-	-	0.1	99.0	0.8
1978	0.1	-	-	0.1	97.9	2.0
1979	-	-	5.4	-	92.7	1.9
Saudi Arabia						
1974-1975	0.1	-	-	0.1	99.6	0.3
1977	-	-	-	0.1	99.6	0.3
1978	0.1	-	0.2	0.2	99.2	0.6

/...

Appendix table 12 (continued)

	Food items	Agricultural raw materials	Ores and metals	All primary commodities	Fuels	Manufactured goods
United Arab Emirates						
1974-1975	-	-	-	0.05	100.0	-
1977	-	-	-	-	100.0	-
1978	-	-	-	-	100.0	-
Non-oil Economies						
1974-1975 a/	7.6	15.9	6.7	30.3	61.9	7.8
1977 b/	12.0	14.0	5.3	30.6	44.3	24.5
1978 a/ b/ d/	10.9	15.9	6.9	33.7	52.4	13.8
Democratic Yemen						
1974-1975	2.6	1.1	-	3.7	96.2	0.1
1977 e/	9.5	2.5	-	11.9	88.0	0.05
Jordan (East Bank)						
1974-1975	28.3	1.3	49.2	78.8	0.5	20.7
1977	37.0	2.7	28.6	68.3	-	31.7
1978	29.2	1.9	30.3	61.5	-	38.5
1979	31.0	1.5	31.8	64.4	-	35.6
Lebanon						
1974-1975	...	...	...	...	...	...
1977	18.0	1.7	7.0	24.4	0.1	73.2
Syrian Arab Republic						
1974-1975	5.6	20.9	2.3	28.7	63.4	7.9
1977	5.8	22.7	1.6	30.0	60.6	9.3
1978	7.3	18.7	2.3	28.2	62.8	8.9
1979	4.8	13.5	2.1	20.3	72.2	7.5
Yemen						
1974-1975	25.3	68.7	0.4	94.3	-	5.0
1977	...	...	...	...	...	...
1978	...	...	...	...	...	...
1979	49.5	10.9	0.2	60.4	-	38.2

Source: ECWA, based on national and international sources.

a/ Excluding Lebanon.

b/ Excluding Yemen.

c/ Excluding Kuwait.

d/ Excluding Democratic Yemen.

e/ Total export figure including refined oil taken from UNCTAD, Handbook of International Trade and Development Statistics, 1979.

Note: ... = not available. - = nil or negligible.

Appendix table 13. Geographic Distribution of Trade in the ECWA Region: 1974-1975, 1978, 1979

(percentage shares)

	Exports						Imports					
	ECWA	EEC	EFTA	CMEA	USA	Japan	ECWA	EEC	EFTA	CMEA	USA	Japan
Oil Economies												
1974-1975	3.20	39.45	2.52	0.08	3.69	18.85	15.56	30.08	3.24	3.78	13.03	14.81
1978	4.21	32.84	2.11	0.81	10.46	20.06	5.91	37.14	4.77	3.20	15.13	16.24
1979	3.62	34.66	2.78	0.71	10.77	19.73	5.27	37.38	5.00	3.21	14.73	16.33
Non-oil Economies												
1974-1975	30.91	20.44	0.67	10.04	1.51	0.98	10.38	36.72	5.20	9.82	10.27	5.23
1978	36.78	23.68	0.75	11.27	4.97	0.81	16.66	35.19	4.18	11.59	5.35	6.01
1979	32.01	33.59	1.07	8.81	6.47	1.56	18.11	34.83	4.55	10.18	9.19	5.03

Source: ECWA, based on national and international sources.

Appendix table 14. ECWA Countries: Major Balance of Payments Flows, 1976-1979
(millions of US$; period average)

	(1)	(2)	(3)=(1)+(2)	(4)		(5)=(3)+(4)	(6)		(7)	(5)+(6)+(7)	(9)	(10)
	Trade balance (FOB) [a]	Services (net)	Balance on goods and services	Transfers (net) Private	Transfers (net) Public	Balance on current account	Capital flows (net) Long-term	Capital flows (net) Short-term	Errors and omissions	Overall balance	Counterpart to SDR alloc. and valuation change	Reserves and related items (- = increase)
Oil Countries												
Bahrain												
1976-1977	-189	59	-130	-	51	-79	152	-40	...	33	-	-33
1978	-213	70	-143	-	94	-49	127	42	...	121	-	-121
Kuwait												
1976-1977	5,732	1,020	6,752	-342	-551	5,858	-2,294	132	344	4,042	-3,376	-666
1978	5,916	1,510	7,426	-433	-800	6,193	-477	-687	-2,633	2,396	-2,775	382
1979	13,273	2,234	15,507	-532	-756	14,219	51	-522	-2,627	11,121	-10,751	-369
Oman												
1976-1977	483	-292	192	-256	160	95	141	44	-176 [e]	103	-	-103
1978 [d]	338	-207	131	-233	19	-83	8	16	-35 [e]	-95	-	95
Qatar												
1976-1977	1,115	136 [e]	1,252	-529	-113	610	-357 [f]	-42	...	211	----	-211 -----
1978	1,233	194 [e]	1,428	-736	-75	617	-358 [f]	-	...	259	----	-259 -----
1979 [d]	2,248	173 [e]	2,421	-710	-284	1,427	-367 [f]	-	...	1,060	----	-1,060 -----
Saudi Arabia												
1976-1977	25,472	-7,131	18,342	-1,488	-3,608	13,246	-9,091	-1,813	-1	2,341	1,012	-3,358
1978	16,324	-11,447	4,877	-2,003	-3,900	-1,026	-819	-4,401	3	-6,243	-4,371	10,627
1979	32,874	-16,010	16,864	-2,505	-3,503	10,856	-4,934	-5,966	-3	-47	122	-76
United Arab Emirates												
1976-1977	5,283	-2,620 [g]	2,654 [g]	...	-1,241 [h]	1,413	-79	-127	123	1,329	---- -1,329	-----
1978	4,466	-2,774 [g]	1,692 [g]	...	-1,046 [h]	646	674	-207	-	1,113	---- -1,113	-----
1979 [d]	8,989	-4,117 [g]	4,872 [g]	...	-1,680 [h]	3,192	-328	-	-	2,864	---- -2,864	-----
Non-oil Countries												
Democratic Yemen [i]												
1976-1977	-255	-12	-267	153	48	-66	53	-	13	-	-1	-90
1978	-328	-14	-342	255	37	-50	34	-13	42	13	13	-37
1979	-346	-23	-369	312	21	-36	6	-38	38	-30	7	
Jordan (East Bank)												
1976-1977	-839	445	-394	4	438	48	75	-8	-6	109	19	-129
1978	-1,038	408	-630	13	335	-282	284	142	106	251	118	-369
1979	-1,340	528	-812	-12	1,056	232	184	86	-220	282	18	-300
Lebanon												
1976-1977	-443	351	-92	...	...	480 [j]	...	...	...	480	-	-480
1978 [b]	-931	433	-498	...	...	177 [j]	...	...	...	177	-	-177
Syrian Arab Republic												
1976-1977	-1,176	-130	-1,306	72	772	-462	292	98	4	-68	-42	109
1978	-1,132	-196	-1,328	94	783	-451	388	-36	-34	-133	32	102
1979	-1,409	-244	-1,653	112	1,627	86	137	68	-101	190	8	-198
Yemen												
1976-1977	-600	-45	-645	831	108	295	49	33	69	446	5	-451
1978	-945	-61	-1,006	946	125	66	112	-47	55	186	33	-219
1979	-1,372	-31	-1,403	1,026	255	-122	69	36	3	-15	-17	32

Source: ECWA, based on national and international sources.

[a] Exports are valued FOB and imports CIF in the case of Bahrain, Oman, Qatar and the United Arab Emirates.

[b] Preliminary.

[c] Includes private non-oil capital movements.

[d] Provisional.

[e] Consists of oil company profit remittances, investment income and other receipts.

[f] Includes net errors and omissions.

[g] Includes private transfers, i.e., remittances by expatriate workers in the United Arab Emirates.

[h] Official grants and loans.

[i] The difference between changes in reserves and related items, overall balance and counterpart to SDR allocation and valuation change is accounted for by Trust Fund loans and Subsidy Accounts Grants.

[j] Includes net capital flows and errors and omissions.

Note: Figures were rounded to the nearest hundred thousand. Details, therefore, may not add up to totals.

... = not available. - = nil or negligible.

Appendix table 15. ECWA's International Reserves[a/] and Reserves Imports Ratios

(1976-1979)

	Reserves ($ million)		Reserves/imports (ratios)	
	1978	1979	1978	1979
Total ECWA	29,296.5	30,922.3	0.64	0.58
Oil Economies	24,047.9	25,504.5	0.61	...
Bahrain	499.9	620.5	0.24	...
Iraq	...	...	...	...
Kuwait	2,616.7	2,986.1	0.57	
Oman	415.0	604.7	0.33	0.44
Qatar	222.2	300.4	0.19	0.21
Saudi Arabia	19,407.0[b/]	19,484.0[b/]	0.95	...
United Arab Emirates	887.1	1,508.8	0.17	0.22
Non-oil Economies	5,248.6	5,417.8	0.76	...
Democratic Yemen	189.1	211.5	...	...
Jordan	966.7	1,247.7	0.64	0.64
Lebanon	2,224.1	1,920.9	...	...
Syrian Arab Republic	409.0	610.0	0.17	0.18
Yemen	1,459.7	1,427.7	1.14	...

Source: ECWA, based on national and international sources.

a/ End of period data on foreign exchange holdings by monetary authorities, reserve position with the IMF plus Special Drawing Rights where applicable.

b/ Beginning April 1978 onward, foreign exchange holdings exclude foreign exchange cover against note issue.

Note: ... = not available.

Appendix table 16. Government Revenues - Absolute Values and as Ratios to GDP[a]

(millions of national currencies)

Country	1975	1976	1977	1978	1979	1980
Oil Countries						
Bahrain						
Total revenue	135.0 (28.5)	191.1 (35.5)	230.1 (35.1)	218.8[b] (...)	228.9[b] (...)	... (...)
Tax revenue	13.6 (2.9)	18.8 (3.5)	25.3 (3.9)	27.0[b] (...)	29.0[b] (...)	... (...)
Non-tax revenue	121.4 (25.6)	172.3 (32.0)	204.8 (31.2)	191.8[b] (...)	199.3[b] (...)	... (...)
Iraq						
Total revenue	602.1[b] (14.9)	1,198.8[b] (25.7)	1,303.7 (22.6)	1,685.0 (23.9)	... (...)	... (...)
Tax revenue	31.2[b] (0.8)	47.9[b] (1.0)	... (...)	... (...)	... (...)	... (...)
Non-tax revenue	570.9[b] (14.1)	1,150.9[b] (24.7)	... (...)	... (...)	... (...)	... (...)
Kuwait						
Total revenue	3,324.4[c] (98.3)	3,033.1 (80.0)	3,093.4 (78.7)	3,697.8 (88.3)	3,863.5[b] (60.1)	... (...)
Tax revenue	30.2[c] (0.9)	35.0 (0.9)	48.6 (1.2)	51.0 (1.2)	44.9[b] (0.6)	... (...)
Non-tax revenue	3,194.1[c] (97.4)	2,998.1 (79.1)	3,044.8 (77.5)	3,646.8 (87.1)	3,818.6[b] (59.3)	... (...)
Oman						
Total revenue[d]	387.7 (53.5)	487.3 (58.9)	520.6 (59.2)	482.0 (53.9)	... (...)	... (...)
Tax revenue	130.3 (18.0)	188.0 (22.7)	169.7 (19.3)	154.2 (17.2)	... (...)	... (...)
Non-tax revenue	257.4 (35.5)	299.3 (36.2)	350.9 (39.9)	328.0 (36.7)	... (...)	... (...)
Qatar						
Total revenue	6,866.0 (...)	8,511.3 (...)	8,154.4 (...)	8,225.1 (...)	11,747.0[e] (...)	13,744.7[b] (...)
Tax revenue	451.5 (...)	501.8 (...)	551.8 (...)	672.5 (...)	615.0 (...)	960.0 (...)
Non-tax revenue	6,414.5 (...)	8,009.5 (...)	7,602.6 (...)	7,552.6 (...)	11,128.0 (...)	12,784.7 (...)
Saudi Arabia						
Total revenue	100,103.0 (74.0)	103,384.0 (63.0)	135,957.0 (66.6)	130,659.0 (58.8)	131,505.0 (51.4)	230,200.0[b] (...)
Tax revenue	5,913.0 (4.3)	1,974.0 (1.2)	3,348.0 (1.6)	4,936.0 (2.3)	6,379.0 (2.5)	7,200.0 (...)
Non-tax revenue	94,190.0 (69.7)	101,410.0 (61.8)	132,609.0 (65.0)	125,723.0 (56.5)	125,135.0 (48.9)	223,000.0 (...)
United Arab Emirates						
Total revenue	18,550.0 (55.6)	24,040.0 (55.0)	26,599.0 (48.8)	26,525.0 (49.7)	34,063.0[e] (61.2)	... (...)
Tax revenue	963.0 (2.9)	1,058.0 (2.4)	1,406.0 (2.5)	2,763.0 (5.2)	1,460.0 (2.6)	... (...)
Non-tax revenue	17,587.0 (52.7)	22,982.0 (52.6)	25,193.0 (46.3)	23,762.0 (44.5)	32,603.0 (58.6)	... (...)

/...

Appendix table 16 (continued)

Country	1975	1976	1977	1978	1979	1980
Non-oil Countries						
Jordan (East Bank)						
Total revenue	82.6 (30.6)	107.6 (30.0)	131.6 (32.6)	155.8 (32.0)	176.5 b/ (30.0)	... (...)
Tax revenue	51.5 (19.1)	68.0 (19.0)	90.7 (22.5)	101.6 (20.9)	112.6 b/ (19.1)	... (...)
Non-tax revenue	31.1 (11.5)	39.6 (11.0)	40.9 (10.1)	54.2 (11.1)	63.9 b/ (10.9)	... (...)
Lebanon						
Total revenue	798.7 (...)	1,424.8 b/ (...)	1,084.0 b/ (13.2)	1,635.1 b/ (...)	1,812.0 b/ (...)	... (...)
Tax revenue	565.0 (...)	989.3 b/ (...)	712.5 b/ (8.7)	1,192.5 b/ (...)	1,296.2 b/ (...)	... (...)
Non-tax revenue	233.4 (...)	435.5 b/ (...)	371.5 b/ (4.5)	442.6 (...)	515.8 b/ (...)	... (...)
Syrian Arab Republic						
Total revenue	5,701.0 (29.1)	5,821.0 (23.4)	6,057.0 (22.2)	7,311.0 (22.4)	7,720.0 b/ (23.6)	... (...)
Tax revenue	2,376.0 (12.1)	2,816.0 (11.3)	3,377.0 (12.4)	4,187.0 (12.8)	3,389.0 b/ (10.4)	... (...)
Non-tax revenue	3,325.0 (17.0)	3,005.0 (12.1)	2,680.0 (9.8)	3,124.0 (9.6)	4,331.0 b/ (13.2)	... (...)
Least-Developed Countries						
Democratic Yemen f/						
Total revenue	13.85 (...)	25.71 (22.9)	34.90 (24.9)	43.49 (...)	41.40 b/ (...)	... (...)
Tax revenue	11.24 (...)	19.68 (17.5)	28.28 (20.2)	32.45 (...)	31.25 b/ (...)	... (...)
Non-tax revenue	2.61 (...)	6.03 (5.4)	6.62 (4.7)	11.04 (...)	10.15 b/ (...)	... (...)
Yemen						
Total revenue	381.1 (7.3)	604.7 (8.0)	292.8 (14.2)	1,924.9 e/ (16.5)	2,198.0 b/ (...)	... (...)
Tax revenue	301.1 (5.8)	492.7 (6.5)	1,074.4 (11.8)	1,574.8 (13.5)	1,742.0 b/ (...)	... (...)
Non-tax revenue	80.0 (1.5)	112.0 (1.5)	218.4 (2.4)	350.1 (3.0)	455.3 b/ (...)	... (...)

Source: ECWA, based on national and international sources.

a/ Figures in parenthesis represent percentage of GDP.

b/ Budget estimates.

c/ Exceptional fiscal year from 1st April to end of June (15 months).

d/ Does not include grants from other countries.

e/ Provisional actual.

f/ Beginning in 1976 the fiscal year, previously ending on March 31, was changed to coincide with the calender year. There was an interim budget for the nine months April-December 1975 to cover the transitional period between 1974/75 and 1976.

Note: ... = not available.

Appendix table 17. Government Expenditures - Absolute Values and as Ratios to GDP[a/]
(millions of national currencies)

Country		1975	1976	1977	1978	1979	1980
Oil Countries							
Bahrain							
	Total expenditures	121.8 (25.7)	203.2 (37.8)	256.2 (39.1)	280.0[b/] (...)	280.0[b/] (...)	... (...)
	Recurrent expenditures	67.6 (14.3)	88.3 (16.4)	115.1 (17.6)	135.0[b/] (...)	150.0[b/] (...)	... (...)
	Development expenditures	54.2 (11.4)	114.9 (21.4)	141.1 (21.5)	145.0[b/] (...)	130.0[b/] (...)	... (...)
Iraq							
	Total expenditures	1,889.0[b/] (46.9)	3,000.1[b/] (64.3)	1,268.5 (22.0)	1,761.5 (25.0)	... (...)	... (...)
	Recurrent expenditures	813.9 (20.2)	1,476.5[b/] (31.6)	... (...)	... (...)	... (...)	... (...)
	Development expenditures	1,076.0[b/] (26.7)	1,523.5[b/] (32.7)	... (...)	... (...)	... (...)	... (...)
Kuwait							
	Total expenditures	1,259.9[c/] (38.4)	1,417.8 (37.4)	1,745.5 (44.4)	1,749.9 (41.7)	2,237.3[b/] (34.8)	... (...)
	Recurrent expenditures	658.4[c/] (20.1)	746.0 (19.7)	759.5 (19.3)	881.4 (21.0)	1,196.4[b/] (18.6)	... (...)
	Development expenditures[d/]	601.5[c/] (18.3)	671.8 (17.7)	986.0 (25.1)	868.5 (20.7)	1,040.9[b/] (16.2)	... ...
Oman							
	Total expenditures	495.0 (68.4)	581.7 (70.3)	484.3 (55.0)	511.5 (57.3)	... (...)	... (...)
	Recurrent expenditures[e/]	332.5 (44.5)	386.6 (46.7)	338.4 (38.4)	390.4 (43.7)	... (...)	... (...)
	Development expenditures[f/]	173.0 (23.9)	195.1 (23.6)	145.9 (16.6)	121.1 (13.6)	... (...)	... (...)
Qatar							
	Total expenditures	4,163.6 (...)	5,392.7 (...)	7,317.8 (...)	6,517.7 (...)	8,345.0 (...)	12,174.2[b/] (...)
	Recurrent expenditures	2,674.5 (...)	3,228.1 (...)	3,773.1 (...)	3,853.3 (...)	5,500.0 (...)	7,459.4 (...)
	Development expenditures	1,489.1 (...)	2,164.6 (...)	3,544.7 (...)	2,664.4 (...)	2,845.0 (...)	4,714.8 (...)
Saudi Arabia							
	Total expenditures	35,039.0 (25.9)	64,037.0 (39.1)	89,146.0 (43.7)	126,171.0 (56.8)	124,467.0 (48.7)	169,820.0 (...)
	Recurrent expenditures	15,207.0 (11.3)	20,733.0 (12.7)	34,494.0 (16.9)	59,540.0 (26.8)	47,513.0 (18.6)	54,320.0 (...)
	Development expenditures	19,832.0 (14.6)	43,304.0 (26.4)	54,652.0 (26.8)	66,631.0 (30.0)	76,954.0 (30.1)	115,500.0 (...)
United Arab Emirates							
	Total expenditures	8,943.0 (26.8)	14,327.0 (32.8)	19,911.0 (36.6)	24,457.0 (45.8)	26,939.0 (48.4)	... (...)
	Recurrent expenditures	5,988.0 (17.9)	8,759.0 (20.1)	10,345.0 (19.0)	12,129.0 (22.7)	16,462.0 (29.6)	... (...)
	Development expenditures	2,955.0 (8.9)	5,568.0 (12.7)	9,566.0 (17.6)	12,328.0 (23.1)	10,477.0 (18.8)	... (...)

/...

Appendix table 17 (continued)

Country	1975	1976	1977	1978	1979	1980
Non-oil Countries						
Jordan (East Bank)						
Total expenditures	202.0 (74.9)	258.9 (72.2)	323.2 (80.2)	359.5 (73.8)	506.0[b] (86.0)	... (...)
Recurrent expenditures	125.7 (46.6)	185.9 (51.8)	193.9 (48.1)	211.0 (43.3)	285.2[b] (48.5)	... (...)
Development expenditures	76.3 (28.3)	73.0 (20.4)	129.3 (32.1)	148.5 (30.5)	220.8[b] (37.5)	... (...)
Lebanon						
Total expenditures	1,021.3 (...)	1,767.0[b] (...)	1,661.5[b] (20.2)	2,260.0[b] (...)	2,806.0[b] (...)	... (...)
Recurrent expenditures	867.3 (...)	1,475.2[b] (...)	1,599.2[b] (19.5)	2,011.9[b] (...)	2,537.9[b] (...)	... (...)
Development expenditures	154.0 (...)	291.8[b] (...)	62.3[b] (0.7)	248.1[b] (...)	268.1[b] (...)	... (...)
Syrian Arab Republic						
Total expenditures	9,663.0 (49.4)	11,258.0 (45.2)	12,973.0 (47.6)	13,346.0 (40.8)	22,641.0[b] (63.1)	... (...)
Recurrent expenditures	5,161.0 (26.4)	6,046.0 (24.3)	6,634.0 (24.3)	7,333.0 (22.4)	11,561.0[b] (32.2)	... (...)
Development expenditures	4,502.0 (23.0)	5,212.0 (20.9)	6,339.0 (23.3)	6,013.0 (18.4)	11,080.0[b] (30.9)	... (...)
Least-Developed Countries						
Democratic Yemen						
Total expenditures	44.67 (...)	78.36 (69.7)	104.32 (74.5)	118.40 (...)	148.51[b] (...)	... (...)
Recurrent expenditures	25.55 (...)	39.15 (34.9)	47.37 (33.8)	58.47 (...)	75.62[b] (...)	... (...)
Development expenditures	19.12 (...)	39.12 (34.8)	56.95 (40.7)	59.93 (...)	73.89[b] (...)	... (...)
Yemen						
Total expenditures	677.8 (13.0)	977.6 (12.9)	1,444.4 (15.9)	2,372.8 (20.3)	3,812.1[b] (...)	... (...)
Recurrent expenditures	472.3 (9.1)	616.5 (8.1)	841.0 (9.3)	1,234.9 (10.6)	1,675.6[b] (...)	... (...)
Development expenditures[b]	205.5 (3.9)	361.1 (4.8)	603.4 (6.6)	1,137.9 (9.7)	2,136.5[b] (...)	... (...)

Source: ECWA, based on national and international sources.

a/ Figures in parenthesis represent percentage of GDP.

b/ Budget estimates.

c/ Exceptional fiscal year from 1st April to end June (15 months).

d/ Includes land purchase, local loans, contributions to shares of local companies and government financial institutions.

e/ Includes 4.4 million in unclassified defense expenditures and interest on borrowings.

f/ Includes expenditures on public buildings and hotels.

g/ Includes subsidies and transfers to private and public institutions.

h/ Excluding loan repayments.

Note: ... = not available.

Appendix table 18. Money Supply
(millions of national currencies)

	Oil countries							Non-oil countries			Least-developed countries	
	Bahrain	Iraq	Kuwait	Oman	Qatar[b]	Saudi Arabia	United Arab Emirates	Jordan[g] (East Bank)	Lebanon	Syrian Arab Republic	Democratic Yemen	Yemen
Currency in circulation												
1975	24.0	497.9	101.7	38.5	240.0	8,558.0	628.0	138.9	2,241.0	3,945.0	41.34	794.0
1976	34.2	586.9	129.1	47.8	376.3	13,607.0	1,077.4	161.3	3,084.0	5,259.0	63.82	1,680.5
1977	43.8	607.8	150.9	55.1	505.0	17,969.0	1,392.3	188.0	2,729.0	6,797.0	88.24	3,020.9
1978	44.1	...	177.0	64.3	543.4[a]	21,010.0	1,703.5	219.5	3,305.0	8,459.0[e]	112.0	4,480.9
1979	....	...	188.8	...	626.7[a]	19,674.0[c]	...	...	3,191.0[d]	8,937.0[e]	...	4,890.4
1980	....	...	...	...	...	23,697.0[c]	...	...	...	...	...	...
Demand deposits												
1975	53.7	149.5	118.6	33.1	765.0	11,012.0	1,975.0	85.7	1,588.0	3,013.0	14.0	170.0
1976	93.7	184.9	264.7	54.4	1,199.9	17,610.0	3,647.7	115.2	1,804.0	3,302.0	17.6	347.9
1977	108.7	185.3	339.7	56.2	1,582.1	27,327.0	3,822.3	140.8	2,300.0	4,127.0	27.0	620.9
1978	127.2	...	422.0	49.9	1,788.0	29,476.0	4,072.3	151.0	2,822.0	5,408.0[e]	27.9	767.4
1979	...	...	410.0	...	1,976.2	30,012.0[c]	...	...	3,026.0[d]	5,411.0[e]	...	475.9
1980	...	...	...	...	...	29,749.0[c]	...	...	...	...	...	...
Time and saving deposits[f]												
1975	106.5	176.7	600.9	46.3	743.7	4,882.0	...	63.8	6,816.0	619.0	16.4	177.9
1976	175.9	236.7	826.5	62.4	1,128.9	6,118.0	12,028.5	99.8	6,302.0	826.0	21.3	480.7
1977	203.0	254.7	1,078.1	95.3	1,480.3	8,320.0	10,352.8	135.5	9,311.0	1,111.0	35.4	728.6
1978	231.0	...	1,318.7	116.2	1,528.1	10,894.0	11,816.8	226.9	11,007.0	1,426.0[e]	...	956.8
1979	...	...	1,358.5	...	1,769.5	9,002.0[c]	...	...	11,778.0[d]	1,660.0[e]	...	1,198.9
1980	..	...	...	...	...	11,853.0[c]	...	...	...	...	...	...
Total money supply												
1975	184.2	824.1	821.2	117.9	1,748.7	24,452.0	...	288.4	10,645.0	7,577.0	233.2	1,141.9
1976	303.8	1,008.5	1,220.3	164.6	2,705.1	37,335.0	16,753.6	376.3	11,190.0	9,387.0	102.7	2,509.1
1977	355.5	1,047.8	1,317.1	206.6	3,567.4	53,616.0	15,567.4	464.3	14,340.0	12,035.0	150.6	4,370.4
1978	402.3	...	1,917.7	230.4	3,859.5	61,380.0	17,592.0	597.4	17,134.0	15,293.0[e]	...	6,205.2
1979	...	...	1,957.3	...	4,372.4	58,688.0[c]	...	...	17,995.0[d]	16,008.0[e]	...	6,335.2
1980	...	...	...	...	...	65,299.0[c]	...	...	...	...	...	...

Source: ECWA, based on national and international sources.

a/ Provisional figures.

b/ Includes time deposits and foreign currency deposits.

c/ Covers the first five months.

d/ The figures cover the 1st quarter.

e/ The figures cover the first six months.

f/ Referred to as "quasi-money" in most cases.

g/ Quasi-money includes public entities' deposits at the Central Bank, the deposit liabilities of Housing Bank, and savings and notice and fixed-date time deposits.

Note: ... = not available.

Appendix table 19. Merchant Fleets of ECWA Countries by Flag of Registration in GRT and DWT, as of 1 July 1979

(DWT figures are shown in parentheses)

Country	Total	Oil tankers	Bulk carriers a/	General cargo b/	Others c/
Bahrain	8,795 (6,649)	913 (1,300)	- -	2,221 (2,932)	5,661 (2,417)
Democratic Yemen	10,775 (11,525)	1,886 (3,185)	- -	3,255 (5,040)	5,634 (3,300)
Egypt	541,721 (692,891)	142,850 (232,515)	- -	328,960 (417,927)	69,911 (42,449)
Iraq	1,328,256 (2,367,726)	1,140,951 (2,163,415)	- -	92,231 (130,341)	95,074 (73,970)
Jordan (East Bank)	696 (1,200)	- -	- -	496 (1,200)	200 -
Kuwait	2,428,200 (4,080,855)	1,256,360 (2,418,238)	12,860 (18,822)	962,467 (1,416,390)	196,513 (227,405)
Lebanon	260,125 (356,606)	752 (1,090)	- -	211,374 (305,396)	47,999 (50,120)
Oman	6,954 (9,769)	- -	- -	3,157 (6,030)	3,797 (3,739)
Qatar	90,586 (156,553)	72,756 (138,327)	- -	2,216 (3,773)	15,614 (14,453)
Saudi Arabia	1,442,952 (2,448,563)	1,062,793 (1,982,268)	119,154 (178,026)	142,435 (183,689)	118,570 (104,580)
Syrian Arab Republic	31,829 (45,351)	- -	- -	30,376 (44,751)	1,453 (600)
United Arab Emirates	156,120 (252,717)	79,695 (148,698)	- -	57,144 (85,133)	19,281 (18,886)
Yemen	1,956 (1,850)	- -	- -	1,260 (1,850)	696 -
Total ECWA countries	6,308,965 (10,432,255)	3,758,956 (7,089,036)	132,014 (196,848)	1,837,592 (2,604,452)	580,403 (541,919)
Total World	407,643,078 (673,678,326)	173,900,775 (337,769,512)	105,073,850 (183,224,438)	80,045,742 (113,604,561)	48,622,711 (39,079,815)
ECWA per cent of world	1.55 (1.54)	2.16 (2.10)	.12 (0.11)	2.29 (2.29)	1.19 (1.39)

Source: UNCTAD, "Review of Maritime Transport, 1979", September 1, 1980.

a/ Are and bulk carriers of 6000.

b/ Including passenger-cargo

c/ Including container ships.

Note: - = nil or negligible.

Appendix table 20. Growth of Container Traffic at Some Ports in the ECWA Region

Port	1976	1977	1978	1979
Jeddah	87,406	219,128	340,537	496,390
Dammam	9,149	55,264	158,445	211,250
Dubai	4,530	55,438	136,046	169,825
Shuweikh	-	59,374	91,246	117,222[a/]
Sharjah	-	35,665	54,205	50,836
Alexandria	-	-	12,411	45,605
Jebel Ali	-	-	-	29,611
Beirut	-	15,264	21,391	25,422
Khor Fakkan	-	-	-	2,000[a/]
Total	101,085	440,133	814,281	1,148,161
Total developing countries	1,012,237	1,865,499	2,974,176	3,641,365
ECWA ports as developing countries	9	23	27	31

Source: Containerization International, October 1980.

a/ Estimated figure.

Note: - = container traffic is negligible or not yet started.

Appendix table 21. **Distance and Cost Savings for Tankers Using Suez Canal instead of Cape Route (Round Voyage)**

From Gulf to	U.S. Coast and Canada	N.W. Europe	Centre Mediter-ranean	Adriatic
a. Distance saved between the Gulf and various destination (nautical miles)				
Distance saved	3,513	5,029	6,974	7,290
b. Cost saving per ship size (thousands of US$)				
Ship size 000 DWT				
80	378.4	577.8	805.0	856.3
100	467.4	595.0	987.7	1,036.5
130	597.3	883.4	1,252.7	1,312.9
150	634.8	938.9	1,329.9	1,395.0

Source: A Ammar et al, Suez Canal Authority, "The Suez Canal Development Project and its effects on the economics of ship operations and development in the area", a paper presented to Cairo International Conference on the Future of Maritime Transport in Developing Countries, Cairo, 21-22 October 1980.

Appendix table 22. Operating Civil Aviation Fleets of the Main Airlines in the ECWA Region

(IATA members[a/] only - as at end of 1979)

Airlines	No. of aircrafts
ALIA (Jordan)	12
EGYPTAIR	17
IRAQI AIRWAYS	11
KUWAIT AIRWAYS	12
MIDDLE EAST AIRLINES (Lebanon)	18
SAUDI ARABIAN AIRWAYS	50
SYRIAN ARAB AIRLINES	9
Total	129

Source: International Air Transport Association (IATA) "World Air Transport Statistics", June 1980.

a/ Non-IATA airlines are: GULFAIR, DEMOCRATIC YEMEN AIR and YEMEN AIR.

Appendix table 23. Operational Performance of IATA ECWA Airlines

(1979)

Airlines	Millions of passenger-km	Passengers thousands	Percentage change from preceding year	Millions of ton-km	Percentage change from preceding year
ALIA (Jordan)	2,136	914	23.7	260	23.1
EGYPTAIR	2,644	1,690	18.5	277	13.5
IRAQI AIRWAYS	1,357	688	0.7	173	5.8
KUWAIT AIRWAYS	1,808	965	13.6	226	38.8
MIDDLE EAST AIRLINES (Lebanon)	1,505	904	4.8	178	7.4
SAUDI ARABIAN AIRWAYS	8,540	8,475	35.2	931	24.2
SYRIAN ARAB AIRLINES	916	433	-12.4	951	-6.6

Source: International Air Transport Association (IATA), "World Air Transport Statistics", June 1980.

Appendix table 24. Main New and Planned Hotel Openings in Some ECWA Countries

Country	Number of hotels	Number of rooms	Opening date
Bahrain	4	1,270	1980
Egypt	15	8,250	1980-1983
Iraq	4	1,280	1981
Jordan	6	1,348	1979-1981
Kuwait	5	1,770	1980
Oman	2	900	1980-1981
Qatar	1	430	1980
Saudi Arabia	16	5,171	1979-1982
Syrian Arab Republic	3	800	1980
United Arab Emirates	9	2,893	1979-1985
Total	65	24,112	

Source: International Hotels and Travel Annual 1980, International Hotel Association; Paris-London.

Appendix table 25. Educational Structure of the Labour Force in Four ECWA Countries

(percentages)

Level of education	Kuwait		Saudi Arabia[a]	Syrian Arab Republic		United Arab Emirates[a]
	1970	1975	1977	1970	1976	1975
Illiterates	36.5	33.8	38.0	48.9	33.6	43.7
Less than primary	32.3	24.8	23.2	30.3	31.9	27.1
Primary	8.3	10.9	9.9	12.2	17.3	7.9
Sub total	77.1	69.5	71.1	91.4	82.8	78.7
Intermediate	6.2	9.2	6.6	2.7	5.2	6.5
Secondary and post-secondary	10.9	13.1	12.3	4.2	8.3	10.3
University graduates	5.6	8.2	10.0	1.7	3.7	4.3
Not specified	0.2	-	-	-	-	0.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Kuwait, Statistical Abstract, 1977; Syrian Arab Republic Statistical Abstract, 1977; United Arab Emirates, Annual Statistical Abstract, 1977; Saudi Arabia, Ministry of Economics and Finance, Manpower Statistics in the Kingdom of Saudi Arabia, 1977.

a/ The ratios refer to the population aged 12 and 10 years and above and not the labour force.

Appendix table 26. Occupational Structure of the Labour Force in Four ECWA Countries

(percentages)

	Kuwait		Saudi Arabia a/		Syrian Arab Republic		United Arab Emirates a/
	1970	1975	1970	1977	1975	1978	1975
Professional, technical and related workers	10.5	13.7	4.5	10.7	4.5	8.9	7.4
Administrative and management workers	0.7	1.0	0.8	2.3	0.1	0.6	2.0
Clerical and related workers	11.6	12.5	5.5	10.9	5.2	7.3	10.6
Sales workers	8.7	7.9	8.0	9.0	8.9	8.5	6.1
Service workers	23.7	25.7	9.0	10.0	1.7	2.5	15.7
Agricultural workers	1.6	2.5	39.4	31.9	49.9	33.2	4.6
Production and related workers	39.6	34.7	32.8	25.2	27.3	36.4	52.0
Workers not classified by occupation	0.2	-	...	...	...	...	0.2
Unemployed	3.4	2.0	...	...	2.4	2.6	1.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Kuwait, Statistical Abstract, 1977; Syrian Arab Republic, Statistical Abstract, 1980; United Arab Emirates, Annual Statistical Abstract, 1977; Saudi Arabia, Ministry of Economics and Finance, Manpower Statistics in the Kingdom of Saudi Arabia, 1977.

a/ See footnote a/ of Appendix table 25.

Appendix table 27. Development and Projections of Educational Enrolments in Countries of Western Asia

(1970-2000)

Country	Year	Percentage of age group enrolled in educational institutions			Adult illiteracy rate (age 15+)
		Age 6-11	Age 12-17	Age 18-23	
Bahrain	1970	78.6	76.0	9.8	59.9
	1980	82.9	80.2	14.1	45.0
	1990	100.0	83.7	16.5	33.8
	2000	100.0	87.1	20.5	25.4
Democratic Yemen	1970	47.9	20.2	2.6	73.8
	1980	74.5	46.8	13.5	61.0
	1990	83.3	53.8	21.8	40.6
	2000	90.1	57.4	25.1	27.2
Egypt	1970	66.4	32.2	12.8	56.6
	1980	68.9	42.0	24.5	45.7
	1990	73.1	48.4	28.1	38.3
	2000	78.8	52.1	30.2	28.8
Iraq	1970	55.4	35.9	10.5	69.4
	1980	81.5	55.0	21.1	56.6
	1990	90.3	59.2	23.5	42.2
	2000	94.8	63.8	26.2	25.9
Jordan (East Bank)	1970	63.1	41.3	6.6	51.8
	1980	78.4	62.0	11.9	42.0
	1990	81.6	68.1	14.2	32.3
	2000	86.2	72.5	16.1	23.3
Kuwait	1970	65.1	68.5	17.6	45.0
	1980	72.0	71.8	19.5	37.3
	1990	79.6	74.9	21.7	32.7
	2000	91.6	80.0	24.1	31.2
Lebanon	1970	79.4	61.2	29.1	31.8
	1980	92.2	65.5	32.1	23.5
	1990	100.0	69.1	34.2	16.5
	2000	100.0	73.4	35.4	11.9
Oman	1970	2.9	0.3	-	95.2
	1980	70.1	34.8	3.2	83.1
	1990	80.9	67.3	6.4	64.9
	2000	93.5	73.6	12.8	43.2

/...

Appendix table 27 (continued)

Country	Year	Percentage of age group enrolled in educational institutions			Adult illiteracy rate (age 15+)
		Age 6-11	Age 12-17	Age 18-23	
Qatar	1970	52.0	64.2	9.1	93.1
	1980	82.5	76.2	17.6	80.5
	1990	100.0	81.5	20.5	61.2
	2000	100.0	85.4	24.0	33.4
Saudi Arabia	1970	24.2	17.8	4.5	93.1
	1980	46.6	37.0	16.8	83.8
	1990	72.4	52.3	19.9	63.6
	2000	83.4	65.8	23.5	38.6
Syrian Arab Republic	1970	79.6	39.7	18.7	59.7
	1980	98.8	63.4	23.5	45.0
	1990	100.0	68.2	26.2	33.7
	2000	100.0	72.1	28.6	23.2
United Arab Emirates	1970	56.0	27.2	- a/	80.1
	1980	84.1	66.8	10.0	57.6
	1990	100.0	78.3	14.4	41.4
	2000	100.0	86.2	19.2	29.8
Yemen	1970	7.7	2.8	0.2	93.3
	1980	27.6	14.6	3.4	91.7
	1990	46.9	21.0	7.2	78.2
	2000	51.4	23.6	8.7	70.1

Source: Projections of the Future of Education in the Arab Region, 1981-2000, UNESCO Regional Office for Education in the Arab States, 1980.

a/ 100 per cent are external students.

Appendix table 28. Total and Percentage Distribution of Graduates at the Third Level[a/]

Country	Year	Total	Natural science	Agriculture, forestry and fishing	Medical & health related science	Engi-neering	Graduates at 3rd level in these four fields
Bahrain	1975	217	-	-	-	19.3	19.3
	1976	157	-	-	-	11.4	11.4
Egypt	1975	53,162	4.89[b/]	11.70	11.28	12.44	40.33
	1976	59,832	4.20	13.12	10.06	12.21	39.60
Iraq	1975	17,658	10.44	10.25[c/]	5.77	20.73	47.19
	1976	17,422	7.65	10.14	6.09	21.74	45.63
Jordan (East Bank)	1976	6,519	4.83	0.42	3.85	6.70	15.81
	1977	5,400	2.53	0.57	2.66	3.31	9.09
Kuwait	1974	1,187	9.18	-	-	-	9.18
	1976	3,039	4.96	-	5.36	3.48	13.82
Lebanon	1965	1,855	13.80	2.21	9.97	7.97	33.96
	1969	4,437	6.98	1.46	4.71	2.97	16.13
Qatar	1976	196	-	-	-	-	-
Saudi Arabia	1972	1,263	4.98	1.34	1.66	8.23	16.23
	1974	2,361	4.15	2.58	1.65	7.62	16.01
Syrian Arab Republic	1975	5,170	10.55	12.76	10.75	20.29	45.62
	1976	6,211	14.21	8.98	11.86	21.26	56.33

Source: UNESCO, Statistical Yearbook, 1977, 1978-79. France:UNESCO, 1978, 1980.

a/ Graduates at the third level include:
1. Holders of diplomas and certificates not equivalent to a first university degree such as holders of certificates awarded to certain types of technicians, i.e., nursing diplomas, land surveying diplomas, etc.
2. Holders of the first university degree, such as bachelor's degree, or those having equivalent qualifications.
3. Holders of post-graduate degrees, such as master's degree and various types of doctorates, or those having equivalent qualifications.

b/ Natural science also includes mathematics and computer.

c/ Including agriculture and town planning.

Appendix table 29. Total and Percentage Distribution of Enrolment at the Third Level[a/]

Country	Year	Total	Natural science	Agriculture, forestry and fishing	Medical & health related science	Engineering	Students enrolled at the 3rd level in the four fields
Bahrain	1975	703	-	4.84[d/]	-	33.28	38.12
Egypt	1976[b/]	462,328	3.60	10.07	11.2	12.60	37.58
Iraq	1975	86,111	9.74	9.01	6.78	17.6	43.14
	1976	91,358	6.90	9.64	6.88	19.2	42.64
Jordan (East Bank)	1976	16,420	2.10	1.46	4.17	6.30	14.04
	1977	17,219	8.41	1.77	5.08	19.2	17.19
Kuwait	1976	9,934	11.47	-	2.26	4.33	18.07
	1977	12,391	9.04	-	2.0	4.44	15.50
Qatar	1975	779	-	-	-	-	-
	1976	910	-	-	-	-	-
Saudi Arabia	1975	26,437	5.91	2.28	1.48	7.36	17.27
	1976	32,729	6.09[c/]	1.98	3.41	10.41	18.86
Syrian Arab Republic	1975	73,660	10.61	10.65	9.55	14.19	45.01
	1976	83,260	10.86	10.30	9.02	15.6	45.80
United Arab Emirates	1977	519	18.30	-	-	-	18.30
Yemen	1976	2,304	2.82	-	-	-	2.82
	1977	4,058	2.46	-	-	-	2.46

Source: UNESCO, Statistical Yearbook, 1977, 1978-79. France: UNESCO, 1978, 1980.

a/ This includes students enrolled in (i) vocational schools and institutions in which they can be qualified as high-level technicians; (ii) programmes leading to the first university degree; and (iii) programmes leading to post-graduate degrees.

b/ Not including vocational training centres (other non-university institutions)

c/ Also including mathematics and computer.

d/ Including town planning.

Note: - = nil or negligible.

Appendix table 30. Official Financial Flows from ECWA/OPEC Countries[a] and from Arab/OPEC Multilateral Institutions [b] to countries in the ECWA Region and other Developing Countries

1973 and 1974-1978

(net disbursements)

Aid recipient and type	Dollar million		Per cent	
	1973	1974-1978	1973	1974-1978
A. Bilateral Flows				
ECWA region (excluding Egypt)				
Total	380	6,167	36.1	30.5
Concessional	378	5,742	38.0	35.1
ECWA region (including Egypt)				
Total	865	12,514	82.1	61.8
Concessional	862	10,869	86.6	66.5
Other developing countries				
Total	189	7,730	18.0	38.2
Concessional	134	5,484	13.4	33.5
All developing countries				
Total	1,054	20,244	100.0	100.0
Concessional	996	16,353	100.0	100.0
B. Flows from Arab/OPEC Multilateral Aid Institutions				
ECWA region (excluding Egypt)	...	180	...	4.6
ECWA region (including Egbpt)	...	2,179	...	56.1
Other developing countries	...	1,705	...	43.9
Total	...	3,884	...	100.0

Source: Organization for Economic Co-operation and Development, Development Co-operation Review (1978 and 1979 issues), and unpublished information.

a/ Iraq, Kuwait, Qatar, Saudi Arabia and the United Arab Emirates.

b/ The Arab Fund for Economic and Social Development (AFESD), the Arab Bank for Economic Development in Africa (ABEDA), the Gulf Organization for the Development of Egypt (GODE), the Islamic Development Bank (IDB), the Islamic Solidarity Fund (ISF), the Special Arab Aid Fund for Africa (SAAFA), OPEC Special Fund (as of 1977) and OAPEC Special Account, which was not replenished after 1976.

Note: ... = not available.

Appendix table 31. Official Bilateral Financial Flows from Individual ECWA Countries Members of OPEC to Countries in the ECWA Region

1974-1978

(million dollars; percentages)

Donor / Recipient[a]	Total		Iraq		Kuwait		Qatar		Saudi Arabia		United Arab Emirates	
	T	C	T	C	T	C	T	C	T	C	T	C
A. Million Dollars												
Bahrain	458	265	-	-	123	74	49	1	175	127	111	63
Democratic Yemen	286	257	58	29	60	60	5	5	125	125	38	38
Egypt	6,348	5,127	123	123	2,225	1,253	268	241	2,558	2,422	1,174	1,088
Iraq	26	26	-	-	-4	-4	-	-	-	-	30	30
Jordan (East Bank)	1,392	1,344	88	88	482	462	40	32	472	472	310	290
Lebanon	283	253	98	98	28	-2	3	3	144	144	10	10
Oman	464	447	-	-	37	22	20	18	190	190	217	217
Syrian Arab Republic	2,453	2,421	110	110	538	538	8	8	1,032	1,022	765	743
United Arab Emirates	37	36	-	-	1	-	3	3	33	33	-	-
Yemen	763	696	20	20	167	100	8	8	494	494	74	74
Total[b]	12,511	10,871	497	468	3,657	2,503	403	319	5,225	5,028	2,729	2,553
B. Percentages												
Bahrain	3.66	2.44	-	-	3.36	2.96	12.16	0.31	3.35	2.53	4.07	2.47
Democratic Yemen	2.29	2.36	11.67	6.20	1.64	2.40	1.24	1.57	2.39	2.49	1.39	1.49
Egypt	50.74	47.16	24.75	26.28	60.84	50.06	66.50	75.55	48.96	48.17	43.02	42.62
Iraq	0.21	0.24	-	-	-0.11	-0.16	-	-	-	-	1.10	1.18
Jordan (East Bank)	11.13	12.36	17.71	18.80	13.18	18.46	9.93	10.03	9.03	9.39	11.36	11.36
Lebanon	2.27	2.33	19.72	20.94	0.77	-0.08	0.74	0.94	2.76	2.86	0.37	0.39
Oman	3.71	4.11	-	-	1.01	0.88	4.96	5.64	3.64	3.78	7.95	8.50
Syrian Arab Republic	19.61	22.27	22.13	23.50	14.71	21.49	1.98	2.51	19.75	20.33	28.03	29.10
United Arab Emirates	0.30	0.33	-	-	-	-	0.74	0.94	0.63	0.66	-	-
Yemen	6.10	6.40	4.02	4.27	4.57	4.00	1.98	2.51	9.46	9.82	2.71	2.90
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: OECD, unpublished information.

a/ Kuwait, Qatar and Saudi Arabia are not listed as they were not recipient of any flows, being only donors.

b/ Figures were rounded to the nearest million.

Note: T = Total flows;
C = Concessional flows.
- = nil or negligible.

Appendix table 32. The Ratio of Bilateral Aid Flows to Balance of Payments Deficit on Goods and Services in Selected ECWA Countries 1974-1978[a/]

Country	Aid/deficit ratio
Democratic Yemen	0.70
Jordan (Jordan)	0.67
Oman	2.06
Syrian Arab Republic	0.50

Source: See Table 30.

a/ 1974-1977 for Democratic Yemen.

Note: Yemen, which is considered one of the two least-developed countries in the region, was generally in surplus after 1972, due mainly to the large inflow of remittances from Yemenis working abroad and the country's limited absorptive capacity. At the same time, Yemen has been the recipient of substantial aid flows. It should be cautioned, however, that from a long-term perspective, the country will continue to be dependent on external financing.

Appendix table 33. Intraregional Financial Commitments by Purpose
1974-1978
(percentages)

	Budget and balance of payments support	Agri-culture	Industry	Power generation	Other	Total
Recipient						
Bahrain	1.1	-	1.4	13.1	84.4	100.0
Democratic Yemen	49.2	15.1	-	4.8	30.9	100.0
Jordan (East Bank)	81.0	1.0	3.3	2.1	12.6	100.0
Lebanon	1.1	-	-	1.9	97.0	100.0
Oman	13.9	3.0	20.4	15.0	47.7	100.0
Syrian Arab Republic	77.3	-	1.2	2.1	19.4	100.0
Yemen	38.2	13.0	-	2.1	46.7	100.0
Sub-total	61.3	2.4	3.0	3.8	29.5	100.0
Egypt	62.8	1.9	2.8	1.2	31.3	100.0
Donor						
Iraq	68.7	5.7	-	-	25.6	100.0
Kuwait	68.1	1.7	2.2	2.7	25.3	100.0
Qatar	57.5	0.3	0.3	-	41.9	100.0
Saudi Arabia	57.1	1.9	2.5	3.5	35.0	100.0
United Arab Emirates	59.9	2.4	6.3	3.0	28.4	100.0

Source: OECD, unpublished information.